

BION ENVIRONMENTAL TECHNOLOGIES INC
Form 10-Q
May 14, 2015

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 March 31, 2015

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.

L a r g e
accelerated filer
..

A c c e l e r a t e d
filer ..

Non-accelerated
filer ..

(Do not check if
a s m a l l e r
r e p o r t i n g
company)

S m a l l e r
r e p o r t i n g
company x

SEC 1296 (03-10) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

.. Yes x 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 May 12, 2015, there were 22,011,609 Common Shares issued and 21,307,300 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

March 31,

June 30,

2015

2014

ASSETS

(Unaudited)

Current assets:

Cash

\$

500,147

\$

186,148

Prepaid
expenses

15,681

17,006

Subscription
receivable
(Note 9)

-

30,000

Deposits and
other
receivables

9,108

7,108

Total current
assets

524,936

240,262

Property and
equipment, net
(Note 3)

3,883,110

4,351,153

Total assets

\$

4,408,046

\$

4,591,415

LIABILITIES
AND EQUITY
(DEFICIT)

Current
liabilities:

Accounts
payable and
accrued
expenses

\$
1,257,122

\$
1,434,381

Loans payable -
affiliates (Note
4)

-

382,458

Notes payable,
net of discount
affiliates (Note
5)

452,506

-

Deferred
compensation
(Note 6)

617,341

716,734

Convertible
notes payable
affiliates (Note
8)

-

1,736,502

Loan payable
(Note 7)

7,754,000

7,754,000

Total current
liabilities

10,080,969

12,024,075

Convertible
notes payable
affiliates (Note
8)

2,628,746

-

Total liabilities

12,709,715

12,024,075

Series B
Redeemable
Convertible
Preferred stock,
\$0.01 par value,

50,000 shares
authorized; 200
shares issued
and
outstanding,

liquidation
preference of
\$27,500 and
\$26,000,
respectively

24,900

23,400

Deficit:

Bion's
stockholders'
equity (deficit):

Series A
Preferred stock,
\$0.01 par value,
10,000 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,
21,968,185

and
19,576,619
shares issued,
respectively;
and 21,263,876

18,872,310
shares
outstanding,
respectively

-

-

Additional
paid-in capital

100,717,940

98,537,032

Accumulated
deficit

(109,109,164)

(106,067,869)

Total Bion s
stockholders
deficit

(8,391,224)

(7,530,837)

Noncontrolling
interest

64,655

74,777

Total deficit

(8,326,569)

(7,456,060)

Total liabilities
and deficit

\$

4,408,046

\$

4,591,415

See notes to consolidated financial statements.

**BION
ENVIRONMENTAL
TECHNOLOGIES,
INC. AND
SUBSIDIARIES**

**CONSOLIDATED
STATEMENTS OF
OPERATIONS**

**THREE AND NINE
MONTHS ENDED
MARCH 31, 2015
AND 2014**

(UNAUDITED)

Three Months Ended

March 31,

Nine Months Ended

March 31,

2015

2014

2015

2014

Revenue

\$ 3,658

\$ 4,448

\$ 3,658

\$ 4,448

Operating expenses:

General and
administrative
(including stock-
based compensation
(Note 9))

1,237,604

354,005

	1,928,141
	1,985,567
Depreciation	
	156,000
	244,256
	468,043
	734,559
Research and development (including stock-based compensation (Note 9))	
	213,025
	79,190
	383,848
	25,745
Total operating expenses	

1,606,629

677,451

2,780,032

2,745,871

Loss from operations

(1,602,971)

(673,003)

(2,776,374)

(2,741,423)

Other expense:

Interest expense

77,740

100,285

275,043

275,002

Other expense

-

-

-

1,918

77,740

100,285

275,043

276,920

Net loss

(1,680,711)

(773,288)

(3,051,417)

(3,018,343)

Net loss attributable to
the noncontrolling
interest

8,023

1,327

10,122

4,065