BioRestorative Therapies, Inc.
Form 10-Q
August 14, 2014

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 June 30, 2014

¨ **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)

Nevada	**91-1835664**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

555 Heritage Drive **Jupiter, Florida**	**33458**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (561) 904-6070

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 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 x No ¨

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

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 August 8, 2014, there were 26,803,355 shares of the issuer's common stock outstanding.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

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BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Condensed Consolidated Balance Sheets

	June 30, 2014 (unaudited)	December 31, 2013
Assets		
Current Assets:		
Cash	$59,163	$201,098
Inventories	17,790	17,965
Prepaid expenses and other current assets	18,091	20,739
Total Current Assets	95,044	239,802
Property and equipment, net	18,347	35,568
Intangible assets, net	1,072,638	1,107,545
Total Assets	$1,186,029	$1,382,915
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$893,423	$1,269,970
Accrued expenses and other current liabilities	1,155,966	1,176,662
Accrued interest	78,230	65,909
Current portion of notes payable, net of debt discount of $47,506 and $237,381 at June 30, 2014 and December 31, 2013, respectively	5,905,552	4,990,009
Deferred revenues	224,975	-
Total Current Liabilities	8,258,146	7,502,550
Accrued interest, non-current portion	-	41,434
Notes payable, non-current portion, net of debt discount of $0 and $3,110 at June 30, 2014 and December 31, 2013, respectively	76,669	524,000
Total Liabilities	8,334,815	8,067,984
Commitments and contingencies		
Stockholders' Deficiency:		
Preferred stock, $0.01 par value; Authorized, 1,000,000 shares; none issued and outstanding at June 30, 2014 and December 31, 2013	-	-
Common stock, $0.001 par value; Authorized, 100,000,000 shares; Issued 25,573,865 and 19,633,173 shares at June 30, 2014 and December 31, 2013, respectively; Outstanding 25,015,244 and 19,074,552 shares at June 30, 2014 and December 31, 2013, respectively	25,574	19,633
Additional paid-in capital	15,672,869	13,139,712
Accumulated deficit	(22,815,229)	(19,812,414)

Treasury stock, at cost, 558,621 shares at June 30, 2014 and December 31, 2013	(32,000)	(32,000)
Total Stockholders' Deficiency	(7,148,786)	(6,685,069)
Total Liabilities and Stockholders' Deficiency	$1,186,029	$1,382,915

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	For The Three Months Ended June 30, 2014	2013	For The Six Months Ended June 30, 2014	2013
Revenues	$175,941	$425	$176,316	$1,555
Cost of sales	42,366	36	42,426	198
Gross Profit	133,575	389	133,890	1,357
Operating Expenses				
Marketing and promotion	15,535	35,711	47,329	65,592
Consulting	557,565	140,389	824,763	370,505
Research and development	293,330	372,916	787,071	773,358
General and administrative	548,632	565,251	1,184,632	1,205,361
Total Operating Expenses	1,415,062	1,114,267	2,843,795	2,414,816
Loss From Operations	(1,281,487)	(1,113,878)	(2,709,905)	(2,413,459)
Other (Expense) Income				
Interest expense	(72,390)	(32,035)	(145,521)	(229,903)
Amortization of debt discount	(145,930)	(105,282)	(244,435)	(166,631)
Loss on extinguishment of notes payable, net	-	-	(49,094)	(7,200)
Warrant modification expense	-	-	(30,128)	-
Gain on settlement of payables	166,668	-	176,268	-
Total Other Expense	(51,652)	(137,317)	(292,910)	(403,734)
Net Loss	$(1,333,139)	$(1,251,195)	$(3,002,815)	$(2,817,193)
Net Loss Per Share - Basic and Diluted	$(0.06)	$(0.08)	$(0.14)	$(0.18)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	22,852,110	16,502,710	21,552,120	15,908,635

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Condensed Consolidated Statement of Changes in Stockholders' Deficiency

For the Six Months Ended June 30, 2014

(unaudited)

	Common Stock		Additional Paid-In	Accumulated	Treasury Stock		
	Shares	Amount	Capital	Deficit	Shares	Amount	Tota
Balance - December 31, 2013	19,633,173	$19,633	$13,139,712	$(19,812,414)	(558,621)	$(32,000)	$(6,
Shares and warrants issued for cash	2,968,651	2,969	942,031	-	-	-	94
Shares issued for consulting services	878,458	878	239,520	-	-	-	24
Exercise of warrants into common stock	266,667	267	79,733	-	-	-	80,
Conversion of notes payable and accrued interest into common stock	725,463	726	166,042	-	-	-	16
Shares and warrants issued in exchange of notes payable and accrued interest	1,101,453	1,101	341,925	-	-	-	34
Warrants issued in connection with notes payable	-	-	15,000	-	-	-	15,
Warrant modification	-	-	30,128	-	-	-	30,
Beneficial conversion features associated with convertible notes payable	-	-	41,384	-	-	-	41,
Stock-based compensation	-	-	677,394	-	-	-	67
Net loss	-	-	-	(3,002,815)	-	-	(3,
Balance - June 30, 2014	25,573,865	$25,574	$15,672,869	$(22,815,229)	(558,621)	$(32,000)	$(7,

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	For The Six Months Ended June 30, 2014	2013
Cash Flows From Operating Activities		
Net loss	$(3,002,815)	$(2,817,193)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	244,435	166,631
Depreciation and amortization	50,139	53,105
Loss on sale of property and equipment	1,009	-
Stock-based compensation	917,792	369,868
Loss on extinguishment of note and payables, net	49,094	7,200
Gain on settlement of payables	(176,268)	-
Warrant modification expense	30,128	-
Changes in operating assets and liabilities:		
Inventories	175	(1,302)
Prepaid expenses and other current assets	2,648	(33,872)
Accounts payable	(369,047)	231,614
Accrued interest, expenses and other current liabilities	267,810	549,690
Deferred revenues	224,975	-
Total Adjustments	1,242,890	1,342,934
Net Cash Used in Operating Activities	(1,759,925)	(1,474,259)
Cash Flows From Investing Activities		
Proceeds from sale of property and equipment	980	-
Net Cash Provided by Investing Activities	980	-
Cash Flows From Financing Activities		
Proceeds from notes payable	670,000	563,000
Repayments of notes payable	(53,000)	-
Advances from director and officer	15,015	75,385
Repayment of advances from director and officer	(40,005)	(69,370)
Proceeds from exercise of warrants	80,000	-
Sales of common stock and warrants for cash	945,000	905,000
Net Cash Provided by Financing Activities	1,617,010	1,474,015
Net Decrease In Cash	(141,935)	(244)
Cash - Beginning	201,098	363

Cash - Ending	$59,163	$119

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows -- Continued

(unaudited)

	For The Six Months Ended June 30, 2014	2013
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$43,821	$29,101
Non-cash investing and financing activities:		
Shares and warrants issued in connection with issuance or extension of notes payable	$15,000	$488,325
Shares issued in satisfaction of accrued interest	$-	$213,000
Shares and warrants issued in exchange for notes payable and accrued interest	$343,026	$247,047
Conversion of notes payable and accrued interest into common stock	$166,768	$-
Accrued interest reclassified as principal in connection with note payable reissuance	$73,058	$53,100
Beneficial conversion features set up as debt discount	$41,384	$-

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 1 – Business Organization, Nature of Operations, and Basis of Presentation

BioRestorative Therapies, Inc. (and including its subsidiaries, "BRT" or the "Company") develops medical procedures using cell and tissue protocols, primarily involving adult stem cells designed for patients to undergo minimally invasive cellular-based treatments. BRT's website is at www.biorestorative.com. BRT's "brtxDISC™ Program" (Disc Implanted Stem Cells) is designed to offer a non-surgical cellular therapy for the treatment and relief of protruding, bulging and herniated discs. BRT's "ThermoStem® Program" (Brown Fat Stem Cells) focuses on treatments for metabolic disorders, specifically targeting type 2 diabetes and obesity by using brown fat stem cells. BRT has developed an ingredient derived from human adult stem cells, which can be used by third party companies in the development of their own skin care products. The ingredient was developed pursuant to BRT's "brtx-C Cosmetic Program". BRT's Stem Pearls® brand offers plant stem cell-based cosmetic skincare products that are available for purchase online at www.stempearls.com.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("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 condensed consolidated financial statements of the Company as of June 30, 2014 and for the three and six months ended June 30, 2014 and 2013. The results of operations for the three and six months ended June 30, 2014 are not necessarily indicative of the operating results for the full year ending December 31, 2014 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, 2013 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on April 11, 2014.

Note 2 – Going Concern and Management Plans

As of June 30, 2014, the Company had a working capital deficiency and a stockholders' deficiency of $8,163,102 and $7,148,786, respectively. During the three and six months ended June 30, 2014, the Company incurred net losses of $1,333,139 and $3,002,815, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

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 and, 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 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.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 2 – Going Concern and Management Plans - Continued

Subsequent to June 30, 2014, the Company has raised an aggregate of $205,000 through equity financing, has received research and development payments of $89,063, has extended the due date for the repayment of $4,000,000 of debt, and $76,669 and $2,992 of debt and accrued interest, respectively, has been converted into common stock. As a result, the Company expects to be able to fund its operations through October 2014. While there can be no assurance that it will be successful, the Company is in active negotiations to raise additional capital. As of the filing date of this report, the Company has notes payable with an aggregate principal balance of $244,063 which are either past due or payable on demand. The Company is currently in the process of negotiating extensions or discussing conversions to equity with respect to these notes. However, there can be no assurance that the Company will be successful in extending or converting these notes. See Note 8 – Subsequent Events for additional details.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed consolidated financial statements of the Company include the accounts of Stem Cell Cayman Ltd. (“Cayman”) and Stem Pearls, LLC. All significant intercompany transactions have been eliminated in the consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at 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 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.

Concentrations and Credit Risk

As of June, 30 2014, approximately 75% of the face value of the Company's outstanding notes payable were received from a single entity (the "Bermuda Lender"). See Note 5 – Notes Payable for additional discussion of the Bermuda Lender.

Revenue Recognition

Research and Development Agreements

The Company's policy is to recognize research and development revenues on a straight-line basis over the term of the agreement, regardless of the payment structure, subject to potential acceleration upon achievement of contractually specified deliverables.

On March 19, 2014, the Company entered into a one-year agreement with a Japanese pharmaceutical company to perform specified research and development activities related to stem cells. The agreement may be terminated earlier or extended, as provided for in the agreement. Payment terms are (1) $150,000 at commencement; (2) $50,000 upon achievement of a specified deliverable; and (3) $50,000 upon achievement of the final specified deliverable. As of June 30, 2014, the initial $150,000 payment had been received and $79,281 was recorded as deferred revenues on the condensed consolidated balance sheet.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 – Summary of Significant Accounting Policies - Continued

Revenue Recognition – Continued

Research and Development Agreements – Continued

On March 24, 2014, the Company entered into a two-year agreement with a U.S. pharmaceutical company to perform specified research and development activities related to brown fat. The agreement may be terminated earlier or extended, as provided for in the agreement. Payment terms are (1) $250,000 at commencement; (2) $356,250 payable in four equal quarterly installments, subject to acceleration upon achieving a specified deliverable; and (3) $168,750 payable in two equal bi-annual installments, subject to acceleration upon achieving a specified deliverable. As of June 30, 2014, the initial $250,000 payment had been received and $145,694 was recorded as deferred revenues on the condensed consolidated balance sheet.

During the three and six months ended June 30, 2014, the Company recognized revenue related to research and development agreements of $175,025. The Company did not recognize any revenue related to research and development agreements during the three and six months ended June 30, 2013.

Other

The Company's policy is to recognize product sales when the risk of loss and title to the product transfers to the customer, after taking into account potential returns. The Company recognizes sublicensing and royalty revenue when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) the service is completed without further obligation, (iii) the sales price to the customer is fixed or determinable, and (iv) collectability is reasonably assured.

During the three and six months ended June 30, 2014, the Company recognized revenue related to sales of Stem Pearls® skincare products of $916 and $1,291, respectively. During the three and six months ended June 30, 2013, the Company recognized revenue related to sales of Stem Pearls® skincare products of $425 and $1,555, respectively.

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 loss per common share is computed by dividing net loss by the weighted average number of vested common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants, plus the conversion of convertible notes.

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

	June 30,	
	2014	2013
Options	8,709,000	3,963,000
Warrants	6,325,751	4,370,890
Convertible notes	1,482,093	-
Total potentially dilutive shares	16,516,844	8,333,890

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. For employees, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Since the shares underlying the Company’s 2010 Equity Participation Plan (the “Plan”) were registered on May 27, 2014, the Company estimates the fair value of the awards granted under the Plan based on the market value of its freely tradable common stock as reported by the OTC Bulletin Board. The fair value of the Company’s restricted equity instruments was estimated by management based on observations of the cash sales prices of both restricted shares and freely tradable shares. Awards granted to directors are treated on the same basis as awards granted to employees.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 – Summary of Significant Accounting Policies - Continued

Convertible Instruments

GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments (the beneficial conversion feature) based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

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 condensed consolidated financial statements, except as disclosed in Note 8.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers,” (“ASU 2014-09”). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification (“ASC”) 605 - Revenue Recognition and most industry-specific guidance throughout the ASC. The standard requires that an entity recognizes 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. ASU 2014-09 is effective on January 1, 2017 and should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its condensed consolidated financial position and results of operations.

In June 2014, the FASB issued ASU No. 2014-10, “Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation,” (“ASU 2014-10”). ASU 2014-10 removes the definition of a development stage entity from the ASC, thereby removing the financial reporting distinction between development stage entities and other reporting entities from GAAP. In addition, ASU 2014-10 eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of operations, cash flows, and stockholders’ equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. ASU 2014-10 is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early adoption is permitted. The Company has elected to adopt ASU 2014-10 effective with this Quarterly Report on Form 10-Q and its adoption resulted in the removal of previously required development stage disclosures. The Company’s planned principal operations are to develop technology using cell and tissue regenerative therapy protocols, primarily involving adult stem cells, allowing patients to undergo cellular-based treatments. The Company is currently seeking to establish a new laboratory facility and increase its capabilities for the further development of possible cellular-based treatment protocols, stem cell-related intellectual property and research applications. The Company’s activities are subject to significant risks and uncertainties, which are detailed in Note 2 – Going Concern and Management’s Plans.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 – Summary of Significant Accounting Policies - Continued

Recently Issued Accounting Pronouncements

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period," ("ASU 2014-12"). The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in ASC Topic No. 718, "Compensation - Stock Compensation" as it relates to awards with performance conditions that affect vesting to account for such awards. The amendments in ASU 2014-12 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in ASU 2014-12 either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The Company does not anticipate that the adoption of ASU 2014-12 will have a material impact on its condensed consolidated financial statements.

Note 4 – Accrued Expenses and Other Current Liabilities

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

	June 30, 2014 (unaudited)	December 31, 2013
Credit card payable	$4,772	$6,000
Accrued payroll and payroll taxes	757,205	672,535
Other accrued expenses	393,989	495,817

Deferred rent	-	2,310
Total	$1,155,966	$1,176,662

During the six months ended June 30, 2014, the Company received an aggregate of $15,015 in non-interest bearing advances from an officer of the Company and made aggregate repayments to a director and a family member of an officer of $40,005 of advances (plus accrued interest), such that the Company had no remaining liability at June 30, 2014. During the six months ended June 30, 2013, the Company received an aggregate of $75,385 in non-interest bearing advances from a director and an officer of the Company and made aggregate repayments of $69,370 of advances, such that the Company had a liability to the officer of $6,015 at June 30, 2013, which was due on demand.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 5 – Notes Payable

A summary of the notes payable activity during the six months ended June 30, 2014 is presented below:

	Bermuda Lender	Convertible Notes	Other Notes	Debt Discount	Total
Outstanding, December 31, 2013	$4,000,000	$ 281,000	$1,473,500	$(240,491)	$5,514,009
Issuances	500,000	175,000 [1]	-	-	675,000
Exchanges for equity	-	(71,000)	(203,000)	-	(274,000)
Conversions to equity	-	(157,081)	-	-	(157,081)
Repayments	-	-	(53,000)	-	(53,000)
Setup of debt discount	-	-	-		