

NOVADEL PHARMA INC
Form 10-Q
November 12, 2010

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

Table of Contents

NovaDel Pharma Inc.

Form 10-Q

For the Quarterly Period Ended September 30, 2010

Table of Contents

PART	FINANCIAL INFORMATION	PAGE
I		
<u>Item 1.</u>	<u>Financial Statements.</u>	<u>3</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>11</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>17</u>
<u>Item 4.</u>	<u>Controls and Procedures.</u>	<u>18</u>

PARTOTHER INFORMATION
II

<u>Item</u>	<u>Risk Factors.</u>	<u>19</u>
<u>1A.</u>		
<u>Item</u>	<u>Other Information</u>	<u>36</u>
<u>5.</u>		
<u>Item</u>	<u>Exhibits.</u>	<u>36</u>
<u>6.</u>		
	<u>Signatures</u>	<u>37</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NovaDel Pharma Inc.
Condensed Balance Sheets

	September 30, 2010 (unaudited)	December 31, 2009 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,409,000	\$ 2,663,000
Prepaid expenses and other current assets	396,000	1,430,000
Total current assets	1,805,000	4,093,000
Property and equipment, net	247,000	324,000
Other assets	7,000	36,000
Total assets	\$ 2,059,000	\$ 4,453,000
Liabilities and stockholders' deficiency		
Current liabilities:		
Accounts payable	\$ 201,000	\$ 195,000
Accrued expenses and other current liabilities	107,000	117,000
Derivative liability	522,000	—
Current portion of deferred revenue	4,266,000	4,266,000
Current portion of capital lease obligations	—	10,000
Total current liabilities	5,096,000	4,588,000
Non-current portion of deferred revenue	4,003,000	4,202,000
Non-current portion of capital lease obligations	—	4,000
Total liabilities	9,099,000	8,794,000
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued and outstanding at September 30, 2010 and December 31, 2009, respectively	—	—
Common stock, \$.001 par value, 200,000,000 shares authorized, 98,383,458 and 88,343,457 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	99,000	89,000
Additional paid-in capital	79,363,000	78,342,000
Accumulated deficit	(86,496,000)	(82,766,000)

Edgar Filing: NOVADEL PHARMA INC - Form 10-Q

Treasury stock, at cost, 3,012 shares	(6,000)	(6,000)
Total stockholders' deficiency	(7,040,000)	(4,341,000)
Total liabilities and stockholders' deficiency	\$ 2,059,000	\$ 4,453,000

See accompanying notes.

Table of Contents

NovaDel Pharma Inc.
Condensed Statements of Operations

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
License and milestone fees earned	\$ 66,000	\$ 223,000	\$ 261,000	\$ 356,000
Operating expenses				
Research and development	1,011,000	530,000	2,017,000	1,980,000
General and administrative	578,000	973,000	2,365,000	3,167,000
Total operating expenses	1,589,000	1,503,000	4,382,000	5,147,000
Loss from operations	(1,523,000)	(1,280,000)	(4,121,000)	(4,791,000)
Other income (expense):				
Derivative liability valuation adjustment	210,000	—	391,000	360,000
Loss on sale of fixed assets	—	—		