INNOVUS PHARMACEUTICALS, INC.
Form 4
January 06, 2015

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
ESBER HENRY JEMIL

(Last) (First) (Middle)

9171 TOWNE CENTRE DRIVE, STE 440

(Street)

SAN DIEGO, CA 92122

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INNOVUS PHARMACEUTICALS, INC. [INNV]

3. Date of Earliest Transaction (Month/Day/Year)
01/02/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/02/2015		A		37,500	A	$ 0	1,826,284	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESBER HENRY JEMIL 9171 TOWNE CENTRE DRIVE, STE 440 SAN DIEGO, CA 92122				

Signatures

/s/ Randy Berholtz, Attorney-in-Fact	01/06/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ALIGN: bottom; TEXT-ALIGN: left; BACKGROUND-COLOR: #cceeff" valign="bottom" nowrap="nowrap">

Interest income

17,000

17,000

Other income

-

18,000

Net loss

$
(369,000
)

$
(348,000
)

Basic and diluted loss per share

$
(0.03
)

$
(0.03
)

Basic and diluted weighted average shares outstanding

12,739,991

12,971,141

See accompanying notes to consolidated financial statements.
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Explanation of Responses:

ALTEX INDUSTRIES, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity
Years ended September 30,

	Common Stock		Additional paid-in capital	Accumulated deficit	Treasury stock	Total stockholders' equity
	Shares	Amount				
Balance at September 30, 2014	12,975,321	130,000	13,854,000	(11,716,000)	-	$ 2,268,000
Net loss				(348,000)		(348,000)
Acquisition of treasury stock, 52,089 shares at $0.08 per share					(4,000)	(4,000)
Retirement of treasury stock	(52,089)	(1,000)	(3,000)		4,000	-
Balance at September 30, 2015	12,923,232	$ 129,000	13,851,000	(12,064,000)	-	1,916,000
Net loss				(369,000)		(369,000)
Acquisition of treasury stock, 188,780 shares at $0.08 per share					(16,000)	(16,000)
Retirement of treasury stock	(188,780)	(2,000)	(14,000)		16,000	-
Balance at September 30, 2016	12,734,452	$ 127,000	13,837,000	(12,433,000)	-	$ 1,531,000

See accompanying notes to consolidated financial statements.
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Explanation of Responses:

ALTEX INDUSTRIES, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years ended September 30,

	2016	2015
Cash flows used in operating activities		
Net loss	$(369,000)	$(348,000)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, depletion, and amortization	22,000	20,000
Changes in operating assets and liabilities:		
Decrease in accounts receivable	4,000	2,000
Decrease in other assets	1,000	1,000
Increase (decrease) in accounts payable	(11,000)	11,000
Increase in other accrued expenses	236,000	224,000
Net cash used in operating activities	(117,000)	(90,000)
Cash flows from investing activities	-	-
Cash flows from financing activities		
Acquisition of treasury stock	(16,000)	(4,000)
Net cash from financing activities	(16,000)	(4,000)
Net decrease in cash and cash equivalents	(133,000)	(94,000)
Cash and cash equivalents at beginning of year	2,605,000	2,699,000
Cash and cash equivalents at end of year	$2,472,000	$2,605,000
Noncash Investing and Financing Activities		
Retirement of treasury stock	$16,000	$4,000

See accompanying notes to consolidated financial statements.
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ALTEX INDUSTRIES, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2016 and 2015

Note 1 - Nature of Operations and Summary of Significant Accounting Policies.

Nature of Operations: Altex Industries, Inc., through its wholly-owned subsidiary, jointly referred to as "the Company," owns interests, including working interests, in productive oil and gas properties located in Utah and Wyoming. The Company's revenues are generated from interest income from cash deposits and from sales of oil and gas production. The Company's operations are significantly affected by changes in interest rates and oil and gas prices.

Principles of Consolidation: The consolidated financial statements include the accounts of Altex Industries, Inc. and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment: The Company follows the successful efforts method of accounting for oil and gas operations, under which exploration costs, including geological and geophysical costs, annual delay rentals, and exploratory dry hole costs, are charged to expense as incurred. Costs to acquire unproved properties, to drill and to equip exploratory wells that find proved reserves, and to drill and to equip development wells are capitalized. Capitalized costs relating to proved oil and gas properties are depleted on the units of product-ion method based on estimated quantities of proved reserves and estimated RR&D (Note 6). Upon the sale or retirement of property and equipment, the cost thereof and the accumulated depreciation, depletion, and valuation allowance are removed from the accounts, and the resulting gain or loss is credited or charged to operations. Actual RR&D expense in excess of estimated RR&D expense is charged to operations.

Impairment of Long-Lived Assets: The Company assesses long-lived assets for impairment when circumstances indicate that the carrying value of such assets may not be recoverable. This review compares the asset's carrying value with management's best estimate of the asset's expected future undiscounted cash flows without interest costs. If the expected future cash flows exceed the carrying value, no impairment is recognized. If the carrying value exceeds the expected future cash flows, an impairment equal to the excess of the carrying value over the estimated fair value of the asset is recognized. No such impairment may be restored in the future. The Company's proved oil and gas properties are assessed for impairment on an individual field basis.

Cash Equivalents and Fair Values of Financial Instruments: For purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amount reported on the balance sheet for cash and cash equivalents approximates its fair value.

Income Taxes: The Company follows the asset and liability method of accounting for deferred income taxes. The asset and liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial accounting and tax bases of assets and liabilities. The Company reports uncertainty in income taxes according to GAAP. There was no increase in liabilities for unrecognized tax benefits during the current year. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expense. There was neither interest nor penalty at September 30, 2016.

Earnings Per Share: Earnings per share of common stock is based upon the weighted average number of shares of common stock outstanding during the year. The Company does not calculate earnings per diluted share due to the absence of common stock equivalents.

Concentrations of credit risk: The Company maintains significant amounts of cash and sometimes permits cash balances in national banking institutions to exceed FDIC limits.

Revenue recognition: Substantially all of the Company's revenue is from interest income and sales of oil and gas production. Interest income is recognized when earned. Revenue from oil and gas production is recognized based on sales or delivery date.

Recent Accounting Pronouncements:

There are no recent accounting pronouncements that have a material impact on the consolidated financial statements.

Note 2 - Income Taxes. At September 30, 2016, the Company had a depletion carryforward of $860,000 and a net operating loss carryforward ("NOL") of $2,116,000, which will expire in the years 2028 through 2036. The approximate tax effect of each type of temporary difference and carryforward that gives rise to a significant portion of deferred tax assets at September 30, 2016, computed in accordance with the Income Tax Topic (Topic 740) of the Codification, is as follows:

Deferred Tax Assets	2016	2015
Depletion carryforward	$301,000	$301,000
Net operating loss carryforward	740,000	691,000
Accrued shareholder salary	359,000	281,000
Other	5,000	3,000
Total Net Deferred Tax Assets	1,405,000	1,276,000
Less valuation allowance	(1,405,000)	(1,276,000)
Net Deferred Tax Asset	$-	$-

A valuation allowance has been provided because of the uncertainty of future realization. Income tax expense is different from amounts computed by applying the statutory Federal income tax rate for the following reasons:

	2016	2015
Tax benefit at 35% of net earnings	$(129,000)	(121,000)
State income tax, net of Federal benefit	-	-
Change in valuation allowance for net deferred tax assets	129,000	121,000
Income tax expense	$-	-

As of September 30, 2016, the Company has no unrecognized tax benefit as a result of uncertain tax positions. As of September 30, 2016, the Company's tax years that remain subject to examination are 2013 - 2016 (Federal jurisdiction) and 2012 - 2016 (state jurisdictions).

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Note 3 - Related Party Transactions. Effective October 1, 2016, the Company renewed its employment agreement with its president. The agreement has an initial term of five years and provides an annual base salary equal to the maximum annual contribution to a Health Flexible Spending Arrangement ("FSA") and an annual bonus of no less than 20% of the Company's earnings before tax, payable, at the president's election, in either cash or common stock of the Company at then fair market value. The Company will match any contribution that the president makes to the Company's FSA. The agreement contains provisions providing for payments to the president in the event of his disability or termination of his employment. At September 30, 2016, other accrued expense includes $1,024,000 in salary payable to the Company's president that the president has elected to defer.

In 2016 and 2015, the Company expended $16,000 and $4,000 to acquire 188,780 and 52,089 shares of common stock, respectively. These 188,780 and 52,089 treasury shares were retired in 2016 and 2015, respectively.

Note 4 - Major Customers. In 2016 the Company had two customers who individually accounted for 10% or more of the Company's oil and gas sales and who, in aggregate, accounted for 87% of oil and gas sales. In 2016 the two customers individually accounted for 49% and 38% of oil and gas sales. In 2015 the Company had two customers who individually accounted for 10% or more of the Company's oil and gas sales and who, in aggregate, accounted for 86% of oil and gas sales. In 2015 the two customers individually accounted for 61% and 25% of oil and gas sales.

Note 5 - Leases. The Company rents office space under a cancellable operating lease that expires June 30, 2025. The Company may cancel upon 30 days' written notice and the payment of a termination fee of $4,000. The Company incurred rent expense of $24,000 and $22,000 in 2016 and 2015, respectively.

Note 6 - Reclamation, Restoration, and Dismantlement (RR&D). The Company accounts for its RR&D costs in accordance with ASC Topic 410 "Asset Retirement and Environmental Obligations." ASC 410 addresses obligations associated with the retirement of tangible, long lived assets and the associated asset retirement costs. This statement requires the Company to recognize a liability for the fair value of its plugging and abandonment liability (excluding salvage value) with the associated costs included as part of the Company's oil and gas properties balance. For the years ended September 30, 2016 and 2015, the plugging and abandonment liability was not material to the financial statements.

Note 7 - Supplemental Financial Data - Oil and Gas Producing Activities (Unaudited). The Company's operations are confined to the continental United States, and all of the Company's reserves are proved developed. Oil prices used are the average of the NYMEX settlement price for the spot month on the first day of each month of 2016, corrected to received price using a price differential. Income tax expense is not reflected in the tables below because of the anticipated utilization of net operating loss carryforwards and depletion carryforwards. The estimation of reserves is complex and subjective, and reserve estimates tend to fluctuate in light of new production data.

I. Capitalized Costs Relating to Oil and Gas Producing Activities

II. Estimated Quantities of Proved Oil and Gas Reserves

III. Present Value of Estimated Future Net Revenue

IV. Summary of Changes in Present Value of Estimated Future Net Revenue

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