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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: **001-33718**

U.S. STEM CELL, INC.

(Exact name of registrant as specified in its charter)

Florida	**65-0945967**
(State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

13794 NW 4th Street, Suite 212, Sunrise, Florida 33325
(Address of principal executive offices) (Zip Code)

(954) 835-1500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.045 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 4, 2016, there were 5,042,656 outstanding shares of the Registrant's common stock, par value $0.001 per share.

Transitional Small Business Disclosure Format Yes ☐ No ☒

U.S. STEM CELL, INC.

TABLE OF CONTENTS

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1.

Interim Condensed Financial Statements and Notes to Interim Financial Statements

General

The accompanying reviewed condensed interim financial unaudited statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' deficit in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2015. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results that can be expected for the year ending December 31, 2016.

U.S. STEM CELL, INC.
CONDENSED BALANCE SHEETS

	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 275,404	$ 58,372
Accounts receivable, net	48,756	35,032
Inventory	30,538	17,406
Prepaid and other	-	4,832
Total current assets	354,698	115,642
Property and equipment, net	12,960	14,172
Other assets		
Investments	54,998	89,139
Deposits	10,160	10,160
Total assets	$ 432,816	$ 229,113
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable, including $60,187 and $104,089 to related parties, respectively	$ 1,416,827	$ 1,503,501
Accrued expenses	754,110	726,751
Advances, related party	54,901	106,505
Deferred revenue	78,063	71,961
Deposits	465,286	465,286
Promissory note, short term portion, net of debt discount of $76,792 and $78,864 respectively	73,208	71,136
Notes payable, related party	1,691,454	1,727,022
Notes payable, net of debt discount of $348,593 and $249,205, respectively	726,723	608,502
Derivative liabilities	626,828	423,927
Total current liabilities	5,887,400	5,704,591
Long term debt:		
Promissory note, long term portion, net of debt discount of $222,364 and $240,522, respectively	1,250,398	1,232,241
Notes payable, long term portion	983,448	983,727
Note payable, long term portion, related party	-	30,000
Total long term debt	2,233,846	2,245,968
Total liabilities	8,121,246	7,950,559
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock, par value $0.001; 20,000,000 shares authorized, 20,000,000 issued and outstanding	20,000	20,000
Common stock, par value $0.001; 2,000,000,000 shares authorized, 2,841,049 and 1,813,689 shares issued and 2,745,588 and 1,728,478 outstanding as of March 31, 2016 and December 31, 2015, respectively	2,841	1,814
Additional paid in capital	114,958,240	114,555,110
Treasury stock, 95,461 and 85,211 shares, respectively	(229,813)	(221,996)
Accumulated deficit	(122,439,698)	(122,076,374)
Total stockholders' deficit	(7,688,430)	(7,721,446)
Total liabilities and stockholders' deficit	$ 432,816	$ 229,113

See the accompanying notes to these condensed financial statements

U.S. STEM CELL, INC.
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31, 2016	2015
Revenue:		
Products	$ 501,425	$ 285,349
Services	209,521	204,208
Total revenue	710,946	489,557
Cost of sales	154,382	293,415
Gross profit	556,564	196,142
Cost and operating expenses:		
Research and development	3,495	2,500
Marketing, general and administrative	565,806	999,987
Depreciation and amortization	1,213	1,301
Total operating expenses	570,514	1,003,788
Net loss from operations	(13,950)	(807,646)
Other income (expenses):		
(Loss) gain on settlement of debt	(21,293)	59,430
Gain on disposal of equipment	500	-
Gain on change of fair value of derivative liability	14,506	122,724
Income from equity investment	15,859	3,966
Other income	2,456	3,151
Interest expense	(361,402)	(429,842)
Total other income (expenses)	(349,374)	(240,571)
Net loss before income taxes	(363,324)	(1,048,217)
Income taxes (benefit)	-	-
NET LOSS	$ (363,324)	$ (1,048,217)
Net loss per common share, basic and diluted	$ (0.18)	$ (1.67)
Weighted average number of common shares outstanding, basic and diluted	2,054,269	626,644

See the accompanying notes to these unaudited condensed financial statements

U.S. STEM CELL, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIT
THREE MONTHS ENDED MARCH 31, 2016
(unaudited)

	Preferred stock		Common stock		Additional Paid in	Treasury	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Total
Balance, January 1, 2016	20,000,000	$ 20,000	1,813,689	$ 1,814	$ 114,555,110	$ (221,996)	$ (122,076,374)	$ (7,721,446)
Common stock issued in settlement of accounts payable and accrued interest	-	-	16,753	17	15,664	-	-	15,681
Common stock issued in connection with settlement of other debt	-	-	996,001	996	310,200	-	-	311,196
Common stock issued in settlement of note payable, related party	-	-	14,606	14	6,558	-	-	6,572
Purchase of 10,250 shares of Company's common stock at average cost of $0.76 per share	-	-	-	-	-	(7,817)	-	(7,817)
Stock based compensation	-	-	-	-	70,708	-	-	70,708
Net loss	-	-	-	-	-	-	(363,324)	(363,324)
Balance, March 31, 2016	20,000,000	$ 20,000	2,841,049	$ 2,841	$ 114,958,240	$ (229,813)	$ (122,439,698)	$ (7,688,430)

See the accompanying notes to these unaudited condensed financial statements

U.S. STEM CELL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (363,324)	$ (1,048,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,213	1,301
Bad debt expense	21,816	-
Discount on convertible debt	207,177	231,795
Change in fair value of derivative liability	(14,506)	(122,724)
Loss (gain) on settlement of debt	21,293	(59,430)
Gain on sale of equipment	(500)	-
Common stock issued in settlement of litigation	-	59,850
Non cash payment of interest	77,895	88,578
Income on equity investments	(15,859)	(3,966)
Stock based compensation	70,708	194,936
(Increase) decrease in:		
Receivables	(35,540)	16,920
Inventory	(13,132)	-
Prepaid and other current assets	4,832	8,997
Increase (decrease) in:		
Accounts payable	(62,869)	114,452
Accrued expenses	32,621	94,024
Deferred revenue	6,102	39,233
Net cash used in operating activities	(62,073)	(384,251)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments to) equity investments	50,000	(5,000)
Proceeds from sale of property and equipment	500	-
Purchase of treasury stock	(7,817)	-
Acquisitions of property and equipment	-	(894)
Net cash provided by (used in) investing activities	42,683	(5,894)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, net	-	299,848
Proceeds from notes payable	407,896	180,000
Repayments of related party advances, net	(35,000)	-
Repayments of related party notes	(65,568)	-
Repayments of notes payable	(70,906)	(55,403)
Net cash provided in financing activities	236,422	424,445
Net increase in cash and cash equivalents	217,032	34,300
Cash and cash equivalents, beginning of period	58,372	36,674
Cash and cash equivalents, end of period	$ 275,404	$ 70,974
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 13,364	$ 108,471
Income taxes paid	$ -	$ -
Non-cash financing activities:		
Common stock issued in settlement of notes payable	$ 120,445	$ 231,727
Common stock issued in settlement of accounts payable	$ 5,953	$ 41,782
Common stock issued in settlement of note payable, related party	$ 10,000	$ -

See the accompanying notes to these unaudited condensed financial statements

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the presentation of the accompanying unaudited condensed financial statements follows:

General

The accompanying unaudited condensed financial statements of U.S. Stem Cell, Inc., (the "Company"), have been prepared in accordance with the rules and regulations (Regulation S-X) of the Securities and Exchange Commission (the "SEC") and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results from operations for the three month period ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016. The unaudited condensed financial statements should be read in conjunction with the December 31, 2015 financial statements and notes thereto included in the Company's Annual Report on Form 10-K.

Basis and business presentation

U.S. Stem Cell, Inc. was incorporated under the laws of the State of Florida in August, 1999. The Company is in the cardiovascular sector of the cell technology industry delivering cell therapies and biologics that help address congestive heart failure, lower limb ischemia, chronic heart ischemia, acute myocardial infarctions and other issues. The business includes the development of proprietary cell therapy products as well as revenue generating physician and patient based regenerative medicine/cell therapy training services, cell collection and cell storage services, the sale of cell collection and treatment kits for humans and animals, and the operation of a cell therapy clinic. To date, the Company has not generated significant sales revenues in that they remain less than their total operating expenses, has incurred expenses, and has sustained losses. Consequently, its operations are subject to all the risks inherent in the establishment of a research and development business enterprise.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

At the time of each transaction, management assesses whether the fee associated with the transaction is fixed or determinable and whether or not collection is reasonably assured. The assessment of whether the fee is fixed or determinable is based upon the payment terms of the transaction. Collectability is assessed based on a number of factors, including past transaction history with the client and the creditworthiness of the client.

The Company's primary source of revenue are from the sale of test kits and equipment, training services, patient treatments and laboratory services, and cell banking.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Revenues for kits and equipment sold are not recorded until kits and equipment are shipped. Revenues from trainings are recognized when the training occurs. Any cash received as a deposit for trainings are recorded by the company as a liability.

Patient treatments and laboratory services revenue are recognized when those services have been completed or satisfied.

Revenues for cell banking sales are accounted for as Multiple-Element Arrangements under ASC 605-10 which incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arrangements ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. Because the Company sells its services separately, on more than a limited basis and at a price within a narrow range, the Company was able to allocate revenue based on vendor-specific objective evidence of fair value (VSOE).

At March 31, 2016 and December 31, 2015, the Company had deferred revenues of $78,063 and $71,961, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of the Company's stock, stock-based compensation, fair values relating to derivative liabilities, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of March 31, 2016 and December 31, 2015, allowance for doubtful accounts was $21,816 and $-0-, respectively.

Inventories

Inventories are stated at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) basis. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. During the periods presented, there were no inventory write-downs.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Investments

The Company has adopted Accounting Standards Codification subtopic 323-10, Investments-Equity Methods and Joint Ventures ("ASC 323-10) which requires the accounting for investments where the Company can exert significant influence, but not control of a joint venture or equity investment. The Company accounted for its 33 percent ownership of U.S. Stem Cell Clinic, LLC utilizing the equity method of accounting. (See Note 3)

Stock based compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the statements of operations, as if such amounts were paid in cash. As of March 31, 2016, there were outstanding stock options to purchase 555,815 shares of common stock, 511,655 shares of which were vested.

Net Loss per Share

The Company computes basic net loss per share by dividing net loss per share available to common stockholders by the weighted average number of common shares outstanding for the period, adjusted to give effect to the 1,000-for-1 reverse stock split, which was effective in the market on November 5, 2015 (Note 9). Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable. The computation of basic and diluted loss per share for the three months ended March 31, 2016 and 2015 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net income (loss) per share are as follows:

	March 31, 2016	March 31, 2015
Convertible debt	7,822,689	107,163
Series A convertible preferred stock	20,000,000	20,000,000
Options to purchase common stock	555,815	73,900
Warrants to purchase common stock	139,334	150,775
Totals	28,517,838	20,331,838

Treasury Stock

The Company uses the cost method when it purchases its own common stock as treasury shares and displays treasury stock as a reduction of shareholders' equity.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Generally, the Company's cash and cash equivalents in interest-bearing accounts does not exceed FDIC insurance limits. The financial stability of these institutions is periodically reviewed by senior management.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

As of March 31, 2016, four customers represented 25%, 18%, 18% and 11%, respectively, representing an aggregate of 77% of the Company's accounts receivable. As of December 31, 2015, three customers represented 32%, 18% and 16% respectively, representing, an aggregate of 66%, of the Company's accounts receivable.

For the three months ended March 31, 2015, the Company's revenues earned from the sale of products and services were $710,946, of which one customer represented 12% of the Company's revenues. For the three months ended March 31, 2015, the Company's revenues earned from the sale of products and services were $489,557, of which no customers represented 10% or more of the Company's revenues.

Research and Development

The Company accounts for research and development costs in accordance with Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved as defined under the applicable agreement. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of $3,495 and $2,500 for the three months ended March 31, 2016 and 2015, respectively.

Fair Value

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and short-term borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Company follows Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10") and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value.

Derivative Instrument Liability

The Company accounts for derivative instruments in accordance with ASC 815, which establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other financial instruments or contracts and requires recognition of all derivatives on the balance sheet at fair value, regardless of hedging relationship designation. Accounting for changes in fair value of the derivative instruments depends on whether the derivatives qualify as hedge relationships and the types of relationships designated are based on the exposures hedged. At December 31, 2015 and 2014, the Company did not have any derivative instruments that were designated as hedges.

At March 31, 2016 and December 31, 2015, the Company had outstanding convertible notes and warrants that contained embedded derivatives. These embedded derivatives include certain conversion features and reset provisions. (See Note 6 and Note 8).

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-01, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. The Company is currently evaluating the impact of adopting this guidance.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

Reclassification

Certain reclassifications have been made to prior periods' data to conform with the current year's presentation. These reclassifications had no effect on reported income or losses.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying condensed 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. As shown in the accompanying financial statements during three months ended March 31, 2016, the Company incurred net losses of $363,324 and used $62,073 in cash for operating activities. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds in 2015 and 2016 has been from revenue generated from sales with additional cash proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses and negative cash flows from operations since inception, but expects these conditions to improve in 2016 and beyond as it develops it business model. The Company has stockholders' deficiencies at March 31, 2016 and requires additional financing to fund future operations.

The Company's existence is dependent upon management's ability to develop profitable operations and to obtain additional funding sources. There can be no assurance that the Company's financing efforts will result in profitable operations or the resolution of the Company's liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 3 — INVESTMENTS

The investment recorded is comprised of a 33% ownership of U.S. Stem Cell Clinic, LLC, accounted for using the equity method of accounting. The investments in 2014 and 2015 of cash and expenses paid on U.S. Stem Cell Clinic, LLC's behalf were in aggregate of $59,714. The Company's 33% income earned by U.S. Stem Cell Clinic, LLC of $15,859 and $3,966 for the three months ended March 31, 2016 and 2015, respectively, (inception to date income of $45,284) was recorded as other income/expense in the Company's Statement of Operations in the appropriate periods. In addition, during the three months ended March 31, 2016, the Company received a distribution of $50,000 from U.S. Stem Cell Clinic, LLC. The carrying value of the investment at March 31, 2016 was $54,998.

At March 31, 2016 and December 31, 2015, accounts receivable for sales of test kits to U.S. Stem Cell Clinic, LLC was $12,842 and $5,946; revenues earned from sales to U.S. Stem Clinic, LLC for the three months ended March 31, 2016 and 2015 were $83,518 and $24,416, respectively.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2016 and December 31, 2015 is summarized as follows:

	March 31, 2016	December 31, 2015
Laboratory and medical equipment	$ 329,638	$ 353,253
Furniture, fixtures and equipment	130,410	130,410
Computer equipment	48,788	48,788
Leasehold improvements	362,046	362,046
	870,882	894,497
Less accumulated depreciation and amortization	(857,922)	(880,325)
	$ 12,960	$ 14,172

Property and equipment are recorded on the basis of cost. For financial statement purposes, property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. During the three months ended March 31, 2016, the Company sold fully depreciated equipment for net proceeds (and gain) of $500.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations. Management periodically reviews the carrying value of its property and equipment for impairment in accordance with the guidance for impairment of long lived assets.

NOTE 5 — ACCRUED EXPENSES

Accrued expenses consisted of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Amounts payable to the Guarantors of the Company's loan agreement with Bank of America and Seaside Bank, including fees and interest	$ 86,311	$ 64,199
Interest payable on notes payable	503,256	467,664
Vendor accruals and other	146,451	147,244
Employee commissions, compensation, etc.	18,092	47,644
	$ 754,110	$ 726,751

During the three months ended March 31, 2016, the Company issued an aggregate of 16,753 shares of its common stock in settlement of outstanding accounts payable and accrued expenses. In connection with the issuance, the Company incurred $14,729 net gain in settlement of debt.

NOTE 6 — NOTES PAYABLE

Promissory notes payable were comprised of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Seaside Bank note payable.	$ 980,000	$ 980,000
Hunton & Williams notes payable	384,972	384,972
Daniel James Management notes payable	100,000	75,000
Fourth Man, LLC notes payable	50,000	77,450
Magna Group notes payable	344,505	125,000
Power Up Lending Group notes payable	270,743	194,235
Equipment finance lease	4,285	4,777
Total notes payable	2,134,505	1,841,434
Less unamortized debt discount	(424,334)	(249,205)
Total notes payable net of unamortized debt discount	1,710,171	1,592,229
Less current portion	(726,723)	(608,502)
Long term portion	$ 983,448	$ 983,727

Seaside Bank

On October 25, 2010, the Company entered into a Loan Agreement with Seaside National Bank and Trust for a $980,000 loan at 4.25% per annum interest that was used to refinance the Company's loan with Bank of America. The obligation is guaranteed by certain shareholders of the Company. The Company renewed the loan with Seaside National Bank and Trust during the first quarter of 2016 to extend the maturity date to January 11, 2018.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Hunton & Williams Notes

At March 31, 2016 and December 31, 2015, the Company has two outstanding notes payable with interest at 8% per annum due at maturity. The two notes, $61,150 and $323,822, are payable in one balloon payment upon the date the Noteholder provides written demand, however the Company is not obligated to make payments until the Northstar (or successor) Loan is paid off.

Daniel James Management (during this period)

2016 Notes

During the three months ended March 31, 2016, the Company entered into Securities Purchase Agreements with Daniel James Management ("Daniel") for the sale of 9.5% convertible promissory note in aggregate principal amount of $75,000 (the "Daniel Notes").

The Daniel Notes bear interest at the rate of 9.5% per annum. As of the three months ended March 31, 2016, all interest and principal must be repaid one year from the issuance date, with the last note being due March 9, 2017. The Daniel Notes are convertible into common stock, at holder's option, at a 47% discount to the average of the three lowest closing bid prices of the common stock during the 10 trading day period prior to conversion. The Company has identified the embedded derivatives related to the Daniel Notes. These embedded derivatives included certain conversion features and reset provision. (see Note 8).

The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of Daniel Notes and to fair value as of each subsequent reporting date which at March 31, 2016 was $113,510. At the inception of the Daniel Notes, the Company determined the aggregate fair value of $139,691 of the embedded derivatives.

During the three months ended March 31, 2016, $50,000 of promissory notes plus accrued interest that were outstanding at December 31, 2015 were converted into shares of the Company's common stock (see Note 9).

The remaining aggregate promissory notes to Daniel unconverted principle balance as of March 31, 2016 was $100,000.

Fourth Man (during this period)

During the three months ended March 31, 2016, $27,450 of promissory notes plus accrued interest that were outstanding at December 31, 2015 were converted into shares of the Company's common stock. (See Note 9).

Magna Group (during this period)

2015 Note

On December 3, 2015, the Company entered into a Securities Purchase Agreement with Magna Equities II, LLC ("Magna") for the sale of a 12% convertible promissory note in the principal amount of $262,500 (the "Note"). The Note was subsequently funded in February 2016 upon effectiveness of the Company's registration statement (see below). Proceeds from the note was $250,000 (less an original issue discount of 5% or $12,500).

The Note bears interest at the rate of 12% per annum. All interest and principal must be repaid on December 3, 2016. The Note is convertible into common stock, at Magna's option, at the lower of i) 40% discount to the lowest sales price of the common stock during the 5 trading day period prior to conversion or ii) $0.70. In the event the Company prepays the Note in full, the Company is required to pay off all principal at 140%, interest and any other amounts.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

On December 12, 2014, the Company filed a Registration Statement on Form S-1 to register 341,718 shares of common issuable upon the conversion of Magna Equity II, LLC convertible notes dated December 3, 2015 (as restated) for $110,000 and December 3, 2015 for $262,500. The latter note was funded in February 2016. The Registration Statement on Form S-1 was declared effective on February 12, 2016

The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of Notes to Magna and to fair value as of each subsequent reporting date which at March 31, 2016 was $270,792. At the inception of the Notes, the Company determined the aggregate fair value of $263,204 of the embedded derivatives.

During the three months ended March 31, 2016, $42,995 of the 2015 note was converted into shares of the Company's common stock (see Note 9).

The remaining aggregate Magna Group promissory notes unconverted principle balance as of March 31, 2016 was $344,505.

PowerUp Lending Group, Ltd (during this period)

On March 23, 2016, the Company entered into a revenue based factoring agreement and received an aggregate of $200,000 (less origination fees of $1,650) in exchange for $276,000 of future receipts relating to monies collected from customers or other third party payors. Under the terms of the agreements, the Company is required to make daily payments equal to $1,314 for 210 business days. The Company received net proceeds of $82,896 along with cancellation of the previous revenue based factoring agreement issued in 2015. In connection with the cancellation of the December 2015 revenue based factoring agreements, the Company incurred a loss in settlement of debt of $39,449. The remaining principle balance of the PowerUp Lending Group promissory notes payable at March 31, 2016 is $270,743.

At March 31, 2016, the Company has recorded interest expense in the amount of $1,909 under the terms of the agreement. The remaining unamortized debt discount at March 31, 2016 is $75,741.

Promissory note

On June 1, 2015, the Company issued an amended and restated promissory note of $1,697,762 in settlement of the $1,500,000 outstanding subordinated debt, related accrued interest of $373,469 and accumulated and unpaid guarantor fees of $624,737.

The note is unsecured and non-interest bearing with four semi-annual payments of $75,000 beginning on December 31, 2015 with the remaining unpaid balance due June 1, 2020.

The Company imputed an interest rate of 5% and discounted the promissory note accordingly. The imputed debt discount of $368,615 is amortized to interest expense using the effective interest method. For the three months ended March 31, 2016, the Company amortized $20,229 of debt discounts to current period operations as interest expense. The unamortized debt discount at March 31, 2016 is $299,156.

Summary:

The Company has identified the embedded derivatives related to the Daniel and Magna promissory notes. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of these notes and to fair value as of each subsequent reporting date which at March 31, 2016 was $384,301.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

The fair value of the embedded derivatives at issuance of the Daniel and Magna promissory notes, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 178.42% to 185.15%, (3) weighted average risk-free interest rate of 0.53% to 0.69%, (4) expected lives of 0.79 to 1.00 years, and (5) estimated fair value of the Company's common stock from $0.24 to $0.9342 per share.

The initial fair value of the embedded debt derivative of $402,895 was allocated as a debt discount up to the proceeds of the notes ($325,000) with the remainder ($77,895) charged to current period operations as interest expense. For the three months ended March 31, 2016, the Company amortized an aggregate of $186,948 of debt discounts to current period operations as interest expense, respectively.

NOTE 7 — RELATED PARTY TRANSACTIONS

Advances

As of March 31, 2016 and December 31, 2015, the Company's officers and directors have provided advances in the aggregate of $54,901 and $106,505 respectively, for working capital purposes. The advances are unsecured, due on demand and non-interest bearing.

On February 12, 2016, the Company issued 14,606 shares of its common stock in settlement of $10,000 of the outstanding advances due. In connection with the settlement, the Company realized a net gain on settlement of debt of $3,427.

Notes payable-related party

Northstar Biotechnology Group, LLC

On February 29, 2012, a promissory note issued to BlueCrest Master Fund Limited was assigned to Northstar Biotechnology Group, LLC ("Northstar"), owned partly by certain directors and existing shareholders of the Company, including Dr. William P. Murphy Jr., Dr. Samuel Ahn and Charles Hart. At the date of the assignment, the principal amount of the BlueCrest note was $544,267 the ("Note").

On March 30, 2012, the Company and Northstar agreed to extend until May 1, 2012 the initial payment date for any and all required monthly under the Note, such that the first of the four monthly payments required under the Note will be due and payable on May, 2012 and all subsequent payments will be due on a monthly basis thereafter commencing on June 1, 2012, and to waive any and all defaults and/or events of default under the Note with respect to such payments. The Company did not make the required payment, and as a result, was in default of the revised agreement The Company renegotiated the terms of the Note and Northstar agreed to suspend the requirement of principal payments by the Company and allow payment of interest-only in common stock.

On September 21, 2012, the Company issued 5,000 common stock purchase warrants to Northstar that was treated as additional interest expense upon issuance.

On October 1, 2012, the Company and Northstar entered into a limited waiver and forbearance agreement providing a recapitalized new note balance comprised of all sums due Northstar with a maturity date extended perpetually. The Company agreed to issue 5,000,000 shares of Series A Convertible Preferred Stock and 10,000 of common stock in exchange for $210,000 as payment towards outstanding debt, default interest, penalties, professional fees outstanding and due Northstar. In addition, the Company executed a security agreement granting Northstar a lien on all patents, patent applications, trademarks, service marks, copyrights and intellectual property rights of any nature, as well as the results of all clinical trials, know-how for preparing Myoblasts, old and new clinical data, existing approved trials, all right and title to Myoblasts, clinical trial protocols and other property rights.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

In addition, the Company granted Northstar a perpetual license on products as described for resale, relicensing and commercialization outside the United States. In connection with the granted license, Northstar shall pay the Company a royalty of up to 8% on revenues generated.

Effective October 1, 2012, the effective interest rate was 12.85% per annum. The parties agreed, as of February 28, 2013, to reduce the interest rate to 7% per annum.

In connection with the consideration paid, Northstar waived, from the effective date through the earlier of termination or expiration of the agreement, satisfaction of the obligations as described in the forbearance agreement.

In 2012, 5,000,000 shares of Series A Convertible Preferred Stock were approved to be issued, which was subsequently increased to 20,000,000 shares of preferred stock as Series A Convertible Preferred Stock. In addition, the Company is obligated to issue additional preferred stock equal in lieu of payment of cash of accrued and unpaid interest on each six month anniversary of the effective date (October 1, 2012). In lieu of the initial two payments in preferred stock, the parties have determined to modify the voting rights of the Series A Convertible Preferred Stock from 20 votes per share on matters to be voted on by the common stock holders to 25 votes per share on matters to be voted on by the common stock holders and all prior and subsequent payments of interest will be in common stock. The Company is required to issue additional shares of its common stock (as amended), in lieu of cash, each six month anniversary of the effective date for any accrued and unpaid interest.

As described above, during the year ended December 31, 2013, the Company issued the 5,000,000 shares of Series A Convertible Preferred Stock and the 10,000 of common stock described above in exchange for the $210,000 as payment towards outstanding principle of the debt. In addition, the Company issued 15,000,000 shares of Series A Convertible Preferred Stock as a penalty in settlement of the terms of the forbearance agreement. The fair value of the Preferred Stock of $274,050 was included in interest expense for the year ended December 31, 2013.

On September 30, 2013, the Company issued 8,772 shares of its common stock as payment of $100,000 towards cash advances.

On December 24, 2013, the Company issued 3,916 shares of its common stock as payment of accrued interest through June 30, 2013 of $85,447.

On April 2, 2014, the Company issued 275 shares of its common stock in lieu of payment in cash of accrued and unpaid interest of $12,635 due April 1, 2014 per the forbearance agreement.

On September 17, 2014, limited waiver and forbearance agreement entered into on October 1, 2012 to provide that the perpetual license on products as described for resale, relicensing and commercialization outside the United States was amended as such to condition upon NorthStar providing certain financing, which financing the Company, in its sole discretion, could decline and retain the license.

On October 3, 2014, the Company issued 515 shares of its common stock in lieu of payment in cash of accrued and unpaid interest of $12,705 due October 1, 2014 per the forbearance agreement.

On April 3, 2015, the Company issued 1,363 shares of its common stock in lieu of payment in cash of accrued and unpaid interest of $12,635 due April 1, 2015 per the forbearance agreement.

On October 2, 2015, the Company issued 4,156 shares of its common stock in lieu of payment in cash of accrued and unpaid interest of $12,705 due October 1, 2015 per the forbearance agreement.

On October 7, 2015, the Company issued 34,522 shares of its common stock in settlement of $100,000 principal payment towards the outstanding debt.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

As of March 31, 2016 and December 31, 2015, the principal of this note was $262,000.

Officer and Director Notes

	March 31, 2016	December 31, 2015
Note payable, Beverly Murphy	50,000	50,000
Note payable, Mr. Tomas	216,682	252,250
Note payable, Mr. Tomas	375,000	375,000
Note payable, Mr. Tomas	500,000	500,000
Note payable, Ms. Comella	287,772	287,772
Total	$ 1,429,454	$ 1,465,022

Note payable, Ms. Murphy

At March 31, 2016 and December 31, 2015, the Company has outstanding promissory note payable of $50,000 due to Beverly Murphy with interest at 7% per annum due at maturity at October 15, 2015.

Notes payable, Mr. Tomas

In 2013, the Company issued a promissory note payable for previous advances and accrued compensation. The promissory note bears interest of 5% per annum and due on demand. During the three months ended March 31, 2016, the Company paid off $35,568 of the outstanding promissory note. The principal outstanding balance of this note as of March 31, 2016 is $216,682.

On August 1, 2013, the Company issued a $375,000 promissory note due on demand in settlement of accrued compensation. The promissory note bears interest of 5% per annum and is due on demand. The principal outstanding balance of this note as of March 31, 2016 is $375,000.

On July 1, 2014, the Company issued a $500,000 promissory note in settlement of accrued compensation. The promissory note bears interest of 5% per annum and was due on January 1, 2015. The principal outstanding balance of this note as of March 31, 2016 is $500,000.

Notes payable, Ms. Comella

On July 1, 2014, the Company issued a $300,000 promissory note in settlement of accrued compensation. The promissory note bears interest of 5% per annum and due on January 1, 2015. During the years ended December 31, 2015 and 2014, the Company paid off an aggregate of $12,228 of the outstanding promissory note. The principal outstanding balance of this promissory note as of March 31, 2016 is $287,772.

Transactions with Pavillion

During the three months ended March 31, 2016 and 2015, the Company purchased $-0- and $91,794 of lab kits from Pavillion, Inc., respectively, a related party whose owner is related to an officer of the Company. As of March 31, 2016 and December 31, 2015, the Company had $47,506 and $74,793, respectively, in accounts payable owed to Pavillion.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

NOTE 8 — DERIVATIVE LIABILITIES

Reset warrants

On October 1, 2012, in connection with the forbearance agreement with Northstar as discussed in Note 7 above, the Company issued an aggregate of 15,000 common stock purchase warrants to purchase the Company's common stock with an exercise price of $14.00 per share for ten years with anti-dilutive (reset) provisions.

The Company has identified embedded derivatives related to the issued warrants. These embedded derivatives included certain and anti-dilutive (reset) provisions. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date and to fair value as of each subsequent reporting date.

At March 31, 2016, the fair value of the reset provision related to the embedded derivative liability of $1,555 was determined using the Binomial Option Pricing model with the following assumptions: dividend yield: 0%; volatility: 183.53%; risk free rate: 1.54%; and expected life: 6.50 years. The Company recorded a gain on change in derivative liabilities of $10,654 during the three months ended March 31, 2016.

Convertible notes

In 2015 and the three months ended March 31, 2016, the Company issued convertible promissory notes (see Note 6 above).

These promissory notes are convertible into common stock, at holders' option, at a discount to the market price of the Company's common stock. The Company has identified the embedded derivatives related to these promissory notes relating to certain anti-dilutive (reset) provisions. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of these notes and to fair value as of each subsequent reporting date.

The fair value of the embedded derivatives at March 31, 2016, in the amount of $625,273, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 183.53%, (3) weighted average risk-free interest rate of 0.21% to 0.59%, (4) expected lives of 0.34 to 0.94 years, and (5) estimated fair value of the Company's common stock of $0.12 per share. The Company recorded a gain on change in derivative liabilities of $3,852 during the three months ended March 31, 2016.

Based upon ASC 840-15-25 (EITF Issue 00-19, paragraph 11) the Company has adopted a sequencing approach regarding the application of ASC 815-40 to its outstanding convertible promissory notes. Pursuant to the sequencing approach, the Company evaluates its contracts based upon earliest issuance date.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

NOTE 9 — STOCKHOLDERS' EQUITY

Common stock

During the three months ended March 31, 2016, the Company issued an aggregate of 996,001 shares of its common stock for the conversion of $125,708 of promissory notes payable and related accrued interest. Upon conversion of the notes, the Company recorded an adjustment to the derivative liability in the amount of $185,488 (see Note 12).

During the three months ended March 31, 2016, the Company purchased 10,250 shares of the Company's common stock in the open market at an average cost of $0.76 per share.

NOTE 10 — STOCK OPTIONS AND WARRANTS

Stock Options

In December 1999, the Board of Directors and shareholders adopted the 1999 Officers and Employees Stock Option Plan, or the Employee Plan, and the 1999 Directors and Consultants Stock Option Plan, or the Director Plan. The Employee Plan and the Director Plan are collectively referred to herein as the Plans. The Plans are administered by the Board of Directors and the Compensation Committee.

The objectives of the Plans include attracting and retaining key personnel by encouraging stock ownership in the Company by such persons. In February 2010, the Directors & Consultants Plan was amended to extend the termination date of the Plan to December 1, 2011.

On April 1, 2013, the Board of Directors approved, subject to shareholder approval, the establishment of the Bioheart 2013 Omnibus Equity Compensation Plan, or the "2013 Omnibus Plan". The 2013 Omnibus Plan reserves up to fifty thousand shares of common stock for issuance. On August 4, 2014, the Board of Directors approved to set the reserve to one hundred thousand shares of common stock for issuance and to close the 1999 Officers and Employees Stock Option Plan. On February 2, 2015, at the annual meeting of shareholders, the majority of shareholders approved the 2013 Omnibus Equity Compensation Plan. On November 2, 2015, the Board of Directors approved the increase of the reserve under the 2013 Omnibus Plan to five hundred million shares of common stock for issuance.

A summary of options at March 31, 2016 and activity during the three months then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)
Options outstanding at January 1, 2015	66,933	$ 56.00	8.9
Granted	489,116	$ 1.98	10.00
Exercised	—		
Forfeited/Expired	(229)	$ 5,103.28	
Options outstanding at December 31, 2015	555,820	$ 6.43	9.6
Granted	—		
Exercised	—		
Forfeited/Expired	(5)	$ 4,674.36	
Options outstanding at March 31, 2016	555,815	$ 6.38	9.4
Options exercisable at March 31, 2016	511,655	$ 5.56	9.4
Available for grant at March 31, 2016	7,383,070		

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

The following information applies to options outstanding and exercisable at March 31, 2016:

	Options Outstanding			Options Exercisable	
	Shares	Weighted-Average Remaining Contractual Term	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$ 0.00 – $20.00	534,706	9.4	$ 3.31	501,682	$ 2.72
$ 20.01 – $30.00	19,849	8.3	$ 26.96	8,713	$ 26.94
$ 30.01 – $100.00	300	5.4	$ 70.00	300	$ 70.00
$ >100.00	960	3.8	$ 1,270.73	960	$ 1,270.73
	555,815	9.4	$ 6.39	511,655	$ 5.56

The fair value of all options vesting during the three months ended March 31, 2016 and 2015 of $71,092 and $196,966, respectively, was charged to current period operations.

As of March 31, 2016, the Company had approximately $402,807 of total unrecognized compensation cost related to non-vested awards granted under the Plan, which the Company expects to recognize over a weighted average period of 0.93 years.

Warrants

A summary of common stock purchase warrants at March 31, 2016 and activity during the three months ended March 31, 2016 is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)
Outstanding at January 1, 2015	150,620	$ 170.00	6.6
Issued	2,072	$ 19.98	8.18
Exercised	-		
Expired	(13,325)	$ 24.00	
Outstanding at December 31, 2015	139,367	$ 182.26	6.3
Issued	-		
Exercised	-		
Expired	(33)	$ 7,690.00	
Outstanding at March 31, 2016	139,334	$ 180.48	6.0
Exercisable at March 31, 2016	134,789	$ 97.54	6.0

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

The following information applies to common stock purchase warrants outstanding and exercisable at March 31, 2016:

	Warrants Outstanding			Warrants Exercisable	
	Shares	Weighted-Average Remaining Contractual Term	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$ 0.01 – $20.00	94,108	6.5	$ 15.54	94,108	$ 15.54
$ 20.01 – $30.00	29,743	5.8	$ 24.52	28,743	$ 24.62
$ 30.01 – $40.00	628	1.4	$ 40.00	628	$ 40.00
$ 40.01 - $50.00	6,253	2.9	$ 48.36	4,253	$ 48.49
$ 50.01 – $60.00	543	1.7	$ 60.00	543	$ 60.00
$ > 60.00	8,059	3.9	$ 2,803.74	6,514	$ 1,644.81
	139,334	6.0	$ 180.48	134,789	$ 97.54

NOTE 11 — COMMITMENTS AND CONTINGENCIES

Leases

On February 4, 2016, the Company amended its facility lease to extend the term of the lease until August 31, 2019. Approximate annual future minimum lease obligations under non-cancelable operating lease agreements as of March 31, 2016 are as follows:

Period ending December 31,		
2016 (nine months)	$	65,756
2017		87,674
2018		87,674
2019		58,448
Total	$	299,552

Litigation

On September 17, 2015, a product liability lawsuit was filed in Broward County, specifically Patsy Bade v. Bioheart, Inc. US Stem Cell Clinics LLC, Aleiandro Perez, ARNP, and Shareen Greenbaum, M.D., and on November 30, 2015, a product liability lawsuit was filed in Broward County, specifically Elizabeth Noble v. Bioheart, Inc. US Stem Cell Clinics LLC, Aleiandro Perez, ARNP, and Shareen Greenbaum, M.D. During the three months ended March 31, 2016, both matters are expected to settle by the Company's insurance policy with no additional cost to the Company.

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. There was no outstanding litigation as of March 31, 2016. (See Subsequent events-Note 13)

On February 8, 2016, a collection lawsuit was filed in Broward County, specifically Roche Diagnostics Corp. v. U.S Stem Cell, Inc. demanding judgement against the Company for an aggregate of $42,246 plus interest and costs for alleged unpaid product. The Company's position is the lawsuit is without merit and intends to dispute the claim vigorously.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

NOTE 12 — FAIR VALUE MEASUREMENT

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the financial statements.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible notes payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of March 31, 2016 or December 31, 2015, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in notes 6 and 8. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Notes 6 and 8 are that of volatility and market price of the underlying common stock of the Company.

As of March 31, 2016 and December 31, 2015, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of March 31, 2016, in the amount of $626,828 has a level 3 classification.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities as of March 31, 2016:

	Warrant Liability	Debt Derivative
Balance, December 31, 2014	149,920	$ 591,351
Total (gains) losses		
Initial fair value of debt derivative at note issuance	—	1,097,379
Mark-to-market at December 31, 2015:	(137,711)	122,616
Transfers out of Level 3 upon conversion and settlement of notes	—	(1,399,628)
Balance, December 31, 2015	12,209	411,718
Total (gains) losses		
Initial fair value of debt derivative at note issuance	—	402,895
Mark-to-market at March 31, 2016:	(10,654)	(3,852)
Transfers out of Level 3 upon conversion or payoff of notes payable	—	(185,488)
Balance, March 31, 2016	$ 1,555	$ 625,273
Net gain for the period included in earnings relating to the liabilities held at March 31, 2016	$ 10,654	$ 3,852

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. The Company's stock price decreased approximately 86% from December 31, 2015 to March 31, 2016. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

The estimated fair value of these liabilities is sensitive to changes in the Company's expected volatility. Increases in expected volatility would generally result in a higher fair value measurement.

NOTE 13 — SUBSEQUENT EVENTS

Subsequent financing

On April 22, 2016, the Company entered into a Securities Purchase Agreement with Fourth Man, Inc., for the sale of a 9.5% convertible note in the principal amount of $25,000 (the "Note").

The Note bears interest at the rate of 9.5% per annum. All interest and principal must be repaid on April 21, 2017. The Note is convertible into common stock, at Fourth Man, Inc.'s option, at a 49% discount to the lowest daily closing trading price of the common stock during the 10 trading day period prior to conversion. In the event the Company prepays the Note in full, the Company is required to pay off all principal at 150%, interest and any other amounts.

U.S. STEM CELL, INC.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2016
(unaudited)

Subsequent common stock issuances

In April 2016, the Company issued an aggregate of 1,558,191 shares of its common stock in settlement of $58,202 notes payable, 678,449 shares for services and 57,778 shares for payment of $12,705 accrued interest on the Northstar debt.

Cancellation of treasury shares

On April 13, 2016, the Company returned and cancelled 92,811 previously acquired shares of its common stock. These shares were added back to the authorized availability.

Options

On April 18, 2016, the Company granted an aggregate of 150,000 options to acquire the Company's common stock to key employees. The Options are exercisable at $0.15402 per share vesting over four years and the grant date anniversary and expire ten years from issuance.

On April 18, 2016, the Company repriced an aggregate of 555,433 previously issued options with exercise prices from $1.71 to $7,688.83 per share to $0.15402 per share. All other terms and conditions were unchanged.

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

Unless otherwise indicated, references in this Quarterly Report on Form 10-Q to "we," "us," and "our" are to the Company, unless the context requires otherwise. The following discussion and analysis by our management of our financial condition and results of operations should be read in conjunction with our unaudited condensed interim financial statements and the accompanying related notes included in this quarterly report and our audited financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission.

Cautionary Statement Regarding Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act, and we intend that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Any such forward-looking statements would be contained principally in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors." Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of regulation. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "hopes," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" or similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss many of these risks in greater detail in "Risk Factors." Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this report. You should read this report and the documents that we reference in this report and have filed as exhibits to the report completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Additional information concerning these and other risks and uncertainties is contained in our filings with the Securities and Exchange Commission, including the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.

Unless otherwise indicated or the context otherwise requires, all references in this Form 10-Q to "we," "us," "our," "our company," "U. S. Stem Cell, Inc." or the "Company" refer to U.S. Stem Cell, Inc. and its subsidiaries.

Our Ability to Continue as a Going Concern

Our independent registered public accounting firm has issued its report dated March 8, 2016, in connection with the audit of our annual financial statements as of December 31, 2015, that included an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern and Note 2 to the unaudited financial statements for the period ended March 31, 2016 also describes the existence of conditions that raise substantial doubt about our ability to continue as a going concern.

Overview

We are an emerging enterprise in the regenerative medicine/cellular therapy industry. We are focused on the discovery, development and commercialization of cell based therapeutics that prevent, treat or cure disease by repairing and replacing damaged or aged tissue, cells and organs and restoring their normal function. Our business includes the development of proprietary cell therapy products as well as revenue generating physician and patient based regenerative medicine / cell therapy training services, cell collection and cell storage services, the sale of cell collection and treatment kits for humans and animals, and the operation of a cell therapy clinic.

US Stem Cell Training, ("SCT"), an operating division of our company, is a content developer of regenerative medicine/cell therapy informational and training materials for physicians and patients. SCT also provides in-person and online training courses which are delivered through in-person presentations at SCT's state of the art facilities and globally at university, hospital and physician's office locations as well as through online webinars. Additionally, SCT provides hands-on clinical application training for physicians and health care professionals interested in providing regenerative medicine / cell therapy procedures.

Vetbiologics, ("VBI"), an operating division of our company, is a veterinary regenerative medicine company committed to providing veterinarians with the ability to deliver the highest quality regenerative medicine therapies to dogs, cats and horses. VBI provides veterinarians with extensive regenerative medicine capabilities including the ability to isolate regenerative stem cells from a patient's own adipose (fat) tissue directly on-site within their own clinic or stall-side.

US Stem Cell Clinic, LLC, ("SCC"), a partially owned investment of our company, is a physician run regenerative medicine/cell therapy clinic providing cellular treatments for patients afflicted with neurological, autoimmune, orthopedic and degenerative diseases. SCC is operating in compliance with the FDA 1271s which allow for same day medical procedures to be considered the practice of medicine. We isolate stem cells from bone marrow and adipose tissue and also utilize platelet rich plasma.

U.S. Stem Cell, Inc.'s comprehensive map of products and services:

All living complex organisms start as a single cell that replicates, differentiates (matures) and perpetuates in an adult organism through its lifetime. Cellular therapy is the process that uses cells to prevent, treat or cure disease, or regenerate damaged or aged tissue. To date, the most common type of cell therapy has been the replacement of mature, functioning cells such as through blood and platelet transfusions. Since the 1970s, first bone marrow and then blood and umbilical cord-derived stem cells have been used to restore bone marrow, as well as blood and immune system cells damaged by the chemotherapy and radiation that are used to treat many cancers. These types of cell therapies are standard of practice world-wide and are typically reimbursed by insurance.

Within the field of cell therapy, research and development using stem cells to treat a host of diseases and conditions has greatly expanded. Stem cells (in either embryonic or adult forms) are primitive and undifferentiated cells that have the unique ability to transform into or otherwise affect many different cells, such as white blood cells, nerve cells or heart muscle cells. Our cell therapy development efforts are focused on the use of adult stem cells; those cells which are found in the muscle, fat tissue and peripheral blood.

There are two general classes of cell therapies: Patient Specific Cell Therapies ("PSCTs") and Off-the-Shelf Cell Therapies ("OSCTs"). In PSCTs, cells collected from a person (“donor”) are transplanted, with or without modification, to a patient (“recipient”). In cases where the donor and the recipient are the same individual, these procedures are referred to as “autologous”. In cases in which the donor and the recipient are not the same individual, these procedures are referred to as “allogeneic.” Autologous cells offer a low likelihood of rejection by the patient and we believe the long-term benefits of these PSCTs can best be achieved with an autologous product. In the case of OSCT, donor cells are expanded many fold in tissue culture, and large banks of cells are frozen in individual aliquots that may result in treatments for as many as 10,000 people from a single donor tissue. By definition, OSCTs are always allogeneic in nature.

Various adult stem cell therapies are in clinical development for an array of human diseases, including autoimmune, oncologic, neurologic and orthopedic, among other indications. While no assurances can be given regarding future medical developments, we believe that the field of cell therapy holds the promise to better the human experience and minimize or ameliorate the pain and suffering from many common diseases and/or from the process of aging.

According to Robin R. Young’s Stem Cell Summit Executive Summary-Analysis and Market Forecasts 2014-2024, the United States stem cell therapy market is estimated to grow from an estimated $237 million in 2013 to more than $5.7 billion in 2020.

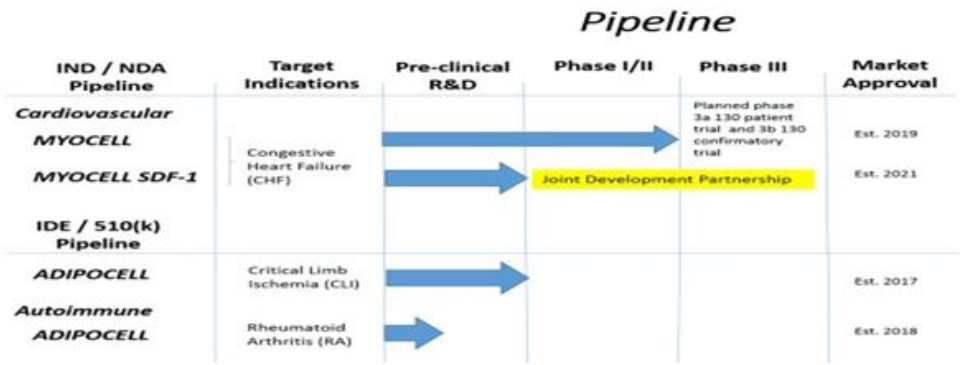
Specific to cellular therapy, we are focused on the discovery, development and commercialization of autologous cellular therapies for the treatment of chronic and acute heart damage as well as vascular and autoimmune diseases.

In our pipeline, we have multiple product candidates for the treatment of heart damage, including MyoCell and Myocell SDF-1. MyoCell and MyoCell SDF-1 are autologous muscle-derived cellular therapies designed to populate regions of scar tissue within a patient’s heart with new living cells for the purpose of improving cardiac function in chronic heart failure patients.

MyoCell SDF-1 is intended to be an improvement to MyoCell. MyoCell SDF-1 is similar to MyoCell but the myoblast cells to be injected for use in MyoCell SDF-1 are modified prior to injection by an adenovirus vector or non-viral vector so that they will release extra quantities of the SDF-1 protein, which expresses angiogenic factors.

AdipoCell is a patient-derived cell therapy proposed for the treatment of lower limb ischemia and potentially, among other autoimmune diseases, rheumatoid arthritis. We hope to demonstrate that these product candidates are safe and effective complements to existing therapies for chronic and acute heart damage.

Our Clinical Development Pipeline Chart:



Our mission is to advance to market novel regenerative medicine and cellular therapy products that substantially benefit humankind. Our business strategy is, to the extent possible, finance our clinical development pipeline through revenue (cash in-flows) generated through the marketing and sales of unique educational and training services, animal health products and personalized cellular therapeutic treatments.

A fundamental shift in venture capital investment strategies where, management believes, financial sponsorship is now directed toward commercial or near commercial enterprises has required us to adapt our mission combining immediate revenue generating opportunities with longer-term development programs. Accordingly, we have developed a multifaceted portfolio of revenue generating products and services in our US Stem Cell Training, Vetbiologics, and US Stem Cell Clinic, operating divisions that will, if successful, financially support its clinical development programs. Our goal is to maximize shareholder value through the generation of short-term profits that increase cash in-flows and decrease the need for venture financings – a modern biotechnology company development strategy.

Today, our company is a combination of opportunistic business enterprises. We estimate that the products and services we offer through US Stem Cell Training, Vetbiologics, and US Stem Cell Clinics has the potential, although we cannot provide assurances as to if and when it will be accomplished, to drive up to $100 million dollars in cumulative peak annual revenues. What we are establishing is a foundation of value in the products and services we are and plan to sell from US Stem Cell Training, Vetbiologics, and US Stem Cell clinics. Our strategy is to expand the revenues generated from each of these operating divisions and to reinvest the profits we generate into our clinical development pipeline.

On January 29th, 2015 we announced an update and diversification of our clinical development pipeline. Our cardiovascular and vascular product candidates have been streamlined, putting, we believe, our best opportunities at the forefront of our efforts. The MYOCELL and MYOCELL SDF-1 candidates will, in our opinion, advance forward in the treatment of chronic heart failure (CHF). We are in active prospective partnering discussion for the MYOCELL SDF-1 program. Partnering, we contend, will enhance our capabilities, reduce our development cost through cost sharing and potentially accelerate our time to approval and commercialization. We will apply our ADIPOCELL technology to the treatment of critical limb ischemia. Additionally, we have expanded and diversified our clinical development pipeline to include autoimmune disease, specifically applying ADIPOCELL to the treatment of Rheumatoid Arthritis (RA). We believe that updating and diversifying our clinical development programs increases the probability of our success, brings operational and fiscal clarity to our company, and will ultimately enhance shareholder value.

We will continue to evaluate and act upon opportunities to increase our top line revenue position and that correspondingly increase cash in-flows. These opportunities include but are not limited to the development and marketing of new products and services, mergers and acquisitions, joint ventures, licensing deals and more.

Further, if the opportunity presents itself whereby we can raise additional capital at a reasonable fair market value, our management will do so. Accordingly, we plan to continue in our efforts to restructure, equitize or eliminate legacy balance sheet issues that are obstacles to market capitalization appreciation and capital fund raising.

Results of Operations Overview

We are a research and development company and our MyoCell product candidate has not received regulatory approval or generated any material revenues and is not expected generate revenues until the later quarters of 2016, if ever. We have generated substantial net losses and negative cash flow from operations since inception and anticipate incurring significant net losses and negative cash flows from operations for the foreseeable future as we continue clinical trials, undertake new clinical trials, apply for regulatory approvals, make capital expenditures, add information systems and personnel, make payments pursuant to our license agreements upon our achievement of certain milestones, continue development of additional product candidates using our technology, establish sales and marketing capabilities and incur the additional cost of operating as a public company.

Three Months Ended March 31, 2016 as compared to the Three Months Ended March 31, 2015

Revenues

We recognized revenues of $710,946 for the three months ended March 31, 2016, These revenues were, generated from the sales of kits and equipment, services, MyoCath Catheters, AdipoCell, and laboratory services. We recognized revenues of $489,557 for the three months ended March 31, 2015 from the sale of MyoCath catheters, AdipoCell, physician training, patient studies and laboratory services. The differential in revenue reflected an increase based on the products and services provided.

Cost of Sales

Cost of sales consists of the costs associated with the production of MyoCath, laboratory supplies necessary for laboratory services, production of AdipoCell systems and materials, physician course materials, kits and clinic supplies required for patient studies.

Cost of sales was $154,382 and $293,415 in the three month periods ended March 31, 2016 and 2015, respectively. Associated gross margins were $556,564 (78.3%) and $196,142 (40.0%) for the three months periods ended March 31, 2016 and 2015, respectively. In the latter part of 2015, we began construction our kits instead of acquiring from a third party, as such we contend that our margins have improved significantly over last year. Additionally, less allocated salaries to cost of sales for the three month ended March 31, 2016 as compared to the same period last year.

Research and Development

Our research and development expenses consist of costs incurred in identifying, developing and testing our products and services. Research and development expenses were $3,495 in the three month period ended March 31, 2016, an increase of $995 from the research and development expenses of $2,500 in the three month period ended March 31, 2015. Current management focus is towards on sales in addition to research and development and its corresponding ongoing costs. The timing and amount of our planned research and development expenditures is dependent on our ability to obtain additional financing.

Marketing, General and Administrative

Our marketing, general and administrative costs were $565,806 for the three month period ended March 31, 2016 compared to $999,987 for the three month period ended March 31, 2015, a decrease of $434,181. The decrease in costs primarily due to reduction of stock based compensation of $124,228 and a reduction in service providers and professional fees of $228,301.

Our marketing, general and administrative expenses primarily consist of the costs associated with our general management and product and service marketing programs, including, but not limited to, salaries and related expenses for executive, administrative and marketing personnel, rent, insurance, legal and accounting fees, consulting fees, travel and entertainment expenses, conference costs and other clinical marketing and trade program expenses.

(Loss) Gain on settlement of debt

During the three months ended March 31, 2016, we incurred a loss of $(21,293) primarily related to the refinancing of debt, net with gains on settlement of accounts payable and related party advances during the current period as compared to a net aggregate gain of $59,430 for the same period last year.

Gain (loss) on change in fair value of derivative liabilities

During 2015 and 2016, we issued convertible promissory notes with an embedded derivative, all requiring us to fair value the derivatives each reporting period and mark to market as a non-cash adjustment to our current period operations. This resulted in a gain of $14,506 and $122,724 on change in fair value of derivative liabilities for the three months ended March 31, 2016 and 2015, respectively.

Interest Expense

Interest expense during the three months ended March 31, 2016 was $361,402 compared to $429,842 three months ended March 31, 2015. Interest expense primarily consists of interest incurred on the principal amount of the Northstar loan, our former Bank of America loan, the Seaside National Bank loan, accrued fees and interest payable to the Guarantors, and the amortization of debt discounts and non-cash interest incurred relating to our issued convertible notes payable. The debt discounts amortization and non-cash interest incurred during the three months ended March 31, 2016 and 2015 was $285,072 and $320,373, respectively.

Stock-Based Compensation

Stock-based compensation reflects our recognition as an expense of the value of stock options and other equity instruments issued to our employees and non-employees over the vesting period of the options and other equity instruments. We have granted to our employees options to purchase shares of common stock at exercise prices equal to the fair market value of the underlying shares of common stock at the time of each grant, as determined by our Board of Directors, with input from management.

The Company follows Accounting Standards Codification subtopic 718-10. Compensation ("ASC 718-10") which requires that all share-based payments to both employee and non-employees be recognized in the income statement based on their fair values.

In awarding our common stock, our Board of Directors considered a number of factors, including, but not limited to:

- our financial position and historical financial performance;
- arm's length sales of our common stock;
- the development status of our product candidates;
- the business risks we face;
- vesting restrictions imposed upon the equity awards; and
- an evaluation and benchmark of our competitors; and
- prospects of a liquidity event.

On April 1, 2013, the Board of Directors approved, subject to shareholder approval, the establishment of the Bioheart 2013 Omnibus Equity Compensation Plan, or the "2013 Omnibus Plan". The 2013 Omnibus Plan reserves up to fifty thousand shares of common stock for issuance. On August 4, 2014, the Board of Directors approved to set the reserve to one hundred thousand shares of common stock for issuance and to close the 1999 Officers and Employees Stock Option Plan. On February 2, 2015, at the annual meeting of shareholders, the majority of shareholders approved the 2013 Omnibus Equity Compensation Plan. On November 2, 2015, the Board of Directors approved the increase of the reserve under the 2013 Omnibus Plan to five hundred million shares of common stock for issuance. We currently have 7,383,070 available for future issuances.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. While our critical accounting policies are described in Note 1 to our financial statements appearing elsewhere in this report, we believe the following policies are important to understanding and evaluating our reported financial results:

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

At the time of each transaction, management assesses whether the fee associated with the transaction is fixed or determinable and whether or not collection is reasonably assured. The assessment of whether the fee is fixed or determinable is based upon the payment terms of the transaction. Collectability is assessed based on a number of factors, including past transaction history with the client and the creditworthiness of the client.

Revenues for kits and equipment sold are not recorded until kits and equipment are shipped. Revenues from trainings are recognized when the training occurs. Any cash received as a deposit for trainings are recorded by the company as a liability.

Patent treatments and laboratory services revenue are recognized when those services have been completed or satisfied.

Revenues for bank sales are accounted for as Multiple-Element Arrangements under ASC 605-10 which incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arrangements ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets.

Research and Development Activities

We account for research and development costs in accordance with Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved as defined under the applicable agreement. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred.

Derivative financial instruments

Accounting Standards Codification subtopic 815-40, Derivatives and Hedging, Contracts in Entity's own Equity ("ASC 815-40") became effective for the Company on October 1, 2009. The Company has identified the embedded derivatives related to the issued Notes and anti-dilutive warrants. These embedded derivatives included in our debt contain certain conversion features and reset provision. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of Asher Notes and to fair value as of each subsequent reporting date.

Inflation

Our opinion is that inflation has not had, and is not expected to have, a material effect on our operations.

Climate Change

Our opinion is that neither climate change, nor governmental regulations related to climate change, have had, or are expected to have, any material effect on our operations.

Concentrations of Credit Risk

As of March 31, 2016, four customers represented 25%, 18%, 18% and 11% respectively , an aggregate of 77% of the Company's accounts receivable. As of December 31, 2015, three customers represented 32%, 18% and 16% respectively , an aggregate of 66%, of the Company's accounts receivable.

Liquidity and Capital Resources

In the three months ended March 31, 2016, we continued to finance our considerable operational cash needs with cash generated from financing activities.

Operating Activities

Net cash used in operating activities was $62,073 in the three month period ended March 31, 2016 as compared to $384,251 of cash used in the three month period ended in March 31, 2015.

Our use of cash for operations in the three months ended March 31, 2016 reflected a net loss generated during the period of $363,324, adjusted for non-cash items such as stock-based compensation of $70,708, depreciation of $1,213, amortization of debt discounts of $207,177, loss on settlement of debt of $21,293 and non-cash interest expense of $77,895, net with gain on change in fair value of derivative liabilities of $14,506 net gain on sale of property and equipment of $500 and income from investments of $15,859. In addition we had a net increase in operating assets of $43,840 and an increase in accrued expenses of $32,621 and deferred revenue of $6,102; and a decrease in accounts payable of $62,869.

Investing Activities

Net cash provided by investing activities was $42,683 for the three months ended March 31, 2016 represented proceeds from our equity investment of $50,000 and $500 from sale of property and equipment, net with the purchase of treasury stock of $7,817 as compared to cash used in investing activities of $5,894 of cash used for the purchase of equipment for the same period of 2015.

Buy-Back Program

On January 13, 2015, we issued a press release announcing that our Board of Directors approved a share repurchase program authorizing us to repurchase outstanding common stock when beneficially prudent for our company and our shareholders. During the three months ended March 31, 2016, we have purchased an aggregate of 10,250 shares of our common stock pursuant to our share repurchase program. The share repurchase program authorizing us to repurchase outstanding common stock by our company and our directors has continued through the final quarter of 2016.

Financing Activities

Net cash provided by financing activities was an aggregate of $236,422 in the three month period ended March 31, 2016 as compared to $424,445 in the three month period ended in March 31, 2015. In the three month period ended March 31, 2016 we received proceeds from issuance of note payable of $407,896 net with repayments of notes payable of $70,906 and $100,568 related party advances and notes.

Existing Capital Resources and Future Capital Requirements

Our MyoCell product candidate has not received regulatory approval or generated any material revenues. We do not expect to generate any material revenues or cash from sales of our MyoCell product candidate until commercialization of MyoCell, if ever. We have generated substantial net losses and negative cash flow from operations since inception and anticipate incurring significant net losses and negative cash flows from operations for the foreseeable future. Historically, we have relied on proceeds from the sale of our common stock and our incurrence of debt to provide the funds necessary to conduct our research and development activities and to meet our other cash needs.

At March 31, 2016, we had cash and cash equivalents totaling $275,404. However our working capital deficit as of such date was approximately $5.5 million. Our independent registered public accounting firm has issued its report dated March 8, 2016 in connection with the audit of our financial statements as of December 31, 2015 that included an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern and Note 2 of our unaudited financial statement for the quarter ended March 31, 2016 addresses the issue of our ability to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required under Regulation S-K for "smaller reporting companies."

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and Chief Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on their evaluation, as of March 31, 2016, our management has concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, summarized, processed and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Changes In Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

On September 17, 2015, a product liability lawsuit was filed in Broward County, specifically Patsy Bade v. Bioheart, Inc. US Stem Cell Clinics LLC, Aleiandro Perez, ARNP, and Shareen Greenbaum, M.D., and on November 30, 2015, a product liability lawsuit was filed in Broward County, specifically Elizabeth Noble v. Bioheart, Inc. US Stem Cell Clinics LLC, Aleiandro Perez, ARNP, and Shareen Greenbaum, M.D. During the three months ended March 31, 2016, both matters are expected to settle by the Company's insurance policy with no additional cost to the Company.

On February 8, 2016, a collection lawsuit was filed in Broward County, specifically Roche Diagnostics Corp. v. U.S Stem Cell, Inc. demanding judgement against the Company for an aggregate of $42,246 plus interest and costs for alleged unpaid product. The Company's position is the lawsuit is without merit and intends to dispute the claim vigorously.

Item 1A. Risk Factors

Not required under Regulation S-K for "smaller reporting companies."

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

None

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the period ended March 31, 2016.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Exhibit Description
3.1(6)	Amended and Restated Articles of Incorporation of the registrant, as amended
3.2(9)	Articles of Amendment to the Articles of Incorporation of the registrant
3.3(37)	Articles of Amendment to the Articles of Incorporation of the registrant
3.4 (8)	Amended and Restated Bylaws
4.1(5)	Loan and Security Agreement, dated as of May 31, 2007 by and between BlueCrest Capital Finance, L.P. and the registrant
4.2(12)	Notice of Event of Default, from BlueCrest Venture Finance Master Fund Limited to the Company, dated January 28, 2009
4.3(12)	Notice of Acceleration, from BlueCrest Venture Finance Master Fund Limited to the Company, dated February 2, 2009
4.4(13)	Amendment to Loan and Security Agreement, between the Company and BlueCrest Venture Finance Master Fund Limited, dated as of April 2, 2009
4.5(13)	Grant of Security Interest (Patents), between the Company and BlueCrest Venture Finance Master Fund Limited, dated as of April 2, 2009
4.6(13)	Security Agreement (Intellectual Property), between the Company and BlueCrest Venture Finance Master Fund Limited, dated as of April 2, 2009
4.7(13)	Subordination Agreement, by Hunton & Williams, LLP in favor of BlueCrest Venture Finance Master Fund Limited, entered into and effective April 2, 2009
4.8(13)	Amended and Restated Promissory Note, dated April 2, 2009, by the Company to BlueCrest Venture Finance Master Fund Limited
4.9(13)	Warrant to purchase 1,315,542 shares of the registrant's common stock, dated April 2, 2009, issued to BlueCrest Venture Finance Master Fund Limited
4.10(14)	Warrant to purchase 451,043 shares of the registrant's common stock, dated April 2, 2009, issued to Rogers Telecommunications Limited
4.11(14)	Warrant to purchase 173,638 shares of the registrant's common stock, dated April 2, 2009, issued to Hunton & Williams, LLP
4.12(4)	Warrant to purchase shares of the registrant's common stock issued to Howard J. Leonhardt and Brenda Leonhardt
4.12(19)	10% Convertible Promissory Note Due July 23, 2010, in the amount of $20,000, payable to Dana Smith
4.13(19)	10% Convertible Promissory Note Due July 23, 2010, in the amount of $100,000, payable to Bruce Meyers
4.14(19)	Registration Rights Agreement, dated July 23, 2009
4.15(4)	Warrant to purchase shares of the registrant's common stock issued to the R&A Spencer Family Limited Partnership
4.15(19)	Subordination Agreement, dated July 23, 2009
4.16(19)	Note Purchase Agreement, dated July 23, 2009
4.17(19)	Closing Confirmation of Conversion Election, dated July 23, 2009
4.20(6)	Warrant to purchase shares of the registrant's common stock issued to Samuel S. Ahn, M.D.
4.23(7)	Warrant to purchase shares of the registrant's common stock issued to Howard and Brenda Leonhardt
4.27(11)	Form of Warrant Agreement for October 2008 Private Placement
4.30(19)	10% Convertible Promissory Note Due July 23, 2010, in the amount of $100,000, payable to Bruce Meyers
4.31 (34)	Series A Convertible Preferred Stock
4.32 (35)	Amendment to the Series A Convertible Preferred Stock
10.1**(1)	1999 Officers and Employees Stock Option Plan
10.2**(1)	1999 Directors and Consultants Stock Option Plan
10.3(1)	Form of Option Agreement under 1999 Officers and Employees Stock Option Plan
10.4(3)	Form of Option Agreement under 1999 Directors and Consultants Stock Option Plan
10.5**(4)	Employment Letter Agreement between the registrant and Scott Bromley, dated August 24, 2006.
10.6(1)	Lease Agreement between the registrant and Sawgrass Business Plaza, LLC, as amended, dated November 14, 2006.

10.7(1)	Asset Purchase Agreement between the registrant and Advanced Cardiovascular Systems, Inc., dated June 24, 2003.
10.8(4)	Conditionally Exclusive License Agreement between the registrant, Dr. Peter Law and Cell Transplants International, LLC, dated February 7, 2000, as amended.
10.9(4)	Loan Guarantee, Payment and Security Agreement, dated as of June 1, 2007, by and between the registrant, Howard J. Leonhardt and Brenda Leonhardt
10.10(4)	Loan Guarantee, Payment and Security Agreement, dated as of June 1, 2007, by and between the registrant and William P. Murphy Jr., M.D.
10.11(4)	Loan Agreement, dated as of June 1, 2007, by and between the registrant and Bank of America, N.A.
10.13(4)	Warrant to purchase shares of the registrant's common stock issued to Howard J. Leonhardt and Brenda Leonhardt
10.14(4)	Warrant to purchase shares of the registrant's common stock issued to William P. Murphy, Jr., M.D.
10.16(4)	Material Supply Agreement, dated May 10, 2007, by and between the registrant and Biosense Webster
10.17(5)	Warrant to purchase shares of the registrant's common stock issued to BlueCrest Capital Finance, L.P.
10.18(6)	Loan Guarantee, Payment and Security Agreement, dated as of September 12, 2007, by and between the registrant and Samuel S. Ahn, M.D.
10.19(6)	Loan Guarantee, Payment and Security Agreement, dated as of September 12, 2007, by and between the registrant and Dan Marino
10.21(6)	Loan Guarantee, Payment and Security Agreement, dated as of September 19, 2007, by and between the registrant and Jason Taylor
10.22(7)	Loan Guarantee, Payment and Security Agreement, dated as of October 10, 2007, by and between the registrant and Howard and Brenda Leonhardt
10.24(7)	Second Amendment to Loan Guarantee, Payment and Security Agreement, dated as of October 10, 2007, by and between the registrant and Howard and Brenda Leonhardt
10.25(7)	Second Amendment to Loan Guarantee, Payment and Security Agreement, dated as of October 10, 2007, by and between the registrant and William P. Murphy, Jr., M.D.
10.26**(10)	U.S. Stem Cell, Inc. Omnibus Equity Compensation Plan
10.28(11)	Form of Registration Rights Agreement for October 2008 Private Placement
10.29(19)	10% Convertible Promissory Note Due July 23, 2010, in the amount of $20,000, payable to Dana Smith
10.31(19)	Registration Rights Agreement, dated July 23, 2009
10.32(19)	Subordination Agreement, dated July 23, 2009
10.33(19)	Note Purchase Agreement, dated July 23, 2009
10.34(19)	Closing Confirmation of Conversion Election, dated July 23, 2009
10.35**(20)	Amended and Restated 1999 Directors and Consultants Stock Option Plan
10.36(21)	Preliminary Commitment Letter with Seaside National Bank and Trust, dated September 30, 2010.
10.37(22)	Loan Agreement with Seaside National Bank and Trust, dated October 25, 2010.
10.38(22)	Promissory Note with Seaside National Bank and Trust, dated October 25, 2010.
10.39(22)	Amended and Restated Loan and Security Agreement with BlueCrest Venture Finance Master Fund Limited, dated October 25, 2010.
10.40(23)	Form of Subscription Agreement, executed November 30, 2010.
10.41(23)	Form of Common Stock Purchase Warrant, issued November 30, 2010.
10.42(23)	Form of Registration Rights Agreement, dated November 30, 2010.
10.43(24)	Unsecured Convertible Promissory Note for $25,000, with Magna Group, LLC, dated January 3, 2011.
10.44(24)	Promissory Note for $139,728.82 with Magna Group, LLC, dated January 3, 2011.
10.45(24)	Securities Purchase Agreement with Magna Group, LLC, dated January 3, 2011.
10.46(24)	Subordination Agreement, dated January 3, 2011.
10.47(24)	Notice of Conversion Election, dated January 3, 2011.
10.48(25)	Unsecured Convertible Promissory Note for $34,750, with Magna Group, LLC, dated May 16, 2011.
10.49(25)	Promissory Note for $139,728.82 with Magna Group, LLC, dated May 16, 2011.
10.50(25)	Securities Purchase Agreement with Magna Group, LLC, dated May 16, 2011.
10.51(25)	Subordination Agreement, dated May 16, 2011.
10.52(26)	Promissory Note for $139,728.82 with Lotus Funding Group, LLC, dated June 15, 2011.
10.53(26)	Partial Assignment and Modification Agreement, dated June 15, 2011.
10.54(26)	Subordination Agreement, dated June 15, 2011.
10.55(27)	Promissory Note for $140,380.21 with Greystone Capital Partners, dated July 8, 2011.
10.56(27)	Partial Assignment and Modification Agreement, dated July 8, 2011.
10.57 (28)	Subordination Agreement, dated July 8, 2011.
10.58 (29)	Promissory Note for $139,728.82 with Greystone Capital Partners, dated August 1, 2011.
10.59 (29)	Partial Assignment and Modification Agreement, dated August 1, 2011.
10.60 (29)	Subordination Agreement, dated August 1, 2011.
10.61 (30)	Promissory Note for $139,728.82 with Greystone Capital Partners, dated September 1, 2011.
10.62 (30)	Partial Assignment and Modification Agreement, dated September 1, 2011.

10.63 (30)	Subordination Agreement, dated September 1, 2011.
10.64 (31)	Standby Equity Distribution Agreement dated as of November 2, 2011.
10.65 (31)	Registration Rights Agreement dated as of November 2, 2011.
10.66(32)	Promissory Note for $139,728.82 with Greystone Capital Partners, dated January 3, 2012
10.67(32)	Term Note B Promissory Note for $139,728.82 with Greystone Capital Partners, dated January 3, 2012
10.68(32)	Unsecured Convertible Promissory Note for $63,000, with Asher Enterprises, Inc. dated April 2, 2012
10.69(32)	Unsecured Convertible Promissory Note for $125,000, with IBC Funds LLC., dated January 9, 2013
10.70(32)	Unsecured Convertible Promissory Note for $37,500, with Asher Enterprises, Inc. dated February 20, 2013
10.71(32)	Unsecured Convertible Promissory Note for $42,500, with Asher Enterprises, Inc. dated January 9, 2013
10.72**(33)	2013 U.S. Stem Cell, Inc. Omnibus Equity Compensation Plan
10.73 (34)	Securities Purchase Agreement, dated as of October 7, 2014, by and between Magna Holdings I, LLC and U.S. Stem Cell, Inc.
10.74(34)	Registration Rights Agreement, dated as of October 7, 2014, by and between Magna Holdings I, LLC and U.S. Stem Cell, Inc.
10.75(34)	Common Stock Purchase Agreement, dated as of October 23, 2014, by and between Magna Equities II, LLC and U.S. Stem Cell, Inc.
10.76(34)	Registration Rights Agreement, dated as of October 23, 2014, by and between Magna Equities II, LLC and U.S. Stem Cell, Inc.
10.77**(35)	2013 Omnibus Equity Compensation Plan Amendment One.
10.78 (36)	Senior Convertible Note, dated October 1, 2015
10.79 (36)	Securities Purchase Agreement, dated as of October 1, 2015, by and between Magna Equities II, LLC and U.S. Stem Cell, Inc.
10.80(36)	Registration Rights Agreement, dated as of October 1, 2015, by and between Magna Holdings I, LLC and U.S. Stem Cell, Inc.
10.81(38)	Senior Convertible Note, dated December 3, 2015
10.82 (38)	Amended and Restated Senior Convertible Note, dated December 3, 2015.
10.83 (38)	Securities Purchase Agreement, dated as of December 3, 2015, by and between Magna Equities II, LLC and U.S. Stem Cell, Inc.
10.84 (38)	Registration Rights Agreement, dated as of December 3, 2015, by and between Magna Holdings I, LLC and U.S. Stem Cell, Inc.
14.2(2)	Code of Business Conduct and Ethics
31.01	Certification of Chief Executive Officer and Chief Financial Officer (Principal Accounting Officer) pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.01	Certifications of Chief Executive Officer and Chief Financial Officer (Principal Accounting Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101 INS	XBRL Instance Document
101 SCH	XBRL Taxonomy Extension Schema Document
101 CAL	XBRL Taxonomy Calculation Linkbase Document
101 DEF	XBRL Taxonomy Extension Definition Linkbase Document
101 LAB	XBRL Taxonomy Labels Linkbase Document
101 PRE	XBRL Taxonomy Presentation Linkbase Document

*	Filed herewith
**	Indicates management contract or compensatory plan.

(1) Incorporated by reference to the Company's Form S-1 filed with the Securities and Exchange Commission (the "SEC") on February 13, 2007.
(2) Incorporated by reference to Amendment No. 1 to the Company's Form S-1 filed with the SEC on June 5, 2007.
(3) Incorporated by reference to Amendment No. 2 to the Company's Form S-1 filed with the SEC on July 12, 2007.
(4) Incorporated by reference to Amendment No. 3 to the Company's Form S-1 filed with the SEC on August 9, 2007.
(5) Incorporated by reference to Amendment No. 4 to the Company's Form S-1 filed with the SEC on September 6, 2007.
(6) Incorporated by reference to Amendment No. 5 to the Company's Form S-1 filed with the SEC on October 1, 2007.
(7) Incorporated by reference to Post-effective Amendment No. 1 to the Company's Form S-1 filed with the SEC on October 11, 2007.
(8) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on July 3, 2008.
(9) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 8, 2008.
(10) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2008.
(11) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 14, 2008.
(12) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 3, 2009.
(13) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 8, 2009.
(14) Incorporated by reference to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2009.
(15) Incorporated by reference to the Company's Annual Report on Form 10-K/A filed with the SEC on April 30, 2009.
(16) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 18, 2009.
(17) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 20, 2009.
(18) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on July 9, 2009.
(19) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 3, 2009.
(20) Incorporated by reference to Exhibit 4.6 to the Company's Post-Effective Amendment to Registration Statement on Form S-8/A, filed with the SEC on June 2, 2010.
(21) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 6, 2010.
(22) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 29, 2010.
(23) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 6, 2010.
(24) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2011.
(25) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on May 25, 2011
(26) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on June 21, 2011
(27) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 15. 2011
(28) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2011
(29) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on January 13, 2012
(30) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on January 30, 2012
(31) Incorporated by reference to the Company Registration Statement on Form S-1/A filed with the SEC on February 8, 2012
(32) Incorporated by reference to the Company Annual Report on Form 10-K filed with the SEC on March 29, 2013
(33) Incorporated by reference to the Company Quarterly Report on Form 10-Q filed with the SEC on May 9, 2013
(34) Incorporated by reference to the Company's Registration Statement on Form S-1/A filed with the SEC on December 12, 2014.
(35) Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on December 19, 2014.
(36) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on October 2, 2015.
(37) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on November 4, 2015.
(38) Incorporated by reference to the Company Current Report on Form 8-K filed with the SEC on December 4, 2015.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

U.S. Stem Cell, Inc.

Date: May 4, 2016

By: /s/ Mike Tomas
Mike Tomas
Chief Executive Officer &
President and Principal Financial
and Accounting Officer

Exhibit 31.1
Certification of Chief Executive Officer and Principal Accounting Officer

I, Mike Tomas, certify that:

1. I have reviewed this report on Form 10-Q of U.S Stem Cell, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2016

/s/ Mike Tomas

Name: Mike Tomas
President and Chief Executive Officer
Chief Financial Officer and Principal
Accounting Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Mike Tomas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, U.S. Stem Cell, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 4, 2016

/s/ Mike Tomas

Name: Mike Tomas
President and Chief Executive Officer Chief Financial Officer and Principal Accounting Officer