

BION ENVIRONMENTAL TECHNOLOGIES INC
Form 10-Q
November 08, 2018

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

FORM 10-Q

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

For the quarterly period ended September 30, 2018

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

For the transition period from _____ to _____

Commission File No. 000-19333

Bion Environmental Technologies, Inc.
(Name of registrant in its charter)

Colorado 84-1176672
(State or other jurisdiction of incorporation or formation) (I.R.S. employer identification number)

Box 566 / 1774 Summitview Way
Crestone, Colorado 81131
(Address of principal executive offices)

(212) 758-6622
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company	

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS: Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. On November 1, 2018, there were 27,109,703 Common Shares issued and 26,405,394 Common Shares outstanding.

BION ENVIRONMENTAL TECHNOLOGIES, INC.

FORM 10-Q

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "project," "predict," "plan," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. The expectations reflected in forward-looking statements may prove to be incorrect.

PART I – FINANCIAL INFORMATION
 BION ENVIRONMENTAL TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (unaudited)	June 30, 2018
ASSETS		
Current assets:		
Cash	\$ 176,412	\$ 22,013
Prepaid expenses	11,014	7,474
Deposits and other receivables	1,000	1,000
Total current assets	188,426	30,487
Property and equipment, net (Note 3)	1,012	1,448
Total assets	\$ 189,438	\$ 31,935
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 644,428	\$ 719,633
Series B Redeemable Convertible Preferred stock, \$0.01 par value, 50,000 shares authorized; 200 shares issued and outstanding, liquidation preference of \$34,500 and \$34,000, respectively (Note 7)	31,900	31,400
Deferred compensation (Note 4)	523,628	421,641
Loan payable and accrued interest (Note 5)	9,091,113	9,028,983
Total current liabilities	10,291,069	10,201,657
Convertible notes payable - affiliates (Note 6)	3,556,473	3,525,216
Total liabilities	13,847,542	13,726,873
Deficit:		
Bion's stockholders' equity (deficit):		
Series A Preferred stock, \$0.01 par value, 50,000 shares authorized, no shares issued and outstanding	-	-
Series C Convertible Preferred stock, \$0.01 par value, 60,000 shares authorized; no shares issued and outstanding	-	-
Common stock, no par value, 100,000,000 shares authorized, 26,996,148 and 25,939,892 shares issued, respectively; 26,291,839 and 25,235,583 shares outstanding, respectively	-	-
Additional paid-in capital	109,424,707	108,117,330
Subscription receivable - affiliates (Note 7)	(504,650)	(174,650)
Accumulated deficit	(122,629,330)	(121,691,956)
Total Bion's stockholders' deficit	(13,709,273)	(13,749,276)
Noncontrolling interest	51,169	54,338

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Total deficit	(13,658,104)	(13,694,938)
Total liabilities and deficit	\$ 189,438	\$ 31,935

See notes to the consolidated financial statements

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BION ENVIRONMENTAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(UNAUDITED)

	2018	2017
Revenue	\$-	\$-
Operating expenses:		
General and administrative (including stock-based compensation (Note 7))	677,890	312,117
Depreciation	436	436
Research and development (including stock-based compensation (Note 7))	169,721	106,746
Total operating expenses	848,047	419,299
Loss from operations	(848,047)	(419,299)
Other expense:		
Interest expense	92,496	98,439
Total other expense	92,496	98,439
Net loss	(940,543)	(517,738)
Net loss attributable to the noncontrolling interest	3,169	507
Net loss applicable to Bion's common stockholders	\$(937,374)	\$(517,231)
Net loss applicable to Bion's common stockholders per basic and diluted common share	\$(0.04)	\$(0.02)
Weighted-average number of common shares outstanding:		
Basic and diluted	25,659,730	24,067,093

See notes to the consolidated financial statements

BION ENVIRONMENTAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
THREE MONTHS ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Bion's Shareholders' Series				Common Stock	Additional	Subscription		Noncontrolling interest	Total	
	Series A Preferred Stock	Series C Preferred Stock	Amount	Shares			Rec-	Accumulated			
	Shares	Shares	Amount	Shares	Amount	ivables for Shares	deficit		Equity/ (deficit)		
Balances, July 1, 2018	-	-	-	25,939,892	-	108,117,330	(174,650)	(121,691,956)	54,338	(13,694,938)	
Issuance of common stock for services	-	-	-	21,229	-	10,952	-	-	-	10,952	
Vesting of options for services	-	-	-	-	-	95,500	-	-	-	95,500	
Modification of options	-	-	-	-	-	222,300	-	-	-	222,300	
Sale of units	-	-	-	833,999	-	416,999	-	-	-	416,999	
Commissions on sale of units	-	-	-	1,028	-	(38,900)	-	-	-	(38,900)	
Modification of warrants	-	-	-	-	-	166,776	-	-	-	166,776	
Issuance of warrants	-	-	-	-	-	333,750	(330,000)	-	-	3,750	
Conversion of debt and liabilities	-	-	-	200,000	-	100,000	-	-	-	100,000	
Net loss	-	-	-	-	-	-	-	(937,374)	(3,169)	(940,543)	
Balances, September 30, 2018	-	\$-	-	\$-	26,996,148	\$-	\$109,424,707	\$(504,650)	\$(122,629,330)	\$51,169	\$(13,658,104)

See notes to the consolidated financial statements

BION ENVIRONMENTAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(940,543)	\$(517,738)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	436	436
Accrued interest on loan payable, deferred compensation and other	97,537	107,231
Stock-based compensation	499,278	21,137
(Increase) decrease in prepaid expenses	(3,540)	3,570
(Decrease) increase in accounts payable and accrued expenses	(62,268)	56,339
Increase in deferred compensation	185,400	203,400
Net cash used in operating activities	(223,700)	(125,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of units	416,999	39,312
Commissions on sale of units	(38,900)	(3,706)
Proceeds from loans payable - affiliates	-	19,500
Net cash provided by financing activities	378,099	55,106