# 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 September 30, 2019.

[ ] **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: **000-55453**

# ENDONOVO THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **45-2552528** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**6320 Canoga Avenue, 15th Floor, Woodland Hills, CA 91367**
(Address of principal executive offices, zip code)

**(800) 489-4774**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

| Title of each class | Trading Symbol(s) | Name of principal U.S. market on which traded |
|---|---|---|
| **Common stock, par value $0.0001** | **ENDV** | **OTCMKTS** |

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.

| | |
|---|---|
| Large accelerated filer [ ] | Accelerated filer [ ] |
| Non-accelerated filer [ ] | Smaller reporting company [X] |
| | Emerging growth company [X] |

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. [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]

As of November 19, 2019, there were 930,744,770 shares of common stock, $0.0001 par value issued and outstanding.

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**September 30, 2019**

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Condensed Consolidated Balance Sheets**

| | September 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash | $ 5,037 | $ 379,151 |
| Accounts receivable, net of allowance for doubtful accounts of $0 | 11,276 | 3,345 |
| Inventory and prepaid production | 22,575 | - |
| Total current assets | 38,888 | 382,496 |
| | | |
| Property, plant and equipment, net | 6,820 | 6,727 |
| Patents, net | 3,367,907 | 3,853,090 |
| Total assets | $ 3,413,615 | $ 4,242,313 |
| | | |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable | $ 346,180 | $ 157,388 |
| Accrued interest | 1,128,012 | 786,098 |
| Deferred compensation | 2,387,453 | 2,245,757 |
| Notes payable, net of discounts of $319,876 and $1,833,795 as of September 30, 2019 and December 31, 2018 | 6,937,777 | 6,054,403 |
| Notes payable - related party | 195,000 | 270,000 |
| Derivative liability | 7,067,207 | 4,426,026 |
| Series C preferred stock liability, net of discounts of $51,209 and $180,712 at September 30, 2019 and December 31, 2018 | 1,762,982 | 1,539,479 |
| | | |
| Total current liabilities | 19,824,611 | 15,479,151 |
| | | |
| Acquisition payable | 155,000 | 155,000 |
| Total liabilities | 19,979,611 | 15,634,151 |
| COMMITMENTS AND CONTINGENCIES, note 9 | | |
| Shareholders' deficit | | |
| Super AA super voting preferred stock, $0.001 par value; 1,000,000 authorized and 25,000 issued and outstanding at September 30, 2019 and December 31, 2018 | 25 | 25 |
| Series B convertible preferred stock, $0.0001 par value; 50,000 shares authorized, 600 shares issued and outstanding at September 30, 2019 and December 31, 2018 | 1 | 1 |
| Common stock, $0.0001 par value; 2,500,000,000 shares authorized; 834,282,966 and 431,063,061 shares issued and outstanding as of September 30, 2019 and December 31, 2018 | 83,427 | 43,106 |
| Additional paid-in capital | 30,622,370 | 24,186,882 |
| Stock subscriptions receivable | (1,570) | (1,570) |
| Accumulated deficit | (47,270,249) | (35,620,282) |
| Total shareholders' deficit | (16,565,996) | (11,391,838) |
| Total liabilities and shareholders' deficit | $ 3,413,615 | $ 4,242,313 |

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Operations**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | $ 54,039 | $ 21,306 | $ 161,720 | $ 41,132 |
| Cost of revenue | 8,925 | 4,312 | 46,209 | 4,862 |
| Gross profit | 45,114 | 16,994 | 115,511 | 36,270 |
| Operating expenses | 1,336,377 | 1,052,210 | 3,194,586 | 3,163,485 |
| Loss from operations | (1,291,263) | (1,035,216) | (3,079,075) | (3,127,215) |
| Other income (expense) | | | | |
| Change in fair value of derivative liability | 693,996 | (3,431,939) | (4,785,167) | (970,760) |
| Gain (loss) on settlement of debt | 10,746 | 49,806 | 63,036 | 308,151 |
| Interest expense, net | (819,675) | (1,530,847) | (3,848,761) | (4,028,129) |
| Other income (expense) | (114,933) | (4,912,980) | (8,570,892) | (4,690,738) |
| Loss before income taxes | (1,406,196) | (5,948,196) | (11,649,967) | (7,817,953) |
| Provision for income taxes | - | - | - | - |
| Net loss | $ (1,406,196) | $ (5,948,196) | $ (11,649,967) | $ (7,817,953) |
| Basic and diluted loss per share | $ (0.00) | $ (0.02) | $ (0.02) | $ (0.02) |
| Weighted average common share outstanding: | | | | |
| Basic and diluted | 777,249,105 | 369,234,308 | 613,271,570 | 348,379,894 |

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Nine Months ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Operating activities: | | |
| Net loss | $ (11,649,967) | $ (7,817,953) |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Depreciation and amortization expense | 487,684 | 487,474 |
| Fair value of equity issued for services | 159,849 | 130,235 |
| Loss (gain) on extinguishment of debt | (63,036) | (308,151) |
| Amortization of note discount and original issue discount | 1,737,714 | 2,647,939 |
| Amortization of discount on Series C Preferred stock liability | 145,836 | 61,912 |
| Non-cash interest expense | 1,077,728 | 623,917 |
| Non-cash value of stock, options and warrants issued for services and notes | 25,232 | 382,473 |
| Change in fair value of derivative liability | 4,785,167 | 970,760 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (7,931) | (2,650) |
| Inventory and prepaid production | (22,575) | - |
| Account payable | 188,792 | (50,086) |
| Accrued interest | 761,185 | 711,391 |
| Deferred compensation | 141,696 | - |
| Net cash used in operating activities | (2,232,626) | (2,162,739) |
| | | |
| Investing activities: | | |
| Acquisition of property and equipment | (2,594) | (8,969) |
| Net cash used in investing activities | (2,594) | (8,969) |
| | | |
| Financing activities: | | |
| Proceeds from the issuance of notes payable | 1,995,000 | 2,336,000 |
| Proceeds from related party short-term advances | - | 65,000 |
| Repayments on related parties short term advances | (75,000) | (87,000) |
| Repayments of convertible debt in cash | (130,000) | - |
| Proceeds from issuance of common stock and units | 71,106 | 60,000 |
| Payment against long term loan | - | (4,221) |
| Payment against notes payable | - | (375,500) |
| Proceeds from issuance of redeemable shares | - | 617,500 |
| Proceeds from issuance of preferred stock | - | 135,000 |
| Net cash provided by financing activities | 1,861,106 | 2,746,779 |
| | | |
| Net (decrease) increase in cash | (374,114) | 575,071 |
| Cash, beginning of year | 379,151 | 90,173 |
| Cash, end of period | $ 5,037 | $ 665,244 |
| | | |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 15,300 | $ 122,445 |
| Cash paid for Preferred C dividends | $ 106,167 | $ 37,950 |
| Cash paid for income taxes | $ - | $ - |
| | | |
| Non-Cash Investing and Financing Activities: | | |
| Conversion of notes payable and accrued interest to common stock | $ 3,018,066 | $ 1,237,256 |
| Conversion of fixed rate notes and accrued interest to Preferred C Stock | $ 94,000 | $ - |
| Reduction in note payable and accrued interest as result of settlement | $ - | $ 82,000 |

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Condensed Consolidated Statement of Shareholders' Deficit**
**(Unaudited)**

**For the nine months ended September 30, 2018**

| | Series AA Preferred Stock | | Series B Convertible Preferred Stock | | Common Stock | | Paid-in | Subscription | Retained | Shareholder's |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Capital | Receivable | Earnings | Deficit |
| **Balance December 31, 2017** | 5,000 | $ 5 | - | $ - | 316,951,712 | $ 31,692 | $ 19,604,016 | $ (1,570) | $ (29,184,443) | $ (9,550,300) |
| Private placement units issued for cash | - | - | - | - | 1,561,950 | 156 | 59,844 | - | - | 60,000 |
| Preferred stock issued for cash | - | - | 1,350 | 1 | - | - | 134,999 | - | - | 135,000 |
| Shares issued for services | - | - | - | - | 100,000 | 10 | 4,525 | - | - | 4,535 |
| Shares issued with lock-up agreements | - | - | - | - | 17,003 | 2 | 1,044 | - | - | 1,046 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 19,327,397 | 1,933 | 883,600 | - | - | 885,533 |
| Valuation of warrants issued with Preferred Series C | - | - | - | - | - | - | 8,272 | - | - | 8,272 |
| Valuation of warrant issued for services | - | - | - | - | - | - | 380,750 | - | - | 380,750 |
| Valuation of warrant issued with note payable | - | - | - | - | - | - | 71,521 | - | - | 71,521 |
| Net loss for the quarter ended March 31, 2018 | - | - | - | - | - | - | - | - | (618,917) | (618,917) |
| **Balance March 31, 2018** | 5,000 | 5 | 1,350 | 1 | 337,958,062 | 33,793 | 21,148,571 | (1,570) | (29,803,360) | (8,622,560) |
| Shares issued for services | - | - | - | - | 25,000 | 3 | 922 | - | - | 925 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 14,898,343 | 1,490 | 581,041 | - | - | 582,531 |
| Valuation of warrants issued with Preferred Series C | - | - | - | - | - | - | 37,708 | - | - | 37,708 |
| Shares issued for commitment fees | - | - | - | - | 3,387,534 | 339 | 116,192 | - | - | 116,531 |
| Valuation of warrants issued for extension of notes | - | - | - | - | - | - | 19,417 | - | - | 19,417 |
| Net loss for the quarter ended June 30, 2018 | - | - | - | - | - | - | - | - | (1,250,840) | (1,250,840) |
| **Balance June 30, 2018** | 5,000 | $ 5 | 1,350 | $ 1 | 356,268,939 | $ 35,625 | $ 21,903,851 | $ (1,570) | $ (31,054,200) | $ (9,116,288) |
| Shares issued for services | - | - | - | - | 4,025,000 | 403 | 124,372 | - | - | 124,775 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 24,469,452 | 2,447 | 903,228 | - | - | 905,675 |
| Shares issued for commitment fees | | | | | (3,387,534) | (339) | (116,192) | | | (116,531) |
| Valuation of warrants issued with Preferred Series C | | | | | | | 67,096 | | | 67,096 |
| Valuation of warrants issued for services | | | | | | | 1,723 | | | 1,723 |
| Net loss for the quarter ended September 30, 2018 | - | - | - | - | - | - | - | - | (5,948,196) | (5,948,196) |
| **Balance September 30, 2018** | 5,000 | 5 | 1,350 | 1 | 381,375,857 | 38,136 | 22,884,078 | (1,570) | (37,002,396) | (14,081,746) |

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Condensed Consolidated Statement of Shareholders' Deficit**
**(Unaudited)**

**For Nine months ended September 30, 2019**

| | Series AA Preferred Stock | | Series B Convertible Preferred Stock | | Common Stock | | Paid-in | Subscription | Retained | Shareholder's |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Capital | Receivable | Earnings | Deficit |
| Balance December 31, 2018 | 25,000 | $ 25 | 600 | $ 1 | 431,063,061 | $ 43,106 | $ 24,186,882 | $ (1,570) | $ (35,620,282) | $ (11,391,838) |
| Common stock issued for cash | - | - | - | - | 2,000,000 | 200 | 27,359 | - | - | 27,559 |
| Common stock issued for services | - | - | - | - | 4,132,251 | 413 | 91,671 | - | - | 92,084 |
| Valuation of warrants issued with Preferred Stock C | - | - | - | - | - | - | 11,512 | - | - | 11,512 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 78,043,649 | 7,804 | 1,994,378 | - | - | 2,002,182 |
| Valuation of stock issued with notes | - | - | - | - | 1,091,000 | 109 | 26,436 | - | - | 26,545 |
| Valuation of common stock issued for note extensions | - | - | - | - | 443,262 | 44 | 8,289 | - | - | 8,333 |
| Valuation of stock options issued for services | - | - | - | - | - | - | 5,170 | - | - | 5,170 |
| Net loss for the quarter ended March 31, 2019 | - | - | - | - | - | - | - | - | (2,406,225) | (2,406,225) |
| Balance March 31, 2019 | 25,000 | 25 | 600 | 1 | 516,773,223 | 51,676 | $ 26,351,697 | (1,570) | (38,026,507) | (11,624,678) |
| Common stock issued for cash | - | - | - | - | 2,400,000 | 240 | 33,307 | - | - | 33,547 |
| Common stock issued for services | - | - | - | - | 3,025,000 | 303 | 37,510 | - | - | 37,813 |
| Valuation of warrants issued with Preferred Stock C | - | - | - | - | - | - | 3,818 | - | - | 3,818 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 208,360,342 | 20,836 | 3,114,145 | - | - | 3,134,981 |
| Valuation of stock options issued for services | - | - | - | - | - | - | 5,170 | - | - | 5,170 |
| Net loss for the quarter ended June 30, 2019 | - | - | - | - | - | - | - | - | (7,837,546) | (7,837,546) |
| Balance June 30, 2019 | 25,000 | $ 25 | 600 | $ 1 | 730,558,565 | $ 73,055 | $ 29,545,647 | $ (1,570) | $ (45,864,053) | $ (16,246,895) |
| Common stock issued for cash | - | - | - | - | 1,000,000 | 100 | 9,900 | - | - | 10,000 |
| Common stock issued for services | - | - | - | - | 3,182,283 | 318 | 29,636 | - | - | 29,954 |
| Shares issued for conversion of notes payable and accrued interest | - | - | - | - | 99,231,768 | 9,923 | 1,021,324 | - | - | 1,031,247 |
| Shares issued with lock-up agreements | - | - | - | - | 310,350 | 31 | 3,757 | - | - | 3,788 |
| Valuation of warrants issued with Preferred Stock C | - | - | - | - | - | - | 1,003 | - | - | 1,003 |
| Valuation of stock option issued for services | - | - | - | - | - | - | 11,103 | - | - | 11,103 |
| Net loss for the quarter ended September 30, 2019 | - | - | - | - | - | - | - | - | (1,406,196) | (1,406,196) |
| Balance September 30, 2019 | 25,000 | $ 25 | 600 | $ 1 | 834,282,966 | $ 83,427 | $ 30,622,370 | $ (1,570) | $ (47,270,249) | $ (16,565,996) |

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**
**Notes to Condensed Consolidated Financial Statements**

**Note 1 - Organization and Nature of Business**

Endonovo Therapeutics, Inc. (Endonovo or the “Company”) is an innovative biotechnology company that has developed a bio-electronic approach to regenerative medicine.

The Company develops, manufactures and distributes evolutionary medical devices focused on the rapid healing of wounds and reduction of pain, edema and inflammation on and in the human body. The Company’s non-invasive bioelectric medical devices are designed to target inflammation, cardiovascular diseases, chronic kidney disease, and central nervous system disorders (“CNS” disorders).

The Company’s non-invasive Electroceutical™ therapeutic device, SofPulse®, using pulsed short-wave radiofrequency at 27.12 MHz has been FDA-Cleared and CE Marked for the palliative treatment of soft tissue injuries and post-operative pain and edema, and has CMS National Coverage for the treatment of chronic wounds. The Company’s current portfolio of pre-clinical stage Electroceuticals™ therapeutic devices address chronic kidney disease, liver disease non-alcoholic steatohepatitis (NASH), cardiovascular and peripheral artery disease (PAD), and ischemic stroke.

Endonovo’s core mission is to transform the field of medicine by developing safe, wearable, non-invasive bioelectric medical devices that deliver the Company’s Electroceutical® Therapy. Endonovo’s bioelectric Electroceutical® devices harnesses *bioelectricity* to restore key electrochemical processes that initiate anti-inflammatory processes and growth factors in the body necessary for healing to rapidly occur.

*Basis of Presentation and Principles of Consolidation*

The accompanying unaudited interim condensed consolidated financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Article 8 of Regulation S-X. Accordingly, the financial statements do not include all of the information and notes required by GAAP for complete financial statements. The condensed consolidated financial statements as of September 30, 2019 and 2018 are unaudited; however, in the opinion of management such interim condensed consolidated financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. The accompanying financial information should be read in conjunction with the financial statements and the notes thereto in the Company’s most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (the “SEC”) on April 15, 2019. The results of operations for the period presented are not necessarily indicative of the results that might be expected for future interim periods or for the full year.

The condensed consolidated financial statements of the Company include the accounts of ETI and IPR as of March 14, 2012; Aviva as of April 2, 2013; and WeHealAnimals as of November 16, 2013. All significant intercompany accounts and transactions are eliminated in consolidation.

*Going Concern*

These accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve-month period following the date these condensed consolidated financial statements are issued. The Company has recurring net losses, negative cash flows from operations and working capital deficits.

During the nine months ended September 30, 2019, the Company has raised approximately $2,066,106 in debt and equity financing. The Company is raising additional capital through debt and equity securities in order to continue the funding of its operations. However, there is no assurance that the Company can raise enough funds or generate sufficient revenues to pay its obligations as they become due, which raises substantial doubt about our ability to continue as a going concern.

No adjustments have been made to the carrying value of assets or liabilities as a result of this uncertainty. To reduce the risk of not being able to continue as a going concern, management is commercializing its FDA cleared and CE marked products and has commenced implementing its business plan to materialize revenues from potential, future, license agreements, has raised capital through the sale of its preferred and common stock, has entered into an investment agreement whereby the company has access to an equity line of credit and is seeking out profitable companies.

*Reclassification*

Certain reclassifications have been made to the September 30, 2018 financial statements in order for them to conform to the September 30, 2019 presentation. Such reclassifications have no impact on the Company’s financial position or results of operations.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Critical estimates include the value of shares issued for services, in connection with notes payable agreements, in connection with note extension agreements, and as repayment for outstanding debt, the useful lives of property and equipment, the valuation of the derivative liability, the valuation of warrants and stock options, and the valuation of deferred income tax assets. Management uses its historical records and knowledge of its business in making these estimates. Actual results could differ from these estimates.

*Earnings (Loss) Per Share*

The Company utilizes Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 260, “Earnings per Share.” Basic earnings (loss) per share is computed based on the earnings (loss) attributable to common shareholders divided by the weighted average number of shares outstanding for the period excluding any dilutive effects of options, warrants, unvested share awards and convertible securities. Diluted earnings (loss) per common share is calculated similar to basic earnings (loss) per share except that the denominator is increased to include additional common share equivalents available upon exercise of stock option, warrants, common shares issuable under convertible debt and restricted stock using the treasury stock method. Dilutive common share equivalents include the dilutive effect of in-the-money share equivalents, which are calculated based on the average share price for each period using the treasury stock method, excluding any common share equivalents if their effect would be anti-dilutive. In periods in which a net loss has been incurred, all potentially dilutive common shares re considered anti-dilutive and thus are excluded from the calculation.

*Accounts Receivable*

The Company uses the specific identification method for recording the provision for doubtful accounts, which was $0 at September 30, 2019 and December 31, 2018. Accounts receivable are written off when all collection attempts have failed.

*Inventory Valuation*

The Company states its inventories at the lower of cost or net realizable value, determined on a specific cost basis. The Company provides inventory allowances when conditions indicate that the selling price could be less than cost due to obsolescence and reductions in estimated future demand. The Company balances the need to maintain strategic inventory levels with the risk of obsolescence due to changing technology and customer demand levels. Unfavorable changes in market conditions may result in a need for additional inventory reserves that could adversely impact the Company’s gross margins. Conversely, favorable changes in demand could result in higher gross margins when the Company sells products.

*Research and Development*

Costs relating to the development of new products are expensed as research and development as incurred in accordance with FASB Accounting Standards Codification (“ASC”) 730-10, *Research and Development*. Research and development costs amounted to $34,708 and $5,238 for the three months ended September 30, 2019 and 2018, respectively, and $ 88,022 and $163,073 for the nine months ended September 20, 2019 and 2018, respectively and are included in operating expenses in the condensed consolidated statements of operations.

*Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance on accounting for leases in “Leases (Topic 840)” and generally requires all leases to be recognized in the condensed consolidated balance sheet. ASU 2016-02 is effective for annual and interim reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of ASU 2016-02 are to be applied using a modified retrospective approach. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. This ASU is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity’s adoption date of Topic 606. The Company has early adopted ASU 2018-07 and the adoption did not have a significant impact on the Company’s condensed consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases. The amendments in this Update affect the amendments in Update 2016-02, which are not yet effective, but for which early adoption upon issuance is permitted. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. Effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. Any entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

The Company has evaluated all the recent accounting pronouncements and determined that there are no other accounting pronouncements that will have a material effect on the Company’s financial statements.

**Note 2 - Revenue Recognition**

***Contracts with Customers***

We have adopted ASC 606, *Revenue from Contracts with Customers* effective January 1, 2018 using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. These standards provide guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

We routinely plan on entering into contracts with customers that include general commercial terms and conditions, notification requirements for price increases, shipping terms and in most cases prices for the products and services that we offer. Our performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods and services, and we accept the order. We identify performance obligations as the delivery of the requested product or service in appropriate quantities and to the location specified in the customer's contract and/or purchase order. We generally recognize revenue upon the satisfaction of these criteria when control of the product or service has been transferred to the customer at which time we have an unconditional right to receive payment. Our sales and sale prices are final and our prices are not affected by contingent events that could impact the transaction price.

Revenues for our SofPulse® product is typically recognized at the time the product is shipped, at which time the title passes to the customer, and there are no further performance obligations.

In connection with offering products and services provided to the end user by third-party vendors, we review the relationship between us, the vendor and the end user to assess whether revenue should be reported on a gross or net basis. In asserting whether revenue should be reported on a gross or net basis, we consider whether we act as a principal in the transaction and control the goods and services used to fulfill the performance obligation(s) associated with the transaction.

***Sources of Revenue***

We have identified the following revenues by revenue source:

1. Medical care providers

As of September 30, 2019 and 2018 the sources of revenue were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Distributor- Medical care providers, net | $ - | $ - | $ - | $ 17,045 |
| Direct sales- Medical care providers, gross | 54,039 | 21,306 | 161,720 | 24,087 |
| Total sources of revenue | $ 54,039 | $ 21,306 | $ 161,720 | $ 41,132 |

***Warranty***

Our general product warranties do not extend beyond an assurance that the product delivered will be consistent with stated specifications and do not include separate performance obligations.

***Significant Judgments in the Application of the Guidance in ASC 606***

There are no significant judgments associated with the satisfaction of our performance obligations. We generally satisfy performance obligations upon delivery of the product to the customer. This is consistent with the time in which the customer obtains control of the products. Performance obligations are also generally settled quickly after the purchase order acceptance, therefore the value of unsatisfied performance obligations at the end of any reporting period is generally immaterial.

We consider variable consideration in establishing the transaction price. Forms of variable consideration applicable to our arrangements include sales returns, rebates, volume-based bonuses, and prompt pay discounts. We use historical information along with an analysis of the expected value to properly calculate and to consider the need to constrain estimates of variable consideration. Such amounts are included as a reduction to revenue from the sale of products in the periods in which the related revenue is recognized and adjusted in future periods as necessary.

***Practical Expedients***

Our payment terms for sales direct to distributors are substantially less than the one-year collection period that falls within the practical expedient in determination of whether a significant financing component exists.

***Taxes Collected from Customers***

Taxes collected on the value of transaction revenue are excluded from product revenues and are accrued in current liabilities until remitted to governmental authorities.

***Effective Date and Transition Disclosures***

Adoption of the new standards related to revenue recognition did not have a material impact on our condensed consolidated financial statements.

**Note 3 – Property, Plant and Equipment**

The following is a summary of equipment, at cost, less accumulated depreciation at September 30, 2019 and December 31, 2018:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Autos | $ 64,458 | $ 64,458 |
| Medical equipment | 13,969 | 13,969 |
| Other equipment | 11,368 | 8,774 |
| | 89,795 | 87,201 |
| Less accumulated depreciation | 82,975 | 80,474 |
| | $ 6,820 | $ 6,727 |

Depreciation expense for the nine months ended September 30, 2019 and 2018 was $2,501 and $2,292, respectively. Repairs and maintenance are charged to expense as incurred while improvements are capitalized. Upon the sale, retirement or disposal of fixed assets, the accounts are relieved of the cost and the related accumulated depreciation with any gain or loss recorded to the condensed consolidated statements of operations.

**Note 4 – Patents**

In December 2017, we acquired from Rio Grande Neurosciences, Inc. (RGN) a patent portfolio for $4,500,000 as part of a settlement agreement. The oldest patents expire in 2024. The patent portfolio is amortized through 2024. The following is a summary of patents less accumulated amortization at September 30, 2019 and December 31, 2018:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Patents | $ 4,500,000 | $ 4,500,000 |
| Less accumulated amortization | 1,132,093 | 646,910 |
| | $ 3,367,907 | $ 3,853,090 |

Amortization expense associated with patents was $485,183 for the nine months ended September 30, 2019 and 2018. The estimated future amortization expense related to patents as of September 30, 2019 is as follows:

| Twelve Months Ending September 30, | Amount |
|---|---|
| 2020 | $ 646,910 |
| 2021 | 646,910 |
| 2022 | 646,910 |
| 2023 | 646,910 |
| 2024 | 646,910 |
| Thereafter | 133,357 |
| Total | $ 3,367,907 |

**Note 5 - Notes Payable**

*Notes Payable*

During the nine months ended September 30, 2019, the Company issued eight fixed rate promissory notes totaling $2,192,250 for funding of $1,995,000 with original terms of two to six months and interest rates of 10% to 12%, default rates of 10% to 24% and for three of the notes, if the notes are not paid at maturity, an additional 2% per month for the next three months. As of September 30, 2019, all of the new notes remain outstanding of which $436,000 is past maturity.

During the nine months ended September 30, 2019, the Company converted two previous fixed rate notes into variable rate notes in an accumulated amount of $1,650,000 as a result of the notes not being paid at maturity and, therefore, triggering a conditional conversion option for the noteholder. The conversion rate is 68% of the Company's common stock based on the terms included in the variable rate notes.

The gross amount of all convertible notes with variable conversion rates outstanding at September 30, 2019 is $4,340,000, of which $2,840,500 are past maturity.

Notes payable to a related party in the aggregate amount of $195,000 were outstanding at September 30, 2019. The notes bear interest at 12% per annum. During the nine months ended September 30, 2019, the Company paid $75,000 principal and $15,300 interest to this related party. On September 29, 2019, the Company extended the maturity on all outstanding notes to December 31, 2019.

As of September 30, 2019, fixed rate notes payable outstanding totaled $2,917,153, of which $1,060,903 is past maturity.

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Notes payable at beginning of period | $ 8,158,198 | $ 7,356,144 |
| Notes payable issued | 2,101,000 | 3,131,870 |
| Loan fees added to note payable | 91,250 | 147,000 |
| Settlements on note payable | - | (47,500) |
| Repayments of notes payable in cash | (205,000) | (555,500) |
| Less amounts converted to redeemable notes | (67,500) | (212,500) |
| Less amounts converted to stock | (2,625,295) | (1,661,316) |
| Notes payable at end of period | 7,452,653 | 8,158,198 |
| Less debt discount | (319,876) | (1,833,795) |
| | $ 7,132,777 | $ 6,324,403 |
| | | |
| Notes payable issued to related parties | $ 195,000 | $ 270,000 |
| Notes payable issued to non-related party | $ 6,937,777 | $ 6,054,403 |

The maturity dates on the notes payable are as follows:

| | Notes to | | |
|---|---|---|---|
| 12 months ending, | Related parties | Non-related parties | Total |
| Past Maturity | $ | $ 3,901,403 | $ 3,901,403 |
| September 30, 2020 | | 3,356,250 | 3,356,250 |
| | $ | $ 7,257,653 | $ 7,452,653 |

**Note 6 - Shareholders' Deficit**

*Preferred Stock*

The Company has authorized 5,000,000 shares of preferred stock which have been designated as follows:

| | Number of Shares Authorized | Number of Shares Outstanding at September 30, 2019 | Par Value | Liquidation Value |
|---|---|---|---|---|
| Series AA | 1,000,000 | 25,000 | $ 0.0010 | $ - |
| Preferred Series B | 50,000 | 600 | $ 0.0001 | $ 100 |
| Preferred Series C | 8,000 | 1,814 | $ 0.0001 | $ 1,000 |
| Undesignated | 3,942,000 | - | - | - |

*Series AA Preferred Shares*

On February 22, 2013, the Board of Directors of the Company authorized an amendment to the Company's Articles of Incorporation, as amended (the "Articles of Incorporation"), in the form of a Certificate of Designation that authorized the issuance of up to one million (1,000,000) shares of a new series of preferred stock, par value $0.001 per share, designated "Series AA Super Voting Preferred Stock," for which the board of directors established the rights, preferences and limitations thereof.

Each holder of outstanding shares of Series AA Super Voting Preferred Stock shall be entitled to one hundred thousand (100,000) votes for each share of Series AA Super Voting Preferred Stock held on the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company. The Series AA Super Voting Preferred Stockholders will receive no dividends nor any value on liquidation. As of September 30, 2019, there were 25,000 shares of Series AA Preferred stock outstanding.

*Series B Convertible Preferred Stock*

On February 7, 2017, the Company filed a certificate of designation for 50,000 shares of Series B Convertible Preferred Stock designated as Series B ("Series B") which are authorized and convertible, at the option of the holder, commencing six months from the date of issuance into common shares and warrants. For each share of Series B, the holder, on conversion, shall receive the stated value divided by 75% of the market price on the date of purchase of Series B and a three-year warrant exercisable into up to a like amount of common shares with an exercise price of 150% of the market price as defined in the Certificate of Designation. Dividends shall be paid only if dividends on the Company's issued and outstanding Common Stock are paid and the amount paid to the Series B holder will be as though the conversion shares had been issued. The Series B holders have no voting rights. Upon liquidation, the holder of Series B, shall be entitled to receive an amount equal to the stated value, $100 per share, plus any accrued and unpaid dividends thereon before any distribution is made to Series C Secured Redeemable Preferred Stock or common stockholders. As of September 30, 2019, 600 shares of Series B and 4,805,600 warrant shares remain outstanding.

*Series C Secured Redeemable Preferred Stock*

On December 22, 2017, the Company filed a certificate of designation for 8,000 shares of Series C Secured Redeemable Preferred Stock ("Series C"). Each share of the C Preferred is entitled to receive a $20.00 quarterly dividend commencing March 31, 2018 and each quarter thereafter and is to be redeemed for the stated value, $1,000 per share, plus accrued dividends in cash (i) at the Company's option, commencing one year from issuance and (ii) mandatorily as of December 31, 2019. The C Preferred does not have any rights to vote with the common stock.

Upon liquidation, the holder of Series C, shall be entitled to receive an amount equal to the stated value, $1,000 per share, plus any accrued and unpaid dividends thereon before any distribution is made to common stockholders but after distributions are made to holders of Series B. Since the C Preferred is mandatorily payable, the obligation has been included in current liabilities on the condensed consolidated balance sheets as of September 30, 2019 and December 31, 2018. The Company's obligation to redeem the C Preferred is secured by a security interest in the RGN Assets. During the nine months ended September 30, 2019, the Company issued 94 shares of C Preferred in units comprised of shares of C Preferred and common stock purchase warrants exercisable into up to 960,063 shares of common stock for consideration of $94,000. The warrants resulted in a debt discount of $16,333 for the nine months ended September 30, 2019 and are recorded as a discount to the preferred stock liability on the condensed consolidated balance sheet.

*Common Stock*

On December 31, 2018, we entered into a non-transferrable Investment Agreement whereby the investor committed to purchase up to $10,000,000 of our common stock, over the course of 36 months. The aggregate number of shares issuable by us and purchasable by the investor under the Investment Agreement is 81,250,000. A registration statement for the sale of our common stock related to the Investment Agreement went effective on February 11, 2019.

We may draw on the facility from time to time, as and when we determine appropriate in accordance with the terms and conditions of the Investment Agreement. The maximum amount that we are entitled to put in any one notice is the greater of: (i) 200% of the average daily volume (U.S. market only) of the common stock for the three (3) trading days prior to the date of delivery of the applicable put notice, multiplied by the average of the closing prices for such trading days or (ii) $100,000. The purchase price shall be set at ninety-four percent (94%) of the lowest daily VWAP of our common stock during the Pricing Period. However, if, on any trading day during a Pricing Period, the daily VWAP of the common stock is lower than the floor price specified by us in the put notice, then we will withdraw that portion of the put amount for each such trading day during the Pricing Period, with only the balance of such put amount above the minimum acceptable price being put to the investor. There are put restrictions applied on days between the put notice date and the closing date with respect to that particular put. During such time, we are not entitled to deliver another put notice.

There are circumstances under which we will not be entitled to put shares to the investor, including the following:

● we will not be entitled to put shares to the investor unless there is an effective registration statement under the Securities Act to cover the resale of the shares by the investor;

● we will not be entitled to put shares to the investor unless our common stock continues to be quoted on the OTCQB market, or becomes listed on a national securities exchange;

● we will not be entitled to put shares to the investor to the extent that such shares would cause the investor's beneficial ownership to exceed 4.99% of our outstanding shares; and

● we will not be entitled to put shares to the investor prior to the closing date of the preceding put.

In connection with the preparation of the Investment Agreement and the registration rights agreement, we incurred fees of $20,000.

In no event will we be obligated to register for resale more than $10,000,000 in value of shares of common stock, or 81,250,000 shares.

During the nine months ended September 30, 2019, we issued 4,400,000 shares of common stock in exchange for $61,106 cash pursuant to the Investment Agreement.

During the nine months ended September 30, 2019, we issued 1,000,000 shares of common stock in exchange for $10,000 cash pursuant to the Securities Purchase Agreement.

During the nine months ended September 30, 2019, the Company issued 385,635,759 shares of common stock for the conversion of notes and accrued interest in the amount of $3,018,066.

During the nine months ended September 30, 2019, the Company issued 443,262 shares of common stock valued at $8,333 related to the extension of outstanding notes.

During the nine months ended September 30, 2019, the Company issued 10,339,534 shares of common stock with a value of $159,850, related to services.

During the nine months ended September 30, 2019, the Company issued 1,091,000 shares of common stock with a value of $26,545 as additional consideration for the issuance of two promissory notes totaling $336,000.

The Variable Debentures issued by the Company each have a provision requiring the Company to reserve a variable amount of shares of common stock for when the holder of the Variable Debenture converts.

*Stock Options*

The balance of all stock options outstanding as of September 30, 2019 is as follows:

| | Options | Weighted Average Exercise Price Per Share | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 1, 2019 | 94,553,369 | $ 0.029 | 2.19 | |
| Granted | 5,280,000 | $ 0.012 | 3.63 | |
| Cancelled | - | $ - | | |
| Exercised | - | $ - | | |
| Outstanding at September 30, 2019 | 99,833,369 | $ 0.029 | 2.27 | $ - |
| | | | | |
| Exercisable at September 30, 2019 | 95,213,369 | $ 0.028 | 2.19 | $ - |

*Warrants*

During the nine months ended September 30, 2019, in conjunction with the conversion of fixed rate promissory notes into Preferred C Stock, the Company issued two-year common stock purchase warrants to acquire up to 960,063 shares of common stock with exercise prices ranging from $0.0145 to $0.0279 per share.

A summary of the status of the warrants granted under these agreements at September 30, 2019, and changes during the nine months then ended is presented below:

| | Outstanding Warrants | | | |
|---|---|---|---|---|
| | Shares | | Weighted Average Exercise Price Per Share | Weighted Average Remaining Contractual Term (years) |
| Outstanding at January 1, 2019 | 77,550,880 | $ | 0.30 | 1.53 |
| Granted | 960,063 | $ | 0.02 | 1.46 |
| Cancelled | - | $ | - | |
| Exercised | - | $ | - | |
| Outstanding at September 30, 2019 | 78,510,943 | $ | 0.29 | 1.53 |
| | | | | |
| Exercisable at September 30, 2019 | 78,510,943 | $ | 0.29 | 1.53 |

The Company measures the fair value of stock options and warrants issued using the Black Scholes option pricing model using the following assumptions:

| | Nine months ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Expected term | 2 years | 2 years - 5 years |
| Exercise price | $0.0145-$0.0279 | $0.0001-$0.0516 |
| Expected volatility | 199%-242% | 158%-193% |
| Expected dividends | None | None |
| Risk-free interest rate | 1.80% to 2.60% | 1.92% to 2.81% |
| Forfeitures | None | None |

**Note 7 – Related Party Transactions**

One executive of the Company has entered into note payable agreements with the Company. The balance of notes payable from the related party at September 30, 2019 is $195,000. The notes bear interest at 12% per annum and initially matured on June 30, 2019. On September 29, 2019, the Company extended the maturity on all outstanding notes to December 31, 2019. During the nine months ended September 30, 2019, the Company paid $75,000 principal and $15,300 interest to this related party.

As of September 30, 2019 and December 31, 2018, the balance of executives' deferred compensation is $999,950 and $933,150, respectively.

**Note 8 – Fair Value Measurements**

The Company has issued Variable Debentures which contained variable conversion rates based on unknown future prices of the Company's common stock. This results in a conversion feature. The Company measures the conversion feature using the Black Scholes option pricing model using the following assumptions:

| | Nine months ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Expected term | 1 month - 1 year | 1 month - 1 year |
| Exercise price | \$0.0039-\$0.0129 | \$0.0129-\$0.0326 |
| Expected volatility | 134%-163% | 119%-195% |
| Expected dividends | None | None |
| Risk-free interest rate | 1.72% to 2.87% | 1.79% to 2.59% |
| Forfeitures | None | None |

The assumptions used in determining fair value represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change, including changes in the market value of the Company's common stock, managements' assessment or significant fluctuations in the volatility of the trading market for the Company's common stock, the Company's fair value estimates could be materially different in the future.

The Company computes the fair value of the derivative liability at each reporting period and the change in the fair value is recorded as non-cash expense or non-cash income. The key component in the value of the derivative liability is the Company's stock price, which is subject to significant fluctuation and is not under its control. The resulting effect on net loss is therefore subject to significant fluctuation and will continue to be so until the Company's Variable Debentures, which the convertible feature is associated with, are converted into common stock or paid in full with cash. Assuming all other fair value inputs remain constant, the Company will record non-cash expense when its stock price increases and non-cash income when its stock price decreases.

The following table presents changes in the liabilities with significant unobservable inputs (level 3) for the nine months ended September 30, 2019:

| | Derivative Liability |
|---|---|
| Balance December 31, 2018 | $ 4,426,026 |
| | |
| Issuance of convertible debt | 1,069,393 |
| Settlements by debt settlement | (3,213,379) |
| Change in estimated fair value | 4,785,167 |
| | |
| Balance September 30, 2019 | $ 7,067,207 |

Accounting guidance on fair value measurements and disclosures defines fair value, establishes a framework for measuring the fair value of assets and liabilities using a hierarchy system, and defines required disclosures. It clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts business.

The Company's balance sheet contains derivative liabilities that are recorded at fair value on a recurring basis. The three-level valuation hierarchy for disclosure of fair value is as follows:

Level 1: uses quoted market prices in active markets for identical assets or liabilities.

Level 2: uses observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: uses unobservable inputs that are not corroborated by market data.

The fair value of the Company's recorded derivative liability is determined based on unobservable inputs that are not corroborated by market data, which require a Level 3 classification. A Black Scholes option pricing model was used to determine the fair value. The Company records derivative liability on the condensed consolidated balance sheets at fair value with changes in fair value recorded in the condensed consolidated statements of operation.

The following table presents balances in the liabilities with significant unobservable inputs (Level 3) at September 30, 2019:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| As of September 30, 2019 | | | | |
| Derivative liability | $ - | $ - | $ 7,067,207 | $ 7,067,207 |
| Total | $ - | $ - | $ 7,067,207 | $ 7,067,207 |

**Note 9 – Commitments and Contingencies**

Legal Matters

The Company may become involved in various legal proceedings in the normal course of business.

**Note 10 – Concentrations**

*Sales*

During the nine months ended September 30, 2019, we had six significant customers which accounted for 31.5%, 8.5%, 8%, 6.5%, 6.25% and 5.5% of sales.

*Supplier*

We also have a single source for our bioelectric medical devices, which account for 100% of our sales. The interruption of products provided by this supplier would adversely affect our business and financial condition unless an alternative source of products could be found.

*Accounts Receivable*

At September 30, 2019, we had three customers which accounted for 54%, 31%, and 12% of our account receivable balances.

**Note 11 – Subsequent Events**

Subsequent to September 30, 2019, an aggregate of 82,961,804 shares of restricted common stock were issued on the conversion of $309,000 of principal and $30,487 of accrued interest pursuant to one Variable Note.

Subsequent to September 30, 2019, the Company issued 12,500,000 shares of common stock in exchange for $100,000 in cash pursuant to the Investment Agreement.

The certificate of incorporation of the Company provides for a class of its authorized stock known as preferred stock, of up to 5,000,000 shares, $0.0001 par value per share. On November 11, 2019, the Board of Directors designated a series of preferred stock to be called "Series D Convertible Preferred Stock" and to consist of 20,000 shares. Each share of Preferred Stock shall be convertible at any time through August 1, 2020 into that number of shares of Common Stock which equals 0.01% of the issued and outstanding shares of Common Stock as determined by the Company.

Subsequent to September 30, 2019, the Company received $225,000 of cash from the issuance of 225 shares of Preferred D Stock, which is convertible at the option of the holder.

As a result of these issuances, the total number of common shares outstanding is 930,744,770, Preferred B shares outstanding is 600, Preferred C shares outstanding is 1,814 and Preferred D shares outstanding is 225.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

**Cautionary Notice Regarding Forward Looking Statements**

The information contained in Item 2 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

This filing contains a number of forward-looking statements which reflect management’s current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, events, or developments which management expects or anticipates will or may occur in the future, including statements related to distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” and variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management’s current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Overview**

Endonovo Therapeutics, Inc. (Endonovo or the “Company”) is an innovative biotechnology company that has developed a bio-electronic approach to regenerative medicine.

The Company develops, manufactures and distributes evolutionary medical devices focused on the rapid healing of wounds and reduction of pain, edema and inflammation on and in the human body. The Company’s non-invasive bioelectric medical devices are designed to target inflammation, cardiovascular diseases, chronic kidney disease, and central nervous system disorders (“CNS” disorders).

The Company’s non-invasive Electroceutical™ therapeutic device, SofPulse®, using pulsed short-wave radiofrequency at 27.12 MHz has been FDA-Cleared and CE Marked for the palliative treatment of soft tissue injuries and post-operative pain and edema, and has CMS National Coverage for the treatment of chronic wounds. The Company’s current portfolio of pre-clinical stage Electroceuticals™ therapeutic devices address chronic kidney disease, liver disease non-alcoholic steatohepatitis (NASH), cardiovascular and peripheral artery disease (PAD), and ischemic stroke.

Endonovo’s core mission is to transform the field of medicine by developing safe, wearable, non-invasive bioelectric medical devices that deliver the Company’s Electroceutical® Therapy. Endonovo’s bioelectric Electroceutical® devices harnesses *bioelectricity* to restore key electrochemical processes that initiate anti-inflammatory processes and growth factors in the body necessary for healing to rapidly occur.

**Going Concern**

Our independent registered auditors included an explanatory paragraph in their opinion on our condensed consolidated financial statements as of and for the fiscal year ended December 31, 2018 that states that our ongoing losses and lack of resources causes doubt about our ability to continue as a going concern.

**Critical Accounting Policies**

A summary of our significant accounting policies is included in Note 1 of the “Notes to Consolidated Financial Statements,” contained in our Form 10-K for the year ended December 31, 2018. Management believes that the consistent application of these policies enables us to provide users of the financial statements with useful and reliable information about our operating results and financial condition. The summary condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., which require us to make estimates and assumptions. We did not experience any significant changes during the nine months ended September 30, 2019 in any of our Critical Accounting Policies from those contained in our Form 10-K for the year ended December 31, 2018.

**New Accounting Pronouncements**

See Note 1 of Notes to Condensed Consolidated Financial Statements for further discussion of new accounting standards that have been adopted or are being evaluated for future adoption.

**Results of Operations**

*Three Months ended September 30, 2019 and 2018*

| | Three Months Ended September 30, | | Favorable | |
|---|---|---|---|---|
| | 2019 | 2018 | (Unfavorable) | % |
| Revenue | $ 54,039 | $ 21,306 | $ 32,733 | 153.6% |
| Cost of revenue | 8,925 | 4,312 | (4,613) | -107% |
| Gross profit | 45,114 | 16,994 | 28,120 | 165.5% |
| Operating expenses | 1,336,377 | 1,052,210 | 284,167 | -27% |
| Loss from operations | (1,291,263) | (1,035,216) | (256,047) | -24.7% |
| Other income (expense) | (114,933) | (4,912,980) | 4,798,047 | 97.7% |
| Net loss | $ (1,406,196) | $ (5,948,196) | $ 4,542,000 | 76.4% |

*Revenue*

Revenue of the Company’s SofPulse® product during the three months ended September 30, 2019 was $54,039, an increase of $32,733, or 153.6%, compared to $21,306 for the three months ended September 30, 2018.

We anticipate that revenue will continue to increase in future periods as the roll out of the SofPulse® product continues.

*Cost of Revenue*

Cost of revenue during the three months ended September 30, 2019 was $8,925, a increase of $4,613 or 107% compared to $4,312 for the three months ended September 30, 2018. During the current quarter, cost of revenue was recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to in the corresponding quarter of the previous fiscal year, net sales to distributors were recorded net of cost of sales.

It is anticipated that cost of revenue will increase in future quarters as the roll out of the SoftPulse® product continues.

*Operating Expenses*

Operating expenses increased by $284,167 or 27%, to $1,336,377 for the three months ended September 30, 2019 compared to $1,052,210 for the three months ended September 30, 2018. There was an increase in consulting and professional expenses of approximately $70,000, an increase of approximately $73,000 resulting from the hiring of our new Chief Medical Officer and additional $32,000 in research and development costs.

*Other Income (Expense)*

Other income (expense) for the quarter ended September 30, 2019 was an expense of $114,933 compared to expense of $4,912,980 for the quarter ended September 30, 2018. This change was due primarily to a change in valuation of our derivative liabilities of approximately $4.1 million coupled with a change in interest expense and the amortization of debt issuance costs and amortizations of approximately $0.7 million. We anticipate continued large fluctuations in other income (expense) as a result of quarterly re-evaluation of derivative liabilities.

*Nine Months ended September 30, 2019 and 2018*

| | Nine Months Ended September 30, | | Favorable | |
|---|---|---|---|---|
| | 2019 | 2018 | (Unfavorable) | % |
| Revenue | $ 161,720 | $ 41,132 | $ 120,588 | 293.2% |
| Cost of revenue | 46,209 | 4,862 | (41,347) | -850.4% |
| Gross profit | 115,511 | 36,270 | 79,241 | 218.5% |
| Operating expenses | 3,194,586 | 3,163,485 | 31,101 | 1.0% |
| Loss from operations | (3,079,075) | (3,127,215) | 48,140 | 1.5% |
| Other income (expense) | (8,570,892) | (4,690,738) | (3,880,154) | -82.7% |
| Net loss | $ (11,649,967) | $ (7,817,953) | $ (3,832,014) | -49.0% |

*Revenue*

Revenue of the Company's SofPulse® product during the nine months ended September 30, 2019 was $161,720, an increase of $120,588, or 293.2%, compared to $41,132 for the nine months ended September 30, 2018.

We anticipate that revenue will continue to increase in future periods as the roll out of the SofPulse® product continues.

*Cost of Revenue*

Cost of revenue during the nine months ended September 30, 2019 was $46,209, an increase of $41,347 or 850.4% compared to $4,862 for the nine months ended September 30, 2018. During the current period, cost of revenue was recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to in the corresponding period of the previous fiscal year, net sales to distributors were recorded net of cost of sales.

It is anticipated that cost of revenue will increase in future periods as the roll out of the SoftPulse® product continues.

*Operating Expenses*

Operating expenses slightly decreased by $31,101 or 1.0 %, to $3,194,586 for the nine months ended September 30, 2019 compared to $3,163,485 for the nine months ended September 30, 2018. There was a decrease in consulting and professional expenses of approximately $84,000 as a result of stock-based compensation in the previous fiscal year period coupled with a reduction of research and development costs of approximately $75,000, offset by an increase in payroll of approximately $73,000 concurrent with the hiring of the Company’s new Chief Medical Officer.

*Other Income (Expense)*

Other income (expense) for the nine months ended September 30, 2019 was an expense of $8,570,892 compared to an expense of $4,690,738 for the nine months ended September 30, 2018. This change was due primarily to a change in valuation of our derivative liabilities of approximately $3.8 million coupled with a decrease in interest expense and the amortization of debt issuance costs and amortizations of approximately $181,000. We anticipate continued large fluctuations in other income (expense) as a result of re-evaluations of derivative liabilities.

*Liquidity and Capital Resources*

| | As of | | Favorable |
|---|---|---|---|
| | September 30, 2019 | December 31, 2018 | (Unfavorable) |
| **Working Capital** | | | |
| Current assets | $ 38,888 | $ 382,496 | $ (343,608) |
| Current liabilities | 19,824,611 | 15,479,151 | (4,345,460) |
| Working capital deficit | $ (19,785,723) | $ (15,096,655) | $ (4,689,068) |
| Long-term debt | $ 155,000 | $ 155,000 | $ - |
| Stockholders' deficit | $ (16,565,996) | $ (11,391,838) | $ (5,174,158) |

| | Nine Months Ended September 30, | | Favorable |
|---|---|---|---|
| | 2019 | 2018 | (Unfavorable) |
| **Statements of Cash Flows Select Information** | | | |
| Net cash provided (used) by: | | | |
| Operating activities | $ (2,232,626) | $ (2,162,739) | $ (69,887) |
| Investing activities | $ (2,594) | $ (8,969) | $ 6,375 |
| Financing activities | $ 1,861,106 | $ 2,746,779 | $ (885,673) |

| | As of | | Favorable |
|---|---|---|---|
| | September 30, 2019 | December 31, 2018 | (Unfavorable) |
| **Balance Sheet Select Information** | | | |
| Cash | $ 5,037 | $ 379,151 | $ (374,114) |
| Accounts payable and accrued expenses | $ 3,861,645 | $ 3,189,243 | $ (672,402) |

Since inception and through September 30, 2019, the Company has raised approximately $15.5 million in equity and debt transactions. These funds have been used to commence the operations of the Company to acquire and begin the development of its intellectual property portfolio. These activities include attending trade shows and corporate development. Our accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve-month period following the date of these condensed consolidated financial statements. The Company has incurred substantial losses since inception. Its current liabilities exceed its current assets and available cash is not sufficient to fund expected future operations. The Company is raising additional capital through debt and equity securities in order to continue the funding of its operations. However, there is no assurance that the Company can raise enough funds or generate sufficient revenues to pay its obligations as they become due, which raises substantial doubt about our ability to continue as a going concern. To reduce the risk of not being able to continue as a going concern, management is commercializing its FDA cleared and CE marked products and has commenced its business plan to materialize revenues from potential, future, license agreements, has raised capital through the sale of its common stock and is seeking out profitable companies. Our cash on hand at September 30, 2019 was $0. This will be insufficient to fund operations if additional capital is not raised. The Company raised an aggregate of $2,066,106 through the sale of equity and debt securities during the nine months ended September 30, 2019.

The Company is not aware of any recently issued accounting pronouncements that when adopted will have a material effect on the Company's financial position or result of its operation.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

We are a Smaller Reporting Company and are not required to provide the information under this item.

**Item 4. Controls and Procedures.**

*Disclosure of controls and procedures.*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by the SEC Rule 13a-15(b), we carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following two material weaknesses which have caused management to conclude that as of September 30, 2019 our disclosure controls and procedures were not effective at the reasonable assurance level:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act which is applicable to us for the quarter ended September 30, 2019. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

**Changes in internal controls over financial reporting.**

There has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

### Item 1A. Risk Factors.

We are a Smaller Reporting Company (as defined in Rule 12b-2 of the Exchange Act) and are not required to provide the information under this item.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

| Number of Common Shares Issued | Source of Payment | Amount |
|---|---|---|
| 3,182,283 | Services | $ 29,954 |
| 99,231,768 | Conversion of notes | $ 1,031,247 |
| 1,000,000 | Cash | $ 10,000 |
| 310,350 | Lock-up Agreements | 3,788 |

The above issuances of securities during the three months ended September 30, 2019 were exempt from registration pursuant to Section 4(2), and/or Regulation D promulgated under the Securities Act. These securities qualified for exemption under Section 4(2) of the Securities Act since the issuance securities by us did not involve a public offering. The offering was not a "public offering" as defined in Section 4(2) due to the insubstantial number of persons involved in the deal, size of the offering, manner of the offering and number of securities offered. We did not undertake an offering in which we sold a high number of securities to a high number of investors. In addition, these stockholders had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such securities are restricted pursuant to Rule 144 of the Securities Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a "public offering." Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act for this transaction.

**Item 3. Defaults upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures.**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits**

| Exhibit Number | Exhibit Title |
|---|---|
| 31.1 | Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS * | XBRL Instance Document |
| 101.SCH * | XBRL Taxonomy Schema |
| 101.CAL * | XBRL Taxonomy Calculation Linkbase |
| 101.DEF * | XBRL Taxonomy Definition Linkbase |
| 101.LAB * | XBRL Taxonomy Label Linkbase |
| 101.PRE * | XBRL Taxonomy Presentation Linkbase |

In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

* Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 19, 2019

**Endonovo Therapeutics, Inc.**

By: */s/ Alan Collier*
Alan Collier
Chief Executive Officer
(Duly Authorized Officer, Principal Executive Officer and Principal Financial Officer)

**Exhibit 31.1**

Certification of Principal Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Alan Collier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Endonovo Therapeutics, Inc. for the period ended September 30, 2019**;**

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: November 19, 2019

*/s/ Alan Collier*
Chief Executive Officer and Principal Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. §1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Endonovo Therapeutics, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Alan Collier, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | |
|---|---|
| | */s/ Alan Collier* |
| Name: | Alan Collier |
| Title: | Chief Executive Officer and Principal Financial Officer |
| Date: | November 19, 2019 |

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.