

MusclePharm Corp
Form 8-K/A
May 25, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **May 14, 2012**

MusclePharm Corporation

(Exact name of registrant as specified in its charter)

Nevada	000-53166	77-0664193
(State or other jurisdiction	(Commission File No.)	(I.R.S. Employer
of incorporation)		Identification Number)

4721 Ironton Street, Building A

Denver, Colorado 80239

(Address of principal executive offices)

(303) 396-6100

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On May 14, 2012, MusclePharm Corporation, a Nevada corporation, filed a current report on Form 8-K (the "Current Report") to disclose non-reliance on previously issued financial statements. This amendment to the Current Report is being furnished to provide further disclosure related to the restatement of certain financial statements for the periods indicated.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On May 14, 2012, MusclePharm Corporation's (the "Company") independent registered public accounting firm and the Company's board of directors (the "Board") determined, after consultation with Company management, that the following financial statements contained misstatements: (i) the Company's audited financial statements for the year ended December 31, 2011, filed in an annual report on Form 10-K with the U.S. Securities and Exchange Commission (the "SEC") on April 16, 2012; (ii) the Company's unaudited financial statements for the period ended September 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on November 14, 2011; (iii) the Company's unaudited financial statements for the period ended June 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on August 16, 2011; and (iv) the Company's unaudited financial statements for the period ended March 31, 2011, filed in a quarterly report on Form 10-Q with the SEC on May 23, 2011. The foregoing financial statements contained material misstatements pertaining to the Company's calculation of net sales and presentation of general and administrative expenses. The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 ("Revenue Recognition" - Customer Payments and Incentives - Implementation Guidance and Illustrations).

The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense. The Company also noted other credits and discounts that, upon further review, had been previously classified as advertising expense as a component of general and administrative expense that require a reallocation of presentation as amounts to be netted against revenues.

The Company previously deducted certain credits and promotions as general and administrative expenses. After analysis and review with the Company's independent auditors, the Company has determined to net these credits and promotions directly against gross sales. Because this accounting change is a reclassification of expenses in the Company's Consolidated Statements of Operations, the Company's net loss will not be affected by the restatement, nor does the restatement affect the amounts reported in its unaudited quarterly financial statements during 2011 or audited Consolidated Balance Sheets at December 31, 2011 or Consolidated Statements of Cash Flows for the year ended December 31, 2011.

As a result of the restatement, MusclePharm's net sales will be reduced by

- \$483,838 for the three months ended March 31, 2011;
- \$405,064 for the three months ended June 30, 2011 and \$888,902 for the six months ended June 30, 2011;
- \$1,312,855 for the three months ended September 30, 2011; and \$2,201,757 for the nine months ended September 30, 2011;
- \$1,423,944 for the three months ended December 31, 2011 and \$3,625,701 for the year ended December 31, 2011.

Cost of sales will be increased by:

- \$77,326 for the three months ended March 31, 2011;
- \$31,171 for the three months ended June 30, 2011 and \$108,497 for the six months ended June 30, 2011;
- \$90,593 for the three months ended September 30, 2011 and \$199,090 for the nine months ended September 30, 2011;
- \$175,365 for the three months ended December 31, 2011 and \$374,455 for the year ended December 31, 2011.

General and administrative expenses will be reduced by:

- \$561,164 for the three months ended March 31, 2011;
- \$436,235 for the three months ended June 30, 2011 and \$997,399 for the six months ended June 30, 2011;
- \$1,403,448 for the three months ended September 30, 2011 and \$2,400,847 for the nine months ended September 30, 2011;
- \$1,599,309 for the three months ended December 31, 2011 and \$4,000,156 for the year ended December 31, 2011.

The Company reviewed its accounting policies and procedures beginning in early May, 2012, and on May 14, 2012, determined that for all periods referenced above, the presentation of the statement of operations will need to be restated for these reallocations and therefore should not be relied upon.

The Board has discussed the foregoing matters with the Company's independent registered public accounting firm and has authorized and directed the officers of the Company to take the appropriate and necessary actions to restate its audited financial statements for the year ended December 31, 2011, and its unaudited financial statements for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011, respectively, by filing amendments as soon as practicable.

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 hereunto duly authorized.

MUSCLEPHARM
CORPORATION

May 25, 2012 By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Title: Chief Executive Officer