

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.

Edgar Filing: BION ENVIRONMENTAL TECHNOLOGIES INC - Form 10-Q

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

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	Page
Item 1. Financial Statements	4
Consolidated financial statements (unaudited):	
Balance sheets	4
Statements of operations	5
Statement of changes in equity (deficit)	6
Statements of cash flows	7
Notes to unaudited consolidated financial statements	8-23
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures about Market Risk	37
Item 4. Controls and Procedures	37
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	38
Item 1A. Risk Factors	38
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3. Defaults Upon Senior Securities	38
Item 4. Mine Safety Disclosures	38
Item 5. Other Information	38
Item 6. Exhibits	39
Signatures	40

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

Edgar Filing: BION ENVIRONMENTAL TECHNOLOGIES INC - Form 10-Q

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

See notes to the consolidated financial statements

4

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)