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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2019

[ ] 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: 000-54402

BIORESTORATIVE THERAPIES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**91-1835664** (I.R.S. Employer Identification No.)
40 Marcus Drive, **Melville, New York** (Address of Principal Executive Offices)	**11747** (Zip Code)

Registrant's telephone number, including area code: (631) 760-8100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated 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.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X]	Smaller reporting company	[X]
Emerging growth company	[X]		

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 Act): Yes [ ] No [X]

As of November 11, 2019, there were 30,761,527 shares of common stock outstanding.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Balance Sheets

	September 30, 2019 (unaudited)	December 31, 2018
Assets		
Current Assets:		
Cash	$ 98,113	$ 117,523
Accounts receivable	38,000	29,000
Prepaid expenses and other current assets	64,741	34,464
Total Current Assets	200,854	180,987
Property and equipment, net	105,619	175,235
Intangible assets, net	757,888	814,059
Security deposit	22,100	22,100
Deferred offering costs	371,725	-
Total Assets	$ 1,458,186	$ 1,192,381
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$ 1,743,596	$ 1,893,827
Accrued expenses and other current liabilities	2,625,423	2,302,176
Accrued interest	628,976	338,619
Current portion of notes payable, net of debt discount of $733,886 and $936,866 at September 30, 2019 and December 31, 2018, respectively	7,526,128	3,625,659
Derivative liabilities	1,191,108	1,094,607
Total Current Liabilities	13,715,231	9,254,888
Accrued expenses, non-current portion	-	36,500
Accrued interest, non-current portion	14,345	18,137
Notes payable, non-current portion, net of debt discount of $78,919 and $75,497 at September 30, 2019 and December 31, 2018, respectively	157,143	523,894
Total Liabilities	13,886,719	9,833,419
Commitments and contingencies (See Note 6)		
Stockholders' Deficiency:		
Preferred stock, $0.01 par value; Authorized, 20,000,000 shares; None issued and outstanding at September 30, 2019 and December 31, 2018	-	-
Common stock, $0.001 par value; Authorized, 300,000,000 shares; Issued and outstanding 23,717,754 and 11,728,394 shares at September 30, 2019 and December 31, 2018, respectively	23,717	11,728
Additional paid-in capital	64,567,341	55,269,490
Accumulated deficit	(77,019,591)	(63,922,256)
Total Stockholders' Deficiency	(12,428,533)	(8,641,038)
Total Liabilities and Stockholders' Deficiency	$ 1,458,186	$ 1,192,381

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Statements of Operations

(unaudited)

	For The Three Months Ended September 30, 2019	For The Three Months Ended September 30, 2018	For The Nine Months Ended September 30, 2019	For The Nine Months Ended September 30, 2018
Revenues	$ 38,000	$ 26,000	$ 98,000	$ 82,000
Operating Expenses:				
Marketing and promotion	156,179	155,161	280,865	213,715
Consulting	373,975	417,601	1,507,582	1,268,485
Research and development	409,815	357,436	1,306,544	1,137,381
General and administrative	917,027	284,472	3,279,145	2,932,162
Total Operating Expenses	1,856,996	1,214,670	6,374,136	5,551,743
Loss From Operations	(1,818,996)	(1,188,670)	(6,276,136)	(5,469,743)
Other Expense:				
Interest expense	(394,816)	(257,298)	(1,039,727)	(648,940)
Amortization of debt discount	(1,487,501)	(540,488)	(3,221,904)	(1,884,116)
Loss on extinguishment of notes payable, net	(1,290,623)	(320,383)	(2,291,218)	(384,171)
Change in fair value of derivative liabilities	(65,037)	(615,322)	(268,350)	(557,274)
Warrant modification expense	-	(3,100)	-	(3,100)
Total Other Expense	(3,237,977)	(1,736,591)	(6,821,199)	(3,477,601)
Net Loss	$ (5,056,973)	$ (2,925,261)	$ (13,097,335)	$ (8,947,344)
Net Loss Per Share				
- Basic and Diluted	$ (0.23)	$ (0.39)	$ (0.74)	$ (1.32)
Weighted Average Number of Common Shares Outstanding				
- Basic and Diluted	21,520,371	7,410,350	17,601,908	6,796,761

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Statements of Changes in Stockholders' Deficiency

(unaudited)

	Three Months Ended September 30, 2019				
	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - July 1, 2019	19,793,477	$ 19,793	$ 63,000,354	$ (71,962,618)	$ (8,942,471)
Shares issued in exchange for notes payable and accrued interest	3,924,277	3,924	1,161,373	-	1,165,297
Reclassification of derivative liabilities to equity	-	-	171,569	-	171,569
Stock-based compensation:					
- options	-	-	234,045	-	234,045
Net loss	-	-	-	(5,056,973)	(5,056,973)
Balance - September 30, 2019	23,717,754	$ 23,717	$ 64,567,341	$ (77,019,591)	$ (12,428,533)

	Three Months Ended September 30, 2018				
	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - July 1, 2018	6,747,501	$ 6,747	$ 47,551,776	$ (57,426,536)	$ (9,868,013)
Shares and warrants issued for cash	60,000	60	74,940	-	75,000
Conversion of notes payable and accrued interest into common stock	70,406	70	57,662	-	57,732
Shares issued in exchange for notes payable and accrued interest	1,785,599	1,786	3,696,803	-	3,698,589
Shares issued and recorded as debt discount inconnection with notes payable issuances or extensions	23,333	23	33,973	-	33,996
Beneficial conversion features related to convertible notes payable	-	-	47,876	-	47,876
Warrant modifications	-	-	3,100	-	3,100
Reclassification of derivative liabilities to equity	-	-	105,187	-	105,187
Stock-based compensation:					
- common stock	35,000	35	52,465	-	52,500
- options and warrants	-	-	(218,853)	-	(218,853)
Net loss	-	-	-	(2,925,261)	(2,925,261)
Balance - September 30, 2018	8,721,839	$ 8,721	$ 51,404,929	$ (60,351,797)	$ (8,938,147)

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Statements of Changes in Stockholders' Deficiency - Continued

(unaudited)

Nine Months Ended September 30, 2019

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - January 1, 2019	11,728,394	$ 11,728	$ 55,269,490	$ (63,922,256)	$ (8,641,038)
Shares and warrants issued for cash	2,191,111	2,191	254,120	-	256,311
Shares issued in satisfaction of accrued consulting services	10,000	10	7,190	-	7,200
Shares issued in exchange for notes payable and accrued interest	9,634,376	9,634	4,729,383	-	4,739,017
Shares issued and recorded as debt discount in connection with notes payable issuances or extensions	78,873	79	61,141	-	61,220
Reclassification of derivative liabilities to equity	-	-	2,809,565	-	2,809,565
Stock-based compensation:					
- common stock	75,000	75	29,925	-	30,000
- options	-	-	1,406,527	-	1,406,527
Net loss	-	-	-	(13,097,335)	(13,097,335)
Balance - September 30, 2019	23,717,754	$ 23,717	$ 64,567,341	$ (77,019,591)	$ (12,428,533)

Nine Months Ended September 30, 2018

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - January 1, 2018	6,112,473	$ 6,112	$ 44,561,773	$ (51,404,453)	$ (6,836,568)
Shares and warrants issued for cash	70,000	70	99,930	-	100,000
Exercise of warrant for purchase of common stock	207,084	207	413,961	-	414,168
Shares and warrants issued in satisfaction of accrued consulting services	19,000	19	37,981	-	38,000
Conversion of notes payable and accrued interest into common stock	97,424	97	110,539	-	110,636
Shares and warrants issued in exchange for notes payable and accrued interest	2,106,525	2,107	4,338,074	-	4,340,181
Shares issued and recorded as debt discount in connection with notes payable issuances or extensions	74,333	74	121,379	-	121,453
Warrant modifications	-	-	3,100	-	3,100
Beneficial conversion features related to convertible notes payable	-	-	69,394	-	69,394
Reclassification of derivative liabilities to equity	-	-	105,187	-	105,187
Stock-based compensation:					
- common stock	35,000	35	52,465	-	52,500
- options and warrants	-	-	1,491,146	-	1,491,146
Net loss	-	-	-	(8,947,344)	(8,947,344)
Balance - September 30, 2018	8,721,839	$ 8,721	$ 51,404,929	$ (60,351,797)	$ (8,938,147)

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Statements of Cash Flows

(unaudited)

	For The Nine Months Ended September 30, 2019	For The Nine Months Ended September 30, 2018
Cash Flows From Operating Activities		
Net loss	$ (13,097,335)	$ (8,947,344)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	3,221,904	1,884,116
Accretion of interest expense	375,344	427,908
Depreciation and amortization	161,418	183,070
Stock-based compensation	1,492,527	1,579,046
Loss on extinguishment of note payables, net	2,291,218	384,171
Gain on settlement of payables	(29,300)	-
Change in fair value of derivative liabilities	268,350	557,274
Consulting services provided in exchange for notes payble	-	131,935
Warrant modification expense	-	3,100
Changes in operating assets and liabilities:		
Accounts receivable	(9,000)	12,000
Prepaid expenses and other current assets	(30,277)	(20,637)
Accounts payable	(379,028)	(342,725)
Accrued interest, expenses and other current liabilities	626,436	596,544
Total adjustments	7,989,592	5,395,802
Net Cash Used In Operating Activities	(5,107,743)	(3,551,542)
Cash Flows From Investing Activities		
Purchases of property and equipment	(35,631)	(12,869)
Net Cash Used In Investing Activities	(35,631)	(12,869)
Cash Flows From Financing Activities		
Offering costs incurred	(14,428)	-
Proceeds from notes payable	8,332,727	3,062,217
Repayments of notes payable - principal	(3,536,605)	(351,571)
Repayments of notes payable - prepayment premiums	(813,730)	(81,709)
Advances from officers and a family member of an officer	-	38,500
Repayments of advances from officers and a family member of an officer	-	(38,500)
Proceeds from exercise of warrants	-	414,168
Sales of common stock and warrants for cash	1,156,000	175,000
Net Cash Provided By Financing Activities	5,123,964	3,218,105
Net Decrease In Cash	(19,410)	(346,306)
Cash at beginning of period	117,523	451,680
Cash at end of period	$ 98,113	$ 105,374

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARY

Condensed Consolidated Statements of Cash Flows - Continued

(unaudited)

	For The Nine Months Ended September 30, 2019		For The Nine Months Ended September 30, 2018	
Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for:				
Interest	$	232,693	$	21,625
Income tax	$	-	$	-
Non-cash investing and financing activities:				
Warrant modifications	$	-	$	3,100
Shares issued and recorded as debt discount in connection with notes payable issuances or extensions	$	61,220	$	121,453
Shares issued in exchange for notes payable and accrued interest	$	4,739,017	$	4,340,181
Conversion of notes payable and accrued interest into common stock	$	-	$	110,636
Shares and warrants issued in satisfaction of accrued consulting services	$	7,200	$	38,000
Bifurcated embedded conversion options and warrants recorded as derivative liability and debt discount	$	3,680,226	$	1,938,759
Beneficial conversion features recorded as debt discount	$	-	$	69,394
Reclassification of derivative liabilities to equity	$	2,809,565	$	105,187
Warrants issued for consulting services recorded as derivative liabilities	$	56,000	$	-
Accrued interest reclassified to notes payable principal	$	23,013	$	-
Offering costs in accounts payable and accrued expenses	$	357,297	$	-
Original issue discount in connection with notes payable	$	547,348	$	309,729
Consulting services provided in exchange for notes payable	$	-	$	131,935

See Notes to these Condensed Consolidated Financial Statements

Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Business Organization and Nature of Operations

BioRestorative Therapies, Inc. has one wholly-owned subsidiary, Stem Pearls, LLC (“Stem Pearls”). BioRestorative Therapies, Inc. and its subsidiary are referred to collectively as “BRT” or the “Company” (See Note 3 – Summary of Significant Accounting Policies – Principles of Consolidation). BRT develops therapeutic products and medical therapies using cell and tissue protocols, primarily involving adult stem cells. BRT’s website is at www.biorestorative.com. BRT is currently developing a Disc/Spine Program referred to as “brtxDISC”. Its lead cell therapy candidate, *BRTX-100*, is a product formulated from autologous (or a person’s own) cultured mesenchymal stem cells collected from the patient’s bone marrow. The product is intended to be used for the non-surgical treatment of painful lumbosacral disc disorders. BRT is also engaging in research efforts with respect to a platform technology utilizing brown adipose (fat) for therapeutic purposes to treat type 2 diabetes, obesity and other metabolic disorders and has labeled this initiative its ThermoStem Program. Further, BRT has licensed a patented curved needle device that is a needle system designed to deliver cells and/or other therapeutic products or material to the spine and discs or other potential sites.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of September 30, 2019 and for the three and nine months ended September 30, 2019 and 2018. The results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the operating results for the full year ending December 31, 2019 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2018 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on March 29, 2019.

Note 2 – Going Concern and Management’s Plans

As of September 30, 2019, the Company had a working capital deficiency and a stockholders’ deficiency of $13,514,377 and $12,428,533, respectively. During the three and nine months ended September 30, 2019, the Company incurred net losses of $5,056,973 and $13,097,335, respectively. These conditions indicate that there is substantial doubt about the Company’s ability to continue as a going concern within the next twelve months from the filing date of this report.

The Company’s primary source of operating funds since inception has been equity and debt financings. The Company intends to continue to raise additional capital through debt and equity financings. There is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations. If the Company is unable to obtain such additional financing on a timely basis or, notwithstanding any request the Company may make, the Company’s debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company’s business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations and liquidate.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The unaudited condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Subsequent to September 30, 2019, the Company has received aggregate equity financings and debt proceeds of $500,000 and $1,363,625, respectively, debt (inclusive of accrued interest) of $250,571 has been exchanged for common stock, $1,412,202 of debt (inclusive of accrued interest) has been repaid, and the due date for the repayment of $91,539 of debt has been extended to July 2020. As a result, the Company expects to have the cash required to fund its operations through December 2019 while it continues to apply efforts to raise additional capital, including through a contemplated public offering of its equity securities. While there can be no assurance that it will be successful, the Company is seeking to raise additional capital. As of the filing date of this report, the Company has notes payable with an aggregate principal balance of $593,400 which are past due. See Note 7 – Stockholders' Deficiency and Note 9 – Subsequent Events for details.

Between May 2019 and August 2019, holders of the Company's notes in the aggregate principal amount of $1,565,000 entered into agreements with the Company pursuant to which the parties have agreed to exchange such notes for shares of the Company's common stock and warrants in connection with the closing of the contemplated public offering. See Note 5 – Notes Payable – Related Party Notes; and – Convertible Notes.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed consolidated financial statements of the Company include the accounts of Stem Pearls. All significant intercompany transactions have been eliminated in the consolidation.

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 liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the periods. The Company's significant estimates and assumptions include the recoverability and useful lives of long-lived assets, the fair value of the Company's stock, stock-based compensation, warrants issued in connection with notes payable, derivative liabilities and the valuation allowance related to the Company's deferred tax assets. Certain of the Company's estimates, including the carrying amount of the intangible assets, could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and could cause actual results to differ from those estimates.

Deferred Offering Costs

Deferred offering costs, which primarily consist of direct, incremental professional fees incurred in connection with preparing for a contemplated public offering of the Company's equity securities (as described in Note 7 – Stockholders' Deficiency), are capitalized as non-current assets on the balance sheet. Upon a consummation of such contemplated offering (as to which no assurances can be given), the deferred offering costs will be offset against the equity offering proceeds. As of September 30, 2019, the Company incurred deferred offering costs in the amount of $371,725, of which $265,297 and $92,000 are included in accounts payable and accrued expenses, respectively, on the September 30, 2019 condensed consolidated balance sheet, in connection with such contemplated public offering.

Revenue Recognition

On January 1, 2019, the Company adopted Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers" ("ASC 606"). The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

The five-step process outlined in the ASC 606 is as follows:

Step 1 – Identify the Contract with the Customer – A contract exists when (a) the parties to the contract have approved the contract and are committed to perform their respective obligations, (b) the entity can identify each party's rights regarding the goods or services to be transferred, (c) the entity can identify the payment terms for the goods or services to be transferred, (d) the contract has commercial substance and it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Step 2 – Identify Performance Obligations in the Contract – Upon execution of a contract, the Company identifies as performance obligations each promise to transfer to the customer either (a) goods or services that are distinct or (b) a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. To the extent a contract includes multiple promised goods or services, the Company must apply judgement to determine whether the goods or services are capable of being distinct within the context of the contract. If these criteria are not met, the goods or services are accounted for as a combined performance obligation.

Step 3 – Determine the Transaction Price – When (or as) a performance obligation is satisfied, the Company shall recognize as revenue the amount of the transaction price that is allocated to the performance obligation. The contract terms are used to determine the transaction price. Generally, all contracts include fixed consideration. If a contract did include variable consideration, the Company would determine the amount of variable consideration that should be included in the transaction price based on expected value method. Variable consideration would be included in the transaction price, if in the Company's judgement, it is probable that a significant future reversal of cumulative revenue under the contract would not occur.

Step 4 – Allocate the Transaction Price – After the transaction price has been determined, the next step is to allocate the transaction price to each performance obligation in the contract. If the contract only has one performance obligation, the entire transaction price will be applied to that obligation. If the contract has multiple performance obligations, the transaction price is allocated to the performance obligations based on the relative standalone selling price (SSP) at contract inception.

Step 5 – Satisfaction of the Performance Obligations (and Recognize Revenue) – Revenue is recognized when (or as) goods or services are transferred to a customer. The Company satisfies each of its performance obligations by transferring control of the promised good or service underlying that performance obligation to the customer. Control is the ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset. It includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. Indicators that control has passed to the customer include: a present obligation to pay; physical possession of the asset; legal title; risks and rewards of ownership; and acceptance of the asset. Performance obligations can be satisfied at a point in time or over time.

The Company recognizes all of its revenue pursuant to a license agreement between the Company and a stem cell treatment company ("SCTC") entered into in January 2012, as amended in November 2015. Pursuant to the license agreement, the SCTC granted to the Company a license to use certain intellectual property related to, among other things, stem cell disc procedures and the Company has granted to the SCTC a non-exclusive sublicense to use, and the right to sublicense to third parties the right to use, in certain locations in the United States and the Cayman Islands, certain of the licensed intellectual property. In consideration of the sublicenses, the SCTC has agreed to pay the Company royalties on a per disc procedure basis.

The Company recognizes sublicensing and royalty revenue on a per disc procedure basis when the third-party sale occurs. All sales have fixed pricing and there are currently no variable components included in the Company's revenue. The timing of the Company's revenue recognition may differ from the timing of receiving royalty payments. A receivable is recorded when revenue is recognized prior to receipt of a royalty payment and the Company has an unconditional right to the royalty payment. Alternatively, when a royalty payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. During the three and nine months ended September 30, 2019, the Company recognized $38,000 and $98,000, respectively, of revenue related to the Company's sublicenses. During the three and nine months ended September 30, 2018, the Company recognized $26,000 and $82,000, respectively, of revenue related to the Company's sublicenses.

The Company adopted ASC 606 for all applicable contracts using the modified retrospective method, which would have required a cumulative-effect adjustment, if any, as of the date of adoption. The adoption of ASC 606 did not have a material impact on the Company's unaudited condensed consolidated financial statements as of the date of adoption. As a result, a cumulative-effect adjustment was not required.

Net Loss Per Common Share

Basic loss per common share is computed by dividing net loss by the weighted average number of vested common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other instruments to issue common stock were exercised or converted into common stock.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	September 30,	
	2019	2018
Options	4,909,618	3,588,451
Warrants	5,804,891	3,413,403
Convertible notes - common stock [1]	35,373,991	2,986,487
Convertible notes - warrants	2,776,450	-
Total potentially dilutive shares	48,864,950	9,988,341

[1] As of September 30, 2019 and 2018, many of the convertible notes had variable conversion prices and the shares were estimated based on market conditions. Pursuant to the note agreements, on September 30, 2019 and September 30, 2018 there were 110,370,828 and 24,710,731 shares of common stock reserved for future note conversions, respectively. See Note 9 – Subsequent Events regarding the Board of Directors approval to increase the number of authorized shares of common stock, subject to shareholder approval.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date and is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. The Company estimates the fair value of the awards granted based on the market value of its freely tradable common stock as reported on the OTCQB market. Upon the exercise of an option or warrant, the Company issues new shares of common stock out of its authorized shares.

Derivative Financial Instruments

The Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with Topic 815 of the Financial Accounting Standards Board ("FASB") ASC. The accounting treatment of derivative financial instruments requires that the Company record embedded conversion options ("ECOs") and any related freestanding instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. Conversion options are recorded as a discount to the host instrument and are amortized as amortization of debt discount on the unaudited condensed consolidated financial statements over the life of the underlying instrument. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The Multinomial Lattice Model and Black-Scholes Model were used to estimate the fair value of the ECOs of convertible notes payable, the warrants, and stock options that are classified as derivative liabilities on the unaudited condensed consolidated balance sheets. The models include subjective input assumptions that can materially affect the fair value estimates. The expected volatility is estimated based on the actual volatility during the most recent historical period of time equal to the weighted average life of the instruments.

Sequencing Policy

Under ASC 815-40-35 (“ASC 815”), the Company has adopted a sequencing policy, whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company’s inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuances of securities to the Company’s employees and directors, or to compensate grantees in a share-based payment arrangement, are not subject to the sequencing policy.

Reclassification

Certain amounts in prior periods have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported net loss.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the unaudited condensed consolidated financial statements, except as disclosed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This amendment will be effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The FASB issued ASU No. 2018-10 “Codification Improvements to Topic 842, Leases” (“ASU 2018-10”), ASU No. 2018-11 “Leases (Topic 842) Targeted Improvements” (“ASU 2018-11”) in July 2018, and ASU No. 2018-20 “Leases (Topic 842) - Narrow Scope Improvements for Lessors” (“ASU 2018-20”) in December 2018. ASU 2018-10 and ASU 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating these ASUs and their impact on its unaudited condensed consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments”. The new standard will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2018. The Company has adopted this standard as of January 1, 2019. The adoption of this standard did not have a material impact on the Company’s unaudited condensed consolidated financial statements and financial statement disclosures.

In June 2018, the FASB issued ASU No. 2018-07, “Compensation — Stock Compensation (Topic 718)” (“ASU 2018-07”). ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for nonemployee share-based payments. Currently, the accounting requirements for nonemployee and employee share-based payment transactions are significantly different. ASU 2018-07 expands the scope of Topic 718, Compensation — Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU supersedes Subtopic 505-50, Equity — Equity-Based Payments to Nonemployees. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019 and including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company’s adoption date of Topic 606, Revenue from Contracts with Customers. The Company early adopted this accounting standard as of January 1, 2019. The adoption of this standard did not have a material impact on the Company’s unaudited condensed consolidated financial statements and financial statement disclosures.

In March 2019, the FASB issued ASU 2019-01, “Leases (Topic 842): Codification Improvements” (“Topic 842”) (“ASU 2019-01”). These amendments align the guidance for fair value of the underlying asset by lessors that are not manufacturers or dealers in Topic 842 with that of existing guidance. As a result, the fair value of the underlying asset at lease commencement is its cost, reflecting any volume or trade discounts that may apply. However, if there has been a significant lapse of time between when the underlying asset is acquired and when the lease commences, the definition of fair value (in Topic 820, Fair Value Measurement) should be applied. (Issue 1). The ASU also requires lessors within the scope of Topic 942, Financial Services—Depository and Lending, to present all “principal payments received under leases” within investing activities. (Issue 2). Finally, the ASU exempts both lessees and lessors from having to provide certain interim disclosures in the fiscal year in which a company adopts the new leases standard. (Issue 3). The transition and effective date provisions apply to Issue 1 and Issue 2. They do not apply to Issue 3 because the amendments for that Issue are to the original transition requirements in Topic 842. This amendment will be effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating ASU 2019-01 and its impact on its unaudited condensed consolidated financial statements and financial statement disclosures.

In July 2019, the FASB issued ASU 2019-07, “Codification Updates to SEC Sections — Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization and Miscellaneous Updates (SEC Update)” (“ASU 2019-07”). ASU 2019-07 aligns the guidance in various SEC sections of the Codification with the requirements of certain SEC final rules. ASU 2019-07 is effective immediately. The adoption of ASU 2019-07 did not have a material impact on the Company’s unaudited condensed consolidated financial statements.

Note 4 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

	September 30, 2019	December 31, 2018
Accrued payroll and other accrued expenses	$ 43,779	$ 91,560
Accrued research and development expenses	746,175	646,175
Accrued general and administrative expenses	1,320,104	1,084,831
Accrued director compensation	507,500	482,500
Deferred rent	7,865	33,610
Total accrued expenses	2,625,423	2,338,676
Less: accrued expenses, current portion	2,625,423	2,302,176
Accrued expenses, non-current portion	$ -	$ 36,500

During the nine months ended September 30, 2019, the Company entered into a settlement agreement with a certain consultant, pursuant to which $46,500 of previously accrued consulting fees were exchanged for 10,000 shares of the Company’s common stock and a $10,000 cash payment. The value of the shares was $7,200, and accordingly the Company recorded a gain on settlement of payables of $29,300 which is reflected within general and administrative expenses in the unaudited condensed consolidated statements of operations.

Note 5 – Notes Payable

A summary of the notes payable activity during the nine months ended September 30, 2019 is presented below:

	Related Party Notes	Convertible Notes	Other Notes	Debt Discount	Total
Outstanding, January 1, 2019	$ 720,000	$ 4,309,415	$ 132,501	$ (1,012,363)	$ 4,149,553
Issuances	485,000	8,543,089[1]	-	-	9,028,089
Exchanges for equity	-	(2,032,323)	-	455,969	(1,576,354)
Repayments	(45,000)	(3,484,105)	(7,500)	428,939	(3,107,666)
Extinguishment of notes payable	-	-	(148,014)[1]	6,196	(141,818)
Recognition of debt discount	-	-	-	(4,288,794)	(4,288,794)
Accretion of interest expense	-	-	-	375,344	375,344
Accrued interest reclassified to notes payable principal	-	-	23,013	-	23,013
Amortization of debt discount	-	-	-	3,221,904	3,221,904
Outstanding, September 30, 2019 [2]	$ 1,160,000	$ 7,336,076[3]	$ -	$ (812,805)	$ 7,683,271

[1] During the nine months ended September 30, 2019, a convertible note in the principal amount of $148,014 was issued concurrently with the extinguishment of a certain note payable in the same aggregate principal amount. See below within Note 5 – Notes Payable – Convertible Notes - Conversions, Exchanges and Other for additional details.

[2] As of September 30, 2019, outstanding related party notes, convertible notes and other notes in the aggregate principal amounts of $450,000, $508,000 and $0, respectively, were considered past due (which excludes aggregate principal amounts of $25,000 and $150,000 of related party and convertible notes, respectively, which were extended to October 2019, effective as of September 30, 2019). See Note 9 – Subsequent Events for details regarding the repayment of certain past due notes payable.

[3] As of September 30, 2019, a portion of convertible notes with an aggregate principal balance of $4,381,076 were convertible into shares of common stock at the election of the holder any time until the balance has been paid in full. As of September 30, 2019, a portion of convertible notes with an aggregate principal balance of $2,955,000, which are not currently convertible, will become convertible into shares of the Company's common stock at the election of the respective holder subsequent to September 30, 2019. As of September 30, 2019, outstanding related party notes and convertible notes in the aggregate principal amounts of $1,150,000 and $990,000, respectively, provided for a mandatory conversion into common stock of the Company and warrants to purchase common stock of the Company in the same ratio upon the completion of an underwritten public offering by the Company. See Note 9 – Subsequent Events.

Related Party Notes

During the nine months ended September 30, 2019, the Company issued to family members of officers of the Company and a Scientific Advisory Board member (the "SAB Member") notes payable in the aggregate principal amount of $485,000, which bear interest at the rate of 12% per annum and provide for original maturity dates between July 2019 and December 2019.

During the nine months ended September 30, 2019, the Company partially repaid a certain related party note in the principal amount of $45,000.

During the nine months ended September 30, 2019, the holders of certain related party notes in the aggregate principal amount of $505,000 entered into agreements with the Company pursuant to which the parties agreed that the maturity of the promissory notes held by such holders will be extended or further extended from dates from December 2018 and August 2019 to dates between July 2019 and December 2019. In consideration of the extensions, such notes in the aggregate principal amount of $475,000 provided for an exchange of such notes for an exchange of such notes for shares of common stock and warrants, as described below, in connection with a public offering of the Company's securities (the "Public Offering"). The exchange price for the indebtedness will be equal to the lesser of (i) 75% of the public offering price of the common stock, or units of common stock and warrants, as the case may be, offered pursuant to the Public Offering or (ii) $0.60 per share (subject to adjustment for reverse stock splits and the like) (the "Exchange Price"). The number of shares of common stock issuable pursuant to the warrants to be issued to such holders will be equal to the number of shares of common stock issuable to them upon conversion of the principal amount of their respective notes. The exchange price of the warrants to be issued to such holders will be the lesser of (i) 125% of the Exchange Price or (ii) $0.80 per share (subject to adjustment for reverse stock splits and the like). Since the fair value of the new ECO exceeded 10% of the carrying amount of the debt, the note extensions were accounted for as extinguishments, and accordingly the Company recognized an aggregate net loss on extinguishment of $145,066 in connection with the derecognition of the net carrying amount of the extinguished debt of $510,887 (inclusive of $475,000 of principal and $35,887 of accrued interest) and the issuance of the new convertible notes in the same amount, plus the fair value of the new notes' ECOs of an aggregate of $145,066. See Note 9 – Subsequent Events.

In October 2019, the Company and a certain related party lender agreed to further extend the maturity date of a certain related party note with a principal balance of $25,000 from a maturity date in September 2019 to a new maturity date in October 2019, effective September 30, 2019.

During the nine months ended September 30, 2019, the Company, a director of the Company, and a trust related to the director (the "Trust") agreed that promissory notes held by the director and the Trust in the outstanding principal amounts of $175,000 and $500,000, respectively, will be exchanged for shares of common stock and warrants, as described below, in connection with the Public Offering. The exchange price for the indebtedness will be equal to 75% of the public offering price of the common stock, or units of common stock and warrants, as the case may be, offered pursuant to the Public Offering (the "Director/Trust Exchange Price"). The number of shares of common stock issuable pursuant to the warrants to be issued to the director and the Trust will be in the same ratio to the number of shares of common stock issued upon exchange of their indebtedness as the number of shares of common stock subject to any warrants included as part of units offered pursuant to the Public Offering (the "Public Warrants") bears to the number of shares of common stock issued as part of the Public Offering units. The exercise price of the warrants to be issued to the director and the Trust will be 125% of the Director/Trust Exchange Price and the term of the warrants will be the same term as the Public Warrants. Concurrently with the exchange, the exercise prices of outstanding warrants held by the director and the Trust for the purchase of an aggregate of 1,377,842 shares of common stock of the Company will be reduced from between $1.50 and $4.00 per share to $0.75 per share and the expiration dates of such warrants will be extended from between December 2019 and March 2022 to December 2023. The exchange agreements were submitted for approval by the shareholders of the Company, which was obtained in August 2019.

As of September 30, 2019, related party notes consisted of notes payable issued to certain directors of the Company, family members of officers of the Company, the SAB Member, and the Trust. A director and principal shareholder of the Company serves as a trustee of the Trust, which was established for the benefit of his immediate family.

As of September 30, 2019, certain related party notes in the aggregate principal amount of $485,000 were convertible into shares of common stock of the Company at a conversion price of $0.60 per share, subject to adjustment, and a five year warrant (the "Warrant") for the purchase of a number of shares equal to the number of shares issued upon the conversion of the principal amount of the note. The Warrant provides for an exercise price of $0.80 per share, subject to adjustment.

Convertible Notes

Issuances

During the nine months ended September 30, 2019, the Company issued certain lenders convertible notes payable in the aggregate principal amount of $8,395,075 for aggregate cash proceeds of $7,847,727. The difference of $547,348 was recorded as a debt discount and will be amortized over the terms of the respective notes. The convertible notes bear interest at rates ranging between 8% to 15% per annum payable at maturity with original maturity dates ranging between July 2019 through September 2020. In connection with the issuance of a certain convertible note, the Company issued the lender 68,873 shares of the Company's common stock and the relative fair value of $54,168 was recorded as debt discount and is being amortized over the term of the note. In connection with the issuance of certain convertible notes, the Company issued the lenders five-year warrants to purchase an aggregate of 295,000 shares of the Company's common stock at exercise prices ranging from $0.45 per share to $1.00 per share. The aggregate grant date value of the warrants was $104,198, which was recorded as debt discount and is being amortized over the terms of the respective convertible notes. The warrants were subject to the Company's sequencing policy and, as a result, were initially recorded as derivative liabilities. See below within this Note 5 – Notes Payable – Convertible Notes – Conversions, Exchanges and Other and Note 8 – Derivative Liabilities for additional details regarding the ECOs of the convertible notes.

During the nine months ended September 30, 2019, a certain convertible note in the principal amount of $148,014 was issued concurrently with the extinguishment of a certain other note payable in the same principal amount. See below within this Note 5 – Notes Payable – Convertible Notes – Conversions, Exchanges and Other for additional details.

Embedded Conversion Options and Note Provisions

As of September 30, 2019, outstanding convertible notes in the aggregate principal amount of $4,381,076 were convertible into shares of common stock of the Company as follows: (i) $2,355,076 of aggregate principal amount of convertible notes were convertible at a fixed price ranging from $0.25 to $2.00 per share for the first six months following the respective issue date, and thereafter at a conversion price generally equal to 58% of the fair value of the Company's stock, subject to adjustment, until the respective note has been paid in full, (ii) 1,046,000 of aggregate principal amount of convertible notes were convertible generally at a range of 58% to 65% of the fair value of the Company's stock, subject to adjustment, depending on the note, and (iii) $980,000 of aggregate principal amount of convertible notes were convertible into shares of common stock of the Company at a conversion price ranging from $0.50 to $0.60 per share, subject to adjustment, and five-year warrants to purchase common stock of the Company in the same ratio. The warrants provide for an exercise price ranging from $0.75 to $0.80 per share, subject to adjustment. Convertible notes in the aggregate principal amount of $990,000 provide for a mandatory conversion into common stock of the Company and warrants to purchase common stock of the Company in the same ratio upon the completion of an underwritten public offering by the Company of its securities whereby the conversion price shall be equal to the lower of the respective original conversion terms, or 75% of the offering price for the shares of common stock of the Company, or units of shares of common stock of the Company and warrants, as the case may be, sold pursuant to the public offering. The Company analyzes the ECOs of its convertible notes at issuance to determine whether the ECO should be bifurcated and accounted for as a derivative liability or if the ECO contains a beneficial conversion feature. See below within this Note 5 – Notes Payable – Convertible Notes – Embedded Conversion Options and Note Provisions and Note 8 – Derivative Liabilities for additional details regarding the ECOs of the convertible notes. Also see Note 9 – Subsequent Events.

As of September 30, 2019, a portion of convertible notes with an aggregate principal balance of $2,955,000, which were not yet convertible, will become convertible into shares of the Company's common stock subsequent to September 30, 2019 at a conversion price generally equal to 58% of the fair value of the Company's stock, subject to adjustment, until the respective notes have been paid in full.

As of September 30, 2019, outstanding convertible notes in the aggregate principal amount of $4,325,075 have prepayment premiums, whereby, in the event that the Company elects to prepay certain notes during the one hundred eighty-day period following the issue date, the respective holder is entitled to receive a prepayment premium of up to 35%, depending on the note, on the then outstanding principal balance including accrued interest.

As of September 30, 2019, outstanding convertible notes in the aggregate principal amount of $4,252,688 have most favored nation ("MFN") provisions, whereby, so long as such respective note is outstanding, upon any issuance by the Company of any security with certain identified provisions more favorable to the holder of such security, then at the respective holder's option, those more favorable terms shall become a part of the transaction documents with the holder. As of September 30, 2019, notes with applicable MFN provisions were convertible using MFN conversion prices equal to 58% of the fair market value of the Company's stock, as defined.

During the nine months ended September 30, 2019, the Company determined that certain ECOs of issued or extended convertible notes were derivative liabilities. The aggregate issuance date value of the bifurcated ECOs was $3,990,135, of which $3,576,028 was recorded as a debt discount and is being amortized over the terms of the respective convertible notes and $414,108 was recognized as part of an extinguishment loss as described below. See Note 8 – Derivative Liabilities for additional details.

Conversions, Exchanges and Other

During the nine months ended September 30, 2019, the Company and certain lenders exchanged certain convertible notes with bifurcated ECOs with an aggregate net carrying amount of $4,255,838 (including an aggregate of $2,032,323 of principal less debt discount of $455,969, $122,111 of accrued interest and $2,557,373 related to the separated ECOs accounted for as derivative liabilities) for an aggregate of 9,634,376 shares of the Company's common stock at conversion prices ranging from $0.11 to $0.43 per share. The common stock had an aggregate exchange date value of $4,739,017 and, as a result, the Company recorded a loss on extinguishment of notes payable of $483,179. See Note 8 – Derivative Liabilities for additional details.

During the nine months ended September 30, 2019, the Company repaid an aggregate principal amount of $3,484,105 of convertible notes payable, $209,486 of the respective aggregate accrued interest and an aggregate of $813,730 of prepayment premiums. As a result of the repayments, the Company recorded a loss on extinguishment of notes payable of $1,242,669 and an aggregate of $428,939 of the related debt discounts were extinguished.

During the nine months ended September 30, 2019, a certain lender to the Company acquired a promissory note (classified in Other Notes) issued by the Company in the outstanding amount of $148,014 (inclusive of accrued interest reclassified to principal of $23,013) from a certain lender to the Company. The Company exchanged the acquired note for a new convertible note in the principal amount of $148,014 which accrues interest at a rate of 12% per annum, payable on the maturity date in March 2020. The ECO of the note was subject to sequencing and the issuance date fair value of $84,798 was accounted for as a derivative liability (see Note 8 – Derivative Liabilities for additional details). Since the fair value of the new ECO exceeded 10% of the principal amount of the new note, the note exchange was accounted for as an extinguishment, and accordingly the Company recognized a net loss on extinguishment of $90,994 in connection with the derecognition of the net carrying amount of $141,818 of the extinguished debt and the issuance of the new convertible notes in the aggregate principal amount $148,014 plus the fair value of the new note's ECO of an aggregate of $84,798.

During the nine months ended September 30, 2019, the Company and certain lenders agreed to extend or further extend the maturity dates of certain convertible notes payable with an aggregate principal balance of $678,102 from maturity dates ranging from June 2019 to July 2019 to new maturity dates ranging from July 2019 to July 2020. In consideration of the extensions of certain convertible notes with an aggregate principal balance of $650,000, the Company modified the conversion terms of the lenders' notes to provide for a mandatory conversion into common stock of the Company and a five-year warrant to purchase common stock of the Company in the same ratio upon the completion of an underwritten public offering by the Company of its securities, whereby, the conversion price shall be equal to the lower of the respective original conversion terms, or 75% of the offering price for the shares of common stock of the Company, or units of shares of common stock of the Company and warrants, as the case may be, sold pursuant to the public offering. Since the fair value of the new ECO exceeded 10% of the carrying amount of the debt, the note extensions were accounted for as extinguishments, and accordingly the Company recognized an aggregate net loss on extinguishment of $329,310 in connection with the derecognition of the net carrying amount of the extinguished debt of $702,387 (inclusive of $650,000 of principal and $52,387 of accrued interest) and the issuance of the new convertible notes in the same amount, plus the fair value of the new notes' ECOs of an aggregate of $329,310. See Note 9 – Subsequent Events.

In October 2019, the Company and certain lenders agreed to further extend the maturity dates of certain convertible notes payable with an aggregate principal balance of $150,000 from maturity dates in September 2019 to new maturity dates in October 2019, effective September 30, 2019.

Other Notes

Exchange and Other

During the nine months ended September 30, 2019, the Company and a certain lender agreed to an extension of the maturity date of a certain note payable with a principal balance of $125,000 from a maturity date in January 2019 to a new maturity date in December 2019. In consideration of the extension, the Company issued the lender 10,000 shares of the Company's common stock. The issuance date fair value of the common stock of $7,052 was recorded as debt discount and is being amortized over the remaining term of the note.

During the nine months ended September 30, 2019, a convertible promissory note in the principal amount of $148,014 was issued concurrently with the extinguishment of a certain other note payable in the same principal amount. See above within Note 5 – Notes Payable – Convertible Notes – Conversions, Exchanges and Other for additional details.

During the nine months ended September 30, 2019, the Company partially repaid a certain promissory note in the principal amount of $7,500.

Note 6 – Commitments and Contingencies

Consulting Agreements

Business Advisory Services

In January 2019, an agreement for business advisory services that had expired on December 31, 2018 was further extended and now provides for an expiration date of December 31, 2019. In consideration of the extension of the term of the consulting agreement, the Company issued to the consultant a five-year, immediately vested warrant for the purchase of 100,000 shares of the Company's common stock at an exercise price of $1.00 per share. The grant date value of the warrant of $56,000 was recognized immediately as stock-based compensation expense which is reflected as consulting expense in the unaudited condensed consolidated financial statements. The warrant was subject to the Company's sequencing policy and, as a result, was originally recorded as a derivative liability. See Note 8 – Derivative Liabilities for additional details.

Operating Lease

The Company is a party to a lease for 6,800 square feet of space located in Melville, New York (the "Melville Lease") with respect to its corporate and laboratory operations. The Melville Lease was scheduled to expire in March 2020 (subject to extension at the option of the Company for a period of five years) and calls for an annual base rental during the initial term ranging between $132,600 and $149,260. In June 2019, the Company exercised its option to extend the Melville Lease and entered into a lease amendment with the lessor whereby the five-year extension term will commence on January 1, 2020 with annual base rent ranging between $153,748 and $173,060.

The Company's rent expense amounted to approximately $20,000 and $74,000 for the three and nine months ended September 30, 2019, respectively. The Company's rent expense amounted to approximately $31,000 and $92,000 for the three and nine months ended September 30, 2018, respectively. Rent expense is reflected in general and administrative expenses and research and development expenses in the unaudited condensed consolidated statements of operations.

Litigations, Claims and Assessments

In the normal course of business, the Company may be involved in legal proceedings, claims or assessments arising from the ordinary course of business, and as of September 30, 2019, none are expected to materially impact the Company's financial position.

The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

Bonus Accruals

As of December 31, 2018, the Company had remaining accruals of approximately $91,000 for bonus milestones that were achieved in prior years and remained unpaid. As of September 30, 2019, the remaining accruals for bonus milestones achieved in prior years had been paid in full. In April 2019, the Company's Compensation Committee and Board of Directors approved performance goals associated with cash bonuses payable to certain officers for the year ending December 31, 2019 and, as a result, the Company accrued $39,114 for 2019 cash bonuses as of September 30, 2019 which were probable to be achieved.

Arena Investors

In July 2019, the Company entered into a securities purchase agreement (the "Arena Purchase Agreement") with Arena Investors LP ("Arena") pursuant to which Arena had agreed to acquire 5,500,000 shares of Series A preferred stock, par value $0.01 per share, of the Company, a warrant for the purchase of 6,000,000 shares of common stock, par value $0.001 per share, of the Company and a convertible promissory note of the Company in the principal amount of $500,000, in consideration of a payment by Arena to the Company of an aggregate of $5,400,000. The closing of the Arena Purchase Agreement was subject to, among other things, approval by the shareholders of the Company of the Arena Purchase Agreement (which was obtained in August 2019) and the transactions contemplated thereby, the concurrent execution of an underwriting agreement with regard to the Public Offering and approval by the Nasdaq Stock Market of the Company's pending listing application with respect to its shares of common stock. The Arena Purchase Agreement provided that it could be terminated by either party if the closing did not occur by October 31, 2019. On November 1, 2019, the Arena Purchase Agreement was terminated.

Note 7 – Stockholders' Deficiency

Authorized Capital and 2010 Equity Plan

In March 2019, the Board of Directors of the Company approved an increase in the number of authorized shares of common stock to 150,000,000, subject to shareholder approval. Additionally, the Board of Directors approved an increase in the number of authorized shares issuable under the Company's 2010 Equity Participation Plan to 20,000,000, subject to shareholder approval. In May 2019, such shareholder approval was obtained.

In March 2019, the Board of Directors determined to submit to the Company's shareholders for their approval amendments to the Certificate of Incorporation of the Company (with the Board of Directors having the authority to select and file one such amendment) to effect a reverse split of the Company's common stock at a ratio of not less than 1-for-2 and not more than 1-for-20, with the Board of Directors having the discretion as to whether or not the reverse stock split is to be effected, and with the exact ratio of any reverse stock split to be set at a whole number within the above range as determined by the Board of Directors in its discretion. Concurrently, the Board of Directors determined to submit to the Company's shareholders for their approval a proposal to authorize the Board of Directors, in the event the reverse stock split proposal is approved by the shareholders, in its discretion, to reduce the number of authorized shares of common stock in proportion to the percentage decrease in the number of outstanding shares of common stock resulting from the reverse split (or a lesser decrease in authorized shares of common stock as determined by the Board of Directors in its discretion). In May 2019, the Company's shareholders approved the foregoing proposals.

See Note 9 – Subsequent Events regarding the approval by the Board of Directors and shareholders of an increase in the number of authorized shares of common stock to 300,000,000, as well as the grant to the Board of Directors of authority to adopt an amendment to the Certificate of Incorporation of the Company to effect a reverse split of the Company's common stock at a ratio of not less than 1-for-2 and not more than 1-for-100.

Compensatory Common Stock Issuance

During the nine months ended September 30, 2019, the Company issued 75,000 shares of immediately vested common stock valued at $30,000 to a consultant for services rendered.

Warrant and Option Valuation

The Company has computed the fair value of warrants and options granted using the Black-Scholes option pricing model. The expected term used for warrants and options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Common Stock and Warrant Offerings

During the nine months ended September 30, 2019, the Company issued an aggregate of 2,191,111 shares of common stock of the Company, five-year immediately vested warrants to purchase an aggregate of 1,135,556 shares of common stock of the Company at exercise prices ranging from $0.85 per share to $1.00 per share and one-year immediately vested warrants to purchase an aggregate of 1,055,555 shares of common stock of the Company at an exercise price of $0.70 per share to certain investors for aggregate gross proceeds of $1,156,000. The warrants had an aggregate grant date fair value of $899,689. The warrants were subject to the Company's sequencing policy and, as a result, were initially recorded as derivative liabilities. See Note 8 – Derivative Liabilities for additional details. Also see Note 9 – Subsequent Events.

Stock Warrants

Warrant Compensation

See Note 6 – Commitments and Contingences for additional details associated with the issuance of a warrant in connection with a consulting agreement extension.

The Company recorded stock–based compensation expense of $0 and $56,000 for the three and nine months ended September 30, 2019, respectively, related to stock warrants issued as compensation, which is reflected as consulting expense in the unaudited condensed consolidated statements of operations. For the three and nine months ended September 30, 2018, the Company recorded stock–based compensation expense of $43,105 and $91,297 respectively, related to stock warrants issued as compensation.

Warrant Activity Summary

In applying the Black-Scholes option pricing model to warrants granted or issued, the Company used the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Risk free interest rate	1.79% - 1.83%	2.73% - 2.83%	1.79% - 2.62%	1.92% - 2.83%
Contractual term (years)	5.00	5.00	1.00 - 5.00	1.98 - 5.00
Expected volatility	133%	139%	133% - 150%	128% - 139%
Expected dividends	0.00%	0.00%	0.00%	0.00%

The weighted average estimated fair value of the warrants granted during the three and nine months ended September 30, 2019 was approximately $0.28 and $0.41 per share, respectively. The weighted average estimated fair value of the warrants granted during the three and nine months ended September 30, 2018 was approximately $1.24 and $1.23 per share, respectively.

A summary of the warrant activity during the nine months ended September 30, 2019 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding, January 1, 2019	3,483,403	$ 3.63		
Issued	2,586,111	0.77		
Expired	(264,623)	5.41		
Outstanding, September 30, 2019	5,804,891	$ 2.27	2.1	$ -
Exercisable, September 30, 2019	5,804,891	$ 2.27	2.1	$ -

The following table presents information related to stock warrants at September 30, 2019:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 0.45 - $0.99	2,586,111	2.9	2,586,111
$ 1.00 - $1.99	844,444	0.3	844,444
$ 2.00 - $2.99	75,000	4.1	75,000
$ 3.00 - $3.99	70,000	3.8	70,000
$ 4.00 - $4.99	1,965,457	1.7	1,965,457
$ 5.00 - $5.99	182,667	1.7	182,667
$ 6.00 - $7.99	40,000	0.8	40,000
$ 8.00 - $9.99	2,500	0.2	2,500
$ 10.00 - $15.00	38,712	0.6	38,712
	5,804,891	2.1	5,804,891

See Note 9 – Subsequent Events.

Stock Options

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Risk free interest rate	1.47%	2.74%	1.47% - 2.72%	2.44% - 2.74%
Expected term (years)	10.00	5.01	10.00	5.01 - 9.69
Expected volatility	133%	139%	133% - 140%	129% - 139%
Expected dividends	0.00%	0.00%	0.00%	0.00%

The weighted average estimated fair value of the stock options granted during the three and nine months ended September 30, 2019 was approximately $0.25 and $0.36 per share, respectively. The weighted average estimated fair value of the stock options granted during the three and nine months ended September 30, 2018 was approximately $1.42 and $2.92 per share, respectively.

In January 2019, the Company issued the Chairman of the Disc Committee of its Scientific Advisory Board (the "Disc Committee Chairman") a ten-year option to purchase up to 70,000 shares of the Company's common stock at an exercise price of $1.00 per share. The options vest ratably over three years on the issuance date anniversaries. The grant date value of the option of $44,247 will be recognized over the expected vesting period as consulting expense in the unaudited condensed consolidated statements of operations.

In March 2019, the Board of Directors reduced the exercise price of outstanding stock options for the purchase of an aggregate of 4,631,700 shares of common stock of the Company (with exercise prices ranging between $1.00 and $4.70 per share) to $0.75 per share, which was the closing price for the Company's common stock on the day prior to determination, as reported by the OTCQB market. The exercise price reduction related to options held by, among others, the Company's officers, directors, advisors and employees. The incremental value of the modified options compared to the original options, both valued as of the respective modification date, of $452,637 is being recognized over the vesting term of the options, which will be reflected as consulting, research and development, and general and administrative expenses in the amounts of $187,861, $56,856 and $207,920, respectively, in the unaudited condensed consolidated statements of operations.

In August 2019, the Company issued the Disc Committee Chairman an immediately vested ten-year option to purchase up to 175,000 shares of the Company's common stock at an exercise price of $0.26 per share. The grant date value of the option of $43,141 was immediately recognized as consulting expense in the unaudited condensed consolidated statements of operations.

A summary of the option activity during the nine months ended September 30, 2019 is presented below:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Life In Years		Aggregate Intrinsic Value
Outstanding, January 1, 2019	4,703,785	$	1.04			
Granted	245,000		0.40			
Forfeited	(39,167)		1.49			
Outstanding, September 30, 2019	4,909,618	$	1.01	7.4	$	-
Exercisable, September 30, 2019	3,532,455	$	1.11	6.7	$	-

The following table presents information related to stock options at September 30, 2019:

Options Outstanding			Options Exercisable	
	Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$	0.26 - $0.74	175,000	9.9	175,000
$	0.75 - $0.99	4,623,367	6.7	3,246,204
$	1.00 - $5.99	38,751	0.6	38,751
$	6.00 - $19.99	37,500	4.3	37,500
$	20.00 - $30.00	35,000	2.5	35,000
		4,909,618	6.7	3,532,455

The following table presents information related to stock option expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Unrecognized at September 30,	Weighted Average Remaining Amortization Period
	2019	2018	2019	2018	2019	(Years)
Consulting	$ 34,021	$ 163,757	$ 505,669	$ 669,574	$ 147,392	1.1
Research and development	106,085	98,148	352,017	242,586	329,604	1.6
General and administrative	93,939	(488,463)	548,840	523,089	539,921	1.1
	$ 234,045	$ (226,558)	$ 1,406,526	$ 1,435,249	$ 1,016,917	1.3

<u>Contemplated Public Offering</u>

The Company has filed a registration statement with the Securities and Exchange Commission with regard to the contemplated public offering of its equity securities. The registration statement has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The contemplated public offering of the Company's securities will be made only by means of a prospectus. No assurances can be given that the contemplated public offering will be completed on reasonable terms or otherwise.

Note 8 – Derivative Liabilities

The following table sets forth a summary of the changes in the fair value of Level 3 derivative liabilities that are measured at fair value on a recurring basis:

Beginning balance as of January 1, 2019	$ 1,094,607
Issuance of derivative liabilities	5,195,089
Extinguishment of derivative liabilities in connection with convertible note repayments and exchanges	(2,557,373)
Change in fair value of derivative liabilities	268,350
Reclassification of derivative liabilities to equity	(2,809,565)
Ending balance as of September 30, 2019	$ 1,191,108

In applying the Multinomial Lattice and Black-Scholes option pricing models to derivatives issued and outstanding during the three and nine months ended September 30, 2019 and 2018, the Company used the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Risk free interest rate	1.54% - 2.16%	1.93% - 2.94%	1.54% - 2.62%	1.22% - 2.94%
Expected term (years)	0.08 - 5.00	0.25 - 5.00	0.02 - 5.00	0.25 - 5.00
Expected volatility	91% - 133%	120% - 208%	91% - 156%	100% - 208%
Expected dividends	0.00%	0.00%	0.00%	0.00%

During the nine months ended September 30, 2019, the Company recorded new derivative liabilities in the aggregate amounts of $4,135,200 and $1,059,889 related to the ECOs of certain convertible notes payable and warrants subject to sequencing, respectively. See Note 5 – Notes Payable – Convertible Notes for additional details. See Note 6 – Commitments and Contingencies and Note 7 – Stockholders' Deficiency for warrants issued and deemed to be derivative liabilities.

During the nine months ended September 30, 2019, the Company extinguished an aggregate of $2,557,373 of derivative liabilities in connection with repayments and exchanges of certain convertible notes payable into shares of the Company's common stock. See Note 5 – Notes Payable – Convertible Notes for additional details.

During the nine months ended September 30, 2019, the Company reclassified an aggregate of $2,809,565 of derivative liabilities to equity as a result of a change in the sequencing status.

On September 30, 2019, the Company recomputed the fair value of ECOs recorded as derivative liabilities to be $1,142,942. The Company recorded a loss on the change in fair value of these derivative liabilities of $145,238 and $584,840 for the three and nine months ended September 30, 2019, respectively.

On September 30, 2019, the Company recomputed the fair value of the derivative liabilities related to outstanding warrants to be $48,166. These warrants are either redeemable for cash equal to the Black-Scholes value, as defined, at the election of the warrant holder upon a fundamental transaction pursuant to the warrant terms or were issued subsequent to the commencement of sequencing. The Company recorded a gain on the change in fair value of these derivative liabilities of $80,201 and $316,490 for the three and nine months ended September 30, 2019, respectively.

Note 9 – Subsequent Events

Authorized Capital

Subsequent to September 30, 2019, the Board of Directors of the Company approved an increase in the number of authorized shares of common stock to 300,000,000, subject to shareholder approval. On November 13, 2019, such shareholder approval was obtained and the Company filed an amendment to its Certificate of Incorporation to increase its authorized common stock to 300,000,000 shares.

Subsequent to September 30, 2019, the Board of Directors determined to submit to the Company's shareholders for their approval, amendments to the Certificate of Incorporation of the Company (with the Board of Directors having the authority to select and file one such amendment) to effect a reverse split of the Company's common stock at a ratio of not less than 1-for-2 and not more than 1-for-100, with the Board of Directors having the discretion as to whether or not the reverse stock split is to be effected, and with the exact ratio of any reverse stock split to be set at a whole number within the above range as determined by the Board of Directors in its discretion. On November 13, 2019, such shareholder approval was obtained.

Common Stock and Warrant Offering

Subsequent to September 30, 2019, the Company issued 3,333,333 shares of common stock of the Company and a five-year immediately vested warrant for the purchase of 3,333,333 shares of common stock of the Company at an exercise price of $0.20 per share to an investor for gross proceeds of $500,000. In consideration of the purchase, the parties agreed to reduce the exercise prices of an aggregate of 2,111,111 outstanding warrants previously issued to the investor with original exercise prices of $0.70 and $0.85 per share to an exercise price of $0.15 per share and extend certain expiration dates of such outstanding warrants from dates between February 2020 and May 2020 to new expiration dates between February 2024 and May 2024.

Related Party Notes

Subsequent to September 30, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $150,000 to certain related parties. The convertible notes bear interest at a rate of 12% per annum, payable at maturity, with original maturity dates ranging from April 2020 to May 2020. The notes and the respective accrued interest are convertible at the election of the holder at any time at a conversion price equal to 60% of the fair value of the Company's common stock.

Subsequent to September 30, 2019, the Company repaid a related party note in the principal amount of $25,000 and $3,164 of accrued interest.

Convertible Notes

Subsequent to September 30, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $1,144,500 to certain lenders for aggregate cash proceeds of $1,038,625. The difference of $105,875 was recorded as a debt discount and will be amortized over the terms of the respective notes. The convertible notes bear interest at a rate of 12% per annum, payable at maturity, with original maturity dates ranging from May 2020 to October 2020. The notes are convertible as follows: (i) $921,500 of aggregate convertible notes and the respective accrued interest are convertible into shares of the Company's common stock at the election of the holder after the 180th day following the issue date at a conversion price equal to the lower of the closing price on the issuance date or generally 58% of the fair value of the Company's common stock; (ii) $55,000 of convertible notes and the respective accrued interest are convertible into shares of the Company's common stock at the election of the holder after the 180th day following the issue date at a conversion price generally equal to 58% of the fair value of the Company's common stock, and (iii) $168,000 of aggregate convertible notes are convertible at a fixed price ranging from $0.25 to $1.00 per share for the first six months following the respective issue date, and thereafter at a conversion price equal to 58% of the fair value of the Company's stock, subject to adjustment, until the respective note has been paid in full. In connection with the issuance of a certain convertible promissory note, the Company issued to the lender a warrant for the purchase of 100,000 shares of the Company's common stock. In the event that the Company elects to prepay certain notes during the 180-day period following the issue date, the holder is entitled to receive a prepayment premium up to 35%, depending on the note, of the then outstanding principal balance plus accrued interest.

Subsequent to September 30, 2019, the Company and certain lenders agreed to exchange an aggregate principal amount of $236,062 and aggregate accrued interest of $14,510 of certain convertible notes payable for an aggregate of 3,710,440 shares of the Company's common stock at exchange prices ranging between $0.05 to $0.12 per share.

Subsequent to September 30, 2019, the Company repaid an aggregate principal amount of $1,275,000 of convertible notes payable and $109,038 of the respective aggregate accrued interest.

Subsequent to September 30, 2019, the Company and a certain lender agreed to extend the maturity date of a certain convertible promissory note with a principal balance of $91,539 from January 2020 to July 2020. In consideration of the extension, the parties agreed to reduce the conversion price floor of the note from $0.10 per share to $0.01 per share.

Other Notes

Subsequent to September 30, 2019, the Company issued a lender a note payable in the principal amount of $175,000. The note bears interest at a rate of 15% per annum, payable at maturity, with an original maturity date in November 2019.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of operations and financial condition of BioRestorative Therapies, Inc. (together with its subsidiary, "BRT") for the three and nine months ended September 30, 2019 and 2018 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to BRT. This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors That May Affect Future Results and Financial Condition") of our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission (the "SEC") on March 29, 2019.

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

This Quarterly Report on Form 10-Q includes references to our federally registered trademarks, BioRestorative Therapies, the Dragonfly Logo, brtxDISC, ThermoStem Stem Cellutrition Stem Pearls and Stem the Tides of Time. The Dragonfly Logo is also registered with the U.S. Copyright Office. This Quarterly Report on Form 10-Q may also include references to trademarks, trade names and service marks that are the property of other organizations. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q appear without the ®, SM or ™ symbols, and copyrighted content appears without the use of the symbol ©, but the absence of use of these symbols does not reflect upon the validity or enforceability of the intellectual property owned by us or third parties.

Overview

We develop therapeutic products and medical therapies using cell and tissue protocols, primarily involving adult (non-embryonic) stem cells. We are currently pursuing our *Disc/Spine Program* with our lead cell therapy candidate being called *BRTX-100*. We submitted an IND application to the FDA to obtain authorization to commence a Phase 2 clinical trial investigating the use of *BRTX-100* in the treatment of chronic lower back pain arising from degenerative disc disease. We have received such authorization from the FDA. We intend to commence such clinical trial during the first quarter of 2020 (assuming the receipt of necessary funding). We have obtained a license to utilize or sublicense a method for the hypoxic (low oxygen) culturing of cells for use in treating disc and spine conditions, including protruding and bulging lumbar discs. The technology is an advanced stem cell injection procedure that may offer relief from lower back pain, buttock and leg pain, and numbness and tingling in the leg and foot. We are also developing our ThermoStem Program. This pre-clinical program involves the use of brown adipose (fat) in connection with the cell-based treatment of type 2 diabetes and obesity as well as hypertension, other metabolic disorders and cardiac deficiencies. United States patents related to the *ThermoStem Program* were issued in September 2015 and January 2019, Australian patents related to the *ThermoStem Program* were issued in April 2017 and October 2019, a Japanese patent related to the *ThermoStem Program* was issued in December 2017 and an Israeli patent related to the *ThermoStem Program* was issued in October 2019.

We have licensed a patented curved needle device that is a needle system designed to deliver cells and/or other therapeutic products or materials to the spine and discs or other potential sites.

Our offices are located in Melville, New York where we have established a laboratory facility in order to increase our capabilities for the further development of possible cellular-based treatments, products and protocols, stem cell-related intellectual property and translational research applications.

As of September 30, 2019, our accumulated deficit was $77,019,591, our stockholders' deficiency was $12,428,533 and our working capital deficiency was $13,514,377. We have historically only generated a modest amount of revenue, and our losses have principally been operating expenses incurred in research and development, marketing and promotional activities in order to commercialize our products and services, plus costs associated with meeting the requirements of being a public company. We expect to continue to incur substantial costs for these activities over at least the next year. These conditions indicate that there is substantial doubt about our ability to continue as a going concern within one year after the financial statement issuance date.

Based upon our working capital deficiency as of September 30, 2019, and our forecast for continued operating losses, we require equity and/or debt financing to continue our operations. As of September 30, 2019, our outstanding debt of $8,496,076, with interest at rates ranging between 8% and 15% per annum, was due on various dates through September 2020. Subsequent to September 30, 2019, we have received aggregate equity financings and debt proceeds of $500,000 and $1,363,625, respectively, debt (inclusive of accrued interest) of $250,571 has been exchanged for common stock, $1,412,202 of debt (inclusive of accrued interest) has been repaid, and the due date for the repayment of $91,539 of debt has been extended to July 2020. Giving effect to the above actions, we currently have notes payable in the aggregate outstanding principal amount of $593,400 which are past due. Based upon our working capital deficiency and outstanding debt, we expect to be able to fund our operations through December 2019 while we continue to apply efforts to raise additional capital. We anticipate that we will require approximately $20,000,000 in financing to commence and complete a Phase 2 clinical trial with regard to our Disc/Spine Program. We anticipate that we will require approximately $45,000,000 in further additional funding to complete our clinical trials using *BRTX-100* (assuming the receipt of no revenues). We will also require a substantial amount of additional funding if we determine to establish a manufacturing operation with regard to our Disc/Spine Program (as opposed to utilizing a third-party manufacturer) and to implement our other programs, including our metabolic ThermoStem Program. No assurance can be given that the anticipated amounts of required funding are correct or that we will be able to accomplish our goals within the timeframes projected. In addition, no assurance can be given that we will be able to obtain any required financing on commercially reasonable terms or otherwise.

We have filed a registration statement with the Securities and Exchange Commission with regard to the contemplated public offering of our equity securities. The registration statement has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The contemplated public offering of the Company's securities will be made only by means of a prospectus. No assurances can be given that the contemplated public offering will be completed on reasonable terms or otherwise.

We are currently seeking several different financing alternatives to support our future operations and are currently in the process of negotiating extensions or discussing conversions to equity with respect to our outstanding indebtedness. If we are unable to obtain such additional financing on a timely basis or, notwithstanding any request we may make, our debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, we may have to curtail our development, marketing and promotional activities, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations and liquidate. See "Liquidity and Capital Resources" below.

Between May 2019 and August 2019, holders of our notes in the aggregate principal amount of $1,565,000 entered into agreements with us pursuant to which the parties have agreed to exchange such notes for shares of our common stock and warrants in connection with the closing of the Public Offering.

Consolidated Results of Operations

Three Months Ended September 30, 2019 Compared with Three Months Ended September 30, 2018

The following table presents selected items in our unaudited condensed consolidated statements of operations for the three months ended September 30, 2019 and 2018, respectively:

	For The Three Months Ended September 30, 2019	For The Three Months Ended September 30, 2018
Revenues	$ 38,000	$ 26,000
Operating Expenses:		
Marketing and promotion	156,179	155,161
Consulting	373,975	417,601
Research and development	409,815	357,436
General and administrative	917,027	284,472
Total Operating Expenses	1,856,996	1,214,670
Loss From Operations	(1,818,996)	(1,188,670)
Other Expense:		
Interest expense	(394,816)	(257,298)
Amortization of debt discount	(1,487,501)	(540,488)
Loss on extinguishment of notes payable, net	(1,290,623)	(320,383)
Change in fair value of derivative liabilities	(65,037)	(615,322)
Warrant modification expense	-	(3,100)
Total Other Expense	(3,237,977)	(1,736,591)
Net Loss	$ (5,056,973)	$ (2,925,261)

Revenues

For the three months ended September 30, 2019 and 2018, we generated $38,000 and $26,000, respectively, of royalty revenue in connection with our sublicense agreement.

Marketing and promotion

Marketing and promotion expenses include advertising and promotion, marketing and seminars, meals, entertainment and travel expenses. For the three months ended September 30, 2019, marketing and promotion expenses increased by $1,018, or 1%, from $155,161 to $156,179 as compared to the three months ended September 30, 2018.

We expect that marketing and promotion expenses will increase in the future as we increase our marketing activities following full commercialization of our products and services.

Consulting

Consulting expenses consist of consulting fees and stock-based compensation to consultants. For the three months ended September 30, 2019, consulting expenses decreased $43,626, or 10%, from $417,601 to $373,975, as compared to the three months ended September 30, 2018. The decrease is primarily due to a decrease of approximately $130,000 of stock-based compensation expense partially offset by an increase of approximately $90,000 in cash consulting fees.

Research and development

Research and development expenses include cash and non-cash compensation of (a) our Vice President of Research and Development; (b) our Scientific Advisory Board members; and (c) laboratory staff and costs related to our brown fat and disc/spine initiatives. Research and development expenses are expensed as they are incurred. For the three months ended September 30, 2019, research and development expenses increased by $52,379, or 15%, from $357,436 to $409,815, as compared to the three months ended September 30, 2018. The increase was primarily a result of an increase of approximately $26,000 in laboratory staffing, an increase of approximately $21,000 in lab testing and research, and an increase of approximately $8,000 in stock-based compensation expense primarily related to an option issued to our Disc Committee Chairman.

We expect that our research and development expenses will increase with the continuation of the aforementioned initiatives.

General and administrative

General and administrative expenses consist primarily of salaries, bonuses, payroll taxes, severance costs and stock-based compensation to employees (excluding any cash or non-cash compensation of our Vice President of Research and Development and our laboratory staff), as well as corporate expenses such as legal and professional fees, investor relations and occupancy related expenses. For the three months ended September 30, 2019, general and administrative expenses increased by $632,555, or 222%, from $284,472 to $917,027, as compared to the three months ended September 30, 2018. The increase was primarily due to a $644,000 nonrecurring reversal of compensation expense related to performance milestones of an option granted to a former Senior Vice President becoming not probable in 2018 and an increase of approximately $108,000 of legal expense due to increased legal matters regarding fundings, conversions, intellectual property and patent issuance costs, partially offset by a decrease of approximately $64,000 in legal expense and financial services expense related to work performed for a contemplated public offering classified as deferred offering costs and a decrease of approximately $62,000 in stock-based compensation expense relating to fewer unvested options outstanding in 2019.

We expect that our general and administrative expenses will increase as we expand our staff, develop our infrastructure and incur additional costs to support the growth of our business.

Interest expense

For the three months ended September 30, 2019, interest expense increased $137,518, or 53%, as compared to the three months ended September 30, 2018. The increase was due to an increase in interest-bearing short-term borrowings as compared to the three months ended September 30, 2018.

Amortization of debt discount

For the three months ended September 30, 2019, amortization of debt discount increased $947,013, or 175%, as compared to the three months ended September 30, 2018. The increase was primarily due to the timing of the recognition of expense related to the bifurcated embedded conversion options of convertible notes.

Loss on extinguishment of notes payable, net

For the three months ended September 30, 2019, the loss on extinguishment of notes payable, net increased by $970,240, or 303% from $320,383 to $1,290,623, as compared to the three months ended September 30, 2018. The increase is associated with debt repayments, debtholders' exchanges of debt into equity securities, and extinguishments of debt, resulting in a loss on the exchange.

Change in fair value of derivative liabilities

For the three months ended September 30, 2019, the net loss related to the change in fair value of derivative liabilities decreased by $550,285, or 89%, from $615,322 to $65,037, as compared to the three months ended September 30, 2018. The decrease was due to the decrease in time value of embedded conversion options within certain convertible notes payable.

Warrant modification expense

During the three months ended September 30, 2019 and 2018, we recorded expense related to the modification of the expiration dates and exercise prices of certain outstanding warrants of $0 and $3,100, respectively.

Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018

The following table presents selected items in our unaudited condensed consolidated statements of operations for the nine months ended September 30, 2019 and 2018, respectively:

	For The Nine Months Ended September 30,	
	2019	**2018**
Revenues	$ 98,000	$ 82,000
Operating Expenses:		
Marketing and promotion	280,865	213,715
Consulting	1,507,582	1,268,485
Research and development	1,306,544	1,137,381
General and administrative	3,279,145	2,932,162
Total Operating Expenses	6,374,136	5,551,743
Loss From Operations	(6,276,136)	(5,469,743)
Other Expense:		
Interest expense	(1,039,727)	(648,940)
Amortization of debt discount	(3,221,904)	(1,884,116)
Loss on extinguishment of notes payable, net	(2,291,218)	(384,171)
Change in fair value of derivative liabilities	(268,350)	(557,274)
Warrant modification expense	-	(3,100)
Total Other Expense	(6,821,199)	(3,477,601)
Net Loss	$ (13,097,335)	$ (8,947,344)

Revenues

For the nine months ended September 30, 2019 and 2018, we generated $98,000 and $82,000, respectively, of royalty revenue in connection with our sublicense agreement.

Marketing and promotion

Marketing and promotion expenses include advertising and promotion, marketing and seminars, meals, entertainment and travel expenses. For the nine months ended September 30, 2019, marketing and promotion expenses increased by $67,150, or 31%, from $213,715 to $280,865 as compared to the nine months ended September 30, 2018. The increase is primarily due the hiring of a public awareness firm.

We expect that marketing and promotion expenses will increase in the future as we increase our marketing activities following full commercialization of our products and services.

Consulting

Consulting expenses consist of consulting fees and stock-based compensation to consultants. For the nine months ended September 30, 2019, consulting expenses increased $239,097, or 19%, from $1,268,485 to $1,507,582, as compared to the nine months ended September 30, 2018. The increase is primarily due to an increase of approximately $370,000 of cash consulting fees in connection with clinical trials and strategic planning, partially offset by a reduction of approximately $156,000 of stock-based compensation related to fewer unvested outstanding options in 2019.

Research and development

Research and development expenses include cash and non-cash compensation of (a) our Vice President of Research and Development; (b) our Scientific Advisory Board members; and (c) laboratory staff and costs related to our brown fat and disc/spine initiatives. Research and development expenses are expensed as they are incurred. For the nine months ended September 30, 2019, research and development expenses increased by $169,163, or 15%, from $1,137,381 to $1,306,544, as compared to the nine months ended September 30, 2018. The increase was primarily a result of an increase of approximately $109,000 in stock-based compensation expense primarily related to options issued to our Scientific Advisory Board members, incremental modification expense related to an option repricing in 2019, and an increase in laboratory staffing.

We expect that our research and development expenses will increase with the continuation of the aforementioned initiatives.

General and administrative

General and administrative expenses consist primarily of salaries, bonuses, payroll taxes, severance costs and stock-based compensation to employees (excluding any cash or non-cash compensation of our Vice President of Research and Development and our laboratory staff), as well as corporate expenses such as legal and professional fees, investor relations and occupancy related expenses. For the nine months ended September 30, 2019, general and administrative expenses increased by $346,983, or 12%, from $2,932,162 to $3,279,145, as compared to the nine months ended September 30, 2018. The increase is primarily due to an increase of approximately $366,000 in legal expense relating to intellectual property, patent issuance costs, and increased legal matters regarding fundings and conversions of debt.

We expect that our general and administrative expenses will increase as we expand our staff, develop our infrastructure and incur additional costs to support the growth of our business.

Interest expense

For the nine months ended September 30, 2019, interest expense increased $390,787, or 60%, as compared to the nine months ended September 30, 2018. The increase was due to an increase in interest-bearing short-term borrowings as compared to the nine months ended September 30, 2018.

Amortization of debt discount

For the nine months ended September 30, 2019, amortization of debt discount increased $1,337,788, or 71%, as compared to the nine months ended September 30, 2018. The increase was primarily due to increased issuances of convertible notes and the timing of the recognition of expense related to the bifurcated embedded conversion options of convertible notes.

Loss on extinguishment of notes payable, net

For the nine months ended September 30, 2019, we recorded a loss on extinguishment of notes payable, net, of $2,291,218, as compared to a loss on extinguishment of notes payable, net of $384,171 for the nine months ended September 30, 2018. The increase is associated with debt repayments and debt holders' exchanges of debt into equity securities resulting in a loss on the exchange.

Change in fair value of derivative liabilities

For the nine months ended September 30, 2019, the net loss related to the change in fair value of derivative liabilities decreased by $288,924, or 52%, from $557,274 to $268,350, as compared to the nine months ended September 30, 2018. The decrease was due to the decrease in time value of embedded conversion options within certain convertible notes payable.

Liquidity and Capital Resources

Liquidity

We measure our liquidity in a number of ways, including the following:

	September 30, 2019	December 31, 2018
Cash	$ 98,113	$ 117,523
Working Capital Deficiency	$ (13,514,377)	$ (9,073,901)
Notes Payable (Gross)	$ 8,496,076	$ 5,161,916

Availability of Additional Funds

Based upon our working capital deficiency and stockholders' deficiency of $13,514,377 and $12,428,533, respectively, as of September 30, 2019, we require additional equity and/or debt financing to continue our operations. These conditions raise substantial doubt about our ability to continue as a going concern within the next twelve months from the date of this filing.

As of September 30, 2019, our outstanding debt of $8,496,076, together with interest at rates ranging between 8% and 15% per annum, was due on various dates through September 2020. Subsequent to September 30, 2019, we have received aggregate equity financings and debt proceeds of $500,000 and $1,363,625, respectively, debt (inclusive of accrued interest) of $250,571 has been exchanged for common stock, $1,412,202 of debt (inclusive of accrued interest) has been repaid, and the due date for the repayment of $91,539 of debt has been extended to July 2020. Giving effect to the above actions, we currently have notes payable in the aggregate outstanding principal amount of $593,400 which are past due. As of the date of filing, our outstanding debt was as follows:

Maturity Date	Principal Amount
Past Due	$ 593,400
QE 12/31/2019	2,810,000
QE 3/31/2020	1,120,000
QE 6/30/2020	2,118,638
QE 9/30/2020	1,698,227
QE 12/31/2020	89,250
	$ 8,429,515

We have filed a registration statement with the Securities and Exchange Commission with regard to the contemplated public offering of our equity securities. The registration statement has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The contemplated public offering of the Company's securities will be made only by means of a prospectus. No assurances can be given that the contemplated public offering will be completed on reasonable terms or otherwise.

Between May 2019 and August 2019, holders of our notes in the aggregate principal amount of $1,565,000 entered into agreements with us pursuant to which the parties have agreed to exchange such notes for shares of our common stock and warrants in connection with the closing of our contemplated Public Offering.

Based upon our working capital deficiency, outstanding debt and forecast for continued operating losses we expect that the cash we currently have available will fund our operations through December 2019. Thereafter, we will need to raise further capital, through the sale of additional equity securities (including pursuant to our contemplated Public Offering as to which no assurances can be given) or debt securities, to support our future operations and to repay our debt (unless, if requested, the debt holders agree to convert their notes into equity or extend the maturity dates of their notes). Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

We may be unable to raise sufficient additional capital when we need it or raise capital on favorable terms. Debt financing may require us to pledge certain assets and enter into covenants that could restrict certain business activities or our ability to incur further indebtedness and may contain other terms that are not favorable to our stockholders or us. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations or obtain funds by entering into financing agreements on unattractive terms.

Our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate our continuation as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

During the nine months ended September 30, 2019 and 2018, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the nine months ended September 30, 2019 and 2018 in the amounts of $5,107,743 and $3,551,542, respectively. The net cash used in operating activities for the nine months ended September 30, 2019 was primarily due to cash used to fund a net loss of $13,097,335, adjusted for non-cash expenses in the aggregate amount of $7,781,461 partially offset by $208,131 of cash generated by changes in the levels of operating assets and liabilities, primarily as a result of increases in accrued interest, expenses, and other current liabilities, partially offset by a decrease in accounts payable. The net cash used in operating activities for the nine months ended September 30, 2018 was primarily due to cash used to fund a net loss of $8,947,344, adjusted for non-cash expenses in the aggregate amount of $5,150,620 partially offset by $245,182 of cash generated by changes in the levels of operating assets and liabilities, primarily as a result of increases in accrued interest, expenses, and other current liabilities, partially offset by a decrease in accounts payable.

Cash Used in Investing Activities

During the nine months ended September 30, 2019 and 2018, cash used in investing activities was $35,631 and $12,869, respectively, due to cash used for the purchase of office, medical and computer equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2019 and 2018 was $5,123,964 and $3,218,105, respectively. During the nine months ended September 30, 2019, $3,982,392 of net proceeds were from debt financings, $1,156,000 of proceeds were from equity financings and $14,428 was used for incurred offering costs. During the nine months ended September 30, 2018, $2,628,937 of net proceeds were from debt financings and other borrowings and $589,168 of proceeds were from equity financings (including proceeds received in connection with the exercise of common stock purchase warrants).

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the year ended December 31, 2018 filed with the SEC on March 29, 2019, except as follows:

Revenue Recognition

Effective January 1, 2019, we adopted Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers” (“ASC 606”). ASC 606 will require management to make significant judgments and estimates. As a result, we implemented changes to our internal controls related to revenue recognition for the quarter ended March 31, 2019. These changes include updated accounting policies affected by ASC 606, redesigned internal controls over financial reporting related to ASC 606, expanded data gathering to comply with the additional disclosure requirements, and ongoing contract review requirements.

Deferred Offering Costs

Deferred offering costs, which primarily consist of direct, incremental professional fees incurred in connection with preparing for our contemplated public offering of our equity securities, are capitalized as non-current assets on the balance sheet. Upon the consummation of a public offering, the deferred offering costs will be offset against the equity offering proceeds.

Recently Issued Accounting Pronouncements

For a description of relevant recently issued accounting pronouncements, see Note 3 – Summary of Significant Accounting Policies in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our unaudited condensed consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f)) during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

Not applicable. See, however, Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors That May Affect Future Results and Financial Condition") of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 29, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended September 30, 2019, we issued the following securities in transactions not involving any public offering. For each of the following transactions, we relied upon Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") as transactions by an issuer not involving any public offering or Section 3(a)(9) of the Securities Act as a security exchanged by an issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. For each such transaction, we did not use general solicitation or advertising to market the securities, the securities were offered to a limited number of persons, the investors had access to information regarding us (including information contained in our Annual Report on Form 10-K for the year ended December 31, 2018, our Quarterly Report on Form 10-Q for the periods ended March 31, 2019 and June 30, 2019, Current Reports on Form 8-K filed with the Securities and Exchange Commission, and press releases made by us), and we were available to answer questions by prospective investors. We reasonably believe that each of the investors is an accredited investor. The proceeds were used to reduce our working capital deficiency and for other corporate purposes.

		Warrants				
Date Issued	**Common Stock**	**Shares**	**Exercise Price**	**Term (Years)**	**Purchaser(s)**	**Consideration (1)**
7/2/19-7/31/19	143,103	-	$ -	-	(2)	$ 80,002(3)
7/11/19-7/15/19	461,663	-	$ -	-	(2)	$ 27,140(3)
7/17/19-7/25/19	27,472	-	$ -	-	(2)	$ 65,896(3)
7/25/19	405,764	-	$ -	-	(2)	$ 5,000(3)
7/29/19-8/1/19	297,375	-	$ -	-	(2)	$ 45,017(3)
8/8/19	71,556	-	$ -	-	(2)	$ 10,000(3)
8/12/19-9/30/19	1,973,381	-	$ -	-	(2)	$ 237,614(3)
8/21/19-9/10/19	543,963	-	$ -	-	(2)	$ 60,056(3)

(1) The value of the non-cash consideration was estimated by management based on observations of the cash sales prices of freely tradable shares.
(2) Accredited investor.
(3) Issued in connection with the exchange of convertible notes payable.

Item 3. Defaults Upon Senior Securities.

See "Liquidity and Capital Resources" within "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Description
3.1	Certificate of Incorporation, as amended*
10.1	Amended and Restated Exchange Agreement, dated as of July 26, 2019, between BioRestorative Therapies, Inc. and John M. Desmarais (incorporated by reference to the Company's Current Report on Form 8-K for an event dated July 26, 2019, wherein such document is identified as Exhibit 10.2)
10.2	Amended and Restated Exchange Agreement, dated as of July 26, 2019, between BioRestorative Therapies, Inc. and Tuxis Trust (incorporated by reference to the Company's Current Report on Form 8-K for an event dated July 26, 2019, wherein such document is identified as Exhibit 10.3)
31.1	Chief Executive Officer Certification *
31.2	Chief Financial Officer Certification *
32	Section 1350 Certification **
101.INS	XBRL Instance Document *
101.SCH	XBRL Schema Document *
101.CAL	XBRL Calculation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *
101.LAB	XBRL Label Linkbase Document *
101.PRE	XBRL Presentation Linkbase Document *

*	Filed herewith
**	Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 13, 2019

BIORESTORATIVE THERAPIES, INC.

By: */s/ Mark Weinreb*
Mark Weinreb
Chief Executive Officer
(Principal Executive and Financial Officer)

CERTIFICATE OF INCORPORATION

OF

BIORESTORATIVE THERAPIES, INC.
(as amended through November 13, 2019)

The undersigned, for the purpose of organizing a corporation under the General Corporation Law of the State of Delaware, certifies:

FIRST: The name of the corporation is BioRestorative Therapies, Inc. (hereinafter referred to as the “Corporation”).

SECOND: The address of the registered office of the Corporation in the State of Delaware is 874 Walker Road, Suite C, Dover, Delaware 19904, in the County of Kent. The name of the registered agent of the Corporation at that address is United Corporate Services, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH: A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is three hundred twenty million (320,000,000), consisting of three hundred million (300,000,000) shares of Common Stock, par value $.001 per share (the “Common Stock”), and twenty million (20,000,000) shares of Preferred Stock, par value $.01 per share (the “Preferred Stock”).

B. The board of directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a “Preferred Stock Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. The Common Stock shall be subject to the express terms of any series of Preferred Stock set forth in the Preferred Stock Designation relating thereto. Each holder of Common Stock shall have one vote in respect of each share of Common Stock held by such holder of record on the books of the Corporation for the election of directors and on all other matters on which stockholders of the Corporation are entitled to vote. The holders of shares of Common Stock shall be entitled to receive, when and if declared by the board of directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in stock or otherwise.

Upon the effectiveness of the Certificate of Amendment to the Certificate of Incorporation to effect a plan of recapitalization of the Common Stock by effecting a 1-for-20 reverse stock split with respect to the issued and outstanding shares of the Common Stock (the “Reverse Stock Split”), without any change in the powers, preferences and rights or qualifications, limitations or restrictions thereof, and without further action of any kind on the part of the Corporation or its stockholders, every twenty (20) shares of Common Stock outstanding or held by the Corporation in its treasury on the date of effectiveness of the Certificate of Amendment shall be changed and reclassified into one (1) share of Common Stock, par value $0.001 per share, which shares shall be fully paid and nonassessable shares of Common Stock. There shall be no fractional shares issued upon the Reverse Stock Split. Any fractional shares that result from the Reverse Stock Split shall be rounded up to the next whole number. [Effective July 7, 2015]

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the by-laws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the by-laws so provide.

C. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders, unless otherwise authorized by the board of directors in its sole discretion acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of this Certificate of Incorporation, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

D. Special meetings of stockholders of the Corporation may be called only by the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board or by the Chairman of the Board.

E. An annual meeting of stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the board of directors shall fix.

SIXTH: A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the board of directors pursuant to a resolution adopted by a majority of the Whole Board. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided into three classes, with the term of office of the first class to expire at the Corporation’s first annual meeting of stockholders following the date of adoption of this Certificate of Incorporation, the term of office of the second class to expire at the Corporation’s second annual meeting of stockholders following the date of adoption of this Certificate of Incorporation and the term of office of the third class to expire at the Corporation’s third annual meeting of stockholders following the date of adoption of this Certificate of Incorporation, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, (i) directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified; and (ii) if authorized by a resolution of the board of directors, directors may be elected to fill any vacancy on the board of directors, regardless of how such vacancy shall have been created.

B. A majority of the Whole Board shall constitute a quorum for all purposes at any meeting of the board of directors, and, except as otherwise expressly required by law or by this Certificate of Incorporation, all matters shall be determined by the affirmative vote of a majority of the directors present at any meeting at which a quorum is present.

C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the board of directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires, with each director to hold office until his or her successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

D. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the by-laws of the Corporation.

E. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all of the then-outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting together as a single class.

SEVENTH: The board of directors is expressly empowered to adopt, amend or repeal by-laws of the Corporation. Any adoption, amendment or repeal of the by-laws of the Corporation by the board of directors shall require the approval of a majority of the Whole Board. The stockholders shall also have the power to adopt, amend or repeal the by-laws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to adopt, amend or repeal any provision of the by-laws of the Corporation.

EIGHTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of stock of this corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal this Article NINTH, Sections C or D of Article FIFTH, Article SIXTH, Article SEVENTH, or Article EIGHTH.

TENTH: This Certificate of Incorporation is to become effective on January 1, 2015.

ELEVENTH: The name and address of the incorporator is as follows:

Mark Weinreb
40 Marcus Drive
Melville, New York 11747

I, THE UNDERSIGNED, being the incorporator, for the purpose of forming a corporation pursuant to the Delaware General Corporation Law, do make this Certificate of Incorporation, hereby acknowledging, declaring, and certifying that the foregoing Certificate of Incorporation is my act and deed and that the facts herein stated are true, and have accordingly hereunto set my hand this 22nd day of December 2014.

Incorporator

/s/ Mark Weinreb
Mark Weinreb

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Mark Weinreb, certify that:

1) I have reviewed this quarterly report on Form 10-Q of BioRestorative Therapies, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within that entity, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2019

/s/ Mark Weinreb

Mark Weinreb
Principal Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Mark Weinreb, certify that:

1) I have reviewed this quarterly report on Form 10-Q of BioRestorative Therapies, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within that entity, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2019

/s/ Mark Weinreb

Mark Weinreb
Principal Financial Officer

EXHIBIT 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. § 1350, the undersigned officer of BioRestorative Therapies, Inc. (the "Company") hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2019

/s/ Mark Weinreb
Mark Weinreb
Principal Executive and Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.