
**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 September 30, 2019

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

Commission file number: 1-16467

RESPIRERX PHARMACEUTICALS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0303583
(I.R.S. Employer
Identification Number)

**126 Valley Road, Suite C
Glen Rock, New Jersey 07452**
(Address of principal executive offices)

(201) 444-4947
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

As of November 15, 2019, the Company had 4,045,073, shares of common stock, \$0.001 par value, issued and outstanding.

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q of RespireRx Pharmaceuticals Inc. (“RespireRx” or the “Company”) contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Company intends that such forward-looking statements be subject to the safe harbor created thereby. These might include statements regarding the Company’s future plans, targets, estimates, assumptions, financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about research and development efforts, including, but not limited to, preclinical and clinical research design, execution, timing, costs and results, future product demand, supply, manufacturing, costs, marketing and pricing factors.

In some cases, forward-looking statements may be identified by words including “anticipates,” “believes,” “intends,” “estimates,” “expects,” “plans,” “contemplates,” “targets,” “continues,” “budgets,” “may,” and similar expressions and such statements may include, but are not limited to, statements regarding (i) future research plans, expenditures and results, (ii) potential collaborative arrangements, (iii) the potential utility of the Company’s proposed products, (iv) reorganization plans, and (v) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding the Company’s business and technology, which involve judgments with respect to, among other things, future scientific, economic, regulatory and competitive conditions, collaborations with third parties, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company’s control. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the Company’s objectives or plans will be achieved.

Factors that could cause or contribute to such differences include, but are not limited to, regulatory policies or changes thereto, available cash, research and development results, competition from other similar businesses, interest of third parties in collaborations with us, and market and general economic factors.

This discussion should be read in conjunction with the condensed consolidated financial statements (unaudited) and notes thereto included in Item 1 of this Quarterly Report on Form 10-Q and the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, including the section entitled “Item 1A. Risk Factors.” Forward-looking statements speak only as of the date they are made. The Company does not undertake and specifically declines any obligation to update any forward-looking statements or to publicly announce the results of any revisions to any statements to reflect new information or future events or developments.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2019	December 31, 2018
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 94	\$ 33,284
Advance payment on research contract	48,912	48,912
Prepaid expenses	57,737	38,880
Total current assets	106,743	121,076
Long-term prepaid insurance	-	3,114
Total assets	\$ 106,743	\$ 124,190
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and accrued expenses, including \$536,100 and \$400,229 payable to related parties at September 30, 2019 and December 31, 2018, respectively	\$ 3,729,199	\$ 3,296,620
Accrued compensation and related expenses	1,890,334	1,304,434
Convertible notes payable including accrued interest of \$95,425 and \$62,635 at September 30, 2019 and December 31, 2018, respectively (\$42,406 and \$38,292, including accrued interest of \$17,406 and \$13,292, was deemed to be in default at September 30, 2019 and December 31, 2018, respectively and net of \$104,858 and \$27,969 of amortized debt discounts at September 30, 2019 and December 31, 2018, respectively (Note 4))	469,067	239,666
Note payable to SY Corporation (as defined below), including accrued interest of \$351,189 and \$315,307 at September 30, 2019 and December 31, 2018, respectively (payment obligation currently in default – Note 4)	723,187	744,441
Notes payable to officers, including accrued interest of \$32,799 and \$25,116 as of September 30, 2019 and December 31, 2018, respectively (Note 4)	140,649	109,216
Notes payable to former officer, including accrued interest of \$38,091 and \$26,561 as of September 30, 2019 and December 31, 2018, respectively (Note 4)	165,691	154,161
Other short-term notes payable	27,997	8,907
Total current liabilities	7,146,124	5,857,445
Commitments and contingencies (Note 8)		
Stockholders' deficiency: (Note 6)		
Series B convertible preferred stock, \$0.001 par value; \$0.6667 per share liquidation preference; aggregate liquidation preference \$25,001; shares authorized: 37,500; shares issued and outstanding: 11; common shares issuable upon conversion at 0.00030 common shares per Series B share	21,703	21,703
Common stock, \$0.001 par value; shares authorized: 65,000,000; shares issued and outstanding: 3,879,576 and 3,872,076 at September 30, 2019 and December 31, 2018, respectively	3,880	3,872
Additional paid-in capital	158,816,477	158,635,222
Accumulated deficit	(165,881,441)	(164,394,052)
Total stockholders' deficiency	(7,039,381)	(5,733,255)
Total liabilities and stockholders' deficiency	\$ 106,743	\$ 124,190

See accompanying notes to condensed consolidated financial statements (unaudited).

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating expenses:				
General and administrative, including \$121,600 and \$204,383 to related parties for the three months ended September 30, 2019 and 2018, respectively, and \$364,825 and \$1,671,765 to related parties for the nine months ended September 30, 2019 and 2018, respectively	\$ 279,930	\$ 350,561	\$ 874,834	\$ 1,138,336
Research and development, including \$122,400 to related parties for the three months ended September 30, 2019 and 2018, and \$367,200 and \$367,613 to related parties for the nine months ended September 30, 2019 and 2018, respectively	150,527	153,035	447,877	458,262
Total operating expenses	<u>430,457</u>	<u>503,596</u>	<u>1,322,711</u>	<u>1,596,598</u>
Loss from operations	(430,457)	(503,596)	(1,322,711)	(1,596,598)
Loss on extinguishment of debt and other liabilities in exchange for equity	-	-	-	(116,407)
Interest expense, including \$2,589 and \$11,714 to related parties for the three months ended September 30, 2019 and 2018, respectively, and \$7,683 and \$29,937 to related parties for the nine months ended September 30, 2019 and 2018, respectively	(70,168)	(35,161)	(221,813)	(96,230)
Foreign currency transaction gain (loss)	<u>30,781</u>	<u>2,983</u>	<u>57,135</u>	<u>(108,582)</u>
Net loss attributable to common stockholders	\$ (469,844)	\$ (535,774)	\$ (1,487,389)	\$ (1,917,817)
Net loss per common share - basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.16)</u>	<u>\$ (0.38)</u>	<u>\$ (0.59)</u>
Weighted average common shares outstanding - basic and diluted	<u>3,874,465</u>	<u>3,398,940</u>	<u>3,873,097</u>	<u>3,228,528</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
(Unaudited)**

Nine Months Ended September 30, 2019

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount	Shares	Par Value			
Balance, December 31, 2018	37,500	\$ 21,703	3,872,076	\$ 3,872	\$ 158,635,222	\$ (164,394,052)	\$ (5,733,255)
Fair value of common stock warrants issued in connection with convertible notes	-	-	-	-	45,812	-	45,812
Net loss for the three months ended March 31, 2019						\$ (540,332)	\$ (540,332)
Balance at March 31, 2019	37,500	\$ 21,703	3,872,076	\$ 3,872	\$ 158,681,034	\$ (164,934,384)	\$ (6,227,775)
Fair value of common stock warrants and beneficial conversion feature associated with convertible notes					\$ 87,950		\$ 87,950
Net loss for the three months ended June 30, 2019						(477,213)	(477,213)
Balance, June 30, 2019	37,500	\$ 21,703	3,872,076	\$ 3,872	\$ 158,768,984	\$ (165,411,597)	\$ (6,617,038)
Fair value of common stock, warrants and beneficial conversion feature associated with convertible notes			7,500	8	47,493		47,501
Net loss for the three months ended September 30, 2019						(469,844)	(469,844)
Balance, September 30, 2019	<u>37,500</u>	<u>\$ 21,703</u>	<u>3,879,576</u>	<u>\$ 3,880</u>	<u>\$ 158,816,477</u>	<u>\$ (165,881,441)</u>	<u>\$ (7,039,381)</u>

Nine Months Ended September 30, 2018

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount	Shares	Par Value			
Balance, December 31, 2017	37,500	\$ 21,703	3,065,261	\$ 3,065	\$ 157,422,110	\$ (161,802,262)	\$ (4,355,384)
Fair value of common stock options issued to consultants					\$ 14,474		\$ 14,474
Common stock issued related to extinguishment of convertible notes			58,071	\$ 58	\$ 110,277		\$ 110,335
Net loss for the three months ended March 31, 2018						\$ (746,679)	\$ (746,679)
Balance at March 31, 2018	37,500	\$ 21,703	3,123,332	\$ 3,123	\$ 157,546,861	\$ (162,548,941)	\$ (4,977,254)
Fair value of common stock options issued to consultants					\$ 335,303		\$ 335,303
Common stock issued related to extinguishment of convertible notes			226,287	\$ 227	\$ 207,959		\$ 208,186
Net loss						(635,363)	(635,363)
Balance, June 30, 2018	37,500	\$ 21,703	3,349,619	\$ 3,350	\$ 158,090,123	\$ (163,184,304)	\$ (5,069,128)
Sale of common stock units in private placement, net of escrow fees of \$5,000	-	-	191,194	190	195,558		195,748
Issuance of common stock units in exchange for note payable to officer	-	-	47,620	48	49,952		50,000
Net loss						(535,774)	(535,774)
Balance, September 30, 2018	<u>37,500</u>	<u>\$ 21,703</u>	<u>3,588,433</u>	<u>\$ 3,588</u>	<u>\$ 158,335,633</u>	<u>\$ (163,720,078)</u>	<u>(5,359,154)</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)**

	Nine Months Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (1,487,389)	\$ (1,917,817)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discounts	119,793	-
Amortization of debt issuance costs	2,580	-
Loss on extinguishment of debt	-	105,253
Loss on extinguishment of other liabilities	-	11,154
Stock-based compensation and fees included in -		
General and administrative expenses	-	14,248
Foreign currency transaction (gain) loss	(57,135)	108,582
Changes in operating assets and liabilities:		
Prepaid expenses	(15,743)	(13,030)
Accounts payable and accrued expenses	432,579	456,302
Accrued compensation and related expenses	585,900	836,849
Accrued interest payable	105,724	198,493
Net cash used in operating activities	(313,691)	(199,966)
Cash flows from financing activities:		
Proceeds from sale of common stock units	-	200,750
Placement agent and other offering fees	-	(5,000)
Proceeds from convertible notes borrowings	263,501	-
Debt issuance costs	(8,000)	-
Proceeds from issuance of note payable to officer	25,000	-
Net cash provided by financing activities	280,501	195,750
Cash and cash equivalents:		
Net decrease	(33,190)	(4,216)
Balance at beginning of period	33,284	84,902
Balance at end of period	\$ 94	\$ 80,686

(Continued)

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)**

(Continued)

	Nine Months Ended September 30,	
	2019	2018
Supplemental disclosures of cash flow information:		
Cash paid for -		
Interest	\$ 4,936	\$ 2,802
Non-cash financing activities:		
10% convertible notes payable, including accrued interest of \$62,267, exchanged for common stock	\$ -	\$ 213,266
Accounts payable and accrued expenses extinguished with common stock options	\$ -	\$ 335,529
Officer note payable, exchanged for common stock units	\$ -	\$ 50,000
Issuance of common stock with 10% convertible notes	\$ 1,588	\$ -
Warrants issued with convertible debt	\$ 80,698	\$ -
Original issue discounts associated with convertible debt	\$ 15,500	\$ -

See accompanying notes to condensed consolidated financial statements (unaudited).

**RESPIRERX PHARMACEUTICALS INC.
AND SUBSIDIARY**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

Three Months and Nine Months Ended September 30, 2019 and 2018

1. Organization and Basis of Presentation

Organization

RespireRx Pharmaceuticals Inc. (“RespireRx” or the “Company”) was formed in 1987 under the name Cortex Pharmaceuticals, Inc. to engage in the discovery, development and commercialization of innovative pharmaceuticals for the treatment of neurological and psychiatric disorders. On December 16, 2015, RespireRx filed a Certificate of Amendment to its Second Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to amend its Second Restated Certificate of Incorporation to change its name from Cortex Pharmaceuticals, Inc. to RespireRx Pharmaceuticals Inc. While previously developing potential applications for respiratory disorders, RespireRx has retained and expanded its ampakine intellectual property and data with respect to neurological and psychiatric disorders and is considering developing certain potential products in this platform, if it is able to obtain additional financing and/or strategic relationships.

In August 2012, RespireRx acquired Pier Pharmaceuticals, Inc. (“Pier”), which is now its wholly-owned subsidiary.

Basis of Presentation

The condensed consolidated financial statements are of RespireRx and its wholly-owned subsidiary, Pier (collectively referred to herein as the “Company,” “we” or “our,” unless the context indicates otherwise). The condensed consolidated financial statements of the Company at September 30, 2019 and for the nine months and three months ended September 30, 2019 and 2018, are unaudited. In the opinion of management, all adjustments (including normal recurring adjustments) have been made that are necessary to present fairly the condensed consolidated financial position of the Company as of September 30, 2019 and the results of its condensed consolidated operations for the nine months and three months ended September 30, 2019 and 2018. Condensed consolidated operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full fiscal year. The consolidated balance sheet at December 31, 2018 has been derived from the Company’s audited consolidated financial statements at such date.

The condensed consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and other information included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the SEC.

2. Business

The mission of the Company is to develop innovative and revolutionary treatments to combat diseases caused by disruption of neuronal signaling. We are developing treatment options that address conditions that affect millions of people, but for which there are few or poor treatment options, including obstructive sleep apnea (“OSA”), attention deficit hyperactivity disorder (“ADHD”) and recovery from spinal cord injury (“SCI”), as well as certain neurological orphan diseases such as Fragile X Syndrome. RespireRx is developing a pipeline of new drug products based on our broad patent portfolios for two drug platforms: cannabinoids, including dronabinol (“Δ9-THC”), and the ampakines, proprietary compounds that positively modulate AMPA-type glutamate receptors to promote neuronal function.

RespireRx is developing a number of potential products. From the cannabinoid platform, two Phase 2 clinical trials have been completed demonstrating the ability of dronabinol to statistically significantly reduce the symptoms of OSA, which management believes is potentially a multi-billion-dollar market. Subject to raising sufficient financing (of which no assurance can be provided), we believe that we have put most of the necessary pieces into place to rapidly initiate a Phase 3 clinical trial program. By way of definition, when a new drug is allowed by the United States Food and Drug Administration (“FDA”) to be tested in humans, Phase 1 clinical trials are conducted in healthy people to determine safety and pharmacokinetics. If successful, Phase 2 clinical trials are conducted in patients to determine safety and preliminary efficacy. Phase 3 trials, large scale studies to determine efficacy and safety, are the final step prior to seeking FDA approval to market a drug.

Through an extensive translational research effort from the cellular level through Phase 2 clinical trials, the Company has developed a family of novel, low impact ampakines, including CX717, CX1739 and CX1942 that may have clinical application in the treatment of CNS-driven neurobehavioral and cognitive disorders, spinal cord injury, neurological diseases, and certain orphan indications. From our ampakine platform, our lead clinical compounds, CX717 and CX1739, have successfully completed multiple Phase 1 safety trials. Both compounds have also completed Phase 2 efficacy trials demonstrating target engagement, by antagonizing the ability of opioids to induce respiratory depression. CX717 has successfully completed a Phase 2 trial demonstrating the ability to statistically significantly reduce the symptoms of adult ADHD. In an early Phase 2 study, CX1739 improved breathing in patients with central sleep apnea. Preclinical studies have highlighted the potential ability of these ampakines to improve motor function in animals with spinal injury. Subject to raising sufficient financing (of which no assurance can be provided), we believe that we will be able to rapidly initiate a human Phase 2 study with CX1739 and/or CX717 in patients with spinal cord injury and a human Phase 2B study in patients with ADHD with either CX717 or CX1739.

Going Concern

The Company’s condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has incurred net losses of \$1,487,389 and \$469,844 for the nine months and three-months ended September 30, 2019, respectively and \$2,591,790 for the fiscal year ended December 31, 2018, and negative operating cash flows of \$313,692 for the nine months ended September 30, 2019 and \$427,368 for the fiscal year ended December 31, 2018. The Company had only \$94 of cash at September 30, 2019 and also had a stockholders’ deficiency of \$7,039,381 at September 30, 2019 and expects to continue to incur net losses and negative operating cash flows for at least the next few years. As a result, management has concluded that there is substantial doubt about the Company’s ability to continue as a going concern, and the Company’s independent registered public accounting firm, in its report on the Company’s consolidated financial statements for the year ended December 31, 2018, expressed substantial doubt about the Company’s ability to continue as a going concern.

The Company is currently, and has for some time, been in significant financial distress. It has extremely limited cash resources and current assets and has no ongoing source of sustainable revenue. Fund raising efforts have been hampered by the Company's low market capitalization and its common stock's limited public float and low trading volume. Management is continuing to address various aspects of the Company's operations and obligations, including, without limitation, debt obligations, financing requirements, intellectual property, licensing agreements, legal and patent matters and regulatory compliance, and has taken steps to continue to raise new debt and equity capital to fund the Company's business activities from both related and unrelated parties. The Company is continuing its efforts to raise additional capital in order to be able to pay its liabilities and fund its business activities on a going forward basis, including the pursuit of the Company's planned research and development activities.

The Company regularly evaluates various measures to satisfy the Company's liquidity needs, including strategic transactions, development and other agreements with collaborative partners such as Noramco Inc., and, when necessary, seeking to exchange or restructure the Company's outstanding securities. The Company also is evaluating certain changes to its operations and structure to facilitate raising capital from sources that may be interested in financing only discrete aspects of the Company's development programs. Such changes could include a significant reorganization, which may include the formation of one or more subsidiaries into which one or more programs may be contributed. To date, we have organized our two major platforms, cannabinoids and ampakines, into two operating divisions with the potential for evolving into stand-alone subsidiary companies. Towards this end, we have begun discussions focused on each of these platforms with potential investors and strategic partners. We also have begun interviewing individuals to assume executive management of the dronabinol platform.

As a result of the Company's current financial situation, the Company has experienced very limited access to external sources of debt and equity financing and the cost of such capital, both in terms of rates and other conditions, has been high. Accordingly, there can be no assurances that the Company will be able to secure additional financing in the amounts necessary to fully fund its operating and debt service requirements. If the Company is unable to access sufficient cash resources, the Company may be forced to discontinue its operations entirely and liquidate.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP") and include the financial statements of RespireRx and its wholly-owned subsidiary, Pier. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions 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, among other things, accounting for potential liabilities, and the assumptions used in valuing stock-based compensation issued for services. Actual amounts may differ from those estimates.

Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit risk by investing its cash with high credit quality financial institutions.

The Company's research and development efforts and potential products rely on licenses from research institutions and if the Company loses access to these technologies or applications, its business could be substantially impaired.

Cash Equivalents

The Company considers all highly liquid short-term investments with maturities of less than three-months when acquired to be cash equivalents.

Fair Value of Financial Instruments

The authoritative guidance with respect to fair value of financial instruments established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels and requires that assets and liabilities carried at fair value be classified and disclosed in one of three categories, as presented below. Disclosure as to transfers into and out of Levels 1 and 2, and activity in Level 3 fair value measurements, is also required.

Level 1. Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2. Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange based derivatives, mutual funds, and fair-value hedges.

Level 3. Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded, non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

The carrying amounts of financial instruments (consisting of cash, cash equivalents, advances on research grants and accounts payable and accrued expenses) are considered by the Company to be representative of the respective fair values of these instruments due to the short-term nature of those instruments. With respect to the note payable to SY Corporation Co., Ltd., formerly known as Samyang Optics Co. Ltd. ("SY Corporation") and the convertible notes payable, management does not believe that the credit markets have materially changed for these types of borrowings since the original borrowing date. The Company considers the carrying amounts of the notes payable to officers, inclusive of accrued interest, to be representative of the respective fair values of such instruments due to the short-term nature of those instruments and their terms.

Convertible Notes Payable

Convertible notes are evaluated to determine if they should be recorded at amortized cost. To the extent that there are associated warrants or a beneficial conversion feature, the convertible notes and warrants are evaluated to determine if there are embedded derivatives to be identified, bifurcated and valued at fair value in connection with and at the time of such financing. The value of debt discounts such as warrants, beneficial conversion features and original issue discounts are recorded as contra debt and amortized into interest expense over the life of the notes.

Extinguishment of Debt

The Company accounts for the extinguishment of debt in accordance with GAAP by comparing the carrying value of the debt to the fair value of consideration paid or assets given up and recognizing a loss or gain in the condensed consolidated statement of operations in the amount of the difference in the period in which such transaction occurs.

Equipment

Equipment is recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which range from three to five years. All equipment was fully depreciated as of September 30, 2019.

Prepaid Insurance

Long-term prepaid insurance represents the premium paid in March 2014 for directors' and officers' insurance tail coverage, which is being amortized on a straight-line basis over the policy period of six years. The amount amortizable in the ensuing twelve-month period is recorded as a current asset in the Company's condensed consolidated balance sheet at each reporting date. As of September 30, 2019, all such prepaid amounts have been reclassified as current since the policy will expire within one year.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including long-term prepaid insurance, for impairment whenever events or changes in circumstances indicate that the total amount of an asset may not be recoverable, but at least annually. An impairment loss is recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than the asset's carrying amount. The Company has not deemed any long-lived assets as impaired at September 30, 2019.

Stock-Based Awards

The Company periodically issues common stock and stock options to officers, directors, outside consultants and vendors for services rendered. Such issuances vest and expire according to terms established at the issuance date of each grant.

The Company accounts for stock-based payments to officers, directors, outside consultants and vendors by measuring the cost of services received in exchange for equity awards based on the grant date fair value of the awards, with the cost recognized as compensation expense on the straight-line basis in the Company's consolidated financial statements over the vesting period of the awards.

The fair value of stock options granted as stock-based payments is determined utilizing the Black-Scholes option-pricing model, and is affected by several variables, the most significant of which are the life of the equity award, the exercise price of the stock option as compared to the fair market value of the common stock on the grant date, and the estimated volatility of the common stock over the term of the equity award. Estimated volatility is based on the historical volatility of the Company's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair market value of common stock is determined by reference to the quoted market price of the Company's common stock.

There were no stock or stock option grants during the nine months ended September 30, 2019.

For stock options requiring an assessment of value during the nine months ended September 30, 2018, the fair value of each stock option award was estimated using the Black-Scholes option-pricing model using the following assumptions:

Risk-free interest rate	2.56%
Expected dividend yield	0%
Expected volatility	185.41%
Expected life	4.5

The Company recognizes the fair value of stock-based payments in general and administrative costs and in research and development costs, as appropriate, in the Company's condensed consolidated statements of operations. The Company issues new shares of common stock to satisfy stock option and warrant exercises. There were no stock options exercised during the nine months ended September 30, 2019 and 2018.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. Accordingly, the Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made.

Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% occurs within any three-year period since the last ownership change. The Company may have had a change in control under these Sections. However, the Company does not anticipate performing a complete analysis of the limitation on the annual use of the net operating loss and tax credit carryforwards until the time that it anticipates it will be able to utilize these tax attributes.

As of September 30, 2019, the Company did not have any unrecognized tax benefits related to various federal and state income tax matters and does not anticipate any material amount of unrecognized tax benefits within the next 12 months.

The Company is subject to U.S. federal income taxes and income taxes of various state tax jurisdictions. As the Company's net operating losses have yet to be utilized, all previous tax years remain open to examination by Federal authorities and other jurisdictions in which the Company currently operates or has operated in the past.

The Company accounts for uncertainties in income tax law under a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns as prescribed by GAAP. The tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained by the taxing authority as of the reporting date. If the tax position is not considered "more-likely-than-not" to be sustained, then no benefits of the position are recognized. As of September 30, 2019, the Company had not recorded any liability for uncertain tax positions. In subsequent periods, any interest and penalties related to uncertain tax positions will be recognized as a component of income tax expense.

Foreign Currency Transactions

The note payable to SY Corporation, which is denominated in a foreign currency (the South Korean Won), is translated into the Company's functional currency (the United States Dollar) at the exchange rate on the balance sheet date. The foreign currency exchange gain or loss resulting from translation is recognized in the related condensed consolidated statements of operations.

Research and Development

Research and development costs include compensation paid to management directing the Company's research and development activities, and fees paid to consultants and outside service providers and organizations (including research institutes at universities), and other expenses relating to the acquisition, design, development and clinical testing of the Company's treatments and product candidates.

Research and development costs incurred by the Company under research grants are expensed as incurred over the life of the underlying contracts, unless the terms of the contract indicate that a different expensing schedule is more appropriate.

The Company reviews the status of its research and development contracts on a quarterly basis.

On May 6, 2016, the Company made an advance payment to Duke University with respect to the Phase 2A clinical trial of CX1739. At September 30, 2019, an asset balance of \$48,912 remained from the advance payment.

License Agreements

Obligations incurred with respect to mandatory payments provided for in license agreements are recognized ratably over the appropriate period, as specified in the underlying license agreement, and are recorded as liabilities in the Company's condensed consolidated balance sheet, with a corresponding charge to research and development costs in the Company's condensed consolidated statement of operations. Obligations incurred with respect to milestone payments provided for in license agreements are recognized when it is probable that such milestone will be reached and are recorded as liabilities in the Company's condensed consolidated balance sheet, with a corresponding charge to research and development costs in the Company's condensed consolidated statement of operations. Payments of such liabilities are made in the ordinary course of business.

Patent Costs

Due to the significant uncertainty associated with the successful development of one or more commercially viable products based on the Company's research efforts and any related patent applications, all patent costs, including patent-related legal and filing fees, are expensed as incurred and recorded as general and administrative expenses.

Earnings per Share

The Company's computation of earnings per share ("EPS") includes basic and diluted EPS. Basic EPS is measured as the income (loss) attributable to common stockholders divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., warrants and options) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share is the same for all periods presented because all warrants and stock options outstanding are anti-dilutive.

At September 30, 2019 and 2018, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	September 30,	
	2019	2018
Series B convertible preferred stock	11	11
Convertible notes payable	867,200	16,061
Common stock warrants	2,016,043	1,703,229
Common stock options	4,287,609	4,323,317
Total	7,170,863	5,507,312

Reclassifications

Certain comparative figures in 2018 have been reclassified to conform to the current nine month and three month presentation. These reclassifications were immaterial, both individually and in the aggregate.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

4. Notes Payable

Convertible Notes Payable

On August 19, 2019, the Company issued a convertible note (the “August 2019 Convertible Note”) bearing interest at 10% per year. The maturity amount is \$55,000 and it matures on the nine month anniversary, which is May 19, 2020. The Company incurred debt issuance costs of \$2,500 for lender legal fees. The transaction included a \$5,000 original issue discount, a warrant to purchase 150,000 shares of common stock and 7,500 Commitment Shares (as such term is defined in the definitive transaction documents), which were issued in connection with the August 2019 Convertible Note. The net proceeds to the Company was \$47,500. Subject to certain limitations and adjustments as described in the August 2019 Convertible Note, the holder may convert the August 2019 Convertible Note at a fixed conversion price of \$0.50 per share of common stock, provided that from the date that is six months after the issuance date, the conversion price shall be the lower of (a) \$0.50 or (b) 60% multiplied by the lowest closing price of the common stock during the twenty (20) consecutive trading days prior to conversion. The Company evaluated all of the terms of the August 2019 Convertible Note and determined that, in accordance with ASC 815, there were no derivatives to be bifurcated or separately valued. However, there were five features of the August 2019 Convertible Note and the related securities purchase agreement that required valuation. They were: (i) the debt issuance costs of \$2,500, (ii) the intrinsic value of the beneficial conversion feature, (iii) the value of the warrant, (iv) the original issue discount of \$5,000, and (v) the value of the Commitment Shares. The Company amortizes each of these five on a straight-line basis over the life of the August 2019 Convertible Note. The Company valued the warrant using the Black-Scholes valuation method utilizing the following assumptions: (i) exercise price of \$0.50, (ii) stock price of \$0.65, (iii) life of five years, (iv) five-year risk free rate of 1.47% and (v) volatility of 175.5% that results in the value of one warrant of \$0.623 and a total warrant value of \$93,450. The amount to be recorded initially as the amount of the August 2019 Convertible Note was then calculated by determining the relative values as percentages of the net proceeds of the August 2019 Convertible Note (\$47,500), the beneficial conversion feature (\$16,500) and the warrant (\$64.08% or \$30,440) and the Commitment Shares (3.34% or \$1,588). The debt issuance costs, original issue discount and the amount recorded as the intrinsic value of the beneficial conversion feature each are being amortized to interest expense on a straight-line basis over the life the August 2019 Convertible Note.

The table below provides a summary of the August 2019 Convertible Note as of September 30, 2019.

Principal amount of note payable	\$	55,000
Debt discounts, net of amortization of \$8,504		(46,496)
Accrued coupon interest		648
	\$	<u>9,152</u>

On May 17, 2019, the Company issued a master convertible note (the “May 2019 Convertible Note”) issuable in tranches, bearing interest at 10% per year, bearing a maximum maturity amount of \$150,000. The first tranche has a maturity amount of \$50,000 and matures on the one year anniversary of the tranche which is May 17, 2020. There was a stated original issue discount of \$5,000 and the Company incurred debt issuance costs of \$2,000 for lender legal fees. Therefore, the net proceeds to the Company was \$43,000. Subject to certain limitations and adjustments as described in the May 2019 Convertible Note, the holder may convert from the date of issuance to the maturity date, part or all of the May 2019 Convertible Note, inclusive of accrued interest, into the Company’s common stock at a variable conversion price that is the lesser of (i) lowest trading price as such term is defined in the May 2019 Convertible Note (the lowest closing bid price) in the twenty five day trading period prior to the date of the May 2019 Convertible Note (which price is now fixed at \$0.25, the closing bid price on May 16, 2019), or (ii) the variable conversion price (as defined in the May 2019 Convertible Note) which is 61% of the market price (as defined in the May 2019 Convertible Note). The market price is the lowest trading price (closing bid) in the twenty five day trading day period up to the day prior to the conversion. If at any time while the Note is outstanding, the conversion price is equal to or lower than \$0.35, then an additional eleven percent (11%) discount is to be factored into the conversion price until the May 2019 Convertible Note is no longer outstanding (resulting in a discount rate of 50% assuming no other adjustments are triggered). The lowest trading price on the date of inception of the May 2019 Convertible Note (\$0.25) and the lowest market price were both below \$0.35, the effective conversion rate on the inception date was \$0.125. Therefore, on the inception date, the first tranche would have converted into 400,000 shares of the Company’s common stock. As of September 30, 2019, the first tranche would convert into 296,438 shares of common stock based upon a conversion price of \$0.175 (50% of the lowest closing bid price during the applicable period). The Company evaluated all of the terms of the May 2019 Convertible Note and determined that, in accordance with Accounting Standard Codification (ASC) 815, there were no derivatives to be bifurcated or separately valued. However, there were four features of the May 2019 Convertible Note, the related securities purchase agreement and the warrant that was issued in connection therewith that required valuation. They were: (i) the original issue discount of \$5,000, (ii) the debt issuance costs of \$2,000, (iii) the beneficial conversion feature and (iv) the value of the warrant. The Company amortized (i) and (ii) above on a straight-line basis over the life of the tranche. The Company evaluated (iii) the intrinsic value of the beneficial conversion feature for a calculated value of \$286,000 ((\$0.84 closing price minus \$0.125 conversion price) x 400,000 shares). The Company calculated the warrant value using the Black-Scholes valuation method, utilizing the following assumptions: (a) exercise price of \$1.18 per share, (b) stock price \$0.84, (c) three year life (d) three year risk free rate of 2.15% and (e) volatility of 210.19% and determined that the value of one warrant was \$0.774 and the total warrant value was \$32,796 for the warrant exercisable into 42,373 shares of the Company’s common stock, par value \$0.001. The amount to be recorded initially as the amount of the May 2019 Convertible Note was then calculated by determining the relative values as percentages of the maturity amount of the May 2019 Convertible Note (\$50,000), the beneficial conversion feature (\$286,000) and the warrant (\$32,796). The respective percentages were 13.56%, 77.55 and 8.89%. The original issue discount, debt issuance costs, the intrinsic value of the beneficial conversion feature and proceeds allocated to the value of the warrant are being amortized to interest expense on a straight-line basis over the life the May 2019 Convertible Note.

The table below provides a summary of the May 2019 Convertible Note as of September 30, 2019.

Principal amount of note payable	\$	50,000
Debt discounts, net of amortization of \$19,072		(31,149)
Accrued coupon interest		1,876
	\$	<u>20,727</u>

On April 24, 2019, the Company issued a convertible note (“the April 2019 Convertible Note”) bearing interest at 10% per year. The maturity amount is \$58,500 and matures on the one year anniversary which is April 24, 2020. The Company incurred debt issuance costs of \$3,500 for lender legal and due diligence fees. There was no stated original issue discount and no warrants were issued in connection with the April 2019 Convertible Note. The net proceeds to the Company was \$50,000. Subject to certain limitations and adjustments as described in the April 2019 Convertible Note, the holder may, from the date that is one hundred eighty (180) days after the issuance to the maturity date, convert part or all of the April 2019 Convertible Note, inclusive of accrued interest, into the Company’s common stock at a variable conversion price that is 61% of the market price as defined in the April 2019 Convertible Note. The market price is the lowest trading price, which in turn is the lowest closing bid price in the twenty (20) trading days prior to conversion. The lowest closing bid price in the twenty (20) day period prior to inception was \$0.65 which would calculate to a \$0.3964 conversion price and further calculate to 147,541 conversion shares to be issued. The Company evaluated all of the terms of the April 2019 Convertible Note and determined that, in accordance with ASC 815, there were no derivatives to be bifurcated or separately valued. However, there were two features of the April 2019 Convertible Note and the related securities purchase agreement that required valuation. They were: (i) the debt issuance costs of \$3,500, and (ii) the intrinsic value of the beneficial conversion feature. The Company amortized (i) on a straight-line basis over the life of the April 2019 Convertible Note. The Company evaluated (ii) as the closing price on the inception date minus the conversion price multiplied by the number of conversion shares and determined that the beneficial conversion feature had an intrinsic value of \$44,950 ((\$0.701 closing price minus \$0.3964 conversion price) x 147,541 shares). The debt issuance costs and the amount recorded as the intrinsic value of the beneficial conversion feature are each being amortized to interest expense on a straight-line basis over the life the April 2019 Convertible Note.

The table below provides a summary of the April 2019 Convertible Note as of September 30, 2019.

Principal amount of note payable	\$	58,500
Debt discounts, net of amortization of \$21,238		(27,211)
Accrued coupon interest		2,859
	\$	<u>34,148</u>

On January 2, 2019, February 27, 2019, March 6, 2019 and March 14, 2019, the Company issued convertible notes (collectively, the “2019 Q1 Convertible Notes”) bearing interest at 10% per year. The 2019 Q1 Convertible Notes issued on January 2, 2019 matured on February 28, 2019 with a face amount of \$10,000. The 2019 Q1 Convertible Notes issued on February 27, 2019, March 6, 2019 and March 14, 2019 matured on April 30, 2019 with an aggregate face amount of \$100,000. Investors also received an aggregate of 110,000 common stock purchase warrants. The warrants were valued using the Black Scholes option pricing model calculated on the date of each grant and had an aggregate value of \$78,780. Total value received by the investors was \$188,780, the sum of the face value of the convertible note and the value of the warrant. Therefore, the Company recorded a debt discount associated with the warrant issuance of \$45,812 and an initial value of the convertible notes of \$64,188 using the relative fair value method. An additional \$6,653 and \$2,811 of interest expense was recorded based upon the 10% annual rate for the nine months and three months ended September 30, 2019, respectively. The 2019 Q1 Convertible Note that matured on February 28, 2019 was not paid and remains outstanding and continues to accrue interest. The 2019 Q1 Convertible Notes that matured on April 30, 2019 were not paid and remain outstanding and continue to accrue interest. Although the 2019 Q1 Convertible Notes are in default, the Company has not received any notices of default from any of the note holders. The 2019 Q1 Convertible Notes have no reset rights or other protections based on subsequent equity transactions, equity-linked transactions or other events other than the right, but not the obligation, for each investor to convert or exchange his or her 2019 Q1 Convertible Note, but not the warrant, into the next exempt private securities offering. The May 2019 Convertible Note and April 2019 Convertible Note, which the Company does not consider to have arisen from an offering, may be interpreted in such a way that the 2019 Q1 Convertible Note Holders have the right to convert or exchange. However, no holders of such notes have requested a conversion or exchange. The Company does not believe that an offering occurred as of September 30, 2019 or as of the date of the issuance of these financial statements. Therefore, the number of shares of common stock (or preferred stock) into which the 2019 Q1 Convertible Notes may convert is not determinable and the Company has not accounted for any additional consideration. The warrants to purchase 110,000 shares of common stock issued in connection with the sale of the 2019 Q1 Convertible Notes are exercisable at a fixed price of \$1.50 per share of common stock, provide no right to receive a cash payment, and included no reset rights or other protections based on subsequent equity transactions, equity-linked transactions or other events. The Company determined that there were no embedded derivatives to be identified, bifurcated and valued in connection with this financing.

During December 2018, convertible notes (“2018 Convertible Notes”) bearing interest at 10% per year and maturing on February 28, 2019 and warrants were sold to investors with an aggregate face amount of \$80,000. Investors also received 80,000 common stock purchase warrants. The warrants were valued using the Black Scholes option pricing model calculated on the date of each grant and had an aggregate value of \$68,025. Total value received by the investors was \$148,025, the sum of the face value of the convertible note and the value of the warrant. Therefore, the Company recorded a debt discount associated with the issuance of the warrants of \$36,347 and an initial value of the convertible notes of \$43,653 using the relative fair value method. An additional \$6,067 and \$2,044 of interest expense was recorded based upon the 10% annual rate for the nine months and three months ended September 30, 2019, respectively. The 2018 Convertible Notes matured on February 28, 2019, were not paid, remain outstanding and continue to accrue interest. Although the 2018 Convertible Notes are in default, the Company has not received any notices of default from any of the note holders. The 2018 Convertible Notes have no reset rights or other protections based on subsequent equity transactions, equity-linked transactions or other events other than the right, but not the obligation for each investor to convert or exchange his or her 2018 Convertible Note, but not the warrant, into the next exempt private securities offering. The May 2019 Convertible Note and April 2019 Convertible Note, which the Company does not consider to have arisen from an offering, may be interpreted in such a way that the 2019 Q1 Convertible Note Holders have the right to convert or exchange. However, no holders of such notes have requested a conversion or exchange. The Company does not believe that an offering occurred as of September 30, 2019 or as of the date of the issuance of these financial statements. Therefore, the number of shares of common stock (or preferred stock) into which the 2018 Convertible Notes may convert is not determinable and the Company has not accounted for any additional consideration. The warrants to purchase 80,000 shares of common stock issued in connection with the sale of the 2018 Convertible Notes are exercisable at a fixed price of \$1.50 per share of common stock, provide no right to receive a cash payment, and included no reset rights or other protections based on subsequent equity transactions, equity-linked transactions or other events. The Company determined that there were no embedded derivatives to be identified, bifurcated and valued in connection with this financing.

The 2018 Convertible Notes and 2019 Q1 Convertible Notes consist of the following at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Principal amount of notes payable	\$ 190,000	\$ 80,000
Discount associated with issuance of warrants net of amortization of \$82,159 as of September 30, 2019 and \$8,379 as of December 31, 2018	-	(27,968)
Accrued interest payable	13,121	401
	<u>\$ 203,121</u>	<u>\$ 52,433</u>

Convertible notes were also sold to investors in 2014 and 2015 (“Original Convertible Notes), which aggregated a total of \$579,500, had a fixed interest rate of 10% per annum and those that remain outstanding are convertible into common stock at a fixed price of \$11.3750 per share. The Original Convertible Notes have no reset rights or other protections based on subsequent equity transactions, equity-linked transactions or other events. The warrants to purchase 50,945 shares of common stock issued in connection with the sale of the convertible notes were exercisable at a fixed price of \$11.3750 per share. All such warrants have either been exchanged as part of April and May 2016 note and warrant exchange agreements or expired on September 15, 2016.

The maturity date of the Original Convertible Notes was extended to September 15, 2016 and included the issuance of 27,936 additional warrants to purchase common stock, exercisable at \$11.375 per share of common stock, which expired on September 15, 2016.

The remaining outstanding Original Convertible Notes (including those for which default notices have been received) consist of the following at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Principal amount of notes payable	\$ 125,000	\$ 125,000
Accrued interest payable	76,920	62,233
	<u>\$ 201,920</u>	<u>\$ 187,233</u>

As of September 30, 2019, principal and accrued interest on the one remaining outstanding Original Convertible Note, which is subject to a default notice and which therefore accrues annual interest at 12% instead of 10%, totaled \$42,406, of which \$17,406 was accrued interest. As of December 31, 2018, principal and accrued interest on convertible notes subject to default notices totaled \$38,292 of which \$13,292 was accrued interest.

As of September 30, 2019 all of the outstanding Original Convertible Notes, inclusive of accrued interest, were convertible into an aggregate of 17,810 shares of the Company's common stock, including 6,765 shares attributable to accrued interest of \$76,920 payable as of such date. As of December 31, 2018, the outstanding Original Convertible Notes were convertible into 16,460 shares of the Company's common stock, including 5,471 shares attributable to accrued interest of \$62,233 payable as of such date. Such Original Convertible Notes will continue to accrue interest until exchanged, paid or otherwise discharged. There can be no assurance that any of the additional holders of the remaining Original Convertible Notes will exchange their notes.

Note Payable to SY Corporation Co., Ltd.

On June 25, 2012, the Company borrowed 465,000,000 Won (the currency of South Korea, equivalent to approximately \$400,000 United States Dollars as of that date) from and executed a secured note payable to SY Corporation, an approximately 20% common stockholder of the Company at that time. SY Corporation was a significant stockholder and a related party at the time of the transaction but has not been a significant stockholder or related party of the Company subsequent to December 31, 2014. The note accrues simple interest at the rate of 12% per annum and had a maturity date of June 25, 2013. The Company has not made any payments on the promissory note. At June 30, 2013 and subsequently, the promissory note was outstanding and in default, although SY Corporation has not issued a notice of default or a demand for repayment. Management believes that SY Corporation is in default of its obligations under its January 2012 license agreement, as amended, with the Company, but the Company has not yet issued a notice of default. The Company has in the past made several efforts towards a comprehensive resolution of the aforementioned matters involving SY Corporation. During the nine months ended September 30, 2019, there were no communications between the Company and SY Corporation.

The promissory note is secured by collateral that represents a lien on certain patents owned by the Company, including composition of matter patents for certain of the Company's high impact ampakine compounds and the low impact ampakine compounds CX2007 and CX2076, and other related compounds. The security interest does not extend to the Company's patents for its ampakine compounds CX1739 and CX1942, or to the patent for the use of ampakine compounds for the treatment of respiratory depression.

Note payable to SY Corporation consists of the following at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Principal amount of note payable	\$ 399,774	\$ 399,774
Accrued interest payable	351,188	315,307
Foreign currency transaction adjustment	(27,775)	29,360
	<u>\$ 723,187</u>	<u>\$ 744,441</u>

Interest expense with respect to this promissory note was \$35,881 and \$12,092 for the nine months and three months ended September 30, 2019, and for the nine months and three months ended September 30, 2018, respectively.

Notes Payable to Officers and Former Officers

For the nine months and three months ended September 30, 2019, \$7,683 and \$2,589 respectively was charged to interest expense with respect to notes payable to Dr. Arnold S. Lippa, an officer of the Company. For the nine months and three months ended September 30, 2018, \$9,517 and \$3,319 respectively was charged to interest expense with respect to notes payable to Dr. Arnold S. Lippa.

For the nine months and three months ended September 30, 2019, \$11,530 and \$3,886 respectively was charged to interest expense with respect notes payable to to Dr. James S. Manuso, a former officer of the Company. For the nine months and three months ended September 30, 2018 \$9,754 and \$3,564 respectively was charged to interest expense with respect to notes payable to Dr. James S. Manuso.

As of September 30, 2018, Dr. James S. Manuso resigned as executive officer in all capacities and as a member of the Board of Directors of the Company. All of the \$11,530 of interest expense noted above for the nine months ended September 30, 2019, was incurred while Dr. Manuso was no longer an officer.

Other Short-Term Notes Payable

Other short-term notes payable at September 30, 2019 and December 31, 2018 consisted of premium financing agreements with respect to various insurance policies. At the inception of the new policy in March 2019, a premium financing agreement was payable in the initial amount of \$61,746, with interest at 9% per annum, in nine monthly installments of \$7,120. At September 30, 2019 and December 31, 2018, the aggregate amount of the short-term notes payable was \$27,997 and \$8,907 respectively.

5. Settlement and Payment Agreements

On August 21, 2019, the Company entered into a Settlement Agreement and Release with Salamandra, LLC (“Salamandra”) in respect to amounts owed to Salamandra, which totaled \$202,395 as of September 30, 2019. The settlement agreement reduces the amount owed to a lump-sum payment of \$125,000 payable by November 30, 2019, if by that date, the Company has raised an aggregate of at least \$600,000 in working capital. Should the Company raise less than \$600,000, the Company may pay 21% of the amount raised and cancel that portion of the debt. If the Company is unable to raise \$600,000 by November 30, 2019, the settlement agreement becomes null and void. Upon receipt of the settlement payment, mutual releases will become effective with respect to the remaining amount of debt on that date. On October 22, 2019 and November 4, 2019, the Company raised an aggregate of \$202,400 in working capital from the net proceeds of the October 2019 Convertible Note and the November 2019 Convertible Note (see Note 9. Subsequent Events). Total working capital raised by the Company from the inception of the Settlement Agreement through November 4, 2019 was \$202,400.

On September 23, 2019, the Company and a vendor agreed in principle to a proposed settlement agreement, which has not been documented in the form of a formal agreement. The agreement in principal calls for no reduction in the overall amount to be paid by the Company, which amount is not in dispute, but addresses only a payment schedule. The agreement in principal calls for a payment of a minimum of \$100,000 on or before November 30, 2019 assuming the Company has raised at least \$600,000 by that date and thereafter calls for a payment of \$50,000 per month until paid in full. If the Company does not make a scheduled payment, the agreement in principal would be deemed null and void.

6. Stockholders' Deficiency

Preferred Stock

The Company has authorized a total of 5,000,000 shares of preferred stock, par value \$0.001 per share. As of September 30, 2019 and December 31, 2018, 1,250,000 shares were designated as 9% Cumulative Convertible Preferred Stock (non-voting, "9% Preferred Stock"); 37,500 shares were designated as Series B Convertible Preferred Stock (non-voting, "Series B Preferred Stock"); 205,000 shares were designated as Series A Junior Participating Preferred Stock (non-voting, "Series A Junior Participating Preferred Stock"); and 1,700 shares were designated as Series G 1.5% Convertible Preferred Stock. Accordingly, as of September 30, 2019 and December 31, 2018, 3,505,800 shares of preferred stock were undesignated and may be issued with such rights and powers as the Board of Directors may designate.

Series B Preferred Stock outstanding as of September 30, 2019 and 2018 consisted of 37,500 shares issued in a May 1991 private placement. Each share of Series B Preferred Stock is convertible into approximately 0.00030 shares of common stock at an effective conversion price of \$2,208.375 per share of common stock, which is subject to adjustment under certain circumstances. As of September 30, 2019 and December 31, 2018, the shares of Series B Preferred Stock outstanding are convertible into 11 shares of common stock. The Company may redeem the Series B Preferred Stock for \$25,001, equivalent to \$0.6667 per share, an amount equal to its liquidation preference, at any time upon 30 days prior notice.

Common Stock

There are 3,879,576 shares of the Company's common stock outstanding as of September 30, 2019. The Company has reserved an aggregate of 7,401,292 for conversions of convertible debt which reserve includes contractual reserves totaling 7,383,482 shares of the Company's common stock, which exceeds the actual conversion amounts under those contracts as of September 30, 2019 by 6,534,657 shares. In addition, The Company has reserved 6,303,652 shares of the Company's common stock for exercises of common stock purchase options granted and warrants issued. There are 6,497 shares of the Company's common stock reserved as Pier contingent shares. There are 4,490,578 shares reserved for future issuances under the Company's 2014 and 2015 Plans (as hereafter defined). There are 43,452,954 shares of the Company's common stock available for future issuances.

Common Stock Warrants

Information with respect to the issuance and exercise of common stock purchase warrants in connection with the Convertible Note Payable and the related warrant, and Notes Payable to Officers, is provided at Note 4.

A summary of warrant activity for the nine months ended September 30, 2019 is presented below.

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in Years)</u>
Warrants outstanding and exercisable at December 31, 2018	1,783,229	\$ 2.20393	3.06
Issued	302,372	0.95908	
Expired	(69,558)	2.65928	
Warrants outstanding and exercisable at September 30, 2019	<u>2,016,043</u>	<u>\$ 1.99011</u>	<u>2.73</u>

The exercise prices of common stock warrants outstanding and exercisable are as follows at September 30, 2019:

<u>Exercise Price</u>	<u>Warrants Outstanding (Shares)</u>	<u>Warrants Exercisable (Shares)</u>	<u>Expiration Date</u>
\$ 0.5000	150,000	150,000	August 19, 2024
\$ 1.0000	916,217	916,217	September 20, 2022
\$ 1.1800	42,372	42,372	May 17, 2022
\$ 1.5000	190,000	190,000	December 30, 2023
\$ 1.5620	130,284	130,284	December 31, 2021
\$ 1.5750	238,814	238,814	April 30, 2023
\$ 2.7500	8,000	8,000	September 20, 2022
\$ 4.8750	108,594	108,594	September 30, 2020
\$ 6.8348	145,758	145,758	September 30, 2020
\$ 7.9300	86,004	86,004	February 28, 2021
	<u>2,016,043</u>	<u>2,016,043</u>	

Based on a fair market value of \$0.45 per share on September 30, 2019, the intrinsic value of exercisable in-the-money common stock warrants as of September 30, 2019 was \$7,500.

A summary of warrant activity for the nine months ended September 30, 2018 is presented below.

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in Years)</u>
Warrants outstanding and exercisable at December 31, 2017	1,464,415	\$ 2.68146	3.73
Issued	238,814	1.57500	
Warrants outstanding and exercisable at September 30, 2018	<u>1,703,229</u>	<u>\$ 2.52632</u>	<u>4.08</u>

The exercise prices of common stock warrants outstanding and exercisable are as follows at September 30, 2018:

<u>Exercise Price</u>	<u>Warrants Outstanding (Shares)</u>	<u>Warrants Exercisable (Shares)</u>	<u>Expiration Date</u>
\$ 1.0000	916,217	916,217	September 20, 2022
\$ 1.2870	41,002	41,002	April 17, 2019
\$ 1.5620	130,284	130,284	December 31, 2021
\$ 1,5750	238,814	238,814	April 30, 2023
\$ 2.7500	8,000	8000	September 20, 2022
\$ 4.8500	5,155	5,155	September 23, 2019
\$ 4.8750	108,594	108,594	September 30, 2020
\$ 5.0000	5,000	5,000	September 22, 2019
\$ 5.1025	10,309	10,309	January 29, 2019
\$ 6.5000	8,092	8,092	February 4, 2019
\$ 6.8348	145,758	145,758	September 30, 2020
\$ 7.9300	86,004	86,004	February 28, 2021
	<u>1,703,229</u>	<u>1,703,229</u>	

Based on a fair market value of \$0.7171 per share on September 30, 2018, there were no exercisable in-the money common stock warrants as of September 30, 2018.

Stock Options

On March 18, 2014, the stockholders of the Company holding a majority of the votes to be cast on the issue approved the adoption of the Company's 2014 Equity, Equity-Linked and Equity Derivative Incentive Plan (the "2014 Plan"), which had been previously adopted by the Board of Directors of the Company, subject to stockholder approval. The Plan permits the grant of options and restricted stock with respect to up to 325,025 shares of common stock, in addition to stock appreciation rights and phantom stock, to directors, officers, employees, consultants and other service providers of the Company.

On June 30, 2015, the Board of Directors adopted the 2015 Stock and Stock Option Plan (the “2015 Plan”). The 2015 Plan initially provided for, among other things, the issuance of either or any combination of restricted shares of common stock and non-qualified stock options to purchase up to 461,538 shares of the Company’s common stock for periods up to ten years to management, members of the Board of Directors, consultants and advisors. The Company has not and does not intend to present the 2015 Plan to stockholders for approval. On August 18, 2015, the Board of Directors increased the number of shares that may be issued under the 2015 Plan to 769,231 shares of the Company’s common stock. On March 31, 2016, the Board of Directors further increased the number of shares that may be issued under the 2015 Plan to 1,538,461 shares of the Company’s common stock. On January 17, 2017, the Board of Directors further increased the number of shares that may be issued under the 2015 Plan to 3,038,461 shares of the Company’s common stock. On December 9, 2017, the Board of Directors further increased the number of shares that may be issued under the 2015 Plan to 6,985,260 shares of the Company’s common stock. On December 28, 2018, the Board of Directors further increased the number of shares that may be issued under the 2015 Plan to 8,985,260 shares of the Company’s common stock.

Information with respect to the Black-Scholes variables used in connection with the evaluation of the fair value of stock-based compensation is provided at Note 3.

There were no grants of common stock options or of stock for the nine month period ended September 30, 2019.

A summary of stock option activity for the nine months ended September 30, 2019 is presented below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Options outstanding and exercisable at December 31, 2018	4,344,994	\$ 3.7634	7.38
Expired	(57,385)	(15.6139)	
Options outstanding and exercisable at September 30, 2019	4,287,609	\$ 3.3798	5.23

The exercise prices of common stock options outstanding and exercisable were as follows at September 30, 2019:

Exercise Price	Options Outstanding (Shares)	Options Exercisable (Shares)	Expiration Date
\$ 0.7000	21,677	21,677	November 21, 2023
\$ 1.1200	310,388	310,388	April 5, 2023
\$ 1.2500	16,762	16,762	December 7, 2022
\$ 1.3500	34,000	34,000	July 28, 2022
\$ 1.4500	1,849,418	1,849,418	December 9, 2027
\$ 1.4500	100,000	100,000	December 9, 2027
\$ 2.0000	285,000	285,000	June 30, 2022
\$ 2.0000	25,000	25,000	July 26, 2022
\$ 3.9000	395,000	395,000	January 17, 2022
\$ 4.5000	7,222	7,222	September 2, 2021
\$ 5.6875	89,686	89,686	June 30, 2020
\$ 5.7500	2,608	2,608	September 12, 2021
\$ 6.4025	27,692	27,692	August 18, 2020
\$ 6.4025	129,231	129,231	August 18, 2022
\$ 6.4025	261,789	261,789	August 18, 2025
\$ 6.8250	8,791	8,791	December 11, 2020
\$ 7.3775	523,077	523,077	March 31, 2021
\$ 8.1250	169,231	169,231	June 30, 2022
\$ 13.9750	3,385	3,385	March 14, 2024
\$ 15.4700	7,755	7,755	April 8, 2020
\$ 15.9250	2,462	2,462	February 28, 2024
\$ 16.6400	1,538	1,538	January 29, 2020
\$ 19.5000	9,487	9,487	July 17, 2022
\$ 19.5000	6,410	6,410	August 10, 2022
	4,287,609	4,287,609	

There was no deferred compensation expense for the outstanding stock options at September 30, 2019.

Based on a fair market value of \$0.45 per share on September 30, 2019, there was no intrinsic value of exercisable in-the-money common stock options as of September 30, 2019.

A summary of stock option activity for the nine months ended September 30, 2018 is presented below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Options outstanding and exercisable at December 31, 2017	3,996,167	\$ 3.7634	6.30
Granted	327,150	1.1267	4.50
Options outstanding and exercisable at September 30, 2018	4,323,317	\$ 3.5855	6.17

The exercise prices of common stock options outstanding and exercisable were as follows at September 30, 2018:

Exercise Price	Options Outstanding (Shares)	Options Exercisable (Shares)	Expiration Date
\$ 1.1200	310,388	310,388	April 5, 2023
\$ 1.2500	16,762	16,762	December 7, 2022
\$ 1.3500	34,000	34,000	July 28, 2022
\$ 1.4500	1,849,418	1,849,418	December 9, 2027
\$ 1.4500	100,000	100,000	December 9, 2027
\$ 2.0000	285,000	285,000	June 30, 2022
\$ 2.0000	25,000	25,000	July 26, 2022
\$ 3.9000	395,000	395,000	January 17, 2022
\$ 4.5000	7,222	7,222	September 2, 2021
\$ 5.6875	89,686	89,686	June 30, 2020
\$ 5.7500	2,608	2,608	September 12, 2021
\$ 6.4025	27,692	27,692	August 18, 2020
\$ 6.4025	129,231	129,231	August 18, 2022
\$ 6.4025	261,789	261,789	August 18, 2025
\$ 6.8250	8,791	8,791	December 11, 2020
\$ 7.3775	523,077	523,077	March 31, 2021
\$ 8.1250	169,231	169,231	June 30, 2022
\$ 13.0000	7,385	7,385	March 13, 2019
\$ 13.0000	3,846	3,846	April 14, 2019
\$ 13.9750	3,385	3,385	March 14, 2024
\$ 15.4700	7,755	7,755	April 8, 2020
\$ 15.9250	2,462	2,462	February 28, 2024
\$ 16.0500	46,154	46,154	July 17, 2019
\$ 16.6400	1,538	1,538	January 29, 2020
\$ 19.5000	9,487	9,487	July 17, 2022
\$ 19.5000	6,410	6,410	August 10, 2022
	<u>4,323,317</u>	<u>4,323,317</u>	

Based on a fair market value of \$0.7101 per share on September 30, 2018, there were no exercisable in-the-money common stock options as of September 30, 2018.

Reserved and Unreserved Shares of Common Stock

On January 17, 2017, the Board of Directors of the Company approved the adoption of an amendment of the Amended and Restated RespireRx Pharmaceuticals, Inc. 2015 Stock and Stock Option Plan (as amended, the “2015 Plan”). That amendment increases the shares issuable under the plan by 1,500,000, from 1,538,461 to 3,038,461. On December 9, 2017, the Board of Directors further amended the 2015 Plan to increase the number of shares that may be issued under the 2015 Plan to 6,985,260 shares of the Company’s common stock. On December 28, 2018, the Board of Directors further amended the 2015 Plan to increase the number of shares that may be issued under the 2015 Plan to 8,985,260 shares of the Company’s common stock.

Other than the change in the number of shares available under the 2015 Plan, no other changes were made to the 2015 Plan by these amendments noted above.

At September 30, 2019, the Company had 65,000,000 shares of common stock authorized and 3,879,576 shares of common stock issued and outstanding. The Company has reserved 11 shares of common stock for the conversion of the Series B Preferred Stock. The Company has reserved an aggregate of 7,401,292 for conversions of convertible debt which reserve includes contractual reserves totaling 7,383,482 shares of the Company’s common stock, which exceeds the actual conversion amounts under those contracts as of September 30, 2019 by 6,516,847 shares. In addition, The Company has reserved 6,303,652 shares of the Company’s common stock for exercises of common stock purchase options granted and warrants issued. There are 6,497 shares of the Company’s common stock reserved as Pier contingent shares. There are 4,490,578 shares reserved for future issuances under the Company’s 2014 and 2015 Plans (as hereafter defined). Accordingly, after taking into consideration the reserved shares, there are 42,918,394 shares of the Company’s common stock available for future issuances. The Company expects to satisfy its future common stock commitments through the issuance of authorized but unissued shares of common stock.

7. Related Party Transactions

Dr. Arnold S. Lipka and Jeff E. Margolis, officers and directors of the Company since March 22, 2013, have indirect ownership interests and managing memberships in Aurora Capital LLC (“Aurora”) through interests held in its members, and Jeff. E. Margolis is also an officer of Aurora. Aurora is a boutique investment banking firm specializing in the life sciences sector that is also a full-service brokerage firm.

A description of advances and notes payable to officers is provided at Note 4.

8. Commitments and Contingencies

Pending or Threatened Legal Action and Claims

By letter dated May 18, 2018, the Company received notice from counsel claiming to represent TEC Edmonton and The Governors of the University of Alberta, which purported to terminate, effective December 12, 2017, the license agreement dated May 9, 2007 between the Company and The Governors of the University of Alberta. The license relates to the use of ampakines for the treatment of various respiratory disorders. The Company, through its counsel, disputed any grounds for termination and notified the representative that it invoked Section 13 of that license agreement, which mandates a meeting to be attended by individuals with decision-making authority to attempt in good faith to negotiate a resolution to the dispute. In February 2019, the Company and TEC Edmonton tentatively agreed to terms acceptable to all parties to establish a new license agreement and the form of a new license agreement. However, the Company has re-evaluated that portion of its ampakine program and has decided not to enter into a new agreement, at this time. The lack of entry into a new agreement at this time does not affect the Company’s other ampakine programs and permits the Company to reallocate resources to those programs, including, but not limited to ADHD, SCI, FXS and others.

By e-mail dated July 21, 2016, the Company received a demand from an investment banking consulting firm that represented the Company in 2012 in conjunction with the Pier transaction alleging that \$225,000 is due and payable for investment banking services rendered. Such amount has been included in accrued expenses at September 30, 2019 and December 31, 2018.

The Company is periodically the subject of various pending and threatened legal actions and claims. In the opinion of management of the Company, adequate provision has been made in the Company's consolidated financial statements as of September 30, 2019 and December 31, 2018 with respect to such matters, including, specifically, the matters noted above. The Company intends to vigorously defend itself if any of the matters described above results in the filing of a lawsuit or formal claim.

Significant Agreements and Contracts

Consulting Agreement

Richard Purcell, the Company's Senior Vice President of Research and Development since October 15, 2014, provides his services to the Company on a month-to-month basis through his consulting firm, DNA Healthlink, Inc., through which the Company has contracted for his services, for a monthly cash fee of \$12,500. Additional information with respect to shares of common stock that have been issued to Mr. Purcell is provided at Note 6. Cash compensation expense pursuant to this agreement totaled \$112,500 and \$37,500 for the nine months and three months ended September 30, 2019 and 2018, which is included in research and development expenses in the Company's consolidated statements of operations for such periods.

Employment Agreements

On October 12, 2018, Dr. Lippa was named Interim President and Interim Chief Executive Officer to replace Dr. Manuso who resigned effective September 30, 2018. Dr. Lippa continues to serve as the Company's Executive Chairman and as a member of the Board of Directors. Also, on August 18, 2015, Dr. Lippa was named Chief Scientific Officer of the Company, and the Company entered into an employment agreement with Dr. Lippa in that capacity. Pursuant to the agreement, which is for an initial term through September 30, 2018 (and which automatically extended on September 30, 2018 and September 30, 2019 and will automatically extend annually, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the agreement at least 90 days prior to the applicable renewal date), Dr. Lippa received an annual base salary of \$300,000. Dr. Lippa is also eligible to earn a performance-based annual bonus award of up to 50% of his base salary, based upon the achievement of annual performance goals established by the Board of Directors in consultation with the executive prior to the start of such fiscal year, or any amount at the discretion of the Board of Directors. Additionally, Dr. Lippa was granted stock options to acquire 30,769 shares of common stock of the Company and is eligible to receive additional awards under the Company's Plans at the discretion of the Board of Directors. Dr. Lippa is also entitled to receive, until such time as the Company establishes a group health plan for its employees, \$1,200 per month, on a tax-equalized basis, as additional compensation to cover the cost of health coverage and up to \$1,000 per month, on a tax-equalized basis, as reimbursement for a term life insurance policy and disability insurance policy. Dr. Lippa is also entitled to be reimbursed for business expenses. Additional information with respect to the stock options granted to Dr. Lippa is provided at Note 6. Cash compensation accrued pursuant to this agreement totaled \$254,700 and \$84,900 for the nine months and three months ended September 30, 2019 and 2018, respectively, and \$339,600 for the fiscal year ended December 31, 2018 which amounts are included in accrued compensation and related expenses in the Company's consolidated balance sheet at September 30, 2019 and December 31, 2018, and in research and development expenses in the Company's consolidated statement of operations. Dr. Lippa does not receive any additional compensation for serving as Executive Chairman and on the Board of Directors.

On August 18, 2015, the Company also entered into an employment agreement with Jeff E. Margolis, in his role as Vice President, Secretary and Treasurer. Pursuant to the agreement, which was for an initial term through September 30, 2016 (and which has automatically extended on each subsequent anniversary and will continue to automatically extend annually upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the agreement at least 90 days prior to the applicable renewal date). At the inception of the employment agreement, Mr. Margolis was granted stock options to acquire 30,769 shares of common stock of the Company and remains eligible to receive additional awards under the Company's Plans at the discretion of the Board of Directors. Mr. Margolis is also entitled to receive, until such time as the Company establishes a group health plan for its employees, \$1,200 per month, on a tax-equalized basis, as additional compensation to cover the cost of health coverage and up to \$1,000 per month, on a tax-equalized basis, as reimbursement for a term life insurance policy and disability insurance policy. Mr. Margolis is also entitled to be reimbursed for business expenses. Mr. Margolis' employment agreement was amended effective July 1, 2017. The employment agreement amendment called for payment in three installments in cash of the \$60,000 bonus granted on June 30, 2015. A minimum of \$15,000 was to be payable in cash as follows: (a) \$15,000 payable in cash upon the next closing (after July 1, 2017) of any financing in excess of \$100,000 (b) \$15,000 payable by the end of the following month assuming cumulative closings (beginning with the closing that triggered (a)) in excess of \$200,000 and (c) \$30,000 payable in cash upon the next closing of any financing in excess of an additional \$250,000. The conditions of (a), (b) and (c) above were met as of December 31, 2017, however Mr. Margolis has waived the Company's obligation to make any payments of the cash bonus until the Board of Directors of the Company determines that sufficient capital has been raised by the Company or is otherwise available to fund the Company's operations on an ongoing basis. Mr. Margolis currently receives an annual base salary of \$300,000, and is also eligible to receive performance-based annual bonus awards ranging from \$65,000 to \$125,000, based upon the achievement of annual performance goals established by the Board of Directors in consultation with Mr. Margolis prior to the start of such fiscal year, or any amount at the discretion of the Board of Directors. Additional information with respect to the stock options granted to Mr. Margolis is provided at Note 6. Recurring cash compensation accrued pursuant to this amended agreement totaled \$241,200 and \$80,400 for the nine months and three months ended September 30, 2019 and 2018, respectively, and \$321,600 for the fiscal year ended December 31, 2018. Such amounts are included in accrued compensation and related expenses in the Company's consolidated balance sheet at September 30, 2019 and December 31, 2018 respectively, and in general and administrative expenses in the Company's consolidated statement of operations.

The employment agreements between the Company and each of Dr. Lippa and Mr. Margolis (prior to the 2017 amendment), respectively, provided that the payment obligations associated with the first year base salary were to accrue, but no payments were to be made, until at least \$2,000,000 of net proceeds from any offering or financing of debt or equity, or a combination thereof, was received by the Company, at which time scheduled payments were to commence. Dr. Lippa and Mr. Margolis (who are each also directors of the Company), and prior to his resignation, Dr. James S. Manuso, have each agreed, effective as of August 11, 2016, to continue to defer the payment of such amounts indefinitely, until such time as the Board of Directors of the Company determines that sufficient capital has been raised by the Company or is otherwise available to fund the Company's operations on an ongoing basis. Additionally, on December 9, 2017, Dr. Lippa, Mr. Margolis and Dr. Manuso forgave accrued compensation that had accrued through September 30, 2017 in exchange for stock options.

University of Alberta License Agreement

On May 9, 2007, the Company entered into a license agreement, as amended, with the University of Alberta granting the Company exclusive rights to practice patents held by the University of Alberta claiming the use of ampakines for the treatment of various respiratory disorders. The Company agreed to pay the University of Alberta a licensing fee and a patent issuance fee, which were paid, and prospective payments consisting of a royalty on net sales, sublicense fee payments, maintenance payments and milestone payments. The prospective maintenance payments commence on the enrollment of the first patient into the first Phase 2B clinical trial and increase upon the successful completion of the Phase 2B clinical trial. As the Company does not at this time anticipate scheduling a Phase 2B clinical trial in the near term, no maintenance payments to the University of Alberta are currently due and payable, nor are any maintenance payments expected to be due in the near future in connection with the license agreement. On May 18, 2018, the Company received a letter from counsel claiming to represent TEC Edmonton and The Governors of the University of Alberta, which purported to terminate, effective December 12, 2017, the license agreement dated May 9, 2007 (as subsequently amended) between the Company and The Governors of the University of Alberta. The Company, through its counsel, disputed any grounds for termination and notified the representative that it invoked Section 13 of that license agreement, which mandates a meeting to be attended by individuals with decision-making authority to attempt in good faith to negotiate a resolution to the dispute. In February 2019, the Company and TEC Edmonton tentatively agreed to terms acceptable to all parties to establish a new license agreement and the form of a new license agreement. However, the Company has re-evaluated that portion of its ampakine program and has decided not to enter into a new agreement, at this time. The lack of entry into a new agreement at this time does not affect the Company's other ampakine programs and permits the Company to reallocate resources to those programs, including, but not limited to ADHD, SCI, FXS and others.

University of Illinois 2014 Exclusive License Agreement

On June 27, 2014, the Company entered into an Exclusive License Agreement (the "2014 License Agreement") with the University of Illinois, the material terms of which were similar to a License Agreement between the parties that had been previously terminated on March 21, 2013. The 2014 License Agreement became effective on September 18, 2014, upon the completion of certain conditions set forth in the 2014 License Agreement, including: (i) the payment by the Company of a \$25,000 licensing fee, (ii) the payment by the Company of outstanding patent costs aggregating \$15,840, and (iii) the assignment to the University of Illinois of rights the Company held in certain patent applications, all of which conditions were fulfilled.

The 2014 License Agreement granted the Company (i) exclusive rights to several issued and pending patents in numerous jurisdictions and (ii) the non-exclusive right to certain technical information that is generated by the University of Illinois in connection with certain clinical trials as specified in the 2014 License Agreement, all of which relate to the use of cannabinoids for the treatment of sleep related breathing disorders. The Company is developing dronabinol (Δ^9 -tetrahydrocannabinol), a cannabinoid, for the treatment of OSA, the most common form of sleep apnea.

The 2014 License Agreement provides for various commercialization and reporting requirements commencing on June 30, 2015. In addition, the 2014 License Agreement provides for various royalty payments, including a royalty on net sales of 4%, payment on sub-licensee revenues of 12.5%, and a minimum annual royalty beginning in 2015 of \$100,000, which is due and payable on December 31 of each year beginning on December 31, 2015. The minimum annual royalty obligation of \$100,000 due on December 31, 2018, was extended to February 28, 2019, when such payment obligation was paid by the Company. One-time milestone payments may become due based upon the achievement of certain development milestones. \$350,000 will be due within five days after the dosing of the first patient is a Phase III human clinical trial anywhere in the world. \$500,000 will be due within five days after the first NDA filing with FDA or a foreign equivalent. \$1,000,000 will be due within twelve months of the first commercial sale. One-time royalty payments may also become due and payable. Annual royalty payments may also become due. In the year after the first application for market approval is submitted to the FDA or a foreign equivalent and until approval is obtained, the minimum annual royalty will increase to \$150,000. In the year after the first market approval is obtained from the FDA or a foreign equivalent and until the first sale of a product, the minimum annual royalty will increase to \$200,000. In the year after the first commercial sale of a product, the minimum annual royalty will increase to \$250,000. For each of the nine month and three month periods ending September 30, 2019 and 2018, the Company recorded a charge to operations of \$75,000 and \$25,000, respectively, with respect to its minimum annual royalty obligation, which is included in research and development expenses in the Company's consolidated statements of operations for the nine months and three months ended September 30, 2019 and 2018, respectively.

Research Contract with the University of Alberta

On January 12, 2016, the Company entered into a Research Contract with the University of Alberta in order to test the efficacy of ampakines at a variety of dosage and formulation levels in the potential treatment of Pompe Disease, apnea of prematurity and spinal cord injury, as well as to conduct certain electrophysiological studies to explore the ampakine mechanism of action for central respiratory depression. The Company agreed to pay the University of Alberta total consideration of approximately CAD\$146,000 (approximately US\$111,000), consisting of approximately CAD\$85,000 (approximately US\$65,000) of personnel funding in cash in four installments during 2016, to provide approximately CAD\$21,000 (approximately US\$16,000) in equipment, to pay patent costs of CAD\$20,000 (approximately US\$15,000), and to underwrite additional budgeted costs of CAD\$20,000 (approximately US\$15,000). The final amount payable in respect to this Research Contract of US\$16,207 (CAD\$21,222) was paid in US dollars in January 2018 and completed the payments under the contract. The conversion to US dollars above utilizes an exchange rate of approximately US\$0.76 for every CAD\$1.00.

The University of Alberta received matching funds through a grant from the Canadian Institutes of Health Research in support of this research. Dr. John Greer, faculty member of the Department of Physiology, Perinatal Research Centre and Women & Children's Health Research Institute at the University of Alberta collaborated on this research. The studies were completed in 2016.

See "University of Alberta License Agreement" above for more information on the related license agreement.

Summary of Principal Cash Obligations and Commitments

The following table sets forth the Company’s principal cash obligations and commitments for the next five fiscal years as of September 30, 2019, aggregating \$1,211,200 License agreement amounts included in the 2019 column represents amounts contractually due from October 1, 2019 through December 31, 2019 (three months) and in each of the subsequent years, represents the full year. Employment agreement amounts included in the 2019 column represent amounts contractually due at from October 1, 2019 through September 30, 2020 (twelve months) when such contracts expire unless extended pursuant to the terms of the contracts.

	Total	Payments Due By Year				
		2019	2020	2021	2022	2023
License agreements	\$ 425,000	\$ 25,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Litigation settlement	125,000	\$ 125,000	-	-	-	-
Employment agreements (1)	661,200	165,300	495,900	-	-	-
Total	<u>\$ 1,211,200</u>	<u>\$ 315,300</u>	<u>\$ 595,900</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

(1) The payment of such amounts has been deferred indefinitely, as described above at “Employment Agreements.” The 2019 amounts include three months of employment agreement obligations for Dr. Lippa and Mr. Margolis as their employment contracts renewed on September 30, 2019 and the 2019 obligations include the three months of obligations through December 31, 2019.

9. Subsequent Events

On October 22, 2019, the Company entered into a securities purchase agreement, a 10% Convertible Note (the “October 2019 Convertible Note”) and several other related agreements and documents. The October 2019 Convertible Note matures on July 22, 2020, provided for net proceeds to the Company of \$54,500 which was received by the Company on October 28, 2019, and has a face amount of \$60,000, bears interest at 10% per year, had an original issue discount of \$1,750 and capitalized note costs of \$3,750 (for legal and due diligence fees of the Holder of the October 2019 Convertible Note). The holder of the October 2019 Convertible Note also received 10,000 restricted shares of the Company’s common stock as commitment shares and a warrant to purchase 175,000 shares of the Company’s common stock, exercisable at \$0.50 per share of common stock for five years. The October 2019 Convertible Note may be prepaid at the option of the Company, inclusive of accrued interest, by the Company subject to prepayment premium factors as described in the definitive documents and may not be prepaid after the 180th day. Subject to certain limitations, the October 2019 Convertible Note may be converted by the holder at 60% of the lowest traded price of the Company’s common stock, subject to a minimum trade size of 100 shares and a minimum daily trading volume of at least 100 shares, for the twenty (20) consecutive trading days prior to such conversion. In addition, the holder has certain redemption rights in the event of a subsequent financing and other rights. Pursuant to the terms of the definitive transaction documents, the Company must reserve that number of shares of common stock from its authorized but unissued shares that is six (6) times the number of shares of common stock into which the October 2019 Convertible Note may convert. At inception the Company reserved 1,935,000 shares in connection with the transaction.

On November 4, 2019, the Company entered into a securities purchase agreement, a 10% Convertible Note (the “November 2019 Convertible Note”) and several other related agreements and documents. The November 2019 Convertible Note has a face amount of \$170,000, matures on November 4, 2020, bears interest at 10% per year and resulted in net proceeds to the Company of \$147,900, after taking into account capitalized note costs of \$8,500 and an original issue discount of \$13,600. There were no warrants or commitment shares issued with respect to the November 2019 Convertible Note. The November 2019 Convertible Note may be prepaid subject to prepayment premium factors as described in the definitive documents and may not be prepaid after the 180th day. The holder may convert, at any time, the November 2019 Convertible Note at the holder’s option into shares of the Company’s common stock at a price that is 60% of the lowest trading price, taking into consideration only trades of 100 shares or more, for the twenty (20) consecutive trading days prior to and inclusive of the conversion date of such conversion. Pursuant to the terms of the definitive transaction documents, at inception, the Company created an initial reserve of 5,200,000 shares of common stock in connection with this transaction from its authorized but unissued shares and must maintain a reserve at all times that is five (5) times the number of shares of common stock into which the October 2019 Convertible Note may convert.

On November 12, 2019 the holder of the April 2019 Convertible Note (See Note 4. Notes Payable - *Convertible Notes Payable*) converted \$10,000 of principal amount into 81,967 shares of the Company’s common stock (\$0.1220 per share). On October 28, 2019 the same holder converted \$10,000 of principal amount of the April 2019 Convertible Note into 73,529 shares of the Company’s common stock (\$0.1360 per share). There remains, as of November 12, 2019, \$38,500 of principal amount plus accrued interest outstanding under the April 2019 Convertible Note.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The disclosures in this quarterly report are complimentary to those made in our annual report on Form 10-K for the year ended December 31, 2018 ("2018 Form 10-K"). The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements (unaudited) and notes related thereto appearing elsewhere in this document and Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2018 Form 10-K.

Overview

The mission of RespireRx Pharmaceuticals Inc. ("RespireRx," the "Company," "we" or "our") is to develop innovative and revolutionary treatments to combat diseases caused by disruption of neuronal signaling. We are developing treatment options that address conditions that affect millions of people, but for which there are few or poor treatment options, including obstructive sleep apnea ("OSA"), attention deficit hyperactivity disorder ("ADHD") and recovery from spinal cord injury ("SCI"), as well as certain neurological orphan diseases such as Fragile X Syndrome. RespireRx is developing a pipeline of new drug products based on our broad patent portfolios for two drug platforms: ampakines, proprietary compounds that positively modulate AMPA-type glutamate receptors to promote neuronal function and cannabinoids, including dronabinol ("Δ9-THC").

Ampakines

Since its formation in 1987, the Company has been engaged in the research and clinical development of a class of proprietary compounds known as ampakines, a term used to designate their actions as positive allosteric modulators of the alpha-amino-3-hydroxy-5-methyl-4-isoxazolepropionic acid ("AMPA") glutamate receptor. Ampakines are small molecule compounds that enhance the excitatory actions of the neurotransmitter glutamate at the AMPA receptor complex, which mediates most excitatory transmission in the central nervous system ("CNS"). These drugs do not have agonistic or antagonistic properties but instead positively modulate the receptor rate constants for transmitter binding, channel opening, and desensitization. We currently are developing two lead clinical compounds, CX717 and CX1739, and one pre-clinical compound, CX1942. These compounds belong to a new class of ampakines that do not display the electrophysiological and biochemical effects that led to undesirable side effects, namely convulsive activities, previously reported in animal models of earlier generations.

The Company owns patents and patent applications, or the rights thereto, for certain families of chemical compounds, including ampakines, which claim the chemical structures, their actions as ampakines and their use in the treatment of various disorders. Patents claiming a family of chemical structures, including CX1739 and CX1942, as well as their use in the treatment of various disorders extend through at least 2028. Additional patent applications claiming the use of ampakines in the treatment of certain neurological and neuropsychiatric disorders, such as Attention Deficit Hyperactivity Disorder ("ADHD") have been or are expected to be filed in the near future.

In 2007, we determined that expansion of our strategic development into the areas of central respiratory dysfunction, including drug-induced respiratory dysfunction, represented cost-effective opportunities for potentially rapid development and commercialization of RespireRx's compounds. On May 8, 2007, RespireRx entered into a license agreement, as subsequently amended, with the University of Alberta granting RespireRx exclusive rights to method of treatment patents held by the University of Alberta claiming the use of ampakines for the treatment of various respiratory disorders. These patents, along with RespireRx's own patents claiming chemical structures, comprised RespireRx's principal intellectual property supporting RespireRx's research and clinical development program in the use of ampakines for the treatment of central and drug-induced respiratory disorders.

Through an extensive translational research effort from the cellular level through Phase 2 clinical trials, the Company has developed a family of novel, low impact ampakines, including CX717, CX1739 and CX1942 that have clinical application in the treatment of neurobehavioral disorders, CNS-driven respiratory disorders, spinal cord injury, neurological diseases, and orphan indications. We have been addressing CNS-driven respiratory disorders that affect millions of people, but for which there are few treatment options and limited drug therapies, including opioid induced respiratory disorders, such as apnea (transient cessation of breathing) or hypopnea (transient reduction in breathing). When these symptoms become severe, as in opioid overdose, they are the primary cause of opioid lethality.

RespireRx has completed pre-clinical studies indicating that several of its ampakines, including CX717, CX1739 and CX1942, were efficacious in treating drug induced respiratory depression caused by opioids or certain anesthetics without altering the analgesic effects of the opioids or the anesthetic effects of the anesthetics. The results of our preclinical research studies have been replicated in three separate Phase 2A human clinical trials with two ampakines, CX717 and CX1739, confirming the translational mechanism and target site engagement and demonstrating proof of principle that ampakines act as positive allosteric modulators of AMPA receptors in humans and can be used in humans for the prevention of opioid induced apnea. In addition, RespireRx has conducted a Phase 2A clinical study in which patients with sleep apnea were administered CX1739, RespireRx's lead clinical compound. The results suggested that CX1739 might have use as a treatment for central sleep apnea ("CSA") and mixed sleep apnea, but not OSA.

RespireRx is committed to advancing the ampakines through the clinical and regulatory path to approval and commercialization. Until recently, RespireRx has focused on the ampakines' ability to antagonize opioid induced respiratory depression both as a translational tool to verify target engagement, as well as an eventual commercial indication. We believe the loss of approximately 70,000 lives in our country last year alone demands that new solutions for opioid induced deaths be developed to ensure the public health.

To this end, the Company has conducted preclinical and clinical research with CX1739, CX717 and CX1942 in the prevention, treatment, and management of opioid induced apnea, the primary cause of overdose deaths. In particular, we have conducted several Phase 2 clinical trials demonstrating that both CX717 and CX1739 significantly reduced opioid induced respiratory depression (“OIRD”) without altering analgesia. Since one of the primary risk factors for opioid overdose is CSA, it is significant that a Phase 2A clinical study with CX1739 produced data suggesting a possible reduction in central sleep apnea. Because there are neither drugs nor devices approved to treat CSA, Company management believes there is the potential for a rapid path to commercialization.

Unfortunately, rather than support novel approaches for opioid treatment, the recent public and governmental discourses regarding the “opioid epidemic” has focused almost entirely on the distribution of naloxone, an opioid antagonist used for acute emergency situations, so-called “non-abuseable” opioid formulations, as well as on means of reducing opioid consumption by limiting production of opioids and access to legal opioid prescriptions. It remains to be seen whether these approaches will have an impact on the situation. Nevertheless, as a result, we believe that there is an ongoing industry-wide pullback from opioids, as evidenced by a reduction in opioid prescriptions and a major reduction in manufacturing by two of the largest opioid manufactures in the United States.

These factors have made it difficult to raise capital or find strategic partners for the development of ampakines for the treatment of opioid induced respiratory depression and we are assessing whether to continue with this program. In addition, as noted above, we have decided not to enter into a new license agreement with TEC Edmonton at this time and are suspending the development of this program until the political climate is clarified and we are able to either raise funding or enter into a strategic relationship for this purpose. Nevertheless, the valuable data derived from these translational studies have established antagonism of OIRD as a biomarker for demonstrating proof of principle and target engagement in support of continued ampakine development for other indications.

In addition, the Company is pursuing potentially promising clinical development programs in neuro-behavioral and cognitive disorders, with translational and clinical research programs focused on the use of ampakines for the treatment of ADHD and, together with our academic collaborators, for motor impairment resulting from SCI and for Fragile X Autism.

ADHD is one of the most common neurobehavioral disorders, with 6.1% of American children taking medication for treatment, and ADHD is estimated to affect 7.8% of U.S. children aged 4 to 17 according to the U.S. Centers for Disease Control and Prevention (“CDC”), or approximately 4.5 million children. The principal characteristics of ADHD are inattention, hyperactivity and impulsivity. ADHD symptoms are known to persist into adulthood. In a study published in *Psychiatry Res* in May 2010, up to 78% of children affected by this disorder showed at least one of the major symptoms of ADHD when followed up 10 years later. According to the CDC, approximately 4% of the US adult population has ADHD, which can negatively impair many aspects of daily life, including home, school, work and interpersonal relationships.

Currently available treatments for ADHD include amphetamine-type stimulants and non-stimulant agents targeting the monoaminergic receptor systems in the brain. However, these receptors are not restricted to the brain and are widely found throughout the body. Thus, while these agents can be effective in ameliorating ADHD symptoms, they also can produce adverse cardiovascular effects, such as increased heart rate and blood pressure. Existing treatments also affect eating habits and can reduce weight gain and growth in children and have been associated with suicidal ideation in adolescents and adults. In addition, approved stimulant treatments are DEA classified as controlled substances and present logistical issues for distribution and protection from diversion. Approved non-stimulant treatments, such as atomoxetine, can take four to eight weeks to become effective and undesirable side effects have been observed.

Various investigators have generated data supporting the concept that alterations in AMPA receptor function might underlie the production of some of the symptoms of ADHD. In rodent and primate models of cognition, ampakines have been demonstrated to reduce inattention and impulsivity, two of the cardinal symptoms of ADHD. Furthermore, ampakines do not stimulate spontaneous locomotor activity in either mice or rats, unlike the stimulants presently used for the treatment of ADHD, nor do they increase the stimulation produced by amphetamine or cocaine. These preclinical considerations prompted us to conduct a randomized, double-blind, placebo controlled, two period crossover study to assess the efficacy and safety of CX717 in adults with ADHD.

In a repeated measures analysis, a statistically significant treatment effect on ADHD Rating Scale (ADHD-RS), the primary outcome measure, was observed after a three-week administration of CX717, 800 mg BID. Differences between this dose of CX717 and placebo were seen as early as week one of treatment and continued throughout the remainder of the study. The low dose of CX717, 200 mg BID, did not differ from placebo. In general, results from both the ADHD-RS hyperactivity and inattentiveness subscales, which were secondary efficacy variables, paralleled the results of the total score. CX717 was considered safe and well tolerated.

Based on these clinical results, ampakines such as CX717 might represent a breakthrough opportunity to develop a non-stimulating therapeutic for ADHD with the rapidity of onset normally seen with stimulants. Subject to raising sufficient financing (of which no assurance can be provided), we are planning to continue this program with a Phase 2B clinical trial in patients with adult ADHD.

Ampakines also may have potential utility in the treatment and management of SCI to enhance motor functions and improve the quality of life for SCI patients. An estimated 17,000 new cases of SCI occur each year in the United States, most a result of automobile accidents. Currently, there are roughly 282,000 people living with spinal cord injuries, which often produce impaired motor function.

SCI can profoundly impair neural plasticity leading to significant morbidity and mortality in human accident victims. Plasticity is a fundamental property of the nervous system that enables continuous alteration of neural pathways and synapses in response to experience or injury. One frequently studied model of plasticity is long-term facilitation of motor nerve output ("LTF"). A large body of literature exists regarding the ability of ampakines to stimulate neural plasticity, possibly due to an enhanced synthesis and secretion of various growth factors.

Recently, studies of acute intermittent hypoxia ("AIH") in patients with SCI demonstrate that neural plasticity can be induced to improve motor function. This LTF is based on physiological mechanisms associated with the ability of spinal circuitry to learn how to adjust spinal and brainstem synaptic strength following repeated hypoxic bouts. Because AIH induces spinal plasticity, the potential exists to harness repetitive AIH as a means of inducing functional recovery of motor function following SCI.

RespireRx has been working with Dr. David Fuller, at the University of Florida with funding from the National Institutes of Health, to evaluate the use of ampakines for the treatment of compromised motor function in SCI. Using mice that have received spinal hemisections, CX717 was observed to increase motor nerve activity bilaterally. The effect on the hemisected side was greater than that measured on the intact side, with the recovery approximating that seen on the intact side prior to administration of ampakine. In addition, CX717 was observed to produce a dramatic and long-lasting effect on LTF produced by AIH. The doses of ampakines active in SCI were comparable to those demonstrating antagonism of OIRD, indicating target engagement of the AMPA receptors.

These animal models of motor nerve function following SCI support proof of concept for a new treatment paradigm using ampakines to improve motor functions in patients with SCI. With additional funding recently granted by NIH to Dr. Fuller, RespireRx is continuing its collaborative preclinical research with Dr. Fuller while it is planning a clinical trial program focused on developing ampakines for the restoration of certain motor functions in patients with SCI. The Company is working with our Clinical Advisory Panel and with researchers at highly regarded clinical sites to finalize a Phase 2 clinical trial protocol. We believe that a clinical study could be initiated within several months of raising sufficient financing. Currently, we do not have a source of such financing and we can provide no assurance that we will be able to secure sufficient funding.

According to the Autism Society, more than 3.5 million Americans live with an Autism Spectrum Disorder ("ASD"), a complex neurodevelopmental disorder. Fragile X Syndrome ("FXS") is the most common identifiable single-gene cause of autism, affecting approximately 1.4 in every 10,000 males and 0.9 in every 10,000 females, according to the CDC. Individuals with FXS and ASD exhibit a range of abnormal behaviors comprising hyperactivity and attention problems, executive function deficits, hyper-reactivity to stimuli, anxiety and mood instability. Also, according to the Autism Society, the prevalence rate of ASD has risen from 1 in 150 children in 2000 to 1 in 68 children in 2010, with current estimates indicating a significant rise in ASD diagnosis to 1 in 59 births, placing a significant emotional and economic burden on families and educational systems. The Autism Society estimates the economic cost to U.S. citizens of autism services to be between \$236 and \$262 billion annually.

Since “autistic disturbances” were first identified in children in 1943, extensive research efforts have attempted to identify the genetic, molecular, environmental, and clinical causes of ASD, but until recently the underlying etiology of the disorder remained elusive. Today, there are no medications that can treat ASD or its core symptoms, and only two anti-psychotic drugs, aripiprazole and risperidone, are approved by the United States Food and Drug Administration (“FDA”) for the treatment of irritability associated with ASD.

Thanks to wide ranging translational research efforts, FXS and ASD are currently recognized as disorders of the synapse with alterations in different forms of synaptic communication and neuronal network connectivity. Focusing on the proteins and subunits of the AMPA receptor complex, autism researchers at the University of San Diego (“UCSD”) have proposed that AMPA receptor malfunction and disrupted glutamate signal transmission may play an etiologic role in the behavioral, emotional and neurocognitive phenotypes that remain the standard for ASD diagnosis. For example, Stargazin, also known as CACNG2 (Ca²⁺ channel γ 2 subunit), is one of four closely related proteins recently categorized as transmembrane AMPA receptor regulating proteins (“TARPs”).

Researchers at UCSD have been studying genetic mutations in the AMPA receptor complex that lead to cognitive and functional deficiencies along the autism spectrum. They work with patients and their families to conduct detailed genetic analyses in order to better understand the underlying mechanisms of autism. In one case, they have been working with a teenage patient who has an autism diagnosis, with a phenotype that is characterized by subtle Tourette-like behaviors, extreme aggression, and verbal and physical outbursts with disordered thought. Despite the behaviors, his language is normal. Using next generation sequencing and genome editing technologies, the researchers identified a specific mutation in Stargazin that alters the configuration and kinetics of the AMPA receptor. When the aberrant sequence was introduced into C57bL6 mice using CRISPR (Clustered Regulatory Interspaced Short Palindromic Repeats), the heterozygous allele had a dominant negative effect on the trafficking of post-synaptic AMPA receptors and produced behaviors consistent with a glutamatergic deficit and similar to what has been observed in the teenage patient.

With funding from the National Institutes of Health to UCSD, RespireRx is working with UCSD to explore the use of ampakines for the amelioration of the cognitive and other deficits associated with AMPA receptor gene mutations. Because CX1739 has an open investigational new drug (“IND”) application, subject to securing sufficient outside funding (of which no assurance can be provided), we are considering a Phase 2A clinical trial late in 2019.

Cannabinoids

OSA is a sleep-related breathing disorder that afflicts an estimated 29 million people in the United States according to the American Academy of Sleep Medicine (“AASM”), and an additional 26 million in Germany and 8 million in the United Kingdom, as presented at the European Respiratory Society’s (“ERS”) annual Congress in Paris, France in September 2018. OSA involves a decrease or complete halt in airflow despite an ongoing effort to breathe during sleep. When the muscles relax during sleep, soft tissue in the back of the throat collapses and obstructs the upper airway. OSA remains significantly under-recognized, as only 20% of cases in the United States according to the AASM and 20% of cases globally have been properly diagnosed. About 24 percent of adult men and 9 percent of adult women have the breathing symptoms of OSA with or without daytime sleepiness. OSA significantly impacts the lives of sufferers who do not get enough sleep; their quality of sleep is deteriorated such that daily function is compromised and limited. OSA is associated with decreased quality of life, significant functional impairment, and increased risk of road traffic accidents, especially in professions like transportation and shipping.

Research has established links between OSA and several important co-morbidities, including hypertension, type II diabetes, obesity, stroke, congestive heart failure, coronary artery disease, cardiac arrhythmias, and even early mortality. The consequences of undiagnosed and untreated OSA are medically serious and economically costly. According to the AASM, the estimated economic burden of OSA in the United States is approximately \$162 billion annually. We believe that a new drug therapy that is effective in reducing the medical and economic burden of OSA would have significant advantages for optimal pricing in this costly disease indication.

Continuous Positive Airway Pressure (“CPAP”) is the most common treatment for OSA. CPAP devices work by blowing pressurized air into the nose (or mouth and nose), which keeps the pharyngeal airway open. CPAP is not curative, and patients must use the mask whenever they sleep. Reduction of the apnea/hypopnea index (“AHI”) is the standard objective measure of therapeutic response in OSA. Apnea is the cessation of breathing for 10 seconds or more and hypopnea is a reduction in breathing. AHI is the sum of apnea and hypopnea events per hour. In the sleep laboratory, CPAP is highly effective at reducing the AHI. However, the device is cumbersome and difficult for many patients to tolerate. Most studies describe that 25-50% of patients refuse to initiate or completely discontinue CPAP use within the first several months and that most patients who continue to use the device do so only intermittently.

Oral devices may be an option for patients who cannot tolerate CPAP. Several dental devices are available including the Mandibular Advancement Device (“MAD”) and the Tongue Retaining Device (“TRD”). The MAD is the most widely used dental device for sleep apnea and is similar in appearance to a sports mouth guard. It forces the lower jaw forward and down slightly which keeps the airway more open. The TRD is a splint that holds the tongue in place to keep the airway as open as possible. Like CPAP, oral devices are not curative for patients with OSA. The cost of these devices tends to be high and side effects associated with them include night time pain, dry lips, tooth discomfort, and excessive salivation.

Patients with clinically significant OSA who cannot be treated adequately with CPAP or oral devices can elect to undergo surgery. The most common surgery is uvulopalatopharyngoplasty which involves the removal of excess tissue in the throat to make the airway wider. Other possible surgeries include tracheostomies, rebuilding of the lower jaw, and nose surgery. Patients who undergo surgery for the treatment of OSA risk complications, including infection, changes in voice frequency, and impaired sense of smell. Surgery is often unsuccessful and, at present, no method exists to reliably predict therapeutic outcome from these forms of OSA surgery.

Recently, another surgical option has become available based on upper airway stimulation. It is a combination of an implantable nerve stimulator and an external remote controlled by the patient. The hypoglossal nerve is a motor nerve that controls the tongue. The implanted device stimulates the nerve with every attempted breath, regardless of whether such stimulation is needed for that breath, to increase muscle tone to prevent the tongue and other soft tissues from collapsing. The surgically implanted device is turned on at night and off in the morning by the patient with the remote.

The poor tolerance and long-term adherence to CPAP, as well as the limitations of mechanical devices and surgery, make discovery of therapeutic alternatives clinically relevant and important. RespireRx’s translational research results demonstrate that dronabinol, a synthetic cannabinoid, has the potential to become the first drug treatment for this large and underserved market.

In order to expand RespireRx’s respiratory disorders program and develop certain compounds referred to as cannabinoids for the treatment of OSA, RespireRx acquired 100% of the issued and outstanding equity securities of Pier Pharmaceuticals, Inc. (“Pier”) effective August 10, 2012 pursuant to an Agreement and Plan of Merger. Pier had been formed in June 2007 (under the name SteadySleep Rx Co.) as a clinical stage pharmaceutical company to develop a pharmacologic treatment for OSA and had been engaged in research and clinical development activities.

Through the merger, RespireRx gained access to an Exclusive License Agreement (as amended, the “Old License Agreement”) that Pier had entered into with the University of Illinois at Chicago (the “UIC”) on October 10, 2007. The Old License Agreement covered certain patents and patent applications in the United States and other countries claiming the use of cannabinoids, of which dronabinol is a specific example, for the treatment of sleep-related breathing disorders (including sleep apnea). Pier’s business plan was to determine whether dronabinol would significantly improve subjective and objective clinical measures in patients with OSA.

The Old License Agreement was terminated effective March 21, 2013 and the Company entered into a new license agreement (the “2014 License Agreement”) with the UIC on June 27, 2014, the material terms of which were substantially similar to the Old License Agreement. The 2014 License Agreement grants the Company, among other provisions, exclusive rights: (i) to practice certain patents in the United States, Germany and the United Kingdom, as defined in the 2014 License Agreement, that are held by the UIC; (ii) to identify, develop, make, have made, import, export, lease, sell, have sold or offer for sale any related licensed products; and (iii) to grant sub-licenses of the rights granted in the 2014 License Agreement, subject to the provisions of the 2014 License Agreement. The Company is required under the 2014 License Agreement, among other terms and conditions, to pay the UIC a license fee, royalties, patent costs and certain milestone payments.

Dronabinol is a synthetic derivative of Δ^9 -THC, one of the pharmacologically active substances naturally occurring in the cannabis plant. Dronabinol is a Schedule III, controlled generic drug that has been approved by the FDA for the treatment of AIDS-related anorexia and chemotherapy-induced nausea and vomiting. Dronabinol is available in the United States as the branded prescription drug product Marinol® capsules. Marinol®, together with numerous generic formulations, is available in 2.5, 5, and 10 mg capsules, with a maximum labelled dosage of 20 mg/day for the AIDS indication, or 15 mg/m² per dose for chemotherapy-induced nausea and vomiting.

The Company conducted a 21-day, randomized, double-blind, placebo-controlled, dose escalation Phase 2A clinical study in 22 patients with OSA, in which dronabinol produced a statistically significant reduction in AHI, the primary therapeutic end-point, and was observed to be safe and well tolerated, with the frequency of side effects no different from placebo (Prasad *et al*, *Frontiers in Psychiatry*, 2013). This clinical trial provided data allowing for the submission of patent applications claiming unique dosage strengths and controlled release formulations optimized for use in the treatment of OSA. If approved, these pending patents would extend market exclusivity until 2036.

With approximately \$5 million in funding from the National Heart, Lung and Blood Institute of National Institutes of Health (“NIH”), Dr. David Carley of UIC, along with his colleagues at UIC and Northwestern University, recently completed a Phase 2B multi-center, double-blind, placebo-controlled clinical trial of dronabinol in patients with OSA. Entitled Pharmacotherapy of Apnea with Cannabimimetic Enhancement (“PACE”), this study replicated the earlier Phase 2A study. The authors reported (Carley *et al*, *Sleep*, 2018) that, in a dose dependent fashion, treatment with 2.5mg and 10mg of dronabinol once a day at night, significantly reduced, compared to placebo, the AHI during sleep in 56 evaluable patients with moderate to severe OSA who completed the study. Additionally, treatment with 10mg of dronabinol significantly improved daytime sleepiness as measured by the Epworth Sleepiness Scale and achieved the greatest overall patient satisfaction. As in the previous study, dronabinol was observed to be safe and well tolerated, with the frequency of side effects no different from placebo. The Company did not manage or fund this clinical trial which was funded by the National Heart, Lung and Blood Institute of NIH.

The use of dronabinol for the treatment of OSA is a novel indication for an already approved drug and, as such, the Company believes that it would allow us or a development partner to submit a 505(b)(2) New Drug Application (“NDA”) to the FDA for approval of a new dronabinol label, as opposed to the submission and approval of a full 505(b)(1) NDA. The 505(b)(2) NDA was created by the Hatch-Waxman Amendments to the Federal Food, Drug and Cosmetic Act, in part, to help avoid unnecessary duplication of studies already performed on a previously approved drug; the section gives the FDA express permission to rely on data not developed by the NDA applicant. A 505(b)(2) NDA contains full safety and effectiveness reports but allows at least some of the information required for NDA approval, such as safety and efficacy information on the active ingredient, to come from studies not conducted by or for the applicant. This can result in a less expensive and faster route to approval, compared with a traditional development path, such as 505(b)(1), while creating new, differentiated products. This regulatory path offers market protections under Hatch-Waxman provisions for market exclusivity at the FDA. Other regulatory routes are available to pursue proprietary formulations of dronabinol that will provide further market protections. In Europe, a regulatory approval route similar to the 505(b)(2) pathway is the hybrid procedure based on Article 10 of Directive 2001/83/EC.

In conjunction with its management and consultants, RespireRx has developed a regulatory strategy in which we intend to file a new NDA under Section 505(b)(2) claiming the efficacy and safety of our proposed proprietary dronabinol formulation in the treatment of OSA. We have engaged Camargo Pharmaceutical Services, LLC to act as regulatory consultants and assist with FDA filings and regulatory strategy. If we can secure sufficient financing, of which no assurance can be provided, we anticipate requesting a pre-IND meeting with the FDA. This meeting also could create the type of dialogue with the FDA that is normally communicated at an end-of Phase 2 meeting. The FDA responses to this meeting will be incorporated into an IND, which we believe we could be in a position to submit within 60 days of receiving their communication.

Unlike a standard 505(b)(1) NDA, the 505(b)(2) process begins with a pre-IND meeting with the FDA, then moves to formulation development (and nonclinical studies, if necessary) and then to the IND (investigational new drug) filing. We believe that the pre-IND meeting will involve discussions of formulation and safety, as well as certain required clinical trials. If we can secure sufficient financing, of which no assurance can be provided, we plan to propose conducting a clinical study with our proprietary controlled release formulation in OSA patients to determine safety, pharmacokinetics and efficacy. In addition, if we secure sufficient funding, we intend to propose a standard Phase 1 clinical study to determine potential abuse liability. When a Phase 3 study is required for a 505(b)(2), usually only one study with fewer patients is necessary versus the two, large scale, confirmatory studies generally required for 505(b)(1). While no assurance can be provided, with an extensive safety database tracking chronic, long-term use of Marinol® and generics, we believe that FDA should not have major safety concerns with dronabinol in the treatment of OSA.

RespireRx has worked with the PACE investigators and staff, as well as with our Clinical Advisory Panel to design a Phase 3 protocol that, based on the experience and results from the Phase 2A and Phase 2B trials, we believe will provide sufficient data for FDA approval of a RespireRx dronabinol controlled release formulation for OSA. The current version of the protocol is designed as a 90-day randomized, blinded, placebo controlled study of dronabinol in the treatment of OSA. Depending on feedback from the FDA, RespireRx estimates that the Phase 3 trial would require between 120 and 300 patients at 15 to 20 sites, and take 18 to 24 months to complete, at a cost of between \$10 million and \$14 million. Subject to raising sufficient financing, of which no assurance can be provided, RespireRx intends to submit the Phase 3 protocol to the FDA.

Subject to raising sufficient financing (of which no assurance can be provided), RespireRx intends to hire Clinilabs Drug Development Corporation, a full-service CRO, to consult and potentially provide clinical site management, monitoring, data management, and centralized sleep monitoring services for the Phase 3 OSA trial. Dr. Gary Zammit, CEO of Clinilabs, serves on the RespireRx Clinical Advisory Panel, and his management team has provided guidance on study design and CNS drug development that will be relevant for the Phase 3 program. For example, Clinilabs offers specialized clinical trial services for CNS drug development through an alliance with Neuroclinics, including clinical trials examining the effects of drugs on driving, cognitive effects of food and (medicinal) drugs, and sleep and sleep disordered breathing.

On September 4, 2018, RespireRx entered into a dronabinol Development and Supply Agreement with Noramco Inc., one of the world's major dronabinol manufacturers. Under the terms of the Agreement, Noramco agreed to (i) provide all of the active pharmaceutical ingredient ("API") estimated to be needed for the clinical development process for both the first- and second-generation products (each a "Product" and collectively, the "Products"), three validation batches for NDA filing(s) and adequate supply for the initial inventory stocking for the wholesale and retail channels, subject to certain limitations, (ii) maintain or file valid drug master files ("DMFs") with the FDA or any other regulatory authority and provide the Company with access or a right of reference letter entitling the Company to make continuing reference to the DMFs during the term of the agreement in connection with any regulatory filings made with the FDA by the Company, (iii) participate on a development committee, and (iv) make available its regulatory consultants, collaborate with any regulatory consulting firms engaged by the Company and participate in all FDA or Drug Enforcement Agency ("DEA") meetings as appropriate and as related to the API.

In consideration for these supplies and services, the Company has agreed (i) to purchase exclusively from Noramco, during the commercialization phase, all API for its Products (as defined in the Development and Supply Agreement) at a pre-determined price subject to certain producer price adjustments and (ii) Noramco's participation in the economic success of the commercialized Product or Products up to the earlier of the achievement of a maximum dollar amount or the expiration of a period of time.

While we initially believed that the most direct route to commercialization was to proceed directly to a Phase 3 pivotal clinical trial using the currently available dronabinol formulation (2.5, 5 and 10 mg gel caps) and to commercialize a RespireRx branded dronabinol capsule ("RBDC") with an NDA, several recent developments have caused us to re-evaluate this approach. First, in the past 6 to 12 months, new formulation technology has emerged allowing the creation of a proprietary dronabinol formulation with potentially optimized dose and duration of action for treating OSA. Second, discussions in process with a number of formulation companies with existing dronabinol formulation technologies, expertise, and licensure capabilities may lead to the development of a proprietary formulation of dronabinol for RespireRx based on RespireRx's pending patents for low-dose and extended release dronabinol. This has led us to conclude that the development of a novel, proprietary formulation of dronabinol would only delay market entry by approximately 12 months. Third, we recently have filed a continuation in part for our pending patent claiming dosage and controlled release of dronabinol as well as a new U.S. Provisional Patent Application further claiming dosage and controlled release of cannabinoids alone or in combination including with non-cannabinoid molecules. We believe that these new filings, if approved, should provide market protections through at least 2036. Finally, a number of potential cannabinoid investors and strategic partners with whom we have had discussions have expressed interest only in the development of a new, proprietary formulation with extended patent life.

We have identified, and initiated discussions with, several formulation companies with existing dronabinol formulations, expertise and licensure to develop a proprietary formulation of dronabinol for RespireRx based on RespireRx's pending patents for low-dose and extended release dronabinol. However, no assurance can be provided that formulation agreements will be consummated on terms acceptable to us. The failure to consummate these agreements would materially and adversely affect the Company.

Technology Rights

University of Illinois License Agreement

See Note 8. Commitments and Contingencies – Significant Agreements and Contracts – *University of Illinois 2014 Exclusive License Agreement* to our condensed consolidated financial statements at September 30, 2019 in Part I.

University of Alberta License Agreement and Research Agreement

See Note 8. Commitments and Contingencies – Significant Agreements and Contracts – *University of Alberta License Agreement* to our condensed consolidated financial statements at September 30, 2019 in Part I.

See Note 4. Notes Payable - *Convertible Notes Payable* to our condensed consolidated financial statements at September 30, 2019 in Part I.

Going Concern

See Note 2. Business – *Going Concern* to our condensed consolidated financial statements at September 30, 2019 in Part I.

The Company's regular efforts to raise capital and to evaluate measures to permit sustainability are time-consuming and intensive. Such efforts may not prove successful and may cause distraction, disruption or other adversity that limits the Company's development program efforts.

Recent Accounting Pronouncements

See Note 2 to the Company's condensed consolidated financial statements at September 30, 2019 in Part I.

Management does not believe that any recently issued, but not yet effective, authoritative guidance, if currently adopted, would have a material impact on the Company's financial statement presentation or disclosures.

Concentration of Risk

See Note 2. Significant Accounting Policies – *Concentration of Risk* to the Company's condensed consolidated financial statements at September 30, 2019 in Part I.

See Note 8. Commitments and Contingencies – *University of Alberta License Agreement* to the Company's condensed consolidated financial statements at September 30, 2019 in Part I.

See Note 8. Commitments and Contingencies – *University of Illinois 2014 Exclusive License Agreement* to the Company's condensed consolidated financial statements at September 30, 2019 in Part I.

Critical Accounting Policies and Estimates

The Company prepared its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

Critical accounting policies and estimates are described in the notes to the Company's condensed consolidated financial statements and include:

- Stock-based awards
- Convertible notes payable
- Research and Development Costs
- License Agreements
- Patent Costs

Results of Operations

Three-months Ended September 30, 2019 and 2018

Revenues. The Company had no revenues during the three-months ended September 30, 2019 and 2018.

General and Administrative. For the three months ended September 30, 2019, general and administrative expenses were \$279,930, a decrease of \$70,631, as compared to \$350,561 for the three months ended September 30, 2018. The decrease in general and administrative expenses for the three months ended September 30, 2019, as compared to the three months ended September 30, 2018, is primarily due to a decrease in compensation and benefits of \$103,650 as a result of the departure of Dr. James S. Manuso as the Company's Chief Executive Officer and President, decreases in legal fees of \$22,011 and consulting fees of \$8,000 and other decreases of approximately \$3,026 in several other general and administrative expense categories. These decreases were partially offset by increases in Board of Directors fees of \$20,000, accounting fees of approximately \$16,385, patent-related legal and other fees of \$15,630, insurance costs of \$13,837 and other costs of \$204.

There was no stock-based compensation in general and administrative expenses for the three months ended September 30, 2019 or 2018.

Research and Development. For the three months ended September 30, 2019, research and development expenses were \$150,527, a decrease of \$2,508, as compared to \$153,035 for the three months ended September 30, 2018. The decrease in research and development expenses for the three months ended September 30, 2019, as compared to the three months ended September 30, 2018, is primarily a result of a decrease in research and development costs associated with a research contract totaling \$3,760 offset by an increase in insurance expenses of \$1,252.

There was no stock-based compensation in research and development expenses for the three months ended September 30, 2019 or 2018.

Interest Expense. During the three months ended September 30, 2019, interest expense was \$70,168 (including \$2,589 to related parties), an increase of \$35,007, as compared to \$35,161 (including \$11,714 to related parties) for the three months ended September 30, 2018. The increase is the result of interest on the additional \$163,500 related to the April 2019 Convertible Note, the May 2019 Convertible Note and the August 2019 Convertible Note and the full quarter interest associated with the 2019 Q1 Convertible Notes totaling \$110,000 of principal amount, none of which notes existed during the three months ended September 30, 2018, interest in respect to the judgment described in Note 8, ongoing interest on the Original Convertible Notes, interest on the note payable to SY Corporation and the officer notes payable.

Foreign Currency Transaction Gain (Loss). Foreign currency transaction gain was \$30,781 for the three months ended September 30, 2019, as compared to a foreign currency transaction gain of \$2,983 for the three-months ended September 30, 2018. The foreign currency transaction gain relates to the \$399,774 loan from SY Corporation made in June 2012, which is denominated in the South Korean Won.

Net Loss Attributable to Common Stockholders. For the three months ended September 30, 2019, the Company incurred a net loss of \$469,844 as compared to a net loss of \$535,774 for the three months ended September 30, 2018.

Nine Months Ended September 30, 2019 and 2018

Revenues. During the nine months ended September 30, 2019 and 2018, the Company had no revenues.

General and Administrative. For the nine months ended September 30, 2019, general and administrative expenses were \$874,834, a decrease of \$263,502, as compared to \$1,138,336 for the nine months ended September 30, 2018, primarily due to a decrease in compensation and benefits of \$311,211 as a result of the departure of Dr. James S. Manuso as the Company's Chief Executive Officer and President, a decrease in investor relations expenses of \$30,805, a decrease of \$9,289 of conference and related travel expenses and a decrease in other expenses of \$2,105. These decreases were partially offset by an increase in Board of Directors fees of \$60,000, consulting fees of \$8,000, accounting fees of \$5,190, legal fees of \$5,194, insurance expenses of \$7,869 and other expenses of \$1,528.

Research and Development. For the nine months ended September 30, 2019, research and development expenses were \$447,877, a decrease of \$10,385, as compared to \$458,262 for the nine months ended September 30, 2018, primarily as a result of the scaling back of research and development in general due to financial constraints.

Loss on Extinguishment of Debt and other Liabilities in Exchange for Equity. During the nine months ended September 30, 2019, the loss on extinguishment of debt was \$0 as compared to \$116,407 for the nine months ended September 30, 2018. During February of 2018, the Company entered in an exchange agreement with the holder of two 10% convertible notes pursuant to which \$43,552 of principal and accrued interest were exchanged for the Company's common stock, par value, \$0.001 resulting in a loss on extinguishment of this debt of \$66,782. In the second quarter of 2018, the company extinguished a liability with common stock purchase options resulting in a loss of \$11,154 and exchanged four 10% Convertible Notes for the Company's common stock, par value \$0.001, resulting in a loss on extinguishment of debt of \$38,470. There were no exchanges in the nine month period ended September 30, 2019.

Interest Expense. During the nine months ended September 30, 2019, interest expense was \$221,813 (including \$7,683 to related parties), an increase of \$125,583, as compared to \$96,230 (including \$29,937 to related parties) for the nine months ended September 30, 2018. The net increase is primarily the result of accrual of interest on 10% convertible notes dated in January, February and March of 2019 and the April 2019 Convertible Note, the May 2019 Convertible Note and the August 2019 Convertible Note and incremental interest on previous officer notes, 2014 and 2015 Convertible Notes, the note to SY Corporation and on the judgment described in Note 8.

Foreign Currency Transaction Gain (Loss). Foreign currency transaction gain was \$57,135 as compared to a loss of \$108,582 for the nine months ended September 30, 2019 and 2018 respectively. The foreign currency transaction gain (loss) relates to the \$399,774 loan from SY Corporation made in June 2012, which is denominated in the South Korean Won.

Net Loss and Net Loss Attributable to Common Stockholders. For the nine months ended September 30, 2019, the Company incurred a net loss attributable to common stockholders of \$1,487,389, as compared to a net loss attributable to common stockholders of \$1,917,817 for the nine months ended September 30, 2018.

Liquidity and Capital Resources – September 30, 2019

The Company's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has incurred net losses of \$1,487,389 for the nine months ended September 30, 2019 and \$2,591,790 for the fiscal year ended December 31, 2018, and negative operating cash flows of \$313,692 for the nine months ended September 30, 2019 and \$427,368 for the fiscal year ended December 31, 2018, had a stockholders' deficiency of \$7,039,381 at September 30, 2019, and expects to continue to incur net losses and negative operating cash flows for at least the next few years. As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern, and the Company's independent registered public accounting firm, in its report on the Company's consolidated financial statements for the year ended December 31, 2018, expressed substantial doubt about the Company's ability to continue as a going concern.

At September 30, 2019, the Company had a working capital deficit of \$7,039,381, as compared to a working capital deficit of \$5,736,369 at December 31, 2018, reflecting an increase in the working capital deficit of \$1,303,012 for the nine months September 30, 2019. The increase in the working capital deficit during the nine months ended September 30, 2019 is comprised primarily of an increase in total current liabilities of \$1,288,679, and a decrease in current assets of \$17,447. The increase in current liabilities is comprised of an increase in accounts payable and accrued expenses of \$432,579, an increase in accrued compensation of \$585,900, an increase in convertible notes payable of \$229,401, an increase in other short term notes payable (primarily insurance premium financing) of \$19,090 and an increase in officer and former officer notes payable of \$42,963, partially offset by a decrease in the note to SY Corporation inclusive of accrued interest of \$22,254.

At September 30, 2019, the Company had cash of \$94, as compared to \$33,284 at December 31, 2018, reflecting decrease in cash of \$33,190 for the nine months ended September 30, 2019. Since September 30, 2019, the Company has raised additional working capital, as described in Note 9. Subsequent Events to our condensed consolidated financial statements at September 30, 2019.

The Company is currently, and has for some time, been in significant financial distress. It has extremely limited cash resources and current assets and has no ongoing source of revenue. Management is continuing to address numerous aspects of the Company's operations and obligations, including, without limitation, debt obligations, financing requirements, intellectual property, licensing agreements, legal and patent matters and regulatory compliance, and has taken steps to continue to raise new debt and equity capital to fund the Company's business activities.

The Company is continuing its efforts to raise additional capital in order to be able to pay its liabilities and fund its business activities on a going forward basis and regularly evaluates various measures to satisfy the Company's liquidity needs, including development and other agreements with collaborative partners and seeking to exchange or restructure some of the Company's outstanding securities. The Company is evaluating certain changes to its operations and structure to facilitate raising capital from sources that may be interested in financing only discrete aspects of the Company's development programs. Such changes could include a significant reorganization. Though the Company actively pursues opportunities to finance its operations through external sources of debt and equity financing, it has experienced very limited access to such financing, and the cost of such capital, both in terms of rates and other conditions, has been high. Accordingly, there can be no assurance that further financing will continue to be available on terms acceptable to the Company, or at all.

Operating Activities. For the nine months months ended September 30, 2019, operating activities utilized cash of \$313,692, as compared to utilizing cash of \$199,966 for the six months ended September 30, 2018, to support the Company's ongoing general and administrative expenses as well as its research and development activities.

Financing Activities. For the nine months ended September 30, 2019, financing activities consisted of the borrowings on convertible notes with warrants of \$353,500 and the financing with a short term note of \$71,068 in connection with the new directors and officers' insurance policy as well as other insurance policies.

Principal Commitments

Employment Agreements

See Note 8. Commitments and Contingencies – Significant Agreements and Contracts – *Employment Agreements* to our condensed consolidated financial statements at September 30, 2019 in Part I.

University of Alberta License Agreement

See Note 8. Commitments and Contingencies – Significant Agreements and Contracts – *University of Alberta License Agreement* to our condensed consolidated financial statements at September 30, 2019 in Part I.

University of Illinois 2014 Exclusive License Agreement

See Note 8. Commitments and Contingencies – Significant Agreements and Contracts – *University of Illinois 2014 Exclusive License Agreement* to our condensed consolidated financial statements at September 30, 2019 in Part I.

The following table sets forth the Company's principal cash obligations and commitments for the next five fiscal years as of September 30, 2019, aggregating \$1,211,200 license agreement amounts included in the 2019 column represents amounts contractually due from October 1, 2019 through December 31, 2019 (three months) and in each of the subsequent years, represents the full year. Employment agreement amounts included in the 2019 column represent amounts contractually due at from October 1, 2019 through September 30, 2020 (twelve months) when such contracts expire unless extended pursuant to the terms of the contracts.

	Total	Payments Due By Year				
		2019	2020	2021	2022	2023
License agreements	\$ 425,000	\$ 25,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Litigation settlement	125,000	\$ 125,000	-	-	-	-
Employment agreements (1)	661,200	165,300	495,900	-	-	-
Total	\$ 1,211,200	\$ 315,300	\$ 595,900	\$ 100,000	\$ 100,000	\$ 100,000

(1) The payment of such amounts has been deferred indefinitely, as described above at "Employment Agreements." The 2019 amounts include three months of employment agreement obligations for Dr. Lippa and Mr. Margolis as their employment contracts renewed on September 30, 2019 and the 2019 obligations include the three months of obligations through December 31, 2019.

Off-Balance Sheet Arrangements

At September 30, 2019, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in the reports that the Company files with the Securities and Exchange Commission (the “SEC”) under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosures.

The Company carried out an evaluation, under the supervision and with the participation of its management, consisting of its principal executive officer and principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Company’s principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, the Company’s disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to the Company’s principal executive officer and principal financial officer to allow timely decisions regarding required disclosure.

Current management, is focusing on developing replacement controls and procedures that are adequate to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to the Company’s principal executive officer and principal financial officer to allow timely decisions regarding required disclosure. The Company has not yet completed the process to establish adequate internal controls over financial reporting. The Company remains under-staffed in such respects.

The Company’s management, consisting of its principal executive officer and principal financial officer, does not expect that its disclosure controls and procedures or its internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Management believes that the financial statements included in this report fairly present, in all material respects, the Company’s financial condition, results of operations and cash flows for the periods presented.

(b) Changes in Internal Controls over Financial Reporting

The Company’s management, consisting of its principal executive officer and principal financial officer, has determined that no change in the Company’s internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Securities Exchange Act of 1934) occurred during or subsequent to the end of the period covered in this report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are periodically subject to various pending and threatened legal actions and claims. See Note 8. Commitments and Contingencies – *Pending or Threatened Legal Actions and Claims* to our condensed consolidated financial statements at September 30, 2019 for details regarding these matters. See also, Note 5. Settlement and Payment Agreements for a description of a settlement agreement regarding one potential proceeding and the proposed settlement of another potential proceeding.

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the Risk Factors included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the SEC on April 16, 2019 (the “2018 Form 10-K”). The Risk Factors set forth in the 2018 Form 10-K should be read carefully in connection with evaluating the Company’s business and in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q. Any of the risks described in the 2018 Form 10-K could materially adversely affect the Company’s business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. These are not the only risks that the Company faces. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company’s business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

See Note 4. Notes Payable - *Convertible Notes Payable* to our Condensed Consolidated Financial Statements for convertible debt issued during the three month period ended September 30, 2019.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Note Payable to SY Corporation Co., Ltd.

On June 25, 2012, the Company borrowed 465,000,000 Won (the currency of South Korea, equivalent to approximately \$400,000 United States Dollars) from, and executed a secured note payable to, SY Corporation, an approximate 20% common stockholder of the Company at that time. SY Corporation was a significant stockholder and a related party at the time of the transaction, but was not considered a significant stockholder or related party subsequent to December 31, 2015. The note accrues simple interest at the rate of 12% per annum and had a maturity date of June 25, 2013. The Company has not made any payments on the promissory note. At June 30, 2013 and subsequently, the promissory note was outstanding and in technical default, although SY Corporation has not issued a notice of default or a demand for repayment. The Company believes that SY Corporation is in default of its obligations under its January 2012 license agreement, as amended, with the Company, but the Company has not yet issued a notice of default. The Company has in the past made several efforts towards a comprehensive resolution of the aforementioned matters involving SY Corporation. During the nine months ended September 30, 2019, there were no further communications between the Company and SY Corporation.

Note payable to SY Corporation consists of the following at September 30, 2019 and December 31, 2018:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Principal amount of note payable	\$ 399,774	\$ 399,774
Accrued interest payable	351,188	315,307
Foreign currency transaction adjustment	(27,775)	29,360
	<u>\$ 723,187</u>	<u>\$ 744,441</u>

Interest expense with respect to this promissory note was \$35,881 and \$12,092 for the nine months and three months ended September 30, 2019 and for the nine months and three months ended September 30, 2018, respectively.

Default on Convertible Notes Payable

As of September 30, 2019, principal and accrued interest on the one remaining outstanding Original Convertible Note, which is subject to a default notice and which therefore accrues annual interest at 12% instead of 10%, totaled \$42,406, of which \$17,406 was accrued interest.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

The following documents are filed as part of this report:

Exhibit Number	Description of Document
10.1	<u>Securities Purchase Agreement, dated August 19, 2019, between RespireRx Pharmaceuticals Inc. and FirstFire Global Opportunities Fund, LLC (incorporated by reference to the Company's Current Report on Form 8-K (file no. 1-16467) filed August 27, 2019).</u>
10.2	<u>Convertible Promissory Note, dated August 19, 2019 (incorporated by reference to the Company's Current Report on Form 8-K (file no. 1-16467) filed August 27, 2019).</u>
10.3	<u>Common Stock Purchase Warrant, dated August 19, 2019 (incorporated by reference to the Company's Current Report on Form 8-K (file no. 1-16467) filed August 27, 2019).</u>
10.4	<u>Settlement Agreement and Release, dated August 21, 2019, between RespireRx Pharmaceuticals Inc. and Salamandra, LLC (incorporated by reference to the Company's Current Report on Form 8-K (file no. 1-16467) filed August 27, 2019).</u>
31.1 *	<u>Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2 *	<u>Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1 **	<u>Officer's Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2 **	<u>Officer's Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

RESPIRERX PHARMACEUTICALS INC.

(Registrant)

Date: November 19, 2019

By: /s/ Arnold S. Lippa

Arnold S. Lippa

Interim President and Interim Chief Executive Officer

Date: November 19, 2019

By: /s/ Jeff Eliot Margolis

Jeff Eliot Margolis

Senior Vice President, Chief Financial Officer, Treasurer and Secretary

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Arnold S. Lippa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RespireRx Pharmaceuticals 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, including its consolidated subsidiaries, 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: November 19, 2019

By: /s/ ARNOLD S. LIPPA

Arnold S. Lippa

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff E. Margolis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RespireRx Pharmaceuticals 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, including its consolidated subsidiaries, 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: November 19, 2019

By: /s/ JEFF E. MARGOLIS

Jeff E. Margolis

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Arnold S. Lippa, the Interim Chief Executive Officer of RespireRx Pharmaceuticals Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 19, 2019

By: /s/ ARNOLD S. LIPPA

Arnold S. Lippa
Interim Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff E. Margolis, the Chief Financial Officer of RespireRx Pharmaceuticals Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 19, 2019

By: /s/ JEFF E. MARGOLIS

Jeff E. Margolis
Chief Financial Officer
