

RenovaCare, Inc.
Form 10-Q
August 15, 2016

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

FORM 10-Q

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

For the quarterly period ended **June 30, 2016**

“ 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 **000-30156**

RENOVACARE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

98-0384030
(I.R.S. Employer Identification No.)

430 Park Avenue

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Suite 702

New York, NY 10022

(Address of principal executive offices)

888-398-0202

(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 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

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

As of August 15, 2016, the registrant had 69,955,847 shares of its common stock, par value \$0.00001 per share, issued and outstanding.

RENOVACARE, INC.

FORM 10-Q

For The Quarter Ended June 30, 2016

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PART I

Item 1. Financial Statements

RENOVACARE, INC.

CONSOLIDATED BALANCE SHEETS

	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 276,147	\$ 397,589
Prepaid expenses	27,980	10,293
Total current assets	304,127	407,882
Intangible assets	152,854	152,854
Total assets	\$ 456,981	\$ 560,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 80,676	\$ 71,563
Accrued expenses - related parties	25,935	30,095
Contract and contribution payable	59,375	134,125
Total current liabilities	165,986	235,783
Long term liabilities		
Contract and contribution payable, less current portion	100,000	100,000
Total liabilities	265,986	335,783
STOCKHOLDERS' EQUITY		
Preferred stock: \$0.0001 par value: Authorized: 10,000,000 shares Issued and outstanding: nil	-	-
Common stock: \$0.00001 par value: Authorized: 500,000,000 shares Issued and outstanding: 69,955,847 and 67,781,934 shares	699	678
Additional paid-in capital	10,472,236	9,197,970
Accumulated deficit	(10,281,940)	(8,973,695)
Total stockholders' equity	190,995	224,953
Total liabilities and stockholders' equity	\$ 456,981	\$ 560,736

(The accompanying notes are an integral part of these consolidated financial statements)

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RENOVACARE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended	
	June 30,	
	2016	2015
Revenue	\$ -	\$ -
Expenses		
Research and development expenses	73,810	50,235
General and administrative expenses	453,544	165,695
Total operating expenses	527,354	215,930
Net loss	\$ (527,354)	\$ (215,930)
Earnings per share - basic and diluted		
Loss per common share	\$ (0.01)	\$ (0.00)
Weighted average shares outstanding	69,955,847	66,852,595

	For the Six Months Ended	
	June 30,	
	2016	2015
Revenue	\$ -	\$ -
Expenses		
Research and development expenses	185,632	111,625
General and administrative expenses	1,122,613	369,502
Total operating expenses	1,308,245	481,127
Net loss	\$ (1,308,245)	\$ (481,127)
Earnings per share - basic and diluted		
Loss per common share	\$ (0.02)	\$ (0.01)
Weighted average shares outstanding	69,561,676	66,714,122

(The accompanying notes are an integral part of these consolidated financial statements)

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RENOVACARE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Six Months Ended	
	June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (1,308,245)	\$ (481,127)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Impairment loss	-	10,000
Stock based compensation expense	274,287	20,663
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses	(17,687)	(21,869)
(Decrease) increase in accounts payable and accrued expenses	9,113	7,880
(Decrease) increase in accrued expenses - related parties	(4,160)	34,670
(Decrease) increase in contract and contributions payable	(74,750)	(100,750)
Net cash flows from operating activities	(1,121,442)	(530,533)
Cash flows from investing activity:		
Proceeds from exercise of warrants and issuance of common stock	1,000,000	1,010,000
Change in cash and cash equivalents	(121,442)	479,467
Cash and cash equivalents, beginning of period	397,589	683,098
Cash and cash equivalents, end of period	\$ 276,147	\$ 1,162,565

(The accompanying notes are an integral part of these consolidated financial statements)

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RENOVACARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, Nature and Continuance of Operations

RenovaCare, Inc., together with its wholly owned subsidiary (the "Company"), focuses on the acquisition, research, development and, if warranted, commercialization of autologous (using a patient's own cells) cellular therapies that can be used for medical and aesthetic applications.

On July 12, 2013, the Company, through its wholly owned subsidiary, RenovaCare Sciences Corp. ("RenovaCare Sciences"), completed the acquisition of its flagship technologies (collectively, the "CellMist™ System") along with the associated United States patent applications and two foreign patents, the first of which expires on August 22, 2027 and the second of which expires on April 26, 2031. The Cell Mist™ System is comprised of (a) a treatment methodology for cell isolation for the regeneration of human skin cells (the "CellMist™ Solution") and (b) a solution sprayer device (the "SkinGun™") for delivering the cells to the treatment area. The solution sprayer device also is a medical-grade liquid spraying device for general use in wound care and irrigation. Based on these technologies the Company has recently filed two additional patent applications, one with the United States Patent and Trademark Office titled "Modular Device for Cell Spraying" and one with the European Patent Office titled "Disposable Apparatus and Device with Unsterile Reusable Apparatus for Sterile Application of a Liquid."

The Company has recently incurred net operating losses and operating cash flow deficits. As of June 30, 2016, the Company's accumulated deficit is \$10.3 million. The Company does not currently generate revenues and will continue to incur losses from operations and operating cash flow deficits in the future. Management believes that the Company's cash and cash equivalent balances and other external sources of capital will be sufficient to meet the Company's cash requirements through September 30, 2016. The future of the Company after September 30, 2016 will depend on its ability to successfully raise capital from external sources to fund operations. If the Company is unable to obtain adequate funds, or if such funds are not available to it on acceptable terms, the Company's ability to continue its business as planned will be significantly impaired and it may cause the Company to curtail operations.

2. Significant Accounting Policies

Basis of Presentation and Principles of Accounting

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The interim consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") pursuant to Part 210 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such SEC rules and regulations, although the Company believes that the disclosures included are adequate to make the information presented not misleading.

In management's opinion, the unaudited consolidated financial statements contained herein reflect all adjustments, consisting solely of normal recurring items, which are necessary for the fair presentation of the Company's financial position, results of operations, and cash flows on a basis consistent with that of the Company's prior audited consolidated financial statements. The Company has evaluated information about subsequent events that became available to us through the date the financial statements were issued. This information relates to events, transactions or changes in circumstances that would require us to adjust the amounts reported in the financial statements or to disclose information about those events, transactions or changes in circumstances. The results of operations for interim periods may not be indicative of results to be expected for the full fiscal year. Therefore, these financial statements should be read in conjunction with the Company's audited financial statements, including the notes thereto for the year ended December 31, 2015, which may be found under the Company's profile on EDGAR.

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Principles of Consolidation

These consolidated financial statements have been prepared in accordance with US GAAP and include the accounts of the Company and its wholly owned subsidiary, RenovaCare Sciences. All significant intercompany transactions and balances have been eliminated. RenovaCare Sciences was incorporated under the laws of the State of Nevada on June 12, 2013.

Applicable Accounting Guidance

Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative non-governmental US GAAP as found in the Financial Accounting Standards Board's Accounting Standards Codification.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, Revenue Recognition. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017 and is to be applied retrospectively. The Company does not currently have any revenue. As such, ASU 2014-09 will not have any effect on the Company's results of operations and financial position. If the Company begins generating revenue prior to the effective date of ASU 2014-09, it will evaluate the effect that ASU 2014-09 will have on its results of operations and financial position.

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes ASC Topic 840, Leases, and creates a new topic, ASC Topic 842, Leases. ASU 2016-02 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. ASU 2016-02 also expands the required quantitative and qualitative disclosures surrounding leases. ASU 2016-02 is effective for the Company beginning January 1, 2019. Early adoption is permitted. The Company has determined that the adoption of ASU 2016-02 will currently have no impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-19, Stock Compensation, which is intended to simplify several aspects of the accounting for share-based payment award transactions. The guidance will be effective for the fiscal year beginning after December 15, 2016, including interim periods within that year. The Company is in the process of evaluating the impacts of the adoption of this ASU.

Accounting Estimates

The preparation of consolidated 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 the reported amounts of revenues and expenses during the reporting period. Actual results, as determined by future events, may differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents may at times exceed federally insured limits.

Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, contract and contribution payable and accounts payable and accrued expenses approximate fair value based on observable quoted prices for active markets – Level 1 inputs.

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Research and Development Costs

The Company intends to outsource its research and development efforts and expense related costs as incurred, including the cost of manufacturing product for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired will be capitalized as it relates to particular research and development projects that may have alternative future uses.

Intangible Assets

The intangible asset consists primarily of the SkinGun™ technology that the Company acquired during 2013 and is recorded at cost. At the time of acquisition, the technology had not reached technological feasibility. The amount capitalized is accounted for as an indefinite-lived intangible asset, subject to impairment testing until completion or abandonment. Upon successful completion, a determination will be made as to the then useful life of the intangible asset, generally determined by the period in which substantially all of the cash flows are expected to be generated, and begin amortization. The Company tests the intangible asset for impairment at least annually or more frequently if impairment indicators exist after performing a qualitative analysis. Management has multiple criteria that it considers when performing the qualitative analysis. The results of this review are then weighed and prioritized. If the totality of the relevant events and circumstances indicate that the intangible asset is not impaired, additional impairment tests are not necessary.

The Company assessed the following qualitative factors that could affect any change in the fair value of the intangible asset: analysis of the technology's current phase, additional testing necessary to bring the technology to market, development of competing products, changes in projections caused by delays, changes in regulations, changes in the market for the technology and changes in cost projections to bring the technology to market. Based on a qualitative assessment, management concluded that a positive assertion can be made from the qualitative assessment that it is more likely than not that the intangible asset related to the SkinGun™ is not impaired. The Company did, however, determine that an intangible asset related to wound care technology, acquired during 2013, was impaired during the period ended March 31, 2015 and recorded an impairment loss (a component of research and development expenses) amounting to \$10,000 which was equal to the amount capitalized.

Stock Options

The Company measures all stock-based compensation awards using a fair value method on the date of grant and recognizes such expense in its consolidated financial statements over the requisite service period. The Company uses the Black-Scholes pricing model to determine the fair value of stock-based compensation awards on the date of grant.

The Black-Scholes pricing model requires management to make assumptions regarding option lives, expected volatility, and risk free interest rates.

Income Taxes

The Company recognizes income taxes on an accrual basis based on tax positions taken, or expected to be taken, in tax returns. A tax position is defined as a position in a previously filed tax return or a position expected to be taken in future tax filing that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions are recognized only when it is more likely than not (i.e., likelihood of greater than 50%), based on technical merits, that the position would be sustained upon examination by taxing authorities. Tax positions that meet the more likely than not threshold are measured using a probability-weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. A valuation allowance is established to reduce deferred tax assets if all, or some portion, of such assets will more than likely not be realized. Should they occur, the Company's policy is to classify interest and penalties related to tax positions as interest expense. Since the Company's inception, no such interest or penalties have been incurred. The Company did not record an income tax provision during the periods presented due to net taxable losses.

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Earnings (Loss) Per Share

The Company presents both basic and diluted earnings per share ("EPS") amounts. Basic EPS is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period presented. Diluted EPS amounts are based upon the weighted average number of common and common equivalent shares outstanding during the period presented. Potentially dilutive shares of common stock consisted of warrants to purchase shares of common stock (6,796,087 shares as of June 30, 2016 and 8,970,000 at December 31, 2015) and options to purchase shares of common stock (437,500 shares as of June 30, 2016 and 257,500 as of December 31, 2015). During the periods presented, potentially dilutive shares of common stock were not included in the computation of dilutive loss per share as to do so would be anti-dilutive.

Related Party Transactions

A related party is generally defined as (i) any person who holds 10% or more of the Company's securities and their immediate families; (ii) the Company's management; (iii) someone who directly or indirectly controls, is controlled by or is under common control with the Company; or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. See "Note 6. Related Party Transactions," for further discussion.

3. Common Stock Options

2013 Long-Term Incentive Plan

On June 20, 2013, the Board of Directors (the "Board") adopted, subject to receiving shareholder approval, the 2013 Long-Term Incentive Plan (the "Incentive Plan"). The Incentive Plan provides for the issuance of stock options of up to 20,000,000 shares (subject to adjustment) of the Company's common stock to officers, directors, key employees and consultants of the Company. Options granted to employees under the Incentive Plan, including directors and officers who are employees, may be incentive stock options or non-qualified stock options; options granted to others under the Incentive Plan are limited to non-qualified stock options. On November 15, 2013, shareholders owning a majority of the Company's issued and outstanding shares approved the Incentive Plan.

The Incentive Plan is administered by the Board or a committee designated by the Board. Subject to the provisions of the Incentive Plan, the Board has the authority to determine the officers, employees and consultants to whom options will be granted, the number of shares covered by each option, vesting rights and the terms and conditions of each option that is granted to them; however, no person may be granted in any of the Company's fiscal year, options to purchase more than 2,000,000 shares under the Incentive Plan, and the aggregate fair market value (determined at the time the option is granted) of the shares with respect to which incentive stock options are exercisable for the first time by an optionee during any calendar year cannot exceed \$100,000. Options granted pursuant to the Incentive Plan are exercisable no later than ten years after the date of grant.

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The exercise price per share of common stock for options granted under the Incentive Plan will be the fair market value of the Company's common stock on the date of grant, using the closing price of the Company's common stock on the last trading day prior to the date of grant, except for incentive stock options granted to a holder of ten percent or more of the Company's common stock, for whom the exercise price per share will not be less than 110% of the fair market value. No option can be granted under the Incentive Plan after June 20, 2023.

As of June 30, 2016, there were 19,562,500 shares available for grant.

Stock Option Activity

The following table summarizes stock option activity for the period ended June 30, 2016:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance January 1, 2016	257,500	\$ 1.04	8.58	\$ 354,725
Options granted	180,000	\$ 1.91	9.76	\$ 91,800
Balance June 30, 2016	437,500	\$ 1.40	9.04	\$ 446,525
Exercisable at June 30, 2016	350,000	\$ 1.40	9.06	\$ 358,055

The fair value of each stock option is estimated at the date of grant using the Black-Scholes option pricing model. There were 180,000 stock options granted during the six months ended June 30, 2016 with a weighted-average grant date fair value of \$1.40. There were 15,000 stock options granted during the six months ended June 30, 2015 with a weighted-average grant date fair value of \$1.00. Assumptions regarding volatility, expected term, dividend yield and risk-free interest rate are required for the Black-Scholes model. The volatility assumption is based on the Company's historical experience. The risk-free interest rate is based on a U.S. treasury note with maturity similar to the option award's expected life. The expected life represents the average period of time that options granted are expected to be outstanding. The assumptions for volatility, expected life, dividend yield and risk-free interest rate for options granted are presented in the table below:

	2016	2015
Expected life in years	1.41%	1.49% - 1.71%
Weighted Avg. Expected Volatility	5.5	5.5
	92.2%	94.4%

Expected dividend yield

0

0

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Stock option expense reflected in the consolidated statements of operations related to stock options issued to our employees, directors and non-employee scientific advisory board members and consultants are recognized at fair value using the Black-Scholes option-pricing model with weighted average assumptions described above. For the three months ended June 30, 2016, total stock-based compensation expense recognized amounted to \$1,169. For the six months ended June 30, 2016, total stock-based compensation expense recognized amounted to \$274,287. For the six months ended June 30, 2015, total stock-based compensation expense recognized amounted to \$20,663. For the three months ended June 30, 2015, total stock-based compensation expense recognized amounted to \$9,719.

Stock-based compensation expense is recognized as general and administrative expenses.

There were 350,000 stock options vested and 87,500 stock options unvested as of June 30, 2016. As of June 30, 2016, the Company had \$51,279 of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized by November 1, 2020.

The Company issues new shares when options are exercised.

4. Common Stock

On February 2, 2016, Kalen Capital Corporation exercised a portion of its Series B Warrant for 2,173,913 shares of the Company's common stock at an exercise price of \$0.46 per share resulting in proceeds of \$1,000,000.

The following table summarizes information about warrants outstanding at June 30, 2016:

	Shares of Common Stock	Exercise Price	Expiration Date
Series A	960,000	\$ 0.35	July 12, 2019
Series B			November
	1,326,087	\$ 0.46	29, 2018
Series C			November
	3,500,000	\$ 0.49	29, 2018
Series D	1,010,000	\$ 1.10	June 5, 2020
Outstanding as of June 30, 2016	6,796,087		

5. Contract and Contribution Payable

On September 25, 2014, the Company entered into a Charitable Grant Agreement with the University of Pittsburgh (the "University"), pursuant to which the Company committed to provide a charitable donation to the University in the aggregate amount of \$75,000 (the "Grant"). The Company will pay the Grant in eight quarterly installments of \$9,375, with the first payment made on or before October 2014 and the final payment to be made on or before July 31, 2016. Dr. Gerlach, from whom the Company purchased the CellMist™ System, is a professor at the University. At June 30, 2016, the amount payable to the University of \$9,375 was recorded as current liabilities in the accompanying consolidated balance sheet.

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On July 12, 2013, the Company, together with its wholly owned subsidiary, RenovaCare Sciences, entered into an asset purchase agreement with Dr. Jörg Gerlach, MD, PhD, pursuant to which RenovaCare Sciences purchased all of Dr. Gerlach's rights, title and interest in the CellMist™ System. As amended, the asset purchase agreement provided for cash payments of \$300,000 as partial consideration for the purchase which are payable as follows: (a) \$100,000 on December 31, 2014; (b) \$50,000 on December 31, 2015; (c) \$50,000 on December 31, 2016; and (d) \$100,000 on December 31, 2017. At June 30, 2016, \$50,000 of the amount payable to Dr. Gerlach was recorded as current liabilities and \$100,000 was recorded as long-term liabilities in the accompanying consolidated balance sheet.

On May 1, 2015, the Company entered into a new option agreement (the "Option Agreement") with Dr. Gerlach, pursuant to which the Company obtained a one-year exclusive option to evaluate a wound cap technology. Pursuant to the terms of the Option Agreement, the Company will pay Dr. Gerlach a non-refundable fee of \$24,000, payable in four quarterly installments of \$6,000, with the first installment due on May 1, 2015 and the final payment during the three months ended March 31, 2016.

Below is a summary of contract and contribution payable at June 30, 2016 and December 31, 2015:

	2016	2015
Contribution payable to the University of Pittsburgh, in quarterly installments of \$9,375, through July 2016	\$ 9,375	\$ 28,125
Contract payable to Dr. Jorg Gerlach in connection with the APA. \$50,000 is due on December 31, 2016 and \$100,000 is due on December 31, 2017	150,000	200,000
Contract for option agreement purchase	-	6,000
Total	159,375	234,125
Less: current portion	(59,375)	(134,125)
Long-term portion	\$ 100,000	\$ 100,000

See also "Note 6. Related Party Transactions."

6. Related Party Transactions

As compensation for their service on the Board, Dr. Kirkland and Mr. Sierchio will receive an annual retainer of \$6,000, payable in equal yearly installments in arrears and prorated for any partial years of service.

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For the three and six months ended June 30, 2016, directors' and consulting fees with respect to officers and directors of the Company were \$3,000 (2015: \$3,000) and \$6,000 (2015: \$6,000). Legal fees incurred with respect to one of the Company's directors in the three and six months ended June 30, 2016 were \$54,665 (2015: \$28,125) and \$91,515 (\$67,105), respectively. Amounts included in accrued expenses – related parties were \$25,935 at June 30, 2016 and \$30,095 as of December 31, 2015.

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In connection with the Company's FDA filings, the Company engaged StemCell Systems to provide it with prototypes and related documents. Pursuant to this engagement the Company incurred expenses of \$36,000 and \$15,050 for the three months ended June 30, 2016 and 2015, respectively, and \$72,000 and \$59,960 for the six months ended June 30, 2016 and 2015, respectively. Dr. Gerlach, from whom the Company purchased the CellMist™ System, is a principal of StemCell Systems.

On September 25, 2014, the Company entered into a Charitable Grant Agreement with the University, pursuant to which it committed to provide a charitable donation to the University in the aggregate amount of \$75,000. The Company will pay the Grant in eight quarterly installments of \$9,375, with the first payment made on or before October 2014 and the final payment to be made on or before July 31, 2016. Dr. Gerlach, from whom the Company purchased the CellMist™ System, is a professor at the University.

On May 1, 2015, the Company entered into the Option Agreement with Dr. Gerlach, pursuant to which the Company obtained a one-year exclusive option to evaluate certain technology for a fee of \$24,000, payable in four quarterly installments of \$6,000, with the first installment due on May 1, 2015. The final payment under the Option agreement was paid during the three months ended March 31, 2016.

On February 2, 2016, Kalen Capital Corporation exercised a portion of its Series B Warrant for 2,173,913 shares of our common stock at an exercise price of \$0.46 per share resulting in proceeds of \$1,000,000. Kalen Capital Corporation is wholly owned by Mr. Harmel S. Rayat, the Company's majority shareholder.

7. Subsequent Events

On July 20, 2016, the Company appointed Harold Safferstein to its Scientific Advisory Board and issued Mr. Safferstein a stock option to purchase up to 7,500 shares of the Company's common stock at a price of \$2.28 per share, the closing price of the Company's common stock as quoted on the OTCQB on July 19, 2016. The shares underlying the option may be exercised on a "cashless basis" using the formula contained therein and, subject to Mr. Safferstien's service with the Company the shares underlying the option vest on January 20, 2017.

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

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this Quarterly Report filed on Form 10-Q. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors.

This discussion and analysis should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes. The discussion and analysis of the financial condition and results of operations are based upon the unaudited interim consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. The estimates were based on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Critical accounting policies, the policies us believes are most important to the presentation of its financial statements and require the most difficult, subjective and complex judgments, are outlined below in "Critical Accounting Policies," and have not changed significantly.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "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, as well as information relating to RenovaCare, Inc. and its subsidiaries that is based on management's exercise of business judgment and assumptions made by and information currently available to management. Although forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. When used in this document and other documents, releases and reports released by us, the words "anticipate," "believe," "estimate," "expect," "intend," "the facts suggest" and words of similar import, are intended to identify any forward-looking statements. You should not place undue reliance on these forward-looking statements. These statements reflect our

current view of future events and are subject to certain risks and uncertainties as noted below. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results could differ materially from those anticipated in these forward-looking statements. Actual events, transactions and results may materially differ from the anticipated events, transactions or results described in such statements. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. Many factors could cause actual results to differ materially from our forward looking statements and unknown, unidentified or unpredictable factors could materially and adversely impact our future results. We undertake no obligation and do not intend to update, revise or otherwise publicly release any revisions to our forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of any unanticipated events. Several of these factors include, without limitation:

- our ability to meet requisite regulations or receive regulatory approvals in the United States, and our ability to retain any regulatory approvals that we may obtain; and the absence of adverse regulatory developments in the United States and abroad;
- new entrance of competitive products or further penetration of existing products in our markets;
- the effect on us from adverse publicity related to our products or the company itself; and
- any adverse claims relating to our intellectual property.

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The safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, apply to forward-looking statements made by us. The reader is cautioned that no statements contained in this Form 10-Q should be construed as a guarantee or assurance of future performance or results. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks described in this report and matters described in this report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur.

Overview

RenovaCare, Inc. (together with its wholly owned subsidiary, "**RenovaCare**" the "**Company**" "**we**" "**us**" or "**our**") was incorporated under the laws of the State of Nevada and has an authorized capital of 500,000,000 shares of \$0.00001 par value common stock, of which 69,955,847 shares are outstanding as of August 15, 2016, and 10,000,000 shares of \$0.0001 par value preferred stock, of which none are outstanding.

On January 7, 2014, we filed a Certificate of Amendment to Articles of Incorporation changing our name from "Janus Resources, Inc." to "RenovaCare, Inc." so as to more fully reflect our operations. The Financial Industry Regulatory Authority ("**FINRA**") declared the name change effective as of January 9, 2014. In conjunction with the name change, we changed our stock symbol on the OTCQB from "JANI" to "RCAR".

Our principal executive offices are located at 430 Park Avenue, Suite 702, New York, NY 10022. Our telephone number is (888) 398-0202.

As we are a smaller reporting company, we are not required to make certain disclosures otherwise required to be made in a Form 10-Q.

Description of Business

We are focusing on the acquisition, research, development and, if warranted, commercialization of autologous (using a patient's own cells) cellular therapies that can be used for medical and aesthetic applications. On July 12, 2013, we, through our wholly owned subsidiary, RenovaCare Sciences Corp., completed the acquisition of our flagship technologies (collectively, the "**CellMist™ System**") along with the associated United States patent applications and two (2) foreign patents, the first of which expires on August 22, 2027 and the second of which expires on April 26,

2031. The Cell Mist™ System is comprised of (a) a treatment methodology for cell isolation for the regeneration of human skin cells (the "**CellMist™ Solution**") and (b) a solution sprayer device (the "**SkinGun™**") for delivering the cells to the treatment area. The solution sprayer device also is a medical-grade liquid spraying device for general use in wound care and irrigation. We effected the acquisition of the SkinGun™ through an asset purchase agreement with Dr. Gerlach (the "**APA**"). Pursuant to the terms of the APA, as amended on September 9, 2014, we paid Dr. Gerlach an initial sum of \$100,000 and are obligated to pay him an additional \$300,000 in four installments: (a) \$100,000 on December 31, 2014; (b) \$50,000 on December 31, 2015; (c) \$50,000 on December 31, 2016; and (d) \$100,000 on December 31, 2017. Additionally, we issued to Dr. Gerlach a Series A Warrant allowing him to purchase up to 1,200,000 shares of our common stock at a purchase price of \$0.35 per share.

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The average adult human has a skin surface area of between 16 - 21 square feet, which protects all other organs against the external environment. When a person's skin is assailed by trauma or exposed to extreme heat, the skin's various layers may be destroyed and, depending on the severity of the injury, might cause life-threatening conditions. Currently, severe trauma to the skin, such as second or third degree burns, requires surgical mesh-grafting of skin, whereby healthy skin is removed from one area of the patient's body (a "**donor site**") and implanted on the damaged area. While mesh grafting is often the method of choice, we believe there are significant deficiencies with this method. The surgical procedure to remove healthy skin from the donor site can be painful and leaves the patient with a new wound that must also be attended to. In many instances the aesthetic results are not satisfying, as the color of the skin from the donor site may not match the skin color of the damaged skin. Additionally, since the ratio between the size of the wound area and the size of the donor site is quite low, i.e. the size of the skin removed must be substantially equal in size to the size of the damaged skin, the mesh-grafting approach is in many cases limited. Donor and injury sites can take weeks to heal, requiring expensive hospital stays, ongoing wound dressing management, and ever-changing anti-infection strategies. We are currently evaluating the efficacy and potential of our SkinGun™, in combination with our CellMist™ Solution, in the treatment of tissue that has been subject to severe trauma such as second and third degree burns. In small scale clinical trials, the SkinGun™ and cell isolation methodology have shown the ability to regenerate a more natural and thicker skin. The SkinGun™ utilizes the patient's own skin stem cells and is able to address much larger treatment areas and at the same time reduce the size of the donor site. Furthermore, we believe the SkinGun™ enables the effective treatment of other skin disorders with minimal scarring compared to skin grafting.

In a clinical study of 19 patients with deep dermal wound burns to the face and neck conducted in Berlin, Germany prior to our purchase of the CellMist™ System, researchers stated that, "careful surgical debridement and consecutive application of CEA [cultured epithelial auto graft] suspensions using a spray technique results in excellent cosmetic outcomes compared with any other method." The same researchers concluded that, "We refuse to perform a prospective randomized study with groups in which traditional skin grafting and/or wound healing are still applied for the therapy for deep dermal burns due to the excellent results in our study. ***The method of CEA spray application has become our standard of care for these indications. The faster wound closure, the promotion of spontaneous wound healing by keratinocyte application, as well as the preservation of donor sites are further advantages of the method.***" (Hartmann MD, Bernd, et al, "Sprayed Cultured Epithelial Autografts for Deep Dermal Burns of the Face and Neck" *Annals of Plastic Surgery*, 58.1(2007): 70-73. Print. ***emphasis added***). The CEA spray application used by the researchers in the publication refers to the SkinGun™ and related cell isolation methodology; Dr. Gerlach assisted in the study.

The development of our CellMist™ System is in the early stage and we anticipate that we will be required to expend significant time and resources to further develop our technology and determine whether a commercially viable product can be developed. Research and development of new technologies involves a high degree of risk and there is no assurance that our development activities will result in a commercially viable product. The long-term profitability of our operations will be, in part, directly related to the cost and success of our development programs, which may be affected by a number of factors.

Strategy

Our ultimate goal is to leverage the potential of our SkinGun™, together with our CellMist™ Solution, as cutting edge treatments in skin therapy. Before we can do so, however, there are a number of steps we must first take, including:

- initiating a series of clinical trials to determine the CellMist™ System's efficacy for treating wounds and burns;
- formalizing collaborations with universities and scientific partners;
- creating a network of clinical and research partners; and
- achieving Food and Drug Administration (the "**FDA**") and other regulatory approval.

Additionally, we will likely be required to raise significant capital in order to fund our ongoing research and development operations, and there is no guarantee that we will be able to raise such capital on acceptable terms, if at all.

Table of Contents**Results of Operations*****Three Months Ended June 30, 2016 versus June 30, 2015***

	For the Three Months Ended June 30,			
	2016	2015	\$ change	% change
Operating expenses				
Research and development	\$ 73,810	\$ 50,235	\$ 23,575	46.9
General and administrative	453,544	165,695	287,849	173.7
Net loss	\$ (527,354)	\$ (215,930)	\$ (311,424)	(144.2)

Six Months Ended June 30, 2016 versus June 30, 2015

	For the Six Months Ended June 30,			
	2016	2015	\$ change	% change
Operating expenses				
Research and development	\$ 185,632	\$ 111,625	\$ 74,007	66.3
General and administrative	1,122,613	369,502	753,111	203.8
Net loss	\$ (1,308,245)	\$ (481,127)	\$ 827,118	171.9

Operations

Our expenses consist primarily of research and development costs, professional fees and administrative costs. For the three months ended June 30, 2016 and 2015, research and development costs were \$73,810 and \$50,235, respectively; general and administrative expenses were \$453,544 and \$165,695, respectively. The research and development costs were incurred in connection with the development of the SkinGun™. The increase in general and administrative fees in the second quarter of 2016 of \$287,849 was due primarily to a new investor relations and branding program which cost \$228,913 in the second quarter, and a \$40,333 increase in legal fees related to the negotiation of a master clinical trial agreement.

As a result of the foregoing, net loss for the three months ended June 30, 2016 and 2015, was \$(527,354) and \$(215,930), respectively.

For the six months ended June 30, 2016 and 2015, research and development costs were \$185,632 and \$111,625, respectively, and increased as a result of \$75,065 of consulting work performed with respect to upcoming clinical trials. General and administrative expenses were \$1,122,613 and \$369,502, respectively. The increase in general and administrative fees of \$753,111 was due primarily to a new investor relations and branding program which cost \$415,437 this period, an increase in stock compensation expense of \$253,624 related to first quarter option grants, and a \$44,835 increase in legal fees related to the negotiation of a master clinical trial agreement.

As a result of the foregoing, net loss for the six months ended June 30, 2016 and 2015, was \$(1,308,245) and \$(481,127), respectively.

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Liquidity and Capital Resources

We currently finance our activities primarily by the private placement of our equity securities. There is no assurance that equity funding will be accessible to us at the times and in the amounts required to fund our ongoing operations. There are many conditions beyond our control, which have a direct bearing on the level of investor interest in the purchase of our securities.

We do not have any agreements or understandings with any person as to additional financing.

At June 30, 2016, we had cash of \$276,147 (December 2015: \$397,589) and working capital of \$138,141 (December 2015: \$172,099). Total liabilities as of June 30, 2016 were \$265,986 (December 2015: \$335,783).

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As discussed in Note 1 to the consolidated financial statements, we have incurred recurring operating losses since inception of \$10.3 million. We require additional funds to meet our obligations and maintain our operations. We have sufficient working capital to (i) pay our administrative and general operating expenses through September 30, 2016, and (ii) to conduct our preliminary research and development programs. We do not currently have cash flow from operations as we have no commercialized products; without cash flow from operations, we will need to obtain additional funds (presumably through equity offerings and/or debt borrowing) in order to implement our current research and development programs on the SkinGun™. If we are unable to obtain adequate funds, or if such funds are not available to us on acceptable terms, our ability to continue our business as planned will be significantly impaired and it may cause us to curtail operations.

Cash Flow

Operating activities: We used cash of \$1,121,442 for operating activities for the six months ended June 30, 2016 (2015: \$530,533). We have financed our operations through the sale of our equity securities.

Investing Activities: There were no investing activities during the six months ended June 30, 2016 and 2015.

Financing Activities: On February 2, 2016, Kalen Capital Corporation exercised a portion of its Series B Warrant for 2,173,913 shares of the Company's common stock at an exercise price of \$0.46 per share resulting in proceeds of \$1,000,000. On June 5, 2015, the Company entered into subscription agreements with five investors for the purchase and sale of an aggregate of 1,010,000 Units at a price of \$1.00 per Unit for total gross proceeds of \$1,010,000. Each Unit consists of one share of common stock and one Series D Warrant allowing the holder to purchase one share of the Company's common stock at a price of \$1.10 per share for a period of five years. The proceeds from the Offering were used research and development and general corporate purposes.

Dividends

We have neither declared nor paid any dividends on our common stock. We intend to retain our earnings to finance growth and expand our operations and do not anticipate paying any dividends on our common stock in the foreseeable future.

Fair Value of Financial Instruments and Risks

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The carrying value of cash and cash equivalents, contract and contribution payable and accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

Management is of the opinion that we are not exposed to significant interest or credit risks arising from these financial instruments.

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Market Risk Disclosures

We have not entered into derivative contracts either to hedge existing risks or for speculative purposes during or subsequent to the periods presented.

Off-balance Sheet Arrangements and Contractual Obligations

We do not have any off-balance sheet arrangements or contractual obligations at June 30, 2016, and the subsequent period to August 15, 2016, that are likely to have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in our consolidated financial statements.

Critical Accounting Policies

See "Note 2. Significant Accounting Policies" in the Notes to the Consolidated Financial Statements in this Form 10-Q.

Related Party Transactions

Our proposed business raises potential conflicts of interests between certain of our officers and directors and us. Certain of our directors are employees or consultants to other companies in the healthcare industry and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. Other than as indicated, we have no other procedures or mechanisms to deal with conflicts of interest. We are not aware of the existence of any conflict of interest as described herein.

Other than as disclosed below, during the three months ended June 30, 2016 and 2015, and the subsequent period, none of our current directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any

family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

For the three months ended June 30, 2016, directors' fees with respect to officers and directors of the Company were \$3,000 (2015: \$3,000). Legal fees incurred with respect to one of the Company's directors in the three months ended June 30, 2016 were \$54,665 (2015: \$28,125). For the six months ended June 30, 2016, directors' fees with respect to officers and directors of the Company were \$6,000 (2015: \$6,000). Legal fees incurred with respect to one of the Company's directors in the six months ended June 30, 2016 were \$91,515 (2015: \$67,105). Amounts included in accounts payable and accrued expenses, and due to related parties, were \$25,935 at June 30, 2016 and \$30,095 as of December 31, 2015.

In connection with our FDA filings, we engaged StemCell Systems to provide us with prototypes and related documents. Pursuant to this engagement we incurred expenses of \$36,000 and \$15,050 for the three months ended June 30, 2016 and 2015, respectively, and \$110,567 and \$59,960 for the six months ended June 30, 2016 and 2015, respectively. Dr. Gerlach, from whom we purchased the SkinGun™ technology, is a principal of StemCell Systems.

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On September 25, 2014, we entered into a Charitable Grant Agreement with the University, pursuant to which we committed to provide a charitable donation to the University in the aggregate amount of \$75,000. We will pay the Grant in eight quarterly installments of \$9,375, with the first payment made on or before October 2014 and the final payment to be made on or before July 31, 2016. Dr. Gerlach, from whom we purchased the SkinGun™ technology, is a professor at the University. Effective November 1, 2015, we entered into a Charitable Gift Agreement with the University, pursuant to which we committed to provide a charitable donation to the University in the aggregate amount of \$83,000. The Gift was paid in full in December 2015.

On May 1, 2015, we entered into the Option Agreement with Dr. Gerlach, pursuant to which the Company obtained a one-year exclusive option to evaluate the Technology, for the purpose of determining whether we would like to purchase or license the Technology. Pursuant to the terms of the Option Agreement, we will pay Dr. Gerlach a non-refundable fee of \$24,000, payable in four quarterly installments of \$6,000, with the first installment due on May 1, 2015. The \$24,000 option payment was recognized as research and development expense during the period ended December 31, 2015. At June 30, 2016, \$0 of the amount payable was recorded as current liabilities in the accompanying consolidated balance sheet.

On February 2, 2016, Kalen Capital Corporation exercised a portion of its Series B Warrant for 2,173,913 shares of our common stock at an exercise price of \$0.46 per share and rendered \$1,000,000 as payment. Kalen Capital Corporation is wholly owned by Mr. Harmel S. Rayat, our majority shareholder.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q for the three month period ended June 30, 2016, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation the CEO and the CFO have concluded that as of the end of the period

covered by this report, our disclosure controls and procedures are effective in ensuring that: (i) information required to be disclosed by us in reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes to internal control over financial reporting that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

Smaller reporting companies are not required to provide the information required by this item.

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

None

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Table of Contents**Item 6. Exhibits****Exhibit
No. Description of Exhibit**

3.1	Articles of incorporation (Incorporated by reference to Exhibit 3.1 of the Form S-8 filed on October 3, 2003).
3.2	Articles of Incorporation, as amended (Incorporated by reference to the Form 8-K filed on January 10, 2011).
3.3	Articles of Incorporation, as amended (Incorporated by reference to the Form 8-K filed on January 10, 2014).
3.4	Bylaws (Incorporated by reference to Exhibit 3.2 of the Form S-8 filed on October 3, 2003).
<u>31.1</u>	<u>Certification of Principal Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
<u>31.2</u>	<u>Certification of Principal Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
<u>32.1</u>	<u>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.*</u>
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension - Schema Document**
101.CAL	XBRL Taxonomy Extension - Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension - Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension - Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension - Presentation Linkbase Document**

* Filed herewith.

** 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.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15 (d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RenovaCare, Inc.

(Registrant)

Date: August 15, 2016

By: */s/ Rhonda B. Rosen*
Name: Rhonda B. Rosen
Chief Financial Officer (Principal
Title: Financial Officer)

Date: August 15, 2016

By: */s/ Thomas Bold*
Name: Thomas Bold
Chief Executive Officer (Principal
Title: Executive Officer)

;

(3

)

The Company's maximum Limit of Liability for this Telefacsimile Transmissions Insuring Clause is

\$25,000,000, which is part of \$55,000,000, and is subject to a deductible of \$100,000, which

applies to each and every loss.

(4

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Coverage under this endorsement shall terminate upon termination or cancellation of this Bond to which this endorsement is attached, and coverage under this endorsement may also be terminated or canceled without canceling the Bond as an entirety:

(i)
ninety (90) days after receipt by the ASSURED of written notice from the Company of its desire to terminate or cancel coverage under this endorsement,

or

(ii)
immediately upon receipt by the Company of a written request from the ASSURED to terminate or cancel coverage under this endorsement.

Q08-2346 (11/2013)

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(5) For purposes of this endorsement, the following terms shall apply:

"Telefacsimile" means a system of transmitting written documents by electronic signals over telephone lines to equipment maintained by the ASSURED for the purposes of reproducing a copy of said document. It does not mean electronic communication sent by Telex, TWX, or similar means of communication or through Electronic Communication System or through an Automated Clearing House.

"Forged Signature" means the handwritten signing of the name of another genuine person or the use of a copy of his signature without authority and with intent to cause the ASSURED to sustain a loss and to obtain financial benefit; it does not include the signing in whole or in part of one's own name, with or without authority, in any capacity, for any purpose.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Q08-2346 (11/2013)

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ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY

Endorsement/Rider No. 12

To be attached to and
form a part of Bond No. 81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY
D/B/A MFS INVESTMENT MANAGEMENT

AMEND EXTENDED FORGERY INSURING CLAUSE ENDORSEMENT

In consideration of the premium charged, it is agreed that this Bond is amended by deleting paragraph b. of Insuring Clause 5, Extended Forgery, and replacing it with the following:

- b. guaranteed in writing or witnessed any signature upon any transfer, assignment, bill of sale, power of attorney, guarantee, endorsement, or other obligation upon or in connection with any Securities, documents or other written instructions; or purportedly guaranteed in writing or witnessed any signature on any transfer, assignment, bill of sale, power of attorney, guarantee, endorsement, or other obligation upon or in connection with any Securities, documents or other written instructions which purported guarantee was effected by the unauthorized use of a stamp or medallion of or belonging to the ASSURED which was lost, stolen or counterfeited and for which loss the ASSURED is legally liable.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

Q08-2348(12/2008)

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ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY

Endorsement/Rider No. 13

To be attached to and
form a part of Policy
No. 81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY

CANCELLATION NOTICE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. The COMPANY will mark its records to indicate that the Department of Member Firms of the New York Stock Exchange located at 11 Wall Street, New York, NY 10005, is to be notified promptly concerning the cancellation, termination or substantial modification of the attached bond, whether at the request of the ASSURED or the COMPANY, and will use its best efforts to so notify said Department, but failure to so notify said Department shall not impair or delay the effectiveness of any such cancellation, termination or modification.
2. Should this Bond be canceled, reduced, non-renewed or restrictively modified by the COMPANY, the COMPANY will to give thirty (30) days advance notice to Los Angeles Department of Water and Power Risk Management Section, P.O. Box 51111, Room 465, Los Angeles, CA 90051-5700, unless an earlier date of such cancelation is approved by the Los Angeles Department of Water and Power Risk Management Section.
3. Should this Bond be canceled or reduced at the request of the ASSURED, the COMPANY will notify

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Los Angeles Department of Water and Power Risk Management Section, P.O.
Box 51111, Room

465, Los Angeles, C

after receipt of such request, unless an earlier date of such cancelation is approved by the Los Angeles Department of Water and Power Risk Management Section.

A
90051-5700,
of such
cancellation or
reduction
within ten
(10) business
days

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Q12-1858 (11/2014)

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ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 14
To be attached to and
form a part of Bond No. 81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY
D/B/A MFS INVESTMENT MANAGEMENT
DELETING VALUATION-OTHER PROPERTY AND AMENDING CHANGE OR
MODIFICATION

ENDORSEMENT

In consideration of the premium charged, it is agreed that this Bond is amended as follows:

1. The paragraph titled Other Property in Section 9, Valuation, is deleted in its entirety.
2. The third paragraph in Section 16, Change or Modification, is deleted in its entirety and replaced with the following:
If this Bond is for a joint ASSURED, no change or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured Investment Companies and the Securities and Exchange Commission, Washington, D.C., by the COMPANY.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

17-02-2437 (12/2006) rev.

FEDERAL INSURANCE COMPANY

Endorsement No:

15

Bond Number:

81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT

MANAGEMENT

TERMINATION-NONRENEWAL-NOTICE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding to Section 13., Termination, the following:

"Termination By The Company

Bonds In Effect For More Than Sixty (60) Days

If this Bond has been in effect for more than sixty (60) days, or, if this Bond is a renewal, the COMPANY may terminate by providing written notice of cancellation at least sixty (60) days before the

effective date of termination for at least one of the following reasons:

1. Nonpayment of premium;
2. Discovery of fraud or material misrepresentation in obtaining this Bond or in the presentation of a claim thereunder;
3. Discovery of willful or reckless acts or omissions or violation of any provision of this Bond on the part of the ASSURED which substantially and materially increases any hazard insured against, and which occurred subsequent to the inception of the current BOND PERIOD;
4. Conviction of the ASSURED of a crime arising out of acts increasing the hazard insured against;
5. Material change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, except to the extent that the COMPANY should reasonably have foreseen the change, or contemplated the risk when the contract was written;
6. Determination by the Commissioner that the continuation of the Bond would jeopardize a COMPANY'S solvency or would place the COMPANY in violation of the insurance laws of any state;
7. Determination by the Commissioner that continuation of the present premium volume of the COMPANY would jeopardize the COMPANY'S policyholders, creditors or the public;
8. Such other reasons that are approved by the Commissioner;
9. Determination by the Commissioner that the COMPANY no longer has adequate reinsurance to meet the ASSUREDS needs;

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10. Substantial breaches of contractual duties, conditions or warranties; or
11. Unfavorable underwriting facts, specific to the ASSURED, existing that were not present at the inception of the Bond.

ICAP Bond
Form 17-02-1360 (Rev. 10-99)

Page 1

Bonds In Effect Sixty (60) Days Or Less

If this Bond has been in effect for sixty (60) days or less, and it is not a renewal Bond, the COMPANY may terminate for any reason by providing written notice of termination at least sixty (60) days before the effective date of termination.

Notice Of Termination

Notice of termination under this Section shall be mailed or delivered, by certified mail, return receipt provided by the United States Postal Service, to the ASSURED and to the authorized agent or broker, if any, at least sixty (60) days prior to the effective date of cancellation at the address shown on the DECLARATIONS of this Bond.

If this Bond is cancelled for nonpayment of premium, the COMPANY will mail or deliver, by certified mail, return receipt provided by the United States Postal Service, a written notice at least thirty (30) days before the effective date of cancellation. The cancellation notice shall contain information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation.

All notice of cancellation shall state the reason(s) for cancellation.

There is no liability on the part of, and no cause of action of any nature shall arise against, the COMPANY, its authorized representatives, its employees, or any firm, person or corporation furnishing to the COMPANY, information relating to the reasons for cancellation or nonrenewal, for any statement made by them in complying or enabling the COMPANY to comply with this Section, for the provision of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith, if such information was provided in good faith and without malice.

Notice Of Nonrenewal

If the COMPANY elects not to renew this Bond, the COMPANY shall mail or deliver written notice, by certified mail, return receipt, provided by the United States Postal Service, to the ASSURED, at his last known address, at least sixty (60) days before the expiration date or before the anniversary date, if this

Bond has been written for a term of more than one (1) year. Such notice shall also be mailed to the ASSURED'S agent or broker, if any.

Such notice shall contain all of the following:

a.

Bond Number:

- b. Date of Notice;
- c. Reason for Cancellation;
- d. Expiration Date of the Bond;
- e. Effective Date and Hour of Cancellation.

Notice of nonrenewal shall not be required if the COMPANY or a COMPANY within the same insurance group has offered to issue a renewal Bond, the ASSURED has obtained replacement coverage or has agreed in writing to obtain replacement coverage, the ASSURED has requested or agreed to nonrenewal, or the Bond is expressly designated as nonrenewable.

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Return Premium Calculations

Any unearned premiums which have been paid by the ASSURED shall be refunded to the ASSURED on a pro rata basis if terminated by the COMPANY or the ASSURED. The unearned premiums shall be refunded to the ASSURED within forty-five (45) days of receipt of the request for cancellation or the effective date of cancellation, whichever is later.

Conditional Renewal

If the COMPANY offers or purports to renew the Bond, but on less favorable terms or at higher rates, the new terms or higher premiums may take effect on the renewal date, if the COMPANY mails or delivers by certified mail, return receipt provided by the United States Postal Service, to the ASSURED, notice of the new terms or premiums at least sixty (60) days prior to the renewal date. If the COMPANY notifies the ASSURED within sixty (60) days prior to the renewal date, the new terms or premiums do not take effect until sixty (60) days after the notice is mailed or delivered, in which case, the ASSURED may elect to cancel the renewal Bond within the sixty (60) day period. If the COMPANY does not notify the ASSURED of the new terms or premiums, the COMPANY shall continue the Bond at the expiring terms and premiums until notice is given or until the effective date of replacement coverage is obtained by the ASSURED, whichever occurs first.”

2. It is further understood and agreed that for the purposes of Section 13., Termination, any occurrence listed in this Section shall be considered to be a request by the ASSURED to immediately terminate this Bond.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

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Form
17-02-1360 Page 3
(Rev. 10-99)

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY

Endorsement/Rider No. 16

To be attached to and
form a part of Policy No. 81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY
D/B/A MFS INVESTMENT MANAGEMENT

AMEND TERMINATION SECTION ENDORSEMENT

In consideration of the premium charged, it is agreed that Section 13, Termination, of the Conditions and Limitations of this bond is amended as follows:

1. The first two paragraphs are deleted and replaced with the following:
The COMPANY may terminate this bond as an entirety by furnishing written notice specifying the termination date which cannot be prior to ninety (90) days after the receipt of such written notice by Legal Department of fund and/or sponsor and/or the Risk Management Department of each Investment Company named as ASSURED and the Securities and Exchange Commission, Washington, D.C. The ASSURED may terminate this bond as an entirety by furnishing written notice to the COMPANY. When the ASSURED cancels, the ASSURED shall furnish written notice to the Securities and Exchange Commission, Washington, D.C. prior to ninety (90) days before the effective date of the termination. The COMPANY shall notify all other Investment Companies named as ASSURED of the receipt of such termination notice and the termination cannot be effective prior to ninety (90) days after receipt of written notice by all other Investment Companies. Premiums are earned until the termination date as set forth herein.
2. The last paragraph is deleted and replaced with the following:
The COMPANY may terminate coverage as respects any Employee ninety (90) days after written notice is received by each ASSURED Investment Company and the Securities and Exchange

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Commission, Washington, D.C. of its desire to terminate this Bond as to such Employee.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

Q09-393 (2/2009) Page 1

FEDERAL INSURANCE COMPANY

Endorsement No.:

17

Bond Number:

81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT

MANAGEMENT

AUTOMATIC ACQUISITION DOLLAR THRESHOLD ENDORSEMENT

It is agreed that this Bond is amended by deleting in its entirety General Agreement C., Additional Offices or Employees-Consolidation, Merger or Purchase or Acquisition of Assets or Liabilities-Notice To Company, and substituting the following:

C. Additional Offices or Employees-Consolidation, Merger or Purchase or Acquisition Of Assets or Liabilities-Notice To Company

If the ASSURED, other than an Investment Company, while this Bond is in force, merges or consolidates with, or purchases or acquires assets or liabilities of another institution, the ASSURED shall not have the coverage afforded under this Bond for loss which has:

- (1) occurred or will occur on premises,
- (2) been caused or will be caused by an employee, or
- (3) arisen or will arise out of the assets or liabilities,

of such institution, unless the ASSURED:

- a. gives the COMPANY written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and
- b. obtains the written consent of the COMPANY to extend some or all of the coverage provided by this Bond to such additional exposure, and
- c. on obtaining such consent, pays to the COMPANY an additional premium.

Notwithstanding anything stated above to the contrary, the COMPANY hereby agrees to provide coverage which shall be effective on the date of acquisition under this Bond for those acquired institutions in which the ASSURED owns greater than fifty percent (50%) of the voting stock or voting rights either directly or through one or more of its subsidiaries for the remainder of the BOND PERIOD, with no additional premium, provided the acquired institution meets all of the following conditions:

- i. the assets shall not exceed \$1,000,000,000,
- ii. there shall be neither any paid nor pending Bond claim for the three (3) year period prior to the date of acquisition, and
- iii. the ASSURED is not aware of any disciplinary action or proceeding by State or Federal officials involving the acquired institution as of the date of acquisition.

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(Ed. 3-04)

The COMPANY further agrees that as respects any acquisition that involves a State or Federal regulatory assisted acquisition or assumption of assets and/or liabilities, coverage shall be provided under this Bond for the remainder of the BOND PERIOD as long as conditions i. and ii. above are met. As respects such acquisition or assumption of assets and/or liabilities, coverage applies only to a Single Loss fully sustained by the ASSURED on or after the date of such acquisition or assumption. All of the circumstances, conditions or acts causing or contributing to a Single Loss must occur on or after the date of such acquisition or assumption for coverage to apply regardless of the time such loss is discovered by the ASSURED.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

ICAP Bond
Form
17-02-6246 Page 2
(Ed. 3-04)

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY

Endorsement/Rider No.

18

To be attached to and
form a part of Bond No.

81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY

AUTOMATIC INCREASE IN LIMITS ENDORSEMENT

In consideration of the premium charged, it is agreed that GENERAL AGREEMENTS, Section C. Additional Offices Or Employees-Consolidation, Merger Or Purchase Or Acquisition Of Assets Or Liabilities-Notice To Company, is amended by adding the following subsection:

Automatic Increase in Limits for Investment Companies

If an increase in bonding limits is required pursuant to rule 17g-1 of the Investment Company Act of 1940 ("the Act"), due to:

- (i) the creation of a new Investment Company, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution; or
 - (ii) an increase in asset size of current Investment Companies covered under this Bond,
- then the minimum required increase in limits shall take place automatically without payment of additional premium for the remainder of the BOND PERIOD.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

14-02-14098 (04/2008)

FEDERAL INSURANCE COMPANY

Rider No.: 19

Bond Number: 81391896

Name of Insured:

MASSACHUSETTS FINANCIAL
SERVICES COMPANY
D/B/A MFS INVESTMENT
MANAGEMENT

It is agreed that:

1. “Employee” as used in the attached bond shall include any natural person who is a director or trustee of the Insured while such director or trustee is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the Insured or any natural person who is a trustee, manager, officer or employee of any such Plan.
2. If the bond, in accordance with the agreements, limitations and conditions thereof, covers loss sustained by two or more Employee Welfare or Pension Benefit Plans or sustained by any such Plan in addition to loss sustained by an Insured other than such Plan, it is the obligation of the Insured or the Plan Administrator(s) of such Plans under Regulations published by the Secretary of Labor implementing Section 13 of the Welfare and Pension Plans Disclosure Act of 1958 to obtain under one or more bonds issued by one or more Insurers an amount of coverage for each such Plan at least equal to that which would be required if such Plans were bonded separately.
3. In compliance with the foregoing, payment by the Company in accordance with the agreements, limitations and conditions of the bond shall be held by the Insured, or, if more than one, by the Insured first named, for the use and benefit of any Employee Welfare or Pension Benefit Plan sustaining loss so covered and to the extent that such payment is in excess of the amount of coverage required by such Regulations to be carried by said Plan sustaining such loss, such

excess shall be held for the use and benefit of any other such Plan also covered in the event that such other Plan discovers that it has sustained loss covered thereunder.

4. If money or other property of two or more Employee Welfare or Pension Benefit Plans covered under the bond is commingled, recovery for loss of such money or other property through fraudulent or dishonest acts of Employees shall be shared by such Plans on a pro rata basis in accordance with the amount for which each such Plan is required to carry bonding coverage in accordance with the applicable provisions of said Regulations.
5. The Deductible Amount of this bond applicable to loss sustained by a Plan through acts committed by an Employee of the Plan shall be waived, but only up to an amount equal to the amount of coverage required to be carried by the Plan because of compliance with the provisions of the Employee Retirement Income Security Act of 1974.

ERISA RIDER
TO COMPLY WITH BONDING REGULATIONS MADE
APPLICABLE TO THE EMPLOYEE RETIREMENT
INCOME SECURITY ACT OF 1974.

NOTE: This rider should not be used for any insured exempted from the bonding provisions of the Act.

REVISED TO JUNE, 1990.

SR 6145b

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6. Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the bond, other than as stated herein.
7. This rider is effective as of 12:01 a.m. on November 1, 2015.

Accepted:

Date: March 1, 2016

ERISA RIDER
TO COMPLY WITH BONDING REGULATIONS MADE
APPLICABLE TO THE EMPLOYEE RETIREMENT
INCOME SECURITY ACT OF 1974.

NOTE: This rider should not be used for any insured exempted from the bonding provisions of the Act.

REVISED TO JUNE, 1990.

SR 6145b

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FEDERAL INSURANCE COMPANY
Endorsement No.: 20
Bond Number: 81391896
NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY
D/B/A MFS INVESTMENT
MANAGEMENT

AMEND DISCOVERY ENDORSEMENT

It is agreed that this Bond is amended by deleting Section 6., Discovery, in its entirety and substituting the following:

6. Discovery
This Bond applies only to loss first discovered by the Risk Management Department or Department of General Counsel of the ASSURED during the BOND PERIOD. Discovery occurs at the earlier of the Risk Management Department or Department of General Counsel of the ASSURED being aware of:
- a. facts which may subsequently result in a loss of a type covered by this Bond, or
 - b. an actual or potential claim in which it is alleged that the ASSURED is liable to a third party,
- regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable DEDUCTIBLE AMOUNT, or the exact amount or details of loss may not then be known.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

ICAP Bond

Form 17-02-6260 (Ed. 6-04)

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 21
To be attached to and
form a part of Policy No. 81391896

Issued to: MASSACHUSETTS FINANCIAL SERVICES COMPANY
D/B/A MFS INVESTMENT MANAGEMENT

AMEND NAME OF ASSURED (NEW FUNDS) ENDORSEMENT

In consideration of the premium charged, is agreed that:

1. The NAME OF ASSURED, as set forth on the DECLARATIONS of this Bond, shall include any newly created, merged, consolidated or terminated registered investment company sponsored by an ASSURED or any newly created portfolio of an ASSURED. Provided, however, that this provision shall not apply to a registered investment company that is created as a result of a merger, consolidation or acquisition with any other registered investment company.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Q09-1831 (11/2009)

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FEDERAL INSURANCE COMPANY

Endorsement No.: 22

Bond Number:

81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT
MANAGEMENT

JOINT LOSS PAYEE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. At the written request of the Named ASSURED, any payment in satisfaction of loss covered by this Bond involving money, securities or other Property in which The Office of the City Attorney has an interest shall be paid by an instrument issued to that organization and the Named ASSURED as Joint Loss-Payees, subject to the following conditions and limitations:
 - a. The attached Bond is for the sole use and benefit of the Named ASSURED as expressed herein. The organization named above shall not be considered as an ASSURED under this Bond, nor shall it otherwise have any rights or benefits under said Bond.
 - b. Notwithstanding any payment made under the terms of this Endorsement or the execution of more than one of such similar Endorsement, the amount paid for any one loss occurrence or otherwise in accordance with the terms of this bond shall not exceed the LIMIT OF LIABILITY as set forth in the DECLARATIONS.
 - c. Nothing herein is intended to alter the terms, conditions and limitations of this Bond.
2. Should this Bond be canceled, reduced, non-renewed or restrictively modified by the COMPANY, the COMPANY will endeavor to give thirty (30) days advance notice to The Office of the City Attorney but failure to do so shall not impair or delay the effectiveness of any such cancellation, reduction, non-renewal or restrictive modification, nor shall the COMPANY be held liable in any way.
- 3.

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Should this Bond be canceled or reduced at the request of the ASSURED, the COMPANY will endeavor to notify The Office of the City Attorney of such cancellation or reduction within ten (10) business days after receipt of such request, but failure to do so shall not impair or delay the effectiveness of such cancellation or reduction, nor shall the COMPANY be held liable in any way.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

Form 17-02-4771 (Ed. 9-02)

FEDERAL INSURANCE COMPANY

Endorsement No.: 23

Bond Number: 81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT
MANAGEMENT

JOINT LOSS PAYEE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. At the written request of the Named ASSURED, any payment in satisfaction of loss covered by this Bond involving money, securities or other Property in which Teachers' Retirement System of Louisiana (8401 United Plaza Boulevard, Baton Rouge, LA 70809-7017) has an interest shall be paid by an instrument issued to that organization and the Named ASSURED as Joint Loss-Payees, subject to the following conditions and limitations:
 - a. The attached Bond is for the sole use and benefit of the Named ASSURED as expressed herein. The organization named above shall not be considered as an ASSURED under this Bond, nor shall it otherwise have any rights or benefits under said Bond.
 - b. Notwithstanding any payment made under the terms of this Endorsement or the execution of more than one of such similar Endorsement, the amount paid for any one loss occurrence or otherwise in accordance with the terms of this bond shall not exceed the LIMIT OF LIABILITY as set forth in the DECLARATIONS.
 - c. Nothing herein is intended to alter the terms, conditions and limitations of this Bond.
2. Should this Bond be canceled, reduced, non-renewed or restrictively modified by the COMPANY, the COMPANY will endeavor to give thirty (30) days advance notice to Teachers' Retirement System of Louisiana (8401 United Plaza Boulevard, Baton Rouge, LA 70809-7017) but failure to do so shall not

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impair or delay the effectiveness of any such cancellation, reduction, non-renewal or restrictive modification, nor shall the COMPANY be held liable in any way.

3. Should this Bond be canceled or reduced at the request of the ASSURED, the COMPANY will endeavor to notify Teachers' Retirement System of Louisiana (8401 United Plaza Boulevard, Baton Rouge, LA 70809-7017) of such cancellation or reduction within ten (10) business days after receipt of such request, but failure to do so shall not impair or delay the effectiveness of such cancellation or reduction, nor shall the COMPANY be held liable in any way.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

Form 17-02-4771 (Ed. 9-02)

FEDERAL INSURANCE COMPANY

Endorsement No.: 24

Bond Number: 81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT
MANAGEMENT

JOINT LOSS PAYEE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. At the written request of the Named ASSURED, any payment in satisfaction of loss covered by this Bond involving money, securities or other Property in which KP International Equity Fund c/o SEI, 1 Freedom Valley Drive, Oaks PA 19456 has an interest shall be paid by an instrument issued to that organization and the Named ASSURED as Joint Loss-Payees, subject to the following conditions and limitations:
 - a. The attached Bond is for the sole use and benefit of the Named ASSURED as expressed herein. The organization named above shall not be considered as an ASSURED under this Bond, nor shall it otherwise have any rights or benefits under said Bond.
 - b. Notwithstanding any payment made under the terms of this Endorsement or the execution of more than one of such similar Endorsement, the amount paid for any one loss occurrence or otherwise in accordance with the terms of this bond shall not exceed the LIMIT OF LIABILITY as set forth in the DECLARATIONS.
 - c. Nothing herein is intended to alter the terms, conditions and limitations of this Bond.
2. Should this Bond be canceled, reduced, non-renewed or restrictively modified by the COMPANY, the COMPANY will endeavor to give thirty (30) days advance notice to KP International Equity Fund c/o

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SEI, 1 Freedom Valley Drive, Oaks PA 19456 but failure to do so shall not impair or delay the effectiveness of any such cancellation, reduction, non-renewal or restrictive modification, nor shall the COMPANY be held liable in any way.

3. Should this Bond be canceled or reduced at the request of the ASSURED, the COMPANY will endeavor to notify KP International Equity Fund c/o SEI, 1 Freedom Valley Drive, Oaks PA 19456 of such cancellation or reduction within ten (10) business days after receipt of such request, but failure to do so shall not impair or delay the effectiveness of such cancellation or reduction, nor shall the COMPANY be held liable in any way.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

FEDERAL INSURANCE COMPANY

Endorsement No.: 25

Bond Number: 81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES COMPANY

D/B/A MFS INVESTMENT
MANAGEMENT

JOINT LOSS PAYEE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. At the written request of the Named ASSURED, any payment in satisfaction of loss covered by this Bond involving money, securities or other Property in which KP Large Cap Equity Fund c/o/ SEI, 1 Freedom Valley Drive, Oaks PA 19456 has an interest shall be paid by an instrument issued to that organization and the Named ASSURED as Joint Loss-Payees, subject to the following conditions and limitations:
 - a. The attached Bond is for the sole use and benefit of the Named ASSURED as expressed herein. The organization named above shall not be considered as an ASSURED under this Bond, nor shall it otherwise have any rights or benefits under said Bond.
 - b. Notwithstanding any payment made under the terms of this Endorsement or the execution of more than one of such similar Endorsement, the amount paid for any one loss occurrence or otherwise in accordance with the terms of this bond shall not exceed the LIMIT OF LIABILITY as set forth in the DECLARATIONS.
 - c. Nothing herein is intended to alter the terms, conditions and limitations of this Bond.
2. Should this Bond be canceled, reduced, non-renewed or restrictively modified by the COMPANY, the COMPANY will endeavor to give thirty (30) days advance notice to KP Large Cap Equity Fund c/o/ SEI, 1 Freedom Valley Drive, Oaks PA 19456 but failure to do so shall not impair or delay the

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effectiveness of any such cancellation, reduction, non-renewal or restrictive modification, nor shall the COMPANY be held liable in any way.

3. Should this Bond be canceled or reduced at the request of the ASSURED, the COMPANY will endeavor to notify KP Large Cap Equity Fund c/o/ SEI, 1 Freedom Valley Drive, Oaks PA 19456 of such cancellation or reduction within ten (10) business days after receipt of such request, but failure to do so shall not impair or delay the effectiveness of such cancellation or reduction, nor shall the COMPANY be held liable in any way.

This Endorsement applies to loss discovered after 12:01 a.m. on November 1, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: March 1, 2016

Form 17-02-4771 (Ed. 9-02)

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: November 1, 2015

FEDERAL INSURANCE COMPANY

Endorsement/Rider No. 26

To be attached to and
form a part of Policy No. 81391896

Issued to:

MASSACHUSETTS FINANCIAL SERVICES
COMPANY
D/B/A MFS INVESTMENT
MANAGEMENT

AMEND OTHER INSURANCE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- (1) Section 14., Other Insurance, of this Bond is amended to add the following paragraph to the end thereof:

Notwithstanding anything to the contrary contained in the foregoing paragraph, the coverage under this Bond shall apply specifically excess over the "Other Policy/Bond" scheduled below, or any renewal or replacement thereof; provided that this excess coverage provided under this Bond shall be subject to all of the terms, conditions, limitations and other provisions of this Bond, and in no event shall this Bond be construed to be subject to any terms, conditions, limitations or other provisions of the Other Policy/Bond or any other insurance, indemnity or suretyship policy/bond.

SCHEDULED OTHER POLICY/BOND

ASSURED	Carrier	Policy/Bond Number	Policy/Bond Limit of Liability	Policy/Bond Deductible
MFS- Offshore MFS Investment Mgmt.	Federal Insurance Co.	82179304	\$ 9,000,000	\$ 50,000

(2)

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Payment of deductibles and payment of loss under the “Other Policy/Bond” set forth in the schedule above for a loss shall serve to reduce the applicable deductible under the attached Bond for that same loss.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

Q11-583 (3/2011)

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FEDERAL INSURANCE COMPANY

Endorsement No.: 27

Bond Number: 81391896

NAME OF ASSURED: MASSACHUSETTS FINANCIAL SERVICES
COMPANY

D/B/A MFS INVESTMENT MANAGEMENT

CO-SURETY ENDORSEMENT

- In consideration of the premium charged, it is agreed that with respect to this endorsement:
- (1) The following terms shall have the following meanings:
Controlling Company means Federal Insurance Company

Company means, unless otherwise specified, each insurance company, including the Controlling Company, executing this endorsement.

Companies means, unless otherwise specified, all of the insurance companies, including the Controlling Company, executing this endorsement.
 - (2) The following is added to Subsection 5, Limit of Liability/Non-Reduction and Non-Accumulation of Liability, of the Conditions and Limitations section:
Each Company shall be liable only for such portion of each loss as underwritten by such Company, as specified in this Endorsement, but in no event shall any Company be liable for an amount greater than that underwritten by it.
 - (3) The following is added to Subsection 7, Notice to Company – Proof - Legal Proceedings Against the Company, of the Conditions and Limitations section:
In the absence of a request from any Company to pay premiums directly to it, premiums for this Bond may be paid to the Controlling Company for the account of all Companies. In the absence

- (4) of a request from any Company that notice of loss and proof of loss be given to or filed directly with it, the ASSURED giving such notice to and the filing of such proof with the Controlling Company shall be deemed to be in compliance with the conditions of this Bond for the giving of notice of loss and the filing of proof of loss, if given and filed in accordance with said conditions. The following is added to Subsection 13, Termination, of the Conditions and Limitations section:
- The Controlling Company may give notice in accordance with the terms of this Bond terminating the Bond as an entirety or as to any Employee or ASSURED, and any notice so given shall terminate the liability of all Companies as an entirety or as to such Employee or ASSURED, as the case may be.
- Any Company other than the Controlling Company may give notice in accordance with the terms of this Bond, terminating the entire liability of such other Company under this Bond or as to any person or entity.
- In the absence of a request from any Company that notice of termination by the ASSURED of this Bond in its entirety may be given to or filed directly with it, the giving of such notice in accordance with the terms of this Bond to the Controlling Company shall terminate the liability of all Companies as an entirety. The ASSURED may terminate the entire liability of any Company, under this Bond by giving notice of such termination to that Company and by sending a copy of such notice to the Controlling Company.
- In the event of the termination of this Bond as an entirety, no Company shall be liable to the ASSURED for a greater proportion of any return premium due the ASSURED than the percentage underwritten by that Company.

Q08-2344 (12/2008)

In the event of the termination of this Bond as to any Company, such Company alone shall be liable to the ASSURED for any return premium due the ASSURED on account of such termination. The termination of the attached Bond as to any Company other than the Controlling Company shall not terminate or otherwise affect the liability of the other Companies under this Bond.

(5) It is agreed that the execution by the Controlling Company of the Declarations and all endorsements shall constitute execution by all Companies signing this endorsement.

(6) The following section is added:
Claims Control
The Controlling Company shall investigate, adjust and settle all claims arising under this Bond on behalf of all Companies. However, the Controlling Company shall not settle any claim which is considered binding on behalf of each Company individually for its proportion of any loss, without the prior written consent of each Company, which consent shall not be unreasonably withheld. The Companies shall be entitled to any and all particulars of any such claim and the Controlling Company shall provide each Company with prompt notice of any significant changes in the status or development of any claim, including reserve changes and settlement negotiations.

In no event shall the Controlling Company be liable for more than its proportionate share of loss as stated in this endorsement. The Companies shall be liable for their proportionate share of allocated loss expense incurred by the Controlling Company associated with any claim made under the Bond.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Underwritten for a SINGLE LOSS

FEDERAL INSURANCE COMPANY

LIMIT OF LIABILITY of \$25,000,000

Controlling Company
CHUBB & SON
A division of Federal Insurance Company
Manager

Date: March 1, 2016

Underwritten for a SINGLE LOSS
LIMIT OF LIABILITY of \$31,000,000

ICI Mutual Insurance Company

By
Authorized Representative

Q08-2344 (12/2008)

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POLICYHOLDER
DISCLOSURE NOTICE OF
TERRORISM INSURANCE COVERAGE
(for policies with no terrorism exclusion or sublimit)

Insuring Company:

You are hereby notified that, under the Terrorism Risk Insurance Act (the “Act”), this policy makes available to you insurance for losses arising out of certain acts of terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage. Beginning in 2016, the Federal share will be reduced by 1% per year until it reaches 80%, where it will remain.

However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

10-02-1281 (Ed. 03/2015)

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: \$ -0-.

If you have any questions about this notice, please contact your agent or broker.

10-02-1281 (Ed. 03/2015)

IMPORTANT NOTICE TO POLICYHOLDERS

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter “Chubb”) distribute their products through licensed insurance brokers and agents (“producers”). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at www.chubb.com, or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.

10-02-1295 (ed. 6/2007)

Important Notice:

The SEC Requires Proof of Your Fidelity Insurance Policy

Your company is now required to file an electronic copy of your fidelity insurance coverage (Chubb's ICAP Bond policy) to the Securities and Exchange Commission (SEC), according to rules adopted by the SEC on June 12, 2006.

Chubb is in the process of providing your agent/broker with an electronic copy of your insurance policy as well as instructions on how to submit this proof of fidelity insurance coverage to the SEC. You can expect to receive this information from your agent/broker shortly.

The electronic copy of your policy is provided by Chubb solely as a convenience and does not affect the terms and conditions of coverage as set forth in the paper policy you receive by mail.

The terms and conditions of the policy mailed to you, which are the same as those set forth in the electronic copy, constitute the entire agreement between your company and Chubb.

If you have any questions, please contact your agent or broker.

Form 14-02-12160 (ed. 7/2006)