

CorMedix Inc.  
Form 10-Q/A  
March 27, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

FORM 10-Q/A

Amendment No. 1

(Mark One)

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

For the quarterly period ended September 30, 2012

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 001-34673

**CORMEDIX INC.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

20-5894890

(I.R.S. Employer Identification No.)

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745 Rt. 202-206, Suite 303, Bridgewater, NJ  
(Address of Principal Executive Offices)

08807  
(Zip Code)

(908) 517-9500  
(Registrant's Telephone Number, Including Area Code)

(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 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 "

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. (Check one):

Large accelerated filer   "  
Non-accelerated filer   "  
(Do not check if a smaller reporting company)

Accelerated filer   "  
Smaller reporting company   x

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

The number of shares outstanding of the issuer's common stock, as of November 12, 2012 was 11,408,274.

## EXPLANATORY NOTE

CorMedix Inc. (the “Company”) is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, filed with the Securities and Exchange Commission on November 13, 2012 (the “Original Filing”), to correct its unaudited condensed financial statements included in the Original Filing, to reflect an additional expense of \$325,000 in the three and nine months ended September 30, 2012. The correction was due to a proposed settlement of litigation that was authorized in October 2012 for which the Company recorded a non-cash expense of \$325,000 in the condensed financial statements in this filing.

In addition, “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II. Item 1A. Risk Factors” have been revised to reflect the correct amounts of its general and administrative expense for the three and nine months ended September 30, 2012 and the cumulative period from July 28, 2006 (Inception) to September 30, 2012, net loss for the three and nine months ended September 30, 2012 and the cumulative period from July 28, 2006 (Inception) through September 30, 2012 and accumulated deficit as of September 30, 2012. We have revised “Part II. Item 3. Legal Proceedings” to update the status of the litigation as of the date of this Amendment No. 1. We also have amended “Part I Item 4. Controls and Procedures” to reflect a material weakness in our internal control over financial reporting.

In addition to the corrections above, this Amendment also restates “Part II. Item 6. Exhibits” to include currently dated certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, which are attached as Exhibits 31.1 and 32.1 to this Amendment No. 1.

Except as set forth above, the Original Filing has not been amended, updated or otherwise modified, and does not reflect events occurring after November 13, 2012, the date of the Original Filing, or modify or update those disclosures that may have been affected by subsequent events.

CORMEDIX INC.

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements.

CorMedix Inc.  
(A Development Stage Company)

CONDENSED BALANCE SHEETS

|   | September 30,<br>2012<br>(Unaudited)<br><u>(Restated)</u> | December 31,<br>2011<br>(Note 1) |
|---|---|----------------------------------|
| <b>ASSETS</b>   |   |                                  |
| Current assets  |   |                                  |
| Cash and cash equivalents   | \$ 992,341  | \$ 1,985,334                     |
| Prepaid research and development expenses                                     | 16,481  | 19,888                           |
| Deferred financing costs  | 156,566   | -                                |
| Other receivable  | -   | 493,855                          |
| Other prepaid expenses and current assets                                     | 72,288  | 31,897                           |
| Total current assets  | 1,237,676   | 2,530,974                        |
| Property and equipment, net   | 6,423   | 11,689                           |
| Security deposit  | 13,342  | 13,342                           |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,257,441</b>                                       | <b>\$ 2,556,005</b>              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>                      |   |                                  |
| Current liabilities   |   |                                  |
| Accounts payable  | \$ 917,617  | \$ 1,008,493                     |
| Accrued expenses  | 599,118   | 296,512                          |
| Senior convertible notes, net of debt discount of \$172,460                   | 42,540  | -                                |
| Senior convertible notes – related parties, net of debt discount of \$509,355 | 125,645   | -                                |
| Accrued interest – related parties  | 1,587   | -                                |
| Total current liabilities   | 1,686,507   | 1,305,005                        |
| Deferred rent   | 12,756  | 14,472                           |
| <b>TOTAL LIABILITIES</b>  | <b>1,699,263</b>  | <b>1,319,477</b>                 |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |   |                                  |
| <b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>                                      |   |                                  |
|   | 11,408  | 11,408                           |

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Common stock - \$0.001 par value: 40,000,000 shares authorized,  
11,408,274 shares issued and outstanding

|   |              |   |              |   |
|---|--------------|---|--------------|---|
| Deferred stock issuances                                | (146         | ) | (146         | ) |
| Additional paid-in capital                              | 45,057,016   |   | 44,172,818   |   |
| Deficit accumulated during the development stage        | (45,510,100  | ) | (42,947,552  | ) |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIENCY)                 | (441,822     | ) | 1,236,528    |   |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY) | \$ 1,257,441 |   | \$ 2,556,005 |   |

See Notes to Unaudited Condensed Financial Statements.



CorMedix Inc.  
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

|   | For the Three<br>Months<br>Ended<br>September<br>30, 2012 | For the Three<br>Months<br>Ended<br>September<br>30, 2011 | For the Nine<br>Months<br>Ended<br>September<br>30, 2012 | For the Nine<br>Months<br>Ended<br>September<br>30, 2011 | Cumulative<br>Period from<br>July 28, 2006<br>(inception)<br>Through<br>September 30,<br>2012 |
|---|---|---|--|--|---|
|   | <u>(Restated)</u>   |   | <u>(Restated)</u>  |  | <u>(Restated)</u>   |
| <b>OPERATING EXPENSES</b>   |   |   |  |  |   |
| Research and development  | \$ 255,738  | \$ 1,724,797  | \$ 878,785   | \$ 4,482,687   | \$ 23,034,457   |
| General and administrative  | 746,653   | 877,020   | 1,659,522  | 2,609,526  | 12,578,479  |
| Total Operating Expenses  | 1,002,391   | 2,601,817   | 2,538,307  | 7,092,213  | 35,612,936  |
| <b>LOSS FROM OPERATIONS</b>   | <b>(1,002,391 )</b>                                       | <b>(2,601,817 )</b>                                       | <b>(2,538,307 )</b>                                      | <b>(7,092,213 )</b>                                      | <b>(35,612,936 )</b>  |
| <b>OTHER INCOME (EXPENSE)</b>   |   |   |  |  |   |
| Other income, net   | -   | -   | -  | 29,819   | 420,987   |
| Interest income   | 274   | 2,199   | 1,814  | 10,625   | 126,157   |
| Interest expense, including<br>amortization and write-off of deferred<br>financing costs and debt discounts | (26,055 )   | -   | (26,055 )  | -  | (11,219,083 )   |
| <b>LOSS BEFORE INCOME TAXES</b>   | <b>(1,028,172 )</b>                                       | <b>(2,599,618 )</b>                                       | <b>(2,562,548 )</b>                                      | <b>(7,051,769 )</b>                                      | <b>(46,284,875 )</b>  |
| State income tax benefit  | -   | -   | -  | -  | 774,775   |
| <b>NET LOSS</b>   | <b>\$(1,028,172 )</b>                                     | <b>\$(2,599,618 )</b>                                     | <b>\$(2,562,548 )</b>                                    | <b>\$(7,051,769 )</b>                                    | <b>\$(45,510,100 )</b>  |
| <b>NET LOSS PER SHARE – BASIC<br/>AND DILUTED</b>   | <b>\$(0.09 )</b>  | <b>\$(0.23 )</b>  | <b>\$(0.22 )</b>   | <b>\$(0.62 )</b>   |   |
| <b>WEIGHTED AVERAGE SHARES<br/>OUTSTANDING – BASIC AND<br/>DILUTED</b>                                      | <b>11,408,274</b>   | <b>11,408,274</b>   | <b>11,408,274</b>  | <b>11,408,274</b>  |   |

See Notes to Unaudited Condensed Financial Statements.



CorMedix Inc.  
(A Development Stage Company)

CONDENSED STATEMENT OF CHANGES IN  
STOCKHOLDERS' EQUITY (DEFICIENCY)

(Unaudited)  
For the Nine Months Ended September 30, 2012

**(Restated)**

|                               | Common Stock |          | Deferred<br>Stock<br>Issuances | Additional<br>Paid-in<br>Capital | Deficit<br>Accumulated<br>During the<br>Development<br>Stage | Total<br>Stockholders'<br>Equity<br>(Deficiency) |
|-------------------------------|--------------|----------|--------------------------------|----------------------------------|--|--|
|                               | Shares       | Amount   |                                |                                  |  |  |
| Balance at January 1, 2012    | 11,408,274   | \$11,408 | \$ (146 )                      | \$44,172,818                     | \$(42,947,552 )  | \$ 1,236,528                                     |
| Stock-based compensation      |              |          |                                | 183,177                          |  | 183,177  |
| Debt discount                 |              |          |                                | 701,021                          |  | 701,021  |
| Net loss                      |              |          |                                |                                  | (2,562,548 )   | (2,562,548 )                                     |
| Balance at September 30, 2012 | 11,408,274   | \$11,408 | \$ (146 )                      | \$45,057,016                     | \$(45,510,100 )  | \$(441,822 )                                     |

See Notes to Unaudited Condensed Financial Statements.

CorMedix Inc.  
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)

|  | For the Nine<br>Months Ended<br>September 30,<br>2012 | For the Nine<br>Months Ended<br>September 30,<br>2011 | Cumulative Period<br>from July 28, 2006<br>(Inception)<br>Through<br>September 30,<br>2012 |
|--|---|---|--|
|  | <u>(Restated)</u>                                     |   | <u>(Restated)</u>  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                   |   |   |  |
| Net loss   | \$ (2,562,548   | ) \$ (7,051,769                                       | ) \$ (45,510,100 )   |
| Adjustments to reconcile net loss to net cash used in operating activities:    |   |   |  |
| Stock-based compensation   | 183,177   | 534,215   | 2,508,057  |
| Stock issued in connection with license agreements                             | -   | -   | 6,613,718  |
| Stock issued in connection with consulting agreement                           | -   | -   | 158,262  |
| Amortization of deferred financing costs                                       | 4,410   | -   | 2,052,291  |
| Amortization of debt discount  | 19,206  | -   | 4,998,667  |
| Non-cash charge for beneficial conversion feature                              | -   | -   | 1,137,762  |
| Non-cash interest expense  | -   | -   | 3,007,017  |
| Expenses paid on behalf of the Company satisfied through the issuance of notes | -   | -   | 51,253   |
| Depreciation   | 5,266   | 9,288   | 55,286   |
| Changes in operating assets and liabilities:                                   |   |   |  |
| Prepaid expenses and other current assets                                      | 456,871   | 415,429   | (88,769 )  |
| Security deposits  | -   | -   | (13,342 )  |
| Accounts payable   | (146,079  | ) (149,222  | ) 862,414  |
| Accrued expenses   | 291,833   | 851,638   | 588,345  |
| Accrued interest, related parties  | 1,587   | -   | 1,587  |
| Deferred rent  | (1,716  | ) (1,715  | ) 12,756   |
| Net cash used in operating activities  | (1,747,993  | ) (5,392,136  | ) (23,564,796 )  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                   |   |   |  |
| Purchase of equipment  | -   | (1,625  | ) (61,708 )  |
| Net cash used in investing activities  | -   | (1,625  | ) (61,708 )  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                   |   |   |  |
| Proceeds from notes payable to related parties                                 | -   | -   | 2,465,749  |
| Proceeds from senior convertible notes   | 215,000   | -   | 13,579,973   |
| Proceeds from senior convertible notes, related party                          | 635,000   | -   | 635,000  |
| Proceeds from Galenica, Ltd. promissory note                                   | -   | -   | 1,000,000  |
| Deferred financing costs   | (95,000   | ) -   | (1,542,400 )   |

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|  |            |              |               |   |
|--|------------|--------------|---------------|---|
| Repayment of amounts loaned under related party notes                      | -          | -            | (1,981,574    | ) |
| Proceeds from sale of equity securities, net of issuance costs             | -          | -            | 10,457,270    |   |
| Proceeds from receipt of stock subscriptions and issuances of common stock | -          | -            | 4,827         |   |
| Net cash provided by financing activities                                  | 755,000    | -            | 24,618,845    |   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                       | (992,993   | )            | (5,393,761    | ) |
| CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD                            | 1,985,334  | 8,283,684    | -             |   |
| CASH AND CASH EQUIVALENTS – END OF PERIOD                                  | \$ 992,341 | \$ 2,889,923 | \$ 992,341    |   |
| Cash paid for interest   | \$ -       | \$ -         | \$ 18,425     |   |
| Supplemental Disclosure of Non-Cash Financing Activities:                  |            |              |               |   |
| Conversion of notes payable and accrued interest to common stock           | \$ -       | \$ -         | \$ 18,897,167 |   |
| Reclassification of deferred financing costs to additional paid-in capital | \$ -       | \$ -         | \$ 148,014    |   |
| Stock issued to technology finders and licensors                           | \$ -       | \$ -         | \$ 155        |   |
| Warrants issued to placement agent   | \$ -       | \$ -         | \$ 748,495    |   |
| Debt discount on senior convertible notes                                  | \$ 701,021 | \$ -         | \$ 5,680,482  |   |
| Accrued deferred financing cost  | \$ 65,976  | \$ -         | \$ 65,976     |   |

See Notes to Unaudited Condensed Financial Statements.

CorMedix Inc.  
(A Development Stage Company)

## NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

### **Note 1 — Organization, Business and Basis of Presentation:**

#### Organization and Business:

CorMedix Inc., incorporated in July 2006 under the laws of the State of Delaware (referred to herein as “we,” “us,” “our” and the “Company”), is a development stage pharmaceutical and medical device company that seeks to in-license, develop and commercialize therapeutic products for the treatment of cardiac and renal dysfunction, specifically in the dialysis and non-dialysis areas.

#### Basis of Presentation:

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, the unaudited condensed financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of such interim results. Interim operating results are not necessarily indicative of results that may be expected for the full year ending December 31, 2012 or for any subsequent period. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company which are included in the Company’s Annual Report on Form 10-K and Form 10-K/A filed with the SEC on March 19, 2012 and April 26, 2012, respectively. The accompanying condensed balance sheet as of December 31, 2011 has been derived from the audited financial statements included in such Form 10-K and 10-K/A.

The Company’s primary activities since incorporation have been organizational activities, including recruiting personnel, establishing office facilities, acquiring licenses for its pharmaceutical compound pipeline, performing business and financial planning, performing research and development and raising funds through the issuance of debt and common stock. The Company has not generated any revenues and, accordingly, the Company is considered to be in the development stage.

The Company's unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments through the normal course of business. The unaudited condensed financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities. The Company has sustained losses since its inception and expects that such losses will continue over the next several years. Management believes that the Company's recent decision to focus the majority of the Company's resources, including the Company's research and development efforts, primarily on the CE Marking approval and commercialization of Neutrolin® (CRMD003) in Europe will result in the currently available capital resources of the Company being sufficient to meet the Company's operating needs into the first quarter of 2013, after giving effect to the Company's receipt of approximately \$689,000 in net proceeds from the initial closing of the Company's 2012 convertible note financing on September 20, 2012, which financing expires on or before November 14, 2012. The Company intends to raise additional funds through various potential sources, such as equity and/or debt financings, strategic relationships, or out-licensing of its products, however, the Company can provide no assurances that such financing will be available on acceptable terms, or at all. If adequate financing is not available, the Company may be required to terminate or significantly curtail or cease its operations, or enter into arrangements with collaborative partners or others that may require the Company to relinquish rights to certain of its technologies, or potential markets that the Company would not otherwise relinquish.

CorMedix Inc.  
(A Development Stage Company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS