

NOVADEL PHARMA INC  
Form 10-Q  
August 16, 2010

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

or

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. 001-32177

NOVADEL PHARMA INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

22-2407152  
(I.R.S. Employer Identification No.)

1200 ROUTE 22 EAST, SUITE 2000, BRIDGEWATER, NEW JERSEY 08807  
(Address of principal executive offices) (Zip Code)

(908) 203-4640  
Registrant's telephone number, including area code

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. (Check one):

Large accelerated filer

Accelerated filer

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

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

As of August 1, 2010, the issuer had 98,383,458 shares of common stock, \$0.001 par value, outstanding.

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QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

NOVADEL PHARMA INC.  
CONDENSED BALANCE SHEETS  
AS OF JUNE 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009

ASSETS	June 30, 2010	December 31,
	(unaudited)	2009
Current Assets:		(Note 1)
Cash and cash equivalents	\$ 3,117,000	\$ 2,663,000
Prepaid expenses and other current assets	252,000	1,430,000
<b>Total Current Assets</b>	<b>3,369,000</b>	<b>4,093,000</b>
Property and equipment, net	272,000	324,000
Other assets	7,000	36,000
<b>Total Assets</b>	<b>\$ 3,648,000</b>	<b>\$ 4,453,000</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current Liabilities:		
Accounts payable	\$ 329,000	\$ 195,000
Accrued expenses and other current liabilities	87,000	117,000
Derivative liability	732,000	—
Current portion of deferred revenue	4,266,000	4,266,000
Current portion of capital lease obligations	—	10,000
<b>Total Current Liabilities</b>	<b>5,414,000</b>	<b>4,588,000</b>
Non-current portion of deferred revenue	4,069,000	4,202,000
Non-current portion of capital lease obligations	—	4,000
<b>Total Liabilities</b>	<b>9,483,000</b>	<b>8,794,000</b>
Commitments and contingencies		
<b>STOCKHOLDERS' DEFICIENCY</b>		
Preferred stock, \$.001 par value:		
Authorized 1,000,000 shares, none issued	—	—
Common stock, \$.001 par value:		
Authorized 200,000,000 shares, Issued 98,383,458 and 88,343,457 shares at June 30, 2010 and December 31, 2009, respectively	99,000	89,000
Additional paid-in capital	79,256,000	78,342,000
Accumulated deficit	(85,184,000)	(82,766,000)
Less: treasury stock, at cost, 3,012 shares	(6,000 )	(6,000 )
<b>Total Stockholders' Deficiency</b>	<b>(5,835,000 )</b>	<b>(4,341,000 )</b>

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Total Liabilities and Stockholders' Deficiency	\$ 3,648,000	\$ 4,453,000
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See accompanying notes to condensed financial statements.

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NOVADEL PHARMA INC.  
CONDENSED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2010 AND JUNE 30, 2009  
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
License fees and milestone fees earned	\$ 66,000	\$ 67,000	\$ 195,000	\$ 133,000
Research and development expenses	559,000	624,000	1,006,000	1,450,000
General and administrative expenses	813,000	936,000	1,787,000	2,194,000
Total expenses	1,372,000	1,560,000	2,793,000	3,644,000
Loss from operations	(1,306,000)	(1,493,000)	(2,598,000)	(3,511,000)
Other income / (expense):				
Derivative liability valuation adjustment	181,000	—	181,000	360,000
Loss on sale of fixed assets	—	(59,000)	—	(59,000)
Interest expense	(1,000)	(150,000)	(1,000)	(636,000)
Interest income	—	1,000	—	6,000
Net loss	\$ (1,126,000)	\$ (1,701,000)	\$ (2,418,000)	\$ (3,840,000)