

SKINVISIBLE INC  
Form 10-K  
April 14, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**FORM 10-K**

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2015**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-25911**

**Skinvisible, Inc.**

(Exact name of registrant as specified in its charter)

**Nevada**

**88-0344219**

(State or other  
jurisdiction of  
incorporation or  
organization)

(I.R.S. Employer Identification No.)

**6320 South**

**Sandhill Road,**

**Suite 10, Las**

**Vegas, NV**

**89120**

(Address of  
principal executive (Zip Code)  
offices)

Registrant's  
telephone number:

**702.433.7154**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
<b><u>None</u></b>	<b><u>not applicable</u></b>

Securities registered under Section 12(g) of the Exchange Act:

Title of each class  
**Common Stock, par value \$0.001**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes [ ] No [X]

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer  Accelerated filer  
 Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$3,431,692

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 117,001,969 common shares as of February 18, 2016

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**PART I**

**Item 1. Business**

**Company Overview**

We, through our wholly owned subsidiary Skinvisible Pharmaceuticals Inc., are a pharmaceutical research and development (“R&D”) company that has developed and patented an innovative polymer delivery system, Invisicare® and formulated over forty topical skin products, which we out-license globally. We were incorporated in 1998, and target an estimated \$80 billion global skincare and dermatology market and a \$30 billion global over-the-counter market as well as other healthcare / medical and consumer goods markets.

With the research and development complete on forty products and numerous patents issued (technology and product patents), we are ready to monetize our investment. Our business model will continue to be to out-license our patented prescription and over-the-counter (“OTC”) products featuring Invisicare to established manufacturers and marketers of brands internationally and to maximize profits from the products we have already out-licensed. We have also formed a commercial subsidiary, Kintari USA Inc., in order to take our cosmeceutical and select OTC products with Invisicare to market.

The opportunity for us to license our products continues to be a viable model as the need for pharmaceutical companies to access external R&D companies for new products due to their own down-sizing or elimination of internal R&D departments. The demand for our products is enhanced due to the granting of key US and international patents and the completed development of a number of unique products.

***Our Flagship Product***

Pivotal to our success is our patented polymer delivery system technology Invisicare. Invisicare is a patented polymer delivery system that enhances the delivery of active ingredients for topically applied skin care products. Its patented technology has a unique formula and process for combining active ingredients with a delivery system that extends the duration of time the product remains on the skin and active.

Invisicare is specifically formulated to carry water insoluble active and certain cationic active ingredients in water-based products without the use of alcohol, silicones, waxes, or other organic solvents. Products utilizing Invisicare have the proven ability to bond active ingredients to the skin for up to four hours and longer. They are non-occlusive and allow normal skin respiration and perspiration while moisturizing and protecting against exposure

from a wide variety of environmental irritants.

When topically applied, these formulated products adhere to the skin's outer layers, forming a protective bond, resisting wash-off, and delivering targeted levels of therapeutic or cosmetic skincare agents to the skin. They allow enhanced delivery performance for a variety of skincare agents resulting in improved efficacy, longer duration of action, reduced irritation and lower dosage of active agent required. The "invisible" polymer compositions wear off as part of the natural exfoliation process of the skin's outer layer cells.

The advantage of products formulated with Invisicare is (1) Invisicare's ability to bind active ingredients (the drug) to the skin, forming a protective bond on the skin, for extended periods of time - some up to eight hours or more; (2) Invisicare can deliver targeted levels (high or low) of therapeutic or cosmetic ingredients to the skin in a controlled release; (3) Invisicare can help to reduce the irritation of some active ingredients due to how it controls the slower

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release of that active ingredient; and (4) Invisicare science proves that it provides a protective skin barrier which helps retain the natural moisture content of the skin, while still allowing it to breathe. These benefits present an excellent opportunity for clear scientific advantages and marketing messages which resonate with physicians and consumers.

## *The Market*

The dermatology market is large, with over 80% of Americans affected by some kind of skin condition in their lifetime. The worldwide market for dermatology products including prescription, OTC and cosmeceuticals is estimated at \$80 billion.

## **Company History**

We formed Skinvisible Pharmaceuticals, Inc. (“Skinvisible”), in March 1998 and purchased the exclusive worldwide manufacturing and marketing rights for a polymer delivery system invention now called Invisicare® from the inventor for \$2 million. We have continued to develop the Invisicare technology and subsequent product development resulting in over seven series of Invisicare and over forty unique, patented formulations offering distinctive benefits that differentiate them significantly from other leading products in the marketplace.

## **What We Do**

We have positioned ourselves in the \$80 billion worldwide prescription and over-the-counter dermatology and skincare market. We generate revenue by:

- **LICENSING:** We develop topical prescription and over-the-counter products enhanced with Invisicare to license to pharmaceutical and consumer goods companies around the world for an upfront fee and ongoing royalties;
- **DIRECT SALES:** We develop topical over-the-counter products enhanced with Invisicare to sell directly into the market through our wholly-owned subsidiary, Kintari USA Inc.
- **CO-DEVELOPMENT:** We assist pharmaceutical clients in the early development of the most optimal formulation, which they then take forward into clinical testing;
- **LIFE CYCLE MANAGEMENT:** We provide cost-effective solutions to global pharmaceutical companies by reformulating their products coming off patent with a new Invisicare patent and new product benefits and line extensions. Pharmaceutical companies are under a lot of pressure to develop innovative strategies to counteract the revenue loss from their drugs coming off patent.



## **Corporate Ownership**

We are a publicly traded company under the symbol SKVI, listed on the OTC Bulletin Board since February 1999 and currently trading on the OTCQB in the US.

We carry on business primarily through our wholly owned subsidiaries: Skinvisible Pharmaceuticals, Inc. and Kintari USA Inc., both Nevada corporations.

## **Patents**

We have fourteen patents granted, including comprehensive patents on Invisicare, the foundation of all of our products; three in the US, and internationally in Canada, Europe (4), China, India, Australia, Hong Kong, Japan and Korea. The Invisicare patents cover manufacturing, composition and use. Additionally, we have been granted three product specific patents in the US for dermal barrier products, sunscreens (photostability of avobenzone) and retinoids (stabilization). There are a number of U.S. and international (PCT) patents pending, with many more patent applications in progress. Some of these patents cover up to five products.

Our value lies in our ability to continually generate new IP on dermatology and medical products formulated with Invisicare. Patent approvals are sought (initially in the U.S. and later internationally) for all products developed. All patents with Invisicare are owned by us.

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**Trademarks**

When developing new products using Invisicare, we file for both patent and trademark protection. We have been granted trademarks in the U.S. and Canada for the following names:

- Skinvisible® w Invisicare® w JUSTCARE® w Work Gluv® w Bare Sunless Tanning® w Kintari® w Skinbrella®

**Revenue generation:** We receive a combination of five revenue streams including:

- Research and development fees;
- Upfront license fee;
- Ongoing royalties based on product sales;
- Licensees purchase Invisicare polymers from us. The polymers make up 6-8% of each final product formulation for OTC and cosmetic formulas and less for prescription formulas.
- Sales of our cosmeceutical product line through our wholly-owned subsidiary, Kintari USA Inc.

## Strategic Growth Opportunities

Our growth strategy is to:

1. Generate revenue from direct sales of our cosmeceutical/OTC product line;
2. Capitalize on the success of current licensees;
3. Increase the value of our current pipeline; and
4. Boost licensing revenues by securing additional licensees globally and develop a robust royalty revenue stream that will finance our future growth.

*1. **Kintari USA Inc.:***

On September 9, 2014, we formed Kintari USA Inc., a new wholly-owned subsidiary of Kintari International Inc., wholly-owned subsidiary of Skinvisible Inc., to market a premium line of scientifically formulated skincare products powered by our patented Invisicare® technology. The company was officially launched January 15, 2015. As part of our strategic focus on revenue generation and creating shareholder value, Kintari USA Inc. products will be sold via network marketing. The products will be sold initially in the US and then in Canada in 2016.

The Kintari product portfolio consists of 2 anti-aging products to help fight the signs of aging and a broad spectrum sunscreen along with our newest product: Kintari's Hand & Body lotion. All products are made with our patented Invisicare technology.

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Our anti-aging products have been developed using proven anti-aging ingredients with scientific evidence of their effectiveness at reducing the look of fine lines and wrinkles resulting in youthful looking skin. These potent ingredients will be powered by patented Invisicare technology, providing consumers with unique, effective products which we believe cannot be duplicated.

Additionally, we sell a broad spectrum SPF 30 sunscreen known as Skinbrella®. We completed independent testing in early 2014 to validate our broad spectrum sunscreen claims according to the labeling guidelines of the FDA, which are designed to help reduce the incidents of skin cancer in the U.S. Our claims are as follows:

- **Claim # 1 – Broad-Spectrum:** According to the FDA, in order for a sunscreen to be labeled “broad spectrum” it must prove it protects against both UVA and UVB rays by having an SPF (Sun Protection Factor) of at least 15 and a critical wave length of at least 370 nm. Our sunscreen has surpassed both of these criteria, allowing our broad spectrum sunscreen label to also state “prevents sunburn, skin cancer and aging due to the sun.”
- **Claim # 2 – Water-Resistant 80 Minutes:** The FDA sunscreen water resistant claim requires that a sunscreen must have the same SPF after being in water or sweating for 40 or 80 minutes. Our testing was conducted at an independent laboratory specializing in sunscreen testing. The test involved human subjects that applied sunscreen to their arm, followed by the immersion of the arm into a Jacuzzi for 80 minutes (10 minutes in / 10 minutes out). Our sunscreen successfully completed this testing and is allowed to use “Water-resistant for 80 Minutes” on its sunscreen label, the longest length of time allowed by the FDA.
- **Claim # 3 – Unique Patented Technology / Eight-Hour Photostability:** As previously announced, we were granted a patent from the United States Patent and Trademark Office entitled “Sunscreen Composition with Enhanced UVA Absorber Stability and Methods”, which provides protection until November 2029. Skinvisible successfully formulated a unique Invisicare® delivery system specifically for stabilizing avobenzone; the key sunscreen used in the USA. Data submitted to the US patent office proved that our sunscreen provides a minimum of eight hours of photostability.

Our Hand & Body Lotion is formulated with five moisturizers including aloe, shea butter, glycerin, coconut oil and jojoba oil, and to help smooth your skin the powerful antioxidant Vitamin E. These ingredients restore and nourish your skin from head to toe.

2. **Capitalize On Current Licensees:**

We have licensees around the globe. Two of these licensees are currently in the marketplace: Avon Products globally and Women's Choice Pharmaceuticals in the United States.

We continue to work diligently with our licensees to ensure they have a smooth manufacturing process, ongoing R&D support and marketing feedback.

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**Avon Products, Inc:**

Product: We have a long-term contract with Avon globally for over ten years to provide Invisicare polymer for their long-lasting lipsticks.

Sales: Invisicare polymers are purchased directly from Skinvisible.

**Women's Choice Pharmaceuticals:**

Product: ProCort®, long lasting prescription hemorrhoid cream launched in the United States August 2011.

Sales and Royalties: Skinvisible receives a royalty based on net sales of ProCort. This past year Women's Choice Pharmaceuticals LLC partnered with Advanced Medical Enterprises, LLC to market ProCort® in Puerto Rico. With over thirty pharmaceutical sales reps calling on OBGYNs in the US, Women's Choice has been successfully growing their sales of ProCort® and we look forward to increased growth in 2016. Women's Choice is seeking to form other strategic alliances in order to increase its sales efforts by targeting new territories and targeting medical specialists which previously were not called upon.

*Product Updates:*

We have additional information on specific products which add value to Skinvisible's product pipeline.

**DermSafe® Hand Sanitizer**

Skinvisible's hand sanitizer formulated with Invisicare® and chlorhexidine gluconate has received registration in Belgium on behalf of Skinvisible. This registration allows Skinvisible to make DermSafe® available in most of Europe through a simple registration process. We are currently seeking licensees and/or distributors to begin the sale of DermSafe in the EU. This registration has recently been granted for a ten year term to expire in 2024. We expect that the product will be sold through Kintari Canada Inc. when it launches in 2016.

**Sunless Tanning Products:** We have developed a new sunless tanning mousse / foam which uses a unique foam with Invisicare®, developed specifically for its foaming properties. This adds to Skinvisible's line of sunless tanning products which includes sunless tanning lotions (light, medium and dark), pre-sun moisturizer and after-sun moisturizer along with sunless tanning spray products for commercial use. The addition of a sunless tanning mousse enhances this line of products.

**Sunscreen Products:** We have developed 3 broad spectrum sunscreens, with SPF 15, 30 and 50 (the highest SPF allowed by the FDA). All are formulated with Avobenzone, the only UVA sun filter allowed under the US FDA monograph. This UVA/UVB sunscreen was granted a patent from the United States patent office in 2013. Avobenzone is known for breaking down in the sun after only two hours – thus the requirement to reapply every 2 hours. Skinvisible's patent was granted based on Invisicare's® minimum 8 hour photo stability. For countries outside the United States, Skinvisible has additionally patented UVA/UVB sunscreens formulated with Tinosorb S.

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**3. Increasing The Value Of Skinvisible's Pipeline: Clinical Enhancement Of Pipeline**

We have a pipeline of over forty products which are available for licensing. Testing is conducted in-house generating proof of concept including release of the active ingredient as well as long term shelf life (stability). Additional studies conducted on specific products including skin sensitivity, toxicity and product efficacy are outsourced to FDA compliant laboratories. These studies are critical in attracting potential licensees. Our clinical strategy is to:

- Our clinical strategy is to find a partner for our prescription product portfolio. This would allow for a partner to seek FDA approval using the 505b2 pathway for one or more of our products.
- Launch of our DermSafe® hand sanitizer in Canada under Kintari. In 2013, we commissioned an independent laboratory to further analyze the long-term effectiveness of DermSafe® when put in contact with two bacteria; the “super bug” MRSA and E. coli, the “restaurant bug” since it is often transmitted by food and food handlers. The long-term effectiveness of two bacteria; Methicillin-resistant Staphylococcus aureus or MRSA (ATCC #33591) and Escherichia coli or E. coli (ATCC #43888") were tested up to four hours after application. The results showed that the individual arms of subjects which had DermSafe® applied and were even rinsed prior to each bacteria challenge, showed a 95.83% reduction at the 4 hour time point for MRSA and 99.38% for E. coli. In 2013, we obtained the registration rights for DermSafe® in Belgium. This designation allows for the sale and/ or registration of DermSafe in most EU countries. A strategy is being developed along with a larger global strategy to bring DermSafe to the EU and. Skinvisible has also commissioned further testing of DermSafe against the (Middle East Respiratory Syndrome Coronavirus (MERS-CoV); a SARS-like virus and the avian influenza A virus, H7N9.
- We continue to look for avenues to obtain orphan drug status for our Netherton syndrome product. Netherton syndrome is a disease caused by a genetic defect which causes the skin to continually exfoliate, never forming a skin bond. This leaves the patient highly susceptible to infection and dealing with a life-long condition that has no cure. Our product has shown excellent results in lab studies blocking the enzyme that breaks down the skin and we are seeking “Orphan Drug” designation in both the US (FDA) and Europe (EMA). We have reformulated our product to better meet the demands of this very debilitating disease and are undergoing preliminary proof-of-concept investigations on Netherton syndrome.

The advantages of obtaining Orphan Drug designation is that it provides various incentives including a reduction or elimination of registration and market authorization fees, protocol assistance, and seven years of market exclusivity for the product in the US and ten years in Europe. There can be no assurances that our project will be successful.

**4. Secure Additional Licensees:**



We are in discussions and undergoing internal discussions with various pharmaceutical companies for licenses.

To facilitate further expansion, we are seeking an exclusive license with a proven US or global based Pharmaceutical Company for our existing Rx product formulations. The licensee would be expected to pay all costs in getting FDA approval. The licensee would pay Skinvisible for the license in milestone payments as Clinical Phases are proven.

### **Invisicare Formulations**

Our forty products have been successfully tested in-house to show proof of concept and are ready to be licensed. We continue to develop other prescription, OTC and cosmeceutical products in response to the needs of the marketplace.

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Product patent applications are immediately filed on newly developed products. FDA regulatory approvals are required for prescription products while OTC products have limited requirements. Cosmetic-type products, products without therapeutic claims and OTC products that follow the FDA monograph, are immediately available for marketing. In Canada, OTC products follow the Health Canada monograph requiring only the submission of a DIN registration.

**We have over 40 products developed and available for licensing:**

CONDITION / USE	PRESCRIPTION (PRE-CLINICAL)	OTC / COSMECEUTICAL
Acne	3	2
Actinic Keratosis	1	
Analgesics	1	6
Anti-Fungal	2	2
Anti-Inflammatory	4	1
Antimicrobial	1	4
Pre-Operative Skin Prep	1	
Dermatitis / Dry Skin	1	5
Netherton Syndrome	1	
Anti- Aging		4
Suncare		6
Sunless Tanning		3
TOTAL	15	33

**Research and Development**

Our facilities include a research and development laboratory, headed by James Roszell PhD, where we continue to enhance our current product offerings and to develop a variety of new product formulations with Invisicare for out-licensing.

Our R&D focus is centered on the following initiatives:

§ We continue to expand our product development beyond the dermatology market into other areas including women's health, orphan drugs, pain management and surgical;

§ To increase the value of our prescription products, with additional testing on our most lucrative prescription products in order to provide independent validation and verification of our product claims. We utilize FDA compliant,

independent laboratories with extensive qualifications for carrying out investigative product studies, utilizing protocols incorporating Good Lab Practice and Good Clinical Practice ("GLP/GCP") standards;

We have successfully developed a unique product for Netherton syndrome and are seeking orphan drug status for this product. Additional studies are required in order to receive approval as an orphan drug in the United States and Europe.

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We have also completed preliminary development of a new Invisicare technology which will provide transdermal delivery of drugs. This new transdermal delivery system will allow us to enter the very lucrative markets of hormone replacement therapy, neurological treatment, nicotine cessation and others.

## **Sales and Marketing Plan**

### *Our Licensing Strategy*

As stated above, we are seeking a proven US based Pharmaceutical company to license all our prescription products and for them to seek FDA approval. This would be an exclusive licensing agreement and allow management to focus on developing Kintari while our research department continues to support the Pharmaceutical Company.

## **Competition**

Market research indicates there is reasonably limited direct competition for Invisicare and patented products in terms of performance capabilities for topically administered skin products. Many companies are seeking unique delivery systems to enhance their portfolio and purchasing companies that have delivery technology.

Some of the companies involved in developing delivery technology are listed below. However, none of these competitors offer the same advantages of Invisicare principally the “long-term staying power” and the ability to control the release of active ingredients on the skin.

- GSK through its subsidiary, Stiefel Laboratories Inc., purchased Connetics Corporation for approximately \$640 million in the fall of 2006. (Subsequently in 2009, Stiefel, with \$900 million in sales, was purchased by GlaxoSmithKline for \$3.9 billion – at 4 times revenue). Connetics has a patented foam delivery technology.
- Foamix Ltd is a drug development company with its head office in Israel. It has developed five platforms which use a foam delivery technology and is used in products like Rogaine®.
- A.P. Pharma sold its acne and actinic keratosis products made with its patented Microsponge® delivery system to two companies for a reported \$30 million; Johnson & Johnson purchased the Retin-A Micro® product line, with revenues of \$110 million in the US in 2006 and sanofi-aventis purchased Carac®, a product

used to treat actinic keratosis, with \$11 million in sales in 2001.

## **Government Regulation**

### *Cosmetic and Skin Care Regulation*

Depending upon product claims and formulation, skin care products may be regulated as cosmetics, drugs, devices, or combination cosmetics and drugs. We currently only market cosmetic skin care products and are evaluating entry into the pharmaceutical market. The FDA has authority to regulate cosmetics marketed in the United States under the FDCA and the Fair Packaging and Labeling Act (“FPLA”) and implementing regulations. The Federal Trade Commission (the “FTC”) regulates the advertising of cosmetics under the FTCA.

The FDCA prohibits the marketing of adulterated and misbranded cosmetics. Cosmetic ingredients must also comply with the FDA’s ingredient, quality, and labeling requirements and the FTC’s requirements pertaining to truthful and non-misleading advertising. Cosmetic products and ingredients, with the exception of color additives, are not required to have FDA premarket approval. Manufacturers of cosmetics are also not required to register their establishments, file data on ingredients, or report cosmetic-related injuries to the FDA.

We will be responsible for substantiating the safety and product claims of the cosmetic products and ingredients before marketing. The FDA or FTC may disagree with our characterization of one or more of the skin care products as a cosmetic or the product claims. This could result in a variety of enforcement actions which could require the reformulation or relabeling of our products, the submission of information in support of the product claims or the safety and effectiveness of our products, or more punitive action, all of which could have a material adverse effect

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on our business. If the FDA determines we have failed to comply with applicable requirements under the FDCA or FPLA, it can impose a variety of enforcement actions from public warning letters, injunctions, consent decrees, and civil penalties to seizure of our products, total or partial shutdown of our production, and criminal prosecutions. If any of these events were to occur, it could materially adversely affect us. If the FTC determines we have failed to substantiate our claims, it can pursue a variety of actions including disgorgement of profits, injunction from further violative conduct, and consent decrees.

### *Orphan Drug Designation*

We are seeking “Orphan Drug” designation in both the US and Europe for a product to treat a rare skin condition called Netherton syndrome. The FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition, which generally is a disease or condition that affects fewer than 200,000 individuals in the United States. Orphan drug designation must be requested before submitting a New Drug Application, or NDA. If the FDA grants orphan drug designation, which it may not, the identity of the therapeutic agent and its potential orphan use are publicly disclosed by the FDA. Orphan drug designation does not convey an advantage in, or shorten the duration of, the review and approval process. If a product which has an orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, the product is entitled to seven years of orphan drug exclusivity, meaning that the FDA may not approve any other applications to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity (superior efficacy, safety, or a major contribution to patient care). Orphan drug designation does not prevent competitors from developing or marketing different drugs for that indication. We have not received orphan drug status for any of our products.

Under European Union medicines laws, the criteria for designating a product as an “orphan medicine” are similar but somewhat different from those in the United States. A drug is designated as an orphan drug if the sponsor can establish that the drug is intended for a life-threatening or chronically debilitating condition affecting no more than five in 10,000 persons in the European Union or that is unlikely to be profitable, and if there is no approved satisfactory treatment or if the drug would be a significant benefit to those persons with the condition. Orphan medicines are entitled to ten years of marketing exclusivity, except under certain limited circumstances comparable to United States law. During this period of marketing exclusivity, no “similar” product, whether or not supported by full safety and efficacy data, will be approved unless a second applicant can establish that its product is safer, more effective or otherwise clinically superior. This period may be reduced to six years if the conditions that originally justified orphan designation change or the sponsor makes excessive profits.

### *Domestic State and Local Government Regulation*

Some states and local governments in the United States regulate the labeling, operation, sale, and distribution of our skin care products. To the extent additional state or local laws apply, we intend to comply with them.

***Foreign Government Regulation***

In general, we will need to comply with the government regulations of each individual country in which our products are to be distributed and sold. These regulations vary in complexity and can be as stringent, and on occasion even more stringent, than FDA regulations in the United States. The level of complexity and stringency is not always precisely understood today for each country, creating greater uncertainty for the international regulatory process. Furthermore, government regulations can change with little to no notice and may result in up-regulation of our product(s), thereby creating a greater regulatory burden for us. We have not yet thoroughly explored the applicable laws and regulations that we will need to comply with in foreign jurisdictions. As a result it is possible that we may not be permitted to sell our products in foreign markets or expand our business into one or more foreign jurisdictions.

***Environmental Laws***

We are not subject to any significant or material environmental regulation in the normal operation of our business.

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**Employees**

We currently have four employees, including our sole officer Terry Howlett.

**Subsidiaries**

We conduct our operations through our wholly-owned subsidiaries, Skinvisible Pharmaceuticals, Inc. and Kintari USA Inc.

**Item 2. Properties**

Currently, we do not own any real estate. We are leasing our executive offices and research facility. We are located at 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120. We signed an addendum to our lease on November 9, 2015, which extends the term until February 28, 2017. Rent is \$2,858 per month plus all applicable CAM charges.

Skinvisible Pharmaceuticals, Inc., our wholly-owned subsidiary, owns the manufacturing and laboratory equipment at this location.

**Item 3. Legal Proceedings**

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

**Item 4. Mine Safety Disclosures**

Not Applicable





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**PART II**

**Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Our common stock is quoted under the symbol “SKVI” on the OTCQB operated by OTC Markets Group, Inc.

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December 31, 2015		
Quarter Ended	High \$	Low \$
December 31, 2015	0.042	0.023
September 30, 2015	0.049	0.015
June 30, 2015	0.052	0.025
March 31, 2015	0.06	0.038

Fiscal Year Ending December 31, 2014		
Quarter Ended	High \$	Low \$
December 31, 2014	0.09	0.035
September 30, 2014	0.0524	0.0337
June 30, 2014	0.045	0.0155
March 31, 2014	0.022	0.0135

On April 6 2016, the last sales price per share of our common stock on the OTCQB was \$0.02.

## **Penny Stock**

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

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In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

## **Holders of Our Common Stock**

As of February 18, 2016, we had 117,001,969 shares of our common stock issued and outstanding, held by 184 shareholders of record, other than those held in street name.

## **Dividends**

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

## **Recent Sales of Unregistered Securities**

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

During the quarter ended December 31, 2015, we issued to consultants a total of 172,000 shares of common stock for services valued at \$6,100.

On February 10, 2016, we issued to employees five year options to purchase a total of 4,150,000 shares of our common stock at an exercise price of \$0.02 per share.

On January 4, 2016, we issued to a consultant 150,000 shares of common stock for services valued at \$4,500.

From January 27, 2016 to February 1, 2016, we issued 1,350,000 shares of our common stock to settle \$27,500 in outstanding debt.

On November 30, 2015, we issued 1,250,000 shares of common stock and a five year warrant to purchase 625,000 shares of common stock with an exercise price of \$0.04 per share to settle \$25,000 in outstanding debt.

We granted Terry Howlett the right to convert his accrued compensation of \$177,213 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 4,430,325 shares of common shares at a strike price of \$0.02 per share.

We granted Doreen McMorran the right to convert her accrued compensation of \$131,266 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue

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a three year warrant to Ms. McMorran to purchase an aggregate amount of 3,281,650 shares of common shares at a strike price of \$0.02 per share.

We granted James Roszell the right to convert his accrued compensation of \$20,807 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. Roszell to purchase an aggregate amount of 520,195 shares of common shares at a strike price of \$0.02 per share.

We granted Greg McCartney the right to convert his accrued director compensation of \$14,400 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. McCartney to purchase an aggregate amount of 360,000 shares of common shares at strike prices of \$0.02 and \$0.03 per share.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table provides information about our compensation plans under which shares of common stock may be issued upon the exercise of options as of December 31, 2015.

In July 2006, we adopted the 2006 Skinvisible, Inc. Stock Option Plan, which provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance shares and performance units, and stock awards our officers, directors or employees of, as well as advisers and consultants. This plan was confirmed by our stockholders on August 7, 2006 at the annual shareholders meeting.

Under the 2006 Skinvisible, Inc. Stock Option Plan, we reserved 10,000,000 shares of common stock for the granting of options and rights.



Table of Contents**Equity Compensation Plans as of December 31, 2015**

Plan Category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and right	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	8,450,000	\$0.05	1,550,000
Equity compensation plans not approved by security holders	2,969,750	\$0.05	—
Total	12,419,750	\$0.05	1,550,000

**Item 6. Selected Financial Data**

A smaller reporting company is not required to provide the information required by this Item.

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations****Forward-Looking Statements**

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements.” These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions



that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

### **Results of Operations for the Years Ended December 31, 2015 and 2013**

#### *Revenues*

Our total revenue from product sales, royalties on patent licenses and license fees for the year ended December 31, 2015 was \$174,635, an increase from \$54,923 for the year ended December 31, 2014.

The increase in revenue for the year ended December 31, 2015 was mainly due to an increase in product sales. With the launch of Kintari USA Inc., we expect increased revenue from our line of anti-aging products and select over-the-counter products.

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*Cost of Revenues*

Our cost of revenues for the year ended December 31, 2015 increased to \$56,898 from the prior year when cost of revenues was \$26,485. Our cost of revenues increased for the year ended December 31, 2015 over the prior year period as a result of increased product sales. We expect this trend to continue with sales from Kintari USA Inc.

*Gross Profit*

Gross profit for the year ended December 31, 2015 was \$117,737, or approximately 67% of sales. Gross profit for the year ended December 31, 2014 was \$28,438, or approximately 51% of sales. We expect this trend to continue into 2016.

*Operating Expenses*

Operating expenses increased to \$1,198,284 for the year ended December 31, 2015 from \$1,194,673 for the year ended December 31, 2014. Our operating expenses for the year ended December 31, 2015 consisted mainly of accrued salaries and wages of \$328,931, salaries and wages of \$185,911, commissions of \$133,215, consulting fees of \$131,301, travel of \$73,745, depreciation and amortization expenses of \$58,008, rent of \$43,478 and accounting and audit expenses of \$35,092. In comparison, our operating expenses for the year ended December 31, 2014 consisted mainly of salaries and wages of \$214,223, accrued salaries and wages of \$224,336, consulting fees of \$167,685, commissions of \$94,690, research and development of \$56,517, legal fees of \$44,205, rent of \$41,868, depreciation and amortization expenses of \$40,421, accounting and audit expenses of \$37,069, payroll tax expenses of \$32,418, travel expenses of \$26,618, office expenses of \$18,548, medical expenses of \$18,516, dues and subscriptions of \$16,780, director fees of \$14,400 and meals and entertainment of \$13,767.

*Other Expenses*

We had other expenses of \$909,664 for the year ended December 31, 2015, compared with other expenses of \$760,098 for the year ended December 31, 2014. This was largely the result of \$915,214 we paid in interest expenses for the year ended December 31, 2015 from \$755,488 in the prior period ended December 31, 2014.

We expect to continue to experience high interest payments in the future as a result of our outstanding liabilities. If we are unable to generate sufficient revenues and/or additional financing to service this debt, there is a risk the lenders will call the notes and we will be unable to repay the loans. If this happens, we could go out of business.

*Net Loss*

Net loss for the year ended December 31, 2015 was \$1,990,211 compared to net loss of \$1,926,333 for the year ended December 31, 2014.

**Liquidity and Capital Resources**

As of December 31, 2015, we had total current assets of \$97,117 and total assets in the amount of \$400,530. Our total current liabilities as of December 31, 2015 were \$5,626,625. We had a working capital deficit of \$5,529,508 as of December 31, 2015.

Operating activities used \$852,735 in cash for the year ended December 31, 2015, as compared with \$1,167,723 for the year ended December 31, 2014. Our net loss of \$1,990,211 was the main component of our negative operating cash flow, offset mainly by an increase in accounts payable and accrued liabilities of \$470,070, an amortization of debt discount of 412,006, and an increase in accrued interest of \$191,136.

Cash flows used by investing activities during the year ended December 31, 2015 was \$5,726, as compared with \$71,173 for the year ended December 31, 2014, both as a result of the purchase of fixed and intangible assets.

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Cash flows provided by financing activities during the year ended December 31, 2015 amounted to \$661,859 and mainly consisted of \$436,000 in proceeds on notes payable, \$232,500 in proceeds from convertible debt and \$80,000 in proceeds from the sale of our common stock, offset by \$94,500 in payments on notes payable.

During the year ended December 31, 2013, we entered into twenty-four 9% notes payable to investors and received total proceeds of \$1,000,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods." As of September 30, 2015 several notes had reached their initial maturity date. All note holders executed agreements extending the note for an additional 12 months upon the same terms.

On May 19, 2014, we approved a financing plan to offer accredited investors up to an additional \$1,000,000 in secured promissory notes. For the period from May 19, 2014 to December 31, 2015, we entered into forty 9% notes payable to investors and received total proceeds of \$1,346,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods".

On July 28, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$47,500. Interest under the convertible promissory note is 8% per annum, and the principal and all accrued but unpaid interest is due on April 30, 2016. The note is convertible at any time following 180 days after the issuance date at noteholders option into shares of our common stock at a variable conversion price of 58% of the lowest average three day market price of our common stock during the 10 trading days prior to the notice of conversion, subject to adjustment as described in the note.

The holder's ability to convert the note, however, is limited in that it will not be permitted to convert any portion of the note if the number of shares of our common stock beneficially owned by the holder and its affiliates, together with the number of shares of our common stock issuable upon any full or partial conversion, would exceed 9.99% of our outstanding shares of common stock. The holder has the right to waive this term upon 61 days' notice to us.

During the first 180 days following the date of the note we have the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts we may owe the holder under the terms of the note, at a graduating premium ranging from 125% to 150%. After this initial 180 day period, we do not have a right to prepay the note.

There are certain covenants we agreed to, including without limitation, a right of first refusal in favor of the holder, price protection on dilutive issuances, a restriction on stock repurchases, a prohibition on borrowing under certain

circumstances and the sale of our assets outside of the ordinary course of business.

All amounts due under the note become immediately due and payable by us upon the occurrence of an event of default, which includes (i) our failure to pay the amounts due at maturity, (ii) our failure to deliver shares of our common stock upon any conversion of the note, (iii) a breach of the covenants, representations or warranties, (iv) the appointment of a trustee, a judgment against us in excess of \$50,000 (subject to a cure period), a liquidation of our company or the filing of a bankruptcy petition, (v) failure to remain current in our reporting obligations under the Securities Exchange Act of 1934 or the removal of our common stock from quotation on the OTC markets, (vi) any restatement of our financial statements, or (vii) a reverse stock split without notice to the lender, as well as certain other provisions as set forth in the note.

On October 1, 2015, we entered into a convertible promissory note with Greg McCartney, our director. The \$10,800 face value promissory note is unsecured, due five years from issuance, and bears an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of our common stock at a fixed price of \$0.02 per share along with an additional warrant to purchase one share for every two shares issued at the exercise price of \$0.03 per share for three years after the conversion date.

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On October 8, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on March 5, 2016. The note is convertible into 1,250,000 shares of our common stock at a price of \$0.02 per share and 625,000 warrants exercisable at \$0.04 per share.

On October 26, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$135,000. Interest under the convertible promissory note is 9% per annum, and the principal and all accrued but unpaid interest is due on October 26, 2017. The note is convertible at any time following the third month anniversary after the issuance date at noteholders option into shares of our common stock at a variable conversion price of 90% of the average of the Trading Prices for the common stock during the five Trading Day period ending on the latest complete Trading Day prior to the Conversion Date, subject to adjustment as described in the note. The holder's ability to convert the note, however, is limited in that it will not be permitted to convert any portion of the note if the number of shares of our common stock beneficially owned by the holder and its affiliates, together with the number of shares of our common stock issuable upon any full or partial conversion, would exceed 4.99% of our outstanding shares of common stock.

The note is secured by the accounts receivable of a license agreement we have with Women's Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®. The form of convertible promissory note is attached as an exhibit to the Form 8-K we filed on January 1, 2013.

On December 17, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on May 17, 2016. The note is convertible into 1,250,000 shares of our common stock at a price of \$0.02 per share and 625,000 warrants exercisable at \$0.04 per share.

Based upon our current financial condition, we do not have sufficient cash to operate our business at the current level for the next twelve months. We intend to fund operations through increased sales and debt and/or equity financing arrangements, which may be insufficient to fund expenditures or other cash requirements. We plan to seek additional financing in a private equity offering to secure funding for operations. There can be no assurance that we will be successful in raising additional funding. If we are not able to secure additional funding, the implementation of our business plan will be impaired. There can be no assurance that such additional financing will be available to us on acceptable terms or at all.

## **Off Balance Sheet Arrangements**

As of December 31, 2015, there were no off balance sheet arrangements.

## Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” in the Management Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of a company’s financial condition and results, and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

*Going concern* – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of \$27,831,352 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company’s ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company’s ability to continue as a going concern. The consolidated

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financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

*Product sales* – Revenues from the sale of products (Invisicare® polymers) are recognized when title to the products are transferred to the customer and only when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive reasonably assured payments for products sold and delivered.

*Royalty sales* – We also recognize royalty revenue from licensing our patented product formulations only when earned, with no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

*Distribution and license rights sales* – We also recognize revenue from distribution and license rights only when earned (and are amortized over a five year period), with no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

*Costs of Revenue* – Cost of revenue includes raw materials, component parts, and shipping supplies. Shipping and handling costs is not a significant portion of the cost of revenue.

*Accounts Receivable* – Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management's best estimate of the amounts that will not be collected is recorded. Management reviews each accounts receivable balance that exceeds 30 days from the invoice date and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of December 31, 2015, the Company had not recorded a reserve for doubtful accounts. The Company has \$1,135,000 in convertible notes payable which are secured by the accounts receivable of a license agreement the Company has with Women's Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®.

## **Recently Issued Accounting Pronouncements**

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.



**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

A smaller reporting company is not required to provide the information required by this Item.

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**Item 8. Financial Statements and Supplementary Data**

Index to Financial Statements Required by Article 8 of Regulation S-X:

**Audited Financial Statements:**

F-1 Report of Independent Registered Public Accounting Firm

F-2 Consolidated Balance Sheets as of December 31, 2015 and 2014

F-3 Consolidated Statements of Operations for the years ended December 31, 2015 and 2014

F-3 Consolidated Statement of Stockholders' Deficit for the years ended December 31, 2015 and 2014

F-5 Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014

F-6 Notes to Consolidated Financial Statements

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*PCAOB Registered Auditors – www.sealebeers.com*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Stockholders of**

**Skinvisible, Inc.**

We have audited the accompanying balance sheets of Skinvisible, Inc. as of December 31, 2015 and 2014, and the related statements of operations, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2015. Skinvisible, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skinvisible, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has negative working capital at December 31, 2015, has incurred recurring losses and recurring negative cash flow from operating activities, and has an

accumulated deficit which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*/s/ Seale and Beers, CPAs*

Seale and Beers, CPAs

Las Vegas, Nevada

April 7, 2016

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SKINVISIBLE , INC.

## CONSOLIDATED BALANCE SHEETS

(AUDITED)

	December 31, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets		
Cash	\$—	\$ 196,602
Accounts receivable	5,000	9,457
Inventory	90,972	83,155
Due from related party	1,145	1,145
Prepaid expense and other current assets	—	—
Total current assets	97,117	290,359
Fixed assets, net of accumulated depreciation of \$325,855 and \$324,275, respectively	1,695	3,275
Intangible and other assets:		
Patents and trademarks, net of accumulated amortization of \$344,451 and \$288,203, respectively	301,718	352,420
Total assets	\$400,530	\$646,054
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 529,245	\$420,762
Bank overdraft	1,340	—
Accrued interest payable	539,247	348,111
Loans from related party	9,769	1,910
Loans payable	1,845,500	—
Convertible notes payable, net of unamortized debt discount of \$141,510 and \$26,822, respectively	1,205,576	1,112,764
Convertible notes payable related party, net of unamortized discount of \$895,079 and \$874,163, respectively	1,495,948	1,173,178
Total current liabilities	5,626,625	3,056,725
Loans payable	436,000	1,940,000
Total liabilities	6,062,625	4,996,725
Stockholders' deficit		
Common stock; \$0.001 par value; 200,000,000 shares authorized;		

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115,701,969 and 111,813,969 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	115,702	111,814
Additional paid-in capital	22,053,555	21,378,656
Accumulated deficit	(27,831,352)	(25,841,141)
Total stockholders' deficit	(5,662,095 )	(4,350,671 )
Total liabilities and stockholders' deficit	\$400,530	\$646,054

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE , INC.

## CONSOLIDATED STATEMENT OF OPERATIONS

(AUDITED)

	Year Ending	
	December 31, 2015	December 31, 2014
Revenues	\$174,635	\$54,923
Cost of revenues	56,898	26,485
Gross profit	117,737	28,438
Operating expenses		
Depreciation and amortization	58,008	40,421
Selling general and administrative	1,140,276	1,154,252
Total Operating Expenses	1,198,284	1,194,673
Loss from operations	(1,080,547	(1,166,235 )
Other income and (expense)		
Other income	26	303
Interest expense	(915,214	(755,488 )
Gain on extinguishment of debt	5,524	(4,913 )
Total Operating Expense	(909,664)	(760,098)
Net loss	\$(1,990,211	\$(1,926,333 )
Basic loss per common share	\$(0.02	\$(0.02 )
Basic weighted average common shares outstanding	113,959,311	111,399,613

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE , INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(AUDITED)

	Year Ended	
	December 31, 2015	December 31, 2014
Cash flows from operating activities:		
Net loss	\$(1,990,211)	\$(1,926,333)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	58,008	40,421
Stock-based compensation	13,800	54,540
Amortization of debt discount	412,006	340,972
Gain (Loss) on extinguishment of debt	(5,524 )	4,913
Bank overdraft	1,340	—
Changes in operating assets and liabilities:		
Increase in inventory	(7,817 )	(60,718 )
Decrease (increase) in accounts receivable	4,457	2,134
Increase (decrease) in prepaid assets	—	515
Increase in accounts payable and accrued liabilities	470,070	192,919
Increase in accrued interest	191,136	182,914
Net cash used in operating activities	(852,735 )	(1,167,723)
Cash flows from investing activities:		
Purchase of fixed and intangible assets	(5,726 )	(71,173 )
Net cash used in investing activities	(5,726 )	(71,173 )
Cash flows from financing activities:		
Proceeds from sale of common stock	80,000	—
Proceeds from related party loans, net of payments	7,859	78
Payments on notes payable	(94,500 )	—
Proceeds from notes payable	436,000	940,000
Proceeds from convertible debt	232,500	(18,000 )
Net cash provided by (used in) financing activities	661,859	922,078
Net change in cash	(196,602 )	(316,818 )
Cash, beginning of period	196,602	513,420
Cash, end of period	\$—	\$196,602



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Supplemental disclosure of cash flow information:

Cash paid for interest	\$232,956	\$206,383
Cash paid for tax	\$—	\$—

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Non-cash investing and financing activities:

Accrued expenses converted to notes	\$343,687	\$223,979
Beneficial conversion feature	\$547,611	\$225,885
Common stock issued on extinguishment of debts	\$25,000	\$32,713

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE, INC.

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

(AUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance, December 31, 2013 (audited)	110,909,969	110,910	21,066,512	(23,914,808)	\$(2,737,386)
Issuance of stock for conversion of debts	904,000	904	31,809	—	32,713
Issuance of warrants and options for services	—	—	54,450	—	54,450
Financing costs related to convertible notes payable	—	—	225,885	—	225,885
Net loss	—	—	—	(1,926,333)	(1,926,333)
Balance, December 31, 2014 (audited)	111,813,969	111,814	21,378,656	(25,841,141)	(4,350,671)
Issuance of stock for cash	2,000,000	2,000	78,000		80,000
Issuance of stock for conversion of debts	1,250,000	1,250	23,750		25,000
Issuance of stock for conversion of accounts payable	388,000	388	11,988		12,376
Issuance of stock, warrants and options for services	250,000	250	13,550		13,800
Financing costs related to convertible notes payable			547,611		547,611
Net loss	—	—	—	(1,990,211)	(1,990,211)
Balance, December 31, 2015 (audited)	115,701,969	115,702	22,053,555	(27,831,352)	(5,662,095)

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

1. DESCRIPTION OF BUSINESS, HISTORY AND SUMMARY OF SIGNIFICANT POLICIES

Description of business – Skinvisible, Inc., (referred to as the “Company”) is focused on the development and manufacture and sales of innovative topical, transdermal and mucosal polymer-based delivery system technologies and formulations incorporating its patent-pending formula/process for combining hydrophilic and hydrophobic polymer emulsions. The technologies and formulations have broad industry applications within the pharmaceutical, over-the-counter, personal skincare and cosmetic arenas. Additionally, the Company’s non-dermatological formulations, offer solutions for a broad spectrum of markets women’s health, pain management, and others. The Company maintains executive and sales offices in Las Vegas, Nevada.

History – Skinvisible, Inc. (referred to as the “Company”) was incorporated in Nevada on March 6, 1998, under the name of Microbial Solutions, Inc. The Company underwent a name change on February 26, 1999, when it changed its name to Skinvisible, Inc. The Company’s subsidiary’s name of Manloe Labs, Inc. was also changed to Skinvisible Pharmaceuticals, Inc.

On September 9, 2014, the Company formed Kinatri USA Inc., a wholly-owned subsidiary, to market a premium line of scientifically formulated skincare products powered by our patented Invisicare® technology. As part of our strategic focus on revenue generation and creating shareholder value, Kintari USA Inc. products will be sold via network marketing.

The Kintari product portfolio consists of anti-aging products to help fight the signs of aging. These products have been developed using proven anti-aging ingredients with scientific evidence of their effectiveness at reducing the look of fine lines and wrinkles resulting in youthful looking skin. These potent ingredients will be powered by patented Invisicare technology, providing consumers with unique, effective products which we believe cannot be duplicated. Additional products will be added to enhance this product line as the company grows and expands.

Skinvisible, Inc. together with its subsidiaries shall herein be collectively referred to as the “Company”.

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company

has incurred cumulative net losses of \$27,831,352 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Principles of consolidation – The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments and short-term debt instruments with original maturities of three months or less to be cash equivalents. There are \$0 and \$196,602 in cash and cash equivalents as of December 31, 2015 and December 31, 2014, respectively.

#### Fair Value of Financial Instruments

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

The carrying amounts reflected in the balance sheets for cash, accounts payable and accrued expenses approximate the respective fair values due to the short maturities of these items.

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Revenue recognition

Product sales – Revenues from the sale of products (Invisicare® polymers) are recognized when title to the products are transferred to the customer and only when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive reasonably assured payments for products sold and delivered.

Royalty sales – The Company also recognizes royalty revenue from licensing its patented product formulations only when earned, when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

Distribution and license rights sales – The Company also recognizes revenue from distribution and license rights only when earned (and are amortized over a five year period), when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

Costs of Revenue – Cost of revenue includes raw materials, component parts, and shipping supplies. Shipping and handling costs is not a significant portion of the cost of revenue.

Accounts Receivable – Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management's best estimate of the amounts that will not be collected is recorded. Management reviews each accounts receivable balance that exceeds 30 days from the invoice date and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of December 31, 2015, the Company had not recorded a reserve for doubtful accounts. The Company has \$1,135,000 in convertible notes payable which are secured by the accounts receivable of a license agreement the Company has with Women's Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®.

Inventory – Substantially all inventory consists of finished goods and are valued based upon first-in first-out ("FIFO") cost, not in excess of market. The determination of whether the carrying amount of inventory requires a write-down is based on an evaluation of inventory.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

Goodwill and intangible assets – The Company follows Financial Accounting Standard Board’s (FASB) Codification Topic 350-10 (“ASC 350-10”), “*Intangibles – Goodwill and Other*”. According to this statement, goodwill and intangible assets with indefinite lives are no longer subject to amortization, but rather an annual assessment of impairment by applying a fair-value based test. Fair value for goodwill is based on discounted cash flows, market multiples and/or appraised values as appropriate. Under ASC 350-10, the carrying value of assets are calculated at the lowest level for which there are identifiable cash flows.

Income taxes – The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, “*Income Taxes*”, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-based compensation – The Company follows the guidelines in FASB Codification Topic ASC 718-10 “*Compensation-Stock Compensation*”, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to an Employee Stock Purchase Plan based on the estimated fair values.

Stock based compensation expense recognized under ASC 718-10 for the year ended December 31, 2015 and December 31, 2014 totaled \$13,800 and \$54,450, respectively.

Earnings (loss) per share – The Company reports earnings (loss) per share in accordance with FASB Codification Topic ASC 260-10 “*Earnings Per Share*”, Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed exercise of options and warrants to purchase common shares (common stock equivalents) would have



an anti-dilutive effect.

## 2. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Machinery and equipment	\$48,163	\$48,163
Furniture and fixtures	113,635	113,635
Computers, equipment and software	39,722	39,722
Leasehold improvements	12,569	12,569
Lab equipment	113,461	113,461
Total	327,550	327,550
Less: accumulated depreciation	(325,855)	(324,275)
Fixed assets, net of accumulated depreciation	\$1,695	\$3,275

Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,580 and \$1,462, respectively.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

## 3. INVENTORY

Inventory consist of the following as of December 31, 2015 and December 31, 2014

	December 31, 2015	December 31, 2014
Shipping and Packing materials	\$ 11,651	\$ 14,758
Marketing Supplies	19,346	—
Finished Goods	19,082	51,756
Raw Materials	40,893	16,641
Total	\$ 90,972	\$ 83,155

## 4. INTANGIBLE AND OTHER ASSETS

Patents and trademarks are capitalized at their historical cost and are amortized over their estimated useful lives. As of December 31, 2015, patents and trademarks total \$646,169, net of \$344,451 of accumulated amortization. Amortization expense for the years ended December 31, 2015 and 2014 was \$56,428 and \$38,959 respectively.

License and distributor rights (“agreement”) were acquired by the Company in January 1999 and provide exclusive use distribution of polymers and polymer based products. The Company has a non-expiring term on the license and distribution rights. Accordingly, the Company annually assesses this license and distribution rights for impairment and has determined that no impairment write-down is considered necessary as of December 31, 2015.

## 5. STOCK OPTIONS AND WARRANTS

The following is a summary of option activity during the year ended December 31, 2015.

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2014	9,750,000	\$ 0.05
Options granted and assumed	200,000	0.05
Options expired	1,500,000	0.06
Options canceled	—	—
Options exercised	—	—
Balance, December 31, 2015	8,450,000	\$ 0.05

As of December 31, 2015, 8,450,000 stock options are exercisable.

On March 31, 2015, the Company granted stock options for 200,000 shares of its common stock with a strike price of \$0.05. The stock options were exercisable upon grant and have a life of 5 years. The stock options were valued at \$8,800 using the Black-Scholes option pricing model based upon the following assumptions: term of 5 years, risk free interest rate of 1.37%, a dividend yield of 0% and volatility rates of 483%. The Company recorded an expense of \$8,800 for the year ended December 31, 2015.

Stock warrants -

The following is a summary of warrants activity during the year ended December 31, 2015.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2014	2,541,030	\$ 0.05
Warrants granted and assumed	1,625,000	0.06
Warrants expired	1,196,280	0.05
Warrants canceled	—	—
Warrants exercised	—	—
Balance, December 31, 2015	2,969,750	\$ 0.06

All warrants outstanding as of December 31, 2015 are exercisable.

## 6. NOTES PAYABLE

On May 22, 2013, the Company approved a financing plan to offer accredited investors up to \$1,000,000 in secured promissory notes. During the year ended December 31, 2013 the Company entered into twenty-four 9% notes payable to investors and received total proceeds of \$1,000,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods". During year ending December 31, 2015 the Company made principal payments of \$94,500.

On May 19, 2014, the Company approved a financing plan to offer accredited investors up to an additional \$1,000,000 in secured promissory notes. For the period from May 19, 2014 to March 31, 2015 the Company entered into twenty-seven 9% notes payable to investors and received total proceeds of \$1,000,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods". As of December 31, 2015, \$935,500 in notes have reached their initial maturity date, note holders of \$770,400 in debt executed agreements extending their notes for an additional 12 months upon the same terms.

During the three months ended June 30, 2015, the Company entered into eight additional 9% notes payable to investors and received total proceeds of \$208,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods".

During the three months ended September 30, 2015, the Company entered into five additional 9% notes payable to investors and received total proceeds of \$131,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods".

As of December 31, 2015, \$1,845,500 of the Notes were due in less than 12 months and have been classified as Current notes payable.

#### 7. RELATED PARTY TRANSACTIONS

During the year ended 2013, various officers advanced funds to support the daily operations of the company. As of December 31, 2015, \$9,769 remained due to related parties as repayment for advanced monies, all related other party notes have been extinguished or re-negotiated as convertible notes. See note 10.

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SKINVISIBLE, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

## 8. CONVERTIBLE NOTES PAYABLE

Convertible Notes Payable at consists of the following:	December 31, 2015	December 31, 2014
\$52,476 face value, 10% unsecured note payable to an investor, note interest and principal are due on demand. The note could be converted to option rights for the Company's shares at ten cents per share (\$0.10), these rights expired on January 12, 2010. The note is currently in default, but no penalties occur due to default.	\$28,476	\$28,476
Unamortized debt discount	—	—
Total, net of unamortized discount	28,476	28,476
\$1,000,000 face value 9% unsecured notes payable to investors, due in 2015. At the investor's option until the repayment date, the note and related interest may be converted to shares of the Company's common stock a discount of 90% of the current share price after the first anniversary of the note. The notes are secured by the accounts receivable of a license agreement the Company has with Womens Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®. The Company has determined the value associated with the beneficial conversion feature in connection with the notes and interest to be \$111,110. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$26,822 during the year ended December 31, 2015. The original issue discount feature is valued under the intrinsic value method. The notes have reach maturity and are now in default, under the notes default provisions the entire balance is now due upon demand.	1,000,000	1,000,000
Original issue discount	111,110	111,110
Unamortized debt discount	—	(26,822 )
Total, net of unamortized discount	1,111,110	1,084,288
On July 28, 2015, the Company entered into a convertible promissory note pursuant to which it borrowed \$47,500. Interest under the convertible promissory note is 8% per annum, and the principal and all accrued but unpaid interest is due on April 30, 2016. The note is convertible at any time following 180 days after the issuance date at noteholders option into shares of our common stock at a variable conversion price of 58% of the lowest average three day market price of our common stock during the 10 trading days prior to the notice of conversion, subject to adjustment as described in the note. The holder's ability to convert the note, however, is limited in that it will not be permitted to convert any portion of the note if the number of shares of our common stock beneficially owned by the holder and its affiliates, together with the number of shares of our common stock issuable upon	47,500	—

any full or partial conversion, would exceed 9.99% of the Company's outstanding shares of common stock.

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on July 28, 2015 to be \$44,634. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$25,137 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method

Unamortized debt discount	(19,497 )	—
Total, net of unamortized discount	28,003	—

On October 8, 2015, the Company entered into a convertible promissory note pursuant to which it borrowed \$25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on March 5, 2016. The note is convertible into 1,250,000 shares of the Company's common stock at a price of \$0.02 per share and 625,000 warrants exercisable at \$0.04 per share.

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on October 8, 2015 to be \$16,648. The note was converted on November 30, 2015. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$16,648 for the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method

Unamortized debt discount	—	—
Total, net of unamortized discount	—	—

\$135,000 face value 9% unsecured notes payable to investors, due October 26, 2017. At the investor's option until the repayment date, the note and related interest may be converted to shares of the Company's common stock a discount of 90% of the current share price after the first anniversary of the note. The notes are secured by the accounts receivable of a license agreement the Company has with Womens Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®. The Company has determined the value associated with the beneficial conversion feature in connection with the notes and interest to be \$117,535. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$10,625 during the year ended December 31, 2015. The original issue discount feature is valued under the intrinsic value method.

Unamortized debt discount	(106,908 )	—
Total, net of unamortized discount	28,092	—
On December 17, 2015, the Company entered into a convertible promissory note pursuant to which it borrowed \$25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on May 17, 2016. The note is convertible into 1,250,000 shares of the Company's common stock at a price of \$0.02 per share and 625,000 warrants exercisable at \$0.04 per share.	25,000	—

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on December 17, 2015 to be \$16,648. The

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aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$1,544 for the year ending December 31, 2015.

The beneficial conversion feature is valued under the intrinsic value method

Unamortized debt discount	(15,104 )	—
Total, net of unamortized discount	9,896	—
	\$1,205,576	\$1,112,764

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SKINVISIBLE, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

## 10. CONVERTIBLE NOTES PAYABLE RELATED PARTY

Convertible Notes Payable Related Party at consists of the following:	December 31, 2015	December 31, 2014
On December 31, 2011, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, the notes dated before December 31, 2010, and all salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.06 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on December 31, 2011 to be \$1,123,078. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$166,514 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method. In the year ending December 2013, the Company made \$51,485 in cash payments to reduce the note balance.	1,071,593	1,071,593
Unamortized debt discount	(166,969 )	(333,483)
On June 30, 2012, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, the notes dated before July 1, 2011, and all salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.06 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$209,809. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$41,576 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method. On January 18, 2013, the Company made a \$3,990 cash payment to reduce the note balance.	321,032	321,032
Unamortized debt discount	(62,310 )	(103,886)

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<p>On December 30 and 31, 2012, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, \$182,083 of related party notes accrued interest and salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$182,083 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$182,083. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$36,396 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.</p>	182,083	182,083
<p>Unamortized debt discount</p>	(72,881 )	(109,277)
<p>On June 30, 2013, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, \$106,153 of accrued interest and salaries were converted to promissory notes convertible into common stock with a warrant feature. The \$106,153 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$70,768. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$14,146 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.</p>	106,152	106,152
<p>Unamortized debt discount</p>	(35,345 )	(49,491)
<p>On December 31, 2013, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, \$142,501 of accrued interest and salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$142,501 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$94,909. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$18,971 during year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.</p>	142,501	142,501
<p>Unamortized debt discount</p>	(56,966 )	(75,937)
<p>On June 30, 2014, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, \$118,126 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$118,126 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.025 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.03 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion</p>	118,126	118,126

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feature in connection with the notes to be \$118,126. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$23,613 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.

Unamortized debt discount (82,610 ) (106,223)

On September 30, 2014, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, \$40,558 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$40,558 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.05 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$40,466. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$8,089 during year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.

Unamortized debt discount (30,338 ) (38,427)

On December 31, 2014, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, \$65,295 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$65,295 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.05 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$57,439. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of \$11,481 during the year ending December 31, 2015. The beneficial conversion feature is valued under the intrinsic value method.

Unamortized debt discount (45,957 ) (57,438)

On December 31, 2015, the Company re-negotiated accrued salaries and interest for three employees and a director. Under the terms of the agreements, \$343,687 of accrued salaries and director fees not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The \$343,687 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of \$0.02 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be \$341,703. The aggregate beneficial conversion feature will be accreted and charged to interest expenses as a financing expense. The beneficial conversion feature is valued under the intrinsic value method.

Unamortized debt discount (341,703 )

\$1,495,948 \$1,173,178



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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

11. STOCKHOLDERS' DEFICIT

The Company is authorized to issue 200,000,000 shares of \$0.001 par value common stock. The Company had 115,701,969 and 111,813,969 issued and outstanding shares of common stock as of December 31, 2015 and December 31, 2014, respectively.

On January 26, 2015, the Company received \$50,000 pursuant to a private placement agreement with an investor to purchase 1,250,000 shares of the Company's \$0.001 par value common stock and warrants to purchase 625,000 shares of the Company's common stock. The warrants allow the holder to purchase shares of the Company's common stock at \$0.07 on or before January 21, 2016.

On January 27, 2015, the Company received \$30,000 pursuant to a private placement agreement with an investor to purchase 750,000 shares of the Company's \$0.001 par value common stock and warrants to purchase 375,000 shares of the Company's common stock. The warrants allow the holder to purchase shares of the Company's common stock at \$0.07 on or before January 21, 2016.

On April 1, 2015, 72,000 shares of the Company's common stock were issued to settle \$3,600 of accrued expenses due to a director of the Company.

On June 30, 2015, 72,000 shares of the Company's common stock were issued to settle \$3,600 of accrued expenses due to a director of the Company. A gain of \$1,440 was recognized as a result of this settlement.

On August 24, 2015, the Company settled \$6,000 of debt due to two parties in exchange for 200,000 shares of the Company's common stock. A gain of \$400 was recognized as a result of this settlement.

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On October 1, 2015, 72,000 shares of the Company's common stock were issued to settle \$3,600 of accrued expenses due to a director of the Company. A gain of \$1,944 was recognized as a result of this settlement.

On November 30, 2015, the Company issued 1,250,000 shares of the Company's common stock and warrants to purchase 625,000 shares of the Company's common stock to a note holder to settle \$25,000 in notes payable. See Note 8 for additional details.

On December 20, 2015, the Company settled \$2,500 of debt due to a consultant in exchange for 100,000 shares of the Company's common stock. A gain of \$500 was recognized as a result of this settlement.

On December 30, 2015, 72,000 shares of the Company's common stock were issued to settle \$3,600 of accrued expenses due to a director of the Company. A gain of \$1,440 was recognized as a result of this settlement.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

12. COMMITMENTS AND CONTINGENCIES

Lease obligations – The Company has operating leases for its offices. Future minimum lease payments under the operating leases for the facilities as of December 31, 2015, are as follows:

2016 34,301

2017 5,718

Rental expense, resulting from operating lease agreements, approximated \$43,478 and \$41,868 for the years ended December 31, 2015 and 2014, respectively.

13. SUBSEQUENT EVENTS

On February 10, 2016, the Company issued to employees five year options to purchase a total of 4,150,000 shares of its common stock at an exercise price of \$0.02 per share.

From January 27, 2016 to February 1, 2016, the Company issued 1,350,000 shares of its common stock to settle \$27,500 in outstanding debt.

On January 4, 2016, the Company settled \$4,500 of debt due to a consultant in exchange for 150,000 shares of the Company's common stock.

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**Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

No events occurred requiring disclosure under Item 304 of Regulation S-K during the fiscal year ending December 31, 2015.

**Item 9A. Controls and Procedures**

As required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report, being December 31, 2015. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based upon that evaluation, including our Chief Executive Officer and Chief Financial Officer, we have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this annual report.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2014 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2015, our internal control over financial reporting was not effective. Our management identified the following material weaknesses in our internal control over financial reporting, which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines.

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we hope to implement the following changes during our fiscal year ending December 31, 2016 1: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out in (i) and (ii) are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

#### **Item 9B. Other Information**

None

Table of Contents**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The following information sets forth the names, ages, and positions of our current directors and executive officers as of December 31, 2015.

Name	<u>Age</u>	Position(s) and Office(s) Held
Terry Howlett	68	Chief Executive Officer, Chief Financial Officer, & Director
Greg McCartney	64	Director

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

**Mr. Terry H. Howlett**, has been our Chief Executive Officer and Director since March 5, 1998. Mr. Howlett has a diversified background in market initialization and development, sales and venture capital financing for emerging growth companies. He has held senior management, marketing and sales positions with various companies, including the Canadian Federation of Independent Business, Family Life Insurance, and Avacare of Canada and founded Presley Laboratories, Inc., which marketed cosmetic and skin, care products on a direct sales basis. For the ten years prior to becoming President of the Company, Mr. Howlett was the President and CEO of Voice-it Solutions, Inc., a publicly traded company on the Vancouver Stock exchange that made voice response software for order entry systems.

**Mr. Greg McCartney** has been a member of our board of directors since January 10, 2005. Mr. McCartney is Managing Director of Taylor, Butterfield & Worth Asset Management Corporation, a management consulting services firm assisting clients in becoming fully reporting public companies. Previously Mr. McCartney was the Chairman of the Board for Genesis Bioventures (formerly BioLabs) and also formerly served as their CEO. Mr. McCartney has over 20 years' experience serving as officer and director of both private and public companies in various manufacturing and technology industries. Prior to founding BioLabs in 1997, Mr. McCartney was the founder and director of Aspenwood Holdings Corporation, a business consulting firm specializing in financing, public relations and venture capital in the technology and manufacturing industries. From 1986 to 1995 he was the President of an emerging high technology company and also served as officer and director of other companies. Previously, he was involved with international real estate and land development.

**Directors**

Our bylaws authorize no less than one (1) and more than twelve (12) directors. We currently have two directors.

### **Term of Office**

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

### **Significant Employees**

*Ms. Doreen McMorran*, is head of Business Development. Ms. McMorran brings to the Company almost 20 years of experience in the medical and pharmaceutical industry, specifically in the areas of strategic planning, sales and marketing. She has spent the last seven years selling to international dermatology and skincare focused companies like Procter and Gamble, Johnson & Johnson, Stiefel, Galderma, Novartis and Graceway, to name a few. Ms. McMorran, who holds a Bachelor of Commerce (Honors) degree, spent six years in the pharmaceutical industry with Astra Pharma. Additionally she has held senior management level positions with a number of healthcare companies, focusing on business development, sales, marketing and operations.

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**Dr. James A. Roszell, Ph.D.**, is a doctoral chemist with over 35 years' experience in product formulation, experimental design, analysis, and method validation. Since joining Skinvisible in 1998, he has been responsible for research and development of our patented technology, related polymer delivery vehicles, product formulations and compositions. Dr. Roszell is a joint contributor to Skinvisible's first Patent Number 6.756.059 and responsible for all of our patents in the US and internationally. Prior to joining Skinvisible, he worked as a chemist for Supertech Products, Inc. in Florida where his responsibilities included ensuring compliance with OSHA, EPA and other standards and regulations, maintenance of quality control, research and development for new products. Dr. Roszell's background includes work in chemical, pharmaceutical, environmental and clinical laboratory arenas. His chemical and scientific expertise makes a significant contribution to our business.

## **Family Relationships**

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

## **Involvement in Certain Legal Proceedings**

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

## **Audit Committee**

We do not have a separately-designated standing audit committee. The entire board of directors performs the functions of an audit committee, but no written charter governs the actions of the board of directors when performing the functions of that would generally be performed by an audit committee. The board of directors approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to

financial reporting. In addition, the board of directors reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes as needed.

For the fiscal year ending December 31, 2015, the board of directors:

1. Reviewed and discussed the audited financial statements with management, and
2. Reviewed and discussed the written disclosures and the letter from our independent auditors on the matters relating to the auditor's independence.

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Based upon the board of directors' review and discussion of the matters above, the board of directors authorized inclusion of the audited financial statements for the year ended December 31, 2015 to be included in this Annual Report on Form 10-K and filed with the Securities and Exchange Commission.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2015, the following persons have failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2015:

Name and principal position	Number of late reports	Transactions not timely reported	Known failures to file a required form
Terry Howlett CEO, CFO & Director	1	2	0
Greg McCartney Director	0	2	0
Lutz Family Trust	0	0	0
Doreen McMorran	1	2	0

**Code of Ethics**

We adopted a Code of Ethics for Financial Executives, which include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics was filed as an exhibit to the annual report on Form 10KSB for the fiscal year ended December 31, 2004 and filed with the SEC on April 14, 2005.

**Item 11. Executive Compensation**

## **Compensation Discussion and Analysis**

Currently, the objective of the cash compensation paid by the company is to provide fair reimbursement for the time spent by our executive officer and independent directors to the extent feasible within the financial constraints faced by our developing business. The stock options granted to our executive officer and to our independent directors are intended to provide these individuals with incentives to pursue the growth and development of the company's operations and business opportunities. Although the options awarded to our executive and directors are typically exercisable immediately, they also remain valid and exercisable for terms of several years. We believe this provides the proper balance of short-term and long-term incentives to increase the value of the company. Although an immediate increase in share price following the issuance of the options would obviously result in a profit if those options were exercised, the longer exercisable period of the options also provides an incentive to increase value over the long term and gives our executive officer and directors the opportunity to realize gains based on the sustained growth of our operations and revenues.

In addition, our sole executive officer holds substantial ownership in the company and is generally motivated by a strong entrepreneurial interest in expanding our operations and revenue base to the best of his ability.



Table of Contents**Summary Compensation Table**

The table below summarizes all compensation awarded to, earned by, or paid to our former or current executive officers for the fiscal years ended December 31, 2015 and 2014.

## SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option	Non-Equity	Nonqualified	All Other	Total (\$)
					Awards (\$)	Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)	Compensation (\$)	
Terry Howlett CEO & CFO	2014	180,000	9,941	—	—	—	—	—	189,941 <sup>(2)</sup>
	2015	180,000	2,392	—	—	—	—	—	182,392 <sup>(1)</sup>

(1) Due to financial constraints, however, the total paid to Mr. Howlett during the fiscal year ended December 31, 2015 was \$20,179.

(2) Due to financial constraints, however, the total paid to Mr. Howlett during the fiscal year ended December 31, 2014 was \$71,584.

**Narrative Disclosure to the Summary Compensation Table**

On January 29, 2009, we entered into an employment agreement with our sole executive officer, Terry Howlett. The agreement is effective retroactively to January 1, 2009, and term of the agreement is until December 31, 2014, and may be renewed for an additional 36 months unless terminated. Under the agreement, Mr. Howlett earns a cash stipend of \$13,333.33 per month (\$160,000 per year). Effective January 1, 2010, his cash stipend increased to \$15,000 per month (\$180,000 per year). He will also receive bonuses based on a percentage of license fees, royalty fees, and financings; paid vacation or the election to receive vacation benefits in payment; and reimbursements of expenses, including automobile and limited living expenses. In addition, the agreement provides for Mr. Howlett to be awarded stock options at the discretion of the board of directors.

On December 31, 2011, we executed a convertible promissory note in favor of Mr. Howlett, our CEO and member of our board of directors. The aggregate principal amount of his note is \$415,657.03 and includes accrued salary through 2010 and the last six months of 2011. The interest rate on his note is 10% per annum, matures on December 31, 2016, is convertible into shares of our common stock at \$0.04 per share, and includes a warrant for the right to purchase further shares at \$0.06 per share if exercised within 3 years following the conversion date. The warrant agreement will give Mr. Howlett the right to purchase one share for every two shares acquired by him in the conversion.

On June 30, 2012, we issued a promissory note to Mr. Howlett totaling \$105,642.86. Under the terms of the promissory note, Mr. Howlett has the right to convert all or any part of the principal sum of the loan into common stock at \$0.04 per share as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion.

On January 30, 2013, we issued a convertible promissory note to Terry Howlett to convert his accrued compensation of \$46,056 as of December 31, 2012 into our common stock at \$0.03 per share at any time until December 31, 2017. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 767,600 shares of common shares at a strike price of \$0.04 per share.

On January 30, 2013, we issued a convertible promissory note to Terry Howlett to convert debt of \$46,352 as of December 31, 2012 into our common stock at \$0.03 per share at any time until December 31, 2017. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 772,533 shares of common shares at a strike price of \$0.04 per share.

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On June 30, 2013, we issued a convertible promissory note to Terry Howlett to convert debt of \$62,490 as of June 30, 2013 into our common stock at \$0.03 per share at any time until June 30, 2018. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 1,041,500 shares of common shares at a strike price of \$0.04 per share.

On December 31, 2014, we issued a convertible promissory note to Terry Howlett to convert debt of \$77,514 as of December 31, 2014 into our common stock at \$0.02 per share at any time until December 31, 2018. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 1,937,873 shares of common shares at a strike price of \$0.03 per share.

On June 30, 2014, we issued a convertible promissory note to Terry Howlett to convert debt of \$65,115 as of June 30, 2014 into our common stock at \$0.025 per share at any time until June 30, 2019. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 1,262,300 shares of common shares at a strike price of \$0.03 per share.

On September 30, 2014, we issued a convertible promissory note to Terry Howlett to convert debt of \$36,150 as of September 30, 2014 into our common stock at \$0.04 per share at any time until September 30, 2019. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 451,875 shares of common shares at a strike price of \$0.05 per share.

On December 31, 2014, we issued a convertible promissory note to Terry Howlett to convert debt of \$34,092 as of December 31, 2015 into our common stock at \$0.04 per share at any time until December 31, 2019. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 426,154 shares of common shares at a strike price of \$0.05 per share.

We granted Terry Howlett the right to convert his accrued compensation of \$177,213 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 4,430,325 shares of common shares at a strike price of \$0.02 per share.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of December 31, 2015.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END  
OPTION AWARDS

Name	OPTION AWARDS					STOCK AWARDS			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$) <sup>(1)</sup>	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
				0.04	10/19/2018 <sup>(5)</sup>				
	1,000,000	-	-	0.04	1/30/2018 <sup>(2)</sup>	-	-	-	-
	400,000	-	-	0.04	1/3/2016 <sup>(3)</sup>	-	-	-	-
Terry	200,000	-	-	0.04	1/20/2019 <sup>(4)</sup>	-	-	-	-
Howlett	1,000,000	-	-	0.04	1/20/2019 <sup>(4)</sup>	-	-	-	-
	1,000,000	-	-	0.05	12/7/2019 <sup>(6)</sup>	-	-	-	-
				0.06	11/14/2015				

(1) On April 21, 2009, we modified the exercise price on all of our outstanding options issued prior to March 31, 2009 to \$0.04 per share, which included all options issued to Mr. Howlett aside from the option issued on December 7, 2009 of 1,000,000 shares at \$0.08 per share and the option issued on November 15, 2010 at \$0.06 per share. On October 17, 2014, we modified the exercise price to \$0.05 per share on the option issued on December 7, 2009 of 1,000,000 shares. Aside from this modification, during the last fiscal year there was not any outstanding option re-priced or otherwise modified. There was no tandem feature, reload feature, or tax-reimbursement feature associated

with any of the stock options we granted to our executive officers or otherwise.

(2) On January 3, 2013, our Board of Directors approved to extend the expiration date 5 years.

(3) On January 10, 2010, our Board of Directors approved to extend the expiration date 5 years.

(4) On January 19, 2014, our Board of Directors approved to extend the expiration date 5 years.

(5) On January 19, 2014, our Board of Directors approved to extend the expiration date 5 years

(6) On October 17, 2014, our Board of Directors approved to extend the expiration date 5 years

## Director Compensation

The table below summarizes all compensation of our directors as of December 31, 2015.

### DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Greg McCartney		14,400					14,400

### Narrative Disclosure to the Director Compensation Table

All the fees earned or paid in cash and stock options awards granted to Terry Howlett were earned in connection with his service as an executive officer. Mr. Howlett received no compensation for his service as a member of our board of directors.

We pay our independent directors a monthly fee of \$1,200.

We granted Greg McCartney the right to convert his accrued director compensation of \$14,400 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. McCartney to purchase an aggregate amount of 360,000 shares of common shares at strike prices of \$0.02 and \$0.03 per share.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth, as of February 18, 2016, the beneficial ownership of our common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the our common stock and by the executive officers and directors as a group.

Title of class	Name and address of beneficial owner (1)	Amount of beneficial ownership <sup>(2)</sup>	Percent of class <sup>(3)</sup>
Executive Officers & Directors:			
Common	Terry Howlett <sup>(4)</sup>	66,970,450 shares	38 %
Common	Greg McCartney <sup>(5)</sup>	3,478,500 shares	3 %
Total of All Directors and Executive Officers:		<b>70,448,950 shares</b>	39 %
More Than 5% Beneficial Owners:			
Lutz Family Trust <sup>(6)</sup>		10,998,300 shares	9 %
8322 West Tonto Lane, Peoria, AZ 85382			
Doreen McMorrان <sup>(7)</sup>		63,515,798 shares	36 %

(1) Except as otherwise indicated, the address of each person named in this table is c/o Skinvisible, Inc., 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120.

(2) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

(3) Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 117,001,969 shares of common stock issued and outstanding on February 18, 2016.

(4) Includes 7,723,248 shares held in his name as indicated on our shareholder list, 35,298,135 shares of common stock that may be converted under the principal balance and accrued interest under debt conversion agreements with conversion prices ranging from \$0.02 to \$0.04 per share, warrants that may be exercised upon the above conversions to purchase one shares for every two shares acquired in the conversions amounting to 17,649,067 shares at prices ranging from \$0.02 to \$0.06 per share, options that may be exercised immediately to purchase 2,600,000 shares at a price of \$0.04 per share, options that may be exercised immediately to purchase 1,000,000

shares at a price of \$0.08 per share, options that may be exercised immediately to purchase 1,000,000 shares at a price of \$0.06 per share and options that may be exercised immediately to purchase 1,700,000 shares at a price of \$0.02 per share.

Includes 998,500 shares held in his name as indicated on our shareholder list, 720,000 shares of common stock that may be converted under the principal balance and accrued interest of debt conversion agreements with conversion prices at \$0.02 per share, warrants that may be exercised upon the above conversions to purchase one shares for (5) every two shares acquired in the conversions amounting to 360,000 shares at prices ranging from \$0.02 to \$0.03 per share, options that may be exercised immediately to purchase 700,000 shares at a price of \$0.04 per share and options that may be exercised immediately to purchase 250,000 shares at a price of \$0.05 per share and options that may be exercised immediately to purchase 450,000 shares at a price of \$0.02 per share.

(6) As stated in the reporting person's Form 4 filed with the Securities and Exchange Commission on January 25, 2010.



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Includes 1,800,000 shares held in her name as indicated on our shareholder list, 39,477,199 shares of common stock that may be converted under the principal balance and accrued interest of debt conversion agreements with conversion prices ranging from \$0.02 to \$0.04 per share, warrants that may be exercised upon the above conversions to purchase one shares for every two shares acquired in the conversions amounting to 19,738,599 shares at prices ranging from \$0.02 to \$0.06 per share, options that may be exercised immediately to purchase 600,000 shares at a price of \$0.04 per share, options that may be exercised immediately to purchase 500,000 shares at a price of \$0.05 per share and options that may be exercised immediately to purchase 1,400,000 shares at a price of \$0.02 per share.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Aside from that which follows and in “Executive Compensation,” none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction for the last two fiscal years or in any presently proposed transaction which, in either case, has or will materially affect us.

On January 30, 2013, we issued and convertible promissory note to Doreen McMorran to convert her accrued compensation of \$66,281 as of December 31, 2012 into our common stock at \$0.03 per share at any time until December 31, 2017. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 1,104,685 shares of common shares at a strike price of \$0.04 per share.

On June 30, 2013, we issued and convertible promissory note to Doreen McMorran to convert her accrued compensation of \$43,661 as of June 30, 2013 into our common stock at \$0.03 per share at any time until December 31, 2017. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 727,700 shares of common shares at a strike price of \$0.04 per share.

On December 31, 2014, we issued and convertible promissory note to Doreen McMorran to convert her accrued compensation of \$60,725 as of December 31, 2014 into our common stock at \$0.02 per share at any time until December 31, 2018. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 1,518,125 shares of common shares at a strike price of \$0.03 per share.

On June 30, 2014, we issued and convertible promissory note to Doreen McMorran to convert her accrued compensation of \$78,384 as of June 30, 2014 into our common stock at \$0.025 per share at any time until June 30, 2019. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 979,800 shares of common shares at a strike price of \$0.03 per share.

On December 7, 2009, Doreen McMorran was granted an option to purchase 500,000 shares of common stock under the Issuers Stock Option Plan dated July 17, 2006. On October 17, 2014 our board of directors approved to modify the options granted with a new expiry date of December 7, 2019 and a new exercise price of \$0.05 per share.

On December 31, 2015, we issued and convertible promissory note to Doreen McMorran to convert her accrued compensation of \$31,203 as of December 31, 2015 into our common stock at \$0.04 per share at any time until December 31, 2019. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 390,043 shares of common shares at a strike price of \$0.05 per share.

We granted Doreen McMorran the right to convert her accrued compensation of \$131,266 as of December 31, 2015 into our common stock at \$0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 3,281,650 shares of common shares at a strike price of \$0.02 per share.

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**Item 14. Principal Accounting Fees and Services**

Below is the table of Audit Fees (amounts in US\$) billed by our auditor in connection with the audit of the Company's annual financial statements for the years ended:

Financial Statements for the Year Ended December 31	Audit Services	Audit Related Fees	Tax Fees	Other Fees
2014	\$25,000	\$ 0	\$ 0	\$ 0
2015	\$26,000	\$ 0	\$ 0	\$ 0

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**PART IV**

**Item 15. Exhibits, Financial Statements Schedules**

*(a) Financial Statements and Schedules*

The following financial statements and schedules listed below are included in this Form 10-K.

Financial Statements (See Item 8)

*(b) Exhibits*

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
3.1	Articles of Incorporation, as amended <sup>(1)</sup>
3.2	Bylaws, as amended <sup>(1)</sup>
3.3	Certificate of Amendment to The Company's Articles of Incorporation <sup>(2)</sup>
10.1	<u>Promissory Note, dated December 17, 2015</u>
10.2	<u>Promissory Note, dated October 8, 2015</u>
14.1	Code of Ethics <sup>(3)</sup>
31.1	<u>Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>

<sup>1</sup>Incorporated by reference to the Registration Statement on Form 10SB12G filed on April; 30, 1999.

<sup>2</sup>Incorporated by reference to the Report on Form 8-K filed on September 12, 2008.

<sup>3</sup>Incorporated by reference to Current report on Form 10-KSB filed with the Securities and Exchange Commission on April 14, 2005.

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**SIGNATURES**

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

Skinvisible, Inc.

By: /s/ Terry Howlett  
Terry Howlett

President, Chief Executive Officer, Principal Executive Officer,

Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director

April 14, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Terry Howlett  
Terry Howlett  
President, Chief Executive Officer, Principal Executive Officer,

Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director

April 8, 2016

By: /s / Greg McCartney  
Greg McCartney  
Director  
April 8, 2016