SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Celcuity Inc.

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from to

Commission File No. 001-38207

CELCUITY INC.

(Exact name of registrant as specified in its charter)

Delaware	**No. 82-2863566**
(State of incorporation)	**(IRS Employer Identification No.)**

16305 36th Avenue North; Suite 100
Minneapolis, Minnesota 55446
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (763) 392-0767

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

Indicate by check mark whether the registrant has submitted electronically 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 x 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" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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. x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO x

On November 5, 2018, there were 10,159,004 shares of the registrant's common stock, $0.001 par value per share, issued and outstanding.

Celcuity Inc.
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As used in this report, the terms "we," "us," "our," "Celcuity," and the "Company" mean Celcuity Inc., unless the context indicates another meaning.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Celcuity Inc.
Condensed Balance Sheets

	September 30, 2018 (unaudited)	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,808,774	$ 2,639,789
Investments	18,949,924	21,556,857
Restricted cash	-	50,000
Deposits	22,009	27,726
Deferred transaction costs	27,379	-
Prepaid assets	352,321	209,708
Total current assets	23,160,407	24,484,080
Property and equipment, net	814,051	280,056
Long term investments	3,920,000	7,205,374
Total Assets	$ 27,894,458	$ 31,969,510
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts payable	$ 177,686	$ 71,913
Capital lease obligations	5,720	-
Accrued expenses	777,199	506,140
Total current liabilities	960,605	578,053
Capital lease obligations	21,315	-
Total Liabilities	981,920	578,053
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, $0.001 par value: 2,500,000 and 5,000,000 shares authorized as of September 30, 2018 and December 31, 2017, respectively; 0 shares issued and outstanding as of September 30, 2018 and December 31, 2017	-	-
Common stock, $0.001 par value: 25,000,000 and 45,000,000 shares authorized as of September 30, 2018 and December 31, 2017, respectively; 10,151,334 and 10,087,516 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	10,151	10,087
Additional paid-in capital	34,565,128	33,388,597
Accumulated deficit	(7,662,741)	(2,007,227)
Total Stockholders' Equity	26,912,538	31,391,457
Total Liabilities and Stockholders' Equity	$ 27,894,458	$ 31,969,510

See accompanying notes to the condensed financial statements

Celcuity Inc.
Condensed Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Operating expenses:				
Research and development	$ 1,599,045	$ 1,364,728	$ 4,691,250	$ 3,577,357
General and administrative	376,796	164,665	1,290,082	551,555
Total operating expenses	1,975,841	1,529,393	5,981,332	4,128,912
Loss from operations	(1,975,841)	(1,529,393)	(5,981,332)	(4,128,912)
Other income (expense)				
Interest expense	(65)	(264,905)	(65)	(451,664)
Interest income	104,799	30,322	325,883	53,034
Other income (expense), net	104,734	(234,583)	325,818	(398,630)
Net loss before income taxes	(1,871,107)	(1,763,976)	(5,655,514)	(4,527,542)
Income tax benefits	-	-	-	-
Net loss	$ (1,871,107)	$ (1,763,976)	$ (5,655,514)	$ (4,527,542)
Net loss per share, basic and diluted	$ (0.18)	$ (0.26)	$ (0.56)	$ (0.69)
Weighted average common shares outstanding, basic and diluted	10,128,606	6,846,827	10,111,843	6,577,191

See accompanying notes to the condensed financial statements

Celcuity Inc.
Condensed Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2018	**2017**
Cash flows from operating activities:		
Net loss	$ (5,655,514)	$ (4,527,542)
Adjustments to reconcile net loss to net cash used for operations:		
Depreciation	152,514	76,163
Stock-based compensation	913,040	561,097
Non-cash interest expense	-	451,664
Non-cash interest income adjustment	(17,693)	-
Changes in operating assets and liabilities:		
Prepaid assets and deposits	(136,896)	(269,438)
Accounts payable	(8,561)	(300,792)
Accrued expenses	196,059	170,828
Net cash used for operating activities	(4,557,051)	(3,838,020)
Cash flows from investing activities:		
Purchases of investments	(3,235,000)	(245,000)
Proceeds from sale of investments	9,145,000	-
Purchases of property and equipment	(482,426)	(203,496)
Proceeds from sale of property and equipment	1,000	-
Net cash provided by (used for) investing activities	5,428,574	(448,496)
Cash flows from financing activities:		
Proceeds from exercise of common stock warrants	183,759	-
Proceeds from employee stock purchases	79,797	-
Proceeds from sale of convertible promissory notes	-	7,493,330
Proceeds from initial public offering of common stock	-	24,109,650
Payments for registration statement costs	(14,197)	-
Payments for capital leases	(1,897)	-
Payments for debt issuance costs	-	(40,961)
Payments for initial public offering costs	-	(827,706)
Net cash provided by financing activities	247,462	30,734,313
Net change in cash, cash equivalents, and restricted cash	1,118,985	26,447,797
Cash, cash equivalents, and restricted cash:		
Beginning of period	2,689,789	5,906,348
End of period	$ 3,808,774	$ 32,354,145

The following table shows the composition of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the same such amounts in the statements of cash flows as of September 30:

	2018	2017
Cash and cash equivalents	$ 3,808,774	$ 32,304,145
Restricted cash	-	50,000
Total	$ 3,808,774	$ 32,354,145
Supplemental disclosures of non-cash investing and financing activities:		
Property and equipment included in accounts payable	$ 101,152	$ -
Property and equipment funded by capital lease	28,932	-
Leasehold improvements funded by landlord and related deferred rent included in accrued expenses	75,000	-
Registration statement costs included in accounts payable	13,182	-
Debt issuance costs netted against proceeds from sale of convertible promissory notes	-	844,170
Debt discount related to investor and agent warrants (Note 11)	-	1,063,715
Initial public offering costs included in accounts payable and accrued expenses	-	21,053
Underwriter's reimbursable offering costs netted against initial public offering proceeds	-	275,000

See accompanying notes to the condensed financial statements

1. Organization

Nature of Business

Celcuity Inc., a Delaware corporation (the "Company"), is a cellular analysis company that is discovering new cancer sub-types and commercializing diagnostic tests designed to significantly improve the response rates of cancer patients treated with targeted therapies. The Company's proprietary CELx diagnostic platform is currently the only commercially ready technology the Company is aware of that uses a patient's living tumor cells to evaluate the functional status of the cell signaling pathways associated with cancer. The CELx platform identifies the abnormal signaling activity driving a patient's cancer and quantifies how effectively a targeted therapy can treat it. This enables physicians to select the therapeutic that precisely matches and inhibits a patient's cellular dysfunction, which significantly increases the likelihood of a positive clinical outcome. The Company was co-founded in 2012 by Brian Sullivan and Lance Laing and is based in Minnesota. The Company has not generated any revenues to date.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited financial statements include the accounts of the Company and have been prepared in accordance with Article 10 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, as permitted by Article 10, the unaudited financial statements do not include all of the information required by accounting principles generally accepted in the United States ("U.S. GAAP"). The Balance Sheet at December 31, 2017 was derived from the audited financial statements at that date and does not include all the disclosures required by U.S. GAAP. In the opinion of management, all adjustments which are of a normal recurring nature and necessary for a fair presentation have been reflected in the financial statements. These unaudited condensed financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2017 and the related footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results to be expected during the remainder of the current year or for any future period.

On September 15, 2017, in relation to preparing for its initial public offering ("IPO"), Celcuity LLC filed a certificate of conversion, whereby Celcuity LLC effected a corporate conversion from a Minnesota limited liability company to a Delaware corporation and changed its name to Celcuity Inc. Pursuant to the corporate conversion, units of membership interest in the limited liability company were converted into shares of common stock of the corporation at a conversion ratio of 40 units for one share of common stock. As a result of the corporate conversion, accumulated deficit was reduced to zero on the date of the corporate conversion, and the corresponding amount was credited to additional paid-in capital. The corporate conversion was approved by members holding a majority of our outstanding units, and in connection with such conversion, the Company filed a certificate of incorporation and adopted bylaws. The Company determined that the corporate conversion is equivalent to a change in the Company's capital structure.

On September 22, 2017, the Company completed its IPO whereby it sold 2,760,000 shares of common stock at a public offering price of $9.50 per share. The aggregate net proceeds received by the Company from the offering were approximately $23.3 million, net of underwriting discounts and commissions of approximately $1.8 million and offering expenses of approximately $1.1 million. Upon the closing of the IPO, 10,082,050 shares of common stock were outstanding, which includes 881,911 shares of common stock as a result of the conversion of the Company's Unsecured Convertible Promissory Notes (See Note 11). Shares of the Company's common stock began trading on September 20, 2017 on The Nasdaq Capital Market under the symbol "CELC".

On May 11, 2018, the Company filed an amendment to its certificate of incorporation to decrease the number of authorized shares of common stock and preferred stock. Pursuant to the Company's amended certificate of incorporation, the Company is authorized to issue up to 25,000,000 shares of common stock, $0.001 par value per share and 2,500,000 shares of preferred stock, $0.001 par value per share.

Accounting Estimates

Management uses estimates and assumptions in preparing these unaudited condensed financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of stock-based compensation and warrants issued to investors, a placement agent and an underwriter, and prepaid or accrued clinical trial costs.

Cash, Cash Equivalents, and Restricted Cash

The Company maintains its accounts primarily at one financial institution. At times throughout the year, the Company's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. At September 30, 2018 and December 31, 2017, the Company had $3,740,232 and $2,612,104, respectively, in money market funds and U.S. Treasury Bills that are considered cash equivalents. In connection with the corporate lease, the Company was previously required to maintain $50,000 of cash in a separate savings account. The standby letter of credit expired in July 2018 and the cash was transferred to the Company's operating account. This balance at December 31, 2017 is presented as restricted cash on the balance sheet.

Investments

The Company maintains its investments in certificates of deposit, U.S. governmental agency securities and U.S. treasury notes and has classified them as held-to-maturity at the time of purchase. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold until maturity. Held-to maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums and discounts. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security using a straight-line method. At September 30, 2018 and December 31, 2017, the Company had $22,869,924 and $28,762,231, respectively, of investments.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

Estimated useful lives of property and equipment are as follows for the major classes of assets:

Asset Description	Estimated Lives
Furniture and Equipment	4-5
Leasehold Improvements	2-3

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third party independent appraisals, as considered necessary.

Deferred Transaction Costs

Deferred transaction costs primarily consist of legal fees, SEC filing fees and other fees relating to the Company's Form S-3 registration statement that was filed on September 21, 2018. The deferred transaction costs were capitalized as incurred and will be offset against any financing raised from future securities offered by the Company for a period up to three years. The deferred transaction costs will be reviewed periodically to assess the probability that future securities will be offered. In the event that no future offering will occur, any deferred transaction costs will be expensed. Total costs incurred were $27,379 for the three and nine months ending September 30, 2018.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity that result from transactions and economic events other than those with stockholders. For all periods presented, there was no difference between net loss and comprehensive loss.

Risks and Uncertainties

The Company is subject to risks common to companies in the development stage including, but not limited to, dependency on the clinical and commercial success of its diagnostic tests, ability to obtain regulatory approval of its diagnostic tests, the need for substantial additional financing to achieve its goals, uncertainty of broad adoption of its approved products, if any, by physicians and consumers, and significant competition.

Fair Value of Financial Instruments

The Company's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board ("FASB") fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Company at the measurement date.

- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying values of cash equivalents, restricted cash, accounts payable, accrued expenses and other financial working capital items approximate fair value at September 30, 2018 and December 31, 2017 due to the short maturity nature of these items.

Income Taxes

The Company accounts for income taxes using the asset and liability method, as required by the accounting standard for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as net operating loss and tax credit carryforwards. Deferred taxes are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in results of operations in the period that includes the enactment date. The effects of any future changes in tax laws or rates have not been considered. The Company regularly reviews deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets to reduce the carrying value if the Company does not consider it to be more likely than not that the deferred tax assets will be realized.

The Company recognizes the impact of an uncertain tax position in its financial statements if, in management's judgment, the position is more-likely-than-not sustainable upon audit based on the position's technical merits. This involves the identification of potential uncertain tax positions, the evaluation of applicable tax laws and an assessment of whether a liability for an uncertain tax position is necessary.

Stock-Based Compensation

The Company's stock-based compensation consists of common stock options and restricted stock issued to certain employees and nonemployees of the Company and the Company's Employee Stock Purchase Plan. The Company recognizes compensation expense based on an estimated grant date fair value using the Black-Scholes option-pricing method. The Company has elected to account for forfeitures as they occur.

Research and Development

Research and development costs are expensed as incurred. Research and development costs amounted to $4,691,250 and $3,577,357 for the nine months ended September 30, 2018 and 2017, respectively, and $1,599,045 and $1,364,728 for the three months ended September 30, 2018 and 2017, respectively.

Clinical Trial Costs

The Company records prepaid assets or accrued expenses for prepaid or estimated clinical trial costs conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials. These costs are a significant component of the Company's research and development expenses. The Company accrues for these costs based on factors such as estimates of the work completed and in accordance with agreements established with its third-party service providers under the service agreements. The Company makes significant judgments and estimates in determining the accrued liabilities balance in each reporting period. As actual costs become known, the Company adjusts its prepaid assets or accrued expenses. The Company has not experienced any material differences between accrued costs and actual costs incurred. However, the status and timing of actual services performed, number of patients enrolled and the rate of patient enrollments may vary from the Company's estimates, resulting in an adjustment to expense in future periods. Changes in these estimates that result in material changes to the Company's prepaid assets or accrued expenses could materially affect the Company's results of operations.

Application of New or Revised Accounting Standards

Pursuant to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), a company constituting an "emerging growth company" is, among other things, entitled to rely upon certain reduced reporting requirements. The Company is an emerging growth company, but has irrevocably elected not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. As a result, the Company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies that are not emerging growth companies.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements.

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash*, which amended *Statement of Cash Flows (Topic 230)* of the Accounting Standards Codification. The new guidance requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this standard as of January 1, 2018 and applied it retrospectively.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which expands the scope of ASC 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees and to supersede the guidance in ASC 505-50. The new guidance will be substantially the same as current guidance for employee awards. The Company adopted this standard as of April 1, 2018 and applied it using the modified retrospective approach. The remeasurement of open awards to nonemployees was based on the fair value of such awards as of the date of adoption and resulted in no material change to accumulated deficit or additional paid-in capital.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of operations is required to be filed. The Company anticipates its first presentation of changes in stockholders' equity will be included in its Form 10-Q for the quarter ended March 31, 2019.

3. Net Loss Per Common Share

Basic and diluted net loss per common share is determined by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding during the period. For all periods presented, the common shares underlying the options and warrants have been excluded from the calculation because their effect would be anti-dilutive. Therefore, the weighted-average shares outstanding used to calculate both basic and diluted loss per common shares are the same.

For the three and nine months ended September 30, 2018 and 2017, potentially dilutive securities excluded from the computations of diluted weighted-average shares outstanding were options to purchase 493,324 and 478,453 shares of common stock, respectively, warrants to purchase 353,980 and 373,539 shares of common stock, respectively, and 2,571 and 0 shares of restricted common stock, respectively.

4. Investments

The following tables summarizes the Company's held-to-maturity investment securities at amortized cost as of September 30, 2018 and December 31, 2017:

	September 30, 2018			
	Amortized Cost, as Adjusted	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Short-term investments:				
Certificates of Deposit	$ 9,902,512	$ -	$ 5,483	$ 9,897,029
Governmental Agency Securities	7,551,052	-	37,815	7,513,237
U.S. Treasury Notes	1,496,360	1,237	-	1,497,597
Total	$ 18,949,924	$ 1,237	$ 43,298	$ 18,907,863

	Amortized Cost, as Adjusted	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Long-term investments:				
Certificates of Deposit	$ 3,920,000	$ -	$ 36,722	$ 3,883,278
Total	$ 3,920,000	$ -	$ 36,722	$ 3,883,278

	December 31, 2017			
	Amortized Cost, as Adjusted	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Short-term investments:				
Certificates of Deposit	$ 14,001,237	$ -	$ 20,146	$ 13,981,091
Governmental Agency Securities	5,945,314	-	18,101	5,927,213
U.S. Treasury Notes	1,610,306	-	633	1,609,673
Total	$ 21,556,857	$ -	$ 38,880	$ 21,517,977

	Amortized Cost, as Adjusted	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Long-term investments:				
Certificates of Deposit	$ 4,165,000	$ -	$ 21,481	$ 4,143,519
Governmental Agency Securities	3,040,374	-	14,907	3,025,467
Total	$ 7,205,374	$ -	$ 36,388	$ 7,168,986

The Company's held-to-maturity investments of $18,949,924 and $3,920,000 will mature in 2018 and 2019, respectively. The total held-to-maturity investments of $22,869,924 will have maturities of approximately $14,100,000 in 2018 and approximately $8,770,000 in 2019.

5. Prepaid Assets

Prepaid assets consisted of the following:

	September 30, 2018	December 31, 2017
Current:		
Directors & officers insurance	$ 285,250	$ 162,914
Prepaid rent	21,490	21,673
Other	45,581	25,121
Total	$ 352,321	$ 209,708

6. Property and Equipment

Property and equipment consisted of the following:

	September 30, 2018	December 31, 2017
Leasehold improvements	$ 277,836	$ 22,307
Furniture and equipment	946,590	517,868
	1,224,425	540,175
Less: Accumulated depreciation	(410,374)	(260,119)
Total	$ 814,051	$ 280,056

Depreciation expense was $152,514 and $76,163 for the nine months ended September 30, 2018 and 2017, respectively, and $62,810 and $30,714 for the three months ended September 30, 2018 and 2017, respectively.

7. Accrued Expenses

Accrued expenses consisted of the following:

	September 30, 2018	December 31, 2017
Accrued bonuses	$ 583,263	$ 389,802
Deferred rent	69,264	-
Employee Stock Purchase Plan	57,202	32,533
Accrued payroll	4,603	61,829
Other	62,867	21,976
Total	$ 777,199	$ 506,140

8. Commitments

Operating Leases

The Company leases its corporate space in Minneapolis, Minnesota. At September 30, 2018, the Company had the following minimum commitments for payment of rentals which at inception had a non-cancellable term of more than one year:

	Amount
2018	$ 30,968
2019	188,850
2020	193,338
2021	64,940
Total	$ 478,096

Rent expense for operating leases was $84,261 and $38,266 for the nine months ended September 30, 2018 and 2017, respectively, and $41,063 and $13,189 for the three months ended September 30, 2018 and 2017, respectively. In connection with the corporate lease, the Company is no longer required to maintain a $50,000 standby letter of credit, which expired on July 31, 2018.

In September 2017, the Company entered into a non-cancelable operating lease agreement for building space to accommodate expansion in research and development and general corporate office needs. The new lease commenced, and the Company moved to the facility in May 2018, in conjunction with the termination of the existing lease. The new lease contains provisions for future rent increases and leasehold improvement allowances. Rent expense is recorded on a straight-line basis over the lease term. The net difference of rent expense versus the actual cash paid is recorded as deferred rent. Additionally, the leasehold improvement allowances are deferred and recorded as a reduction of rental expense over the lease term using the straight-line method. Deferred rent is reflected in accrued expenses in the unaudited condensed financial statements. The new lease agreement extends through April 2021 and provides for monthly rent, real estate taxes and operating expenses.

Clinical Research Study

In May 2017, the Company entered into an agreement with a clinical research organization to conduct a clinical research study. The Company made payments of $300,000 in June 2017 and $50,000 in November 2017, January 2018, April 2018 and July 2018 and is obligated to make future payments of $50,000 and $50,000 in 2018 and 2019, respectively. Additional payments will be due as certain milestones are met. The maximum amount of these additional payments is estimated to be approximately $2,040,000 over the course of the agreement.

Capital Leases

In May 2018, the Company entered into a non-cancelable capital lease agreement for office equipment with a five-year term. The underlying assets are included in furniture and equipment. Assets recorded as property and equipment under capital leases and the accumulated depreciation thereon as of September 30, 2018 were as follows:

	September 30, 2018
Furniture and equipment	$ 28,932
Less: Accumulated depreciation	(1,929)
Net book value of property and equipment under capital lease	$ 27,003

As of September 30, 2018, future minimum lease payments under capital leases were as follows:

	Amount
2018	$ 1,813
2019	7,255
2020	7,255
2021	7,255
2022	7,255
2023	3,023
Total minimum capital lease payments	33,856
Less amount representing interest	447
Less amount representing services	6,374
Present value of net minimum capital lease payments	$ 27,035

9. Stockholders' Equity

On September 15, 2017, in connection with its IPO, Celcuity LLC filed a certificate of conversion, whereby Celcuity LLC effected a corporate conversion from a Minnesota limited liability company to a Delaware corporation and changed its name to Celcuity Inc. Pursuant to the conversion, units of membership interest in the limited liability company were converted into shares of common stock of the corporation at a conversion ratio of 40 units for one share of common stock. The Company had 257,604,208 member units issued and outstanding as of September 15, 2017. After giving effect to the corporate conversion, the number of common shares outstanding as of such date is 6,440,139. As a result of the corporate conversion, accumulated deficit was reduced to zero on the date of the corporate conversion, and the corresponding amount was credited to additional paid-in capital. The corporate conversion was approved by members holding a majority of our outstanding units, and in connection with such conversion, the Company filed a certificate of incorporation and adopted bylaws.

On September 22, 2017, the Company completed its IPO whereby it sold 2,760,000 shares of common stock at a public offering price of $9.50 per share. The aggregate net proceeds received by the Company from the offering were approximately $23.3 million, net of underwriting commissions of approximately $1.8 million and offering expenses of approximately $1.1 million. Upon the closing of the IPO, 10,082,050 shares of common stock were outstanding, which includes 881,911 shares of common stock issued as a result of the conversion of the Company's Convertible Notes (See Note 11). Shares of the Company's common stock began trading on September 20, 2017 on The Nasdaq Capital Market under the symbol "CELC".

On May 11, 2018, the Company filed an amendment to its certificate of incorporation with the Secretary of State of the State of Delaware to decrease the number of authorized shares of our common stock and preferred stock. Pursuant to the Company's amended certificate of incorporation, the Company is authorized to issue up to 25,000,000 shares of common stock, $0.001 par value per share and 2,500,000 shares of preferred stock, $0.001 par value per share.

At September 30, 2018 and December 31, 2017, the Company had common stock shares outstanding of 10,151,334 and 10,087,516, respectively.

Warrants

In connection with the 2016 private placement unit offering, the Company issued ten-year warrants to the placement agent of the private placement. The warrants allow the agent to purchase up to 55,249 common shares at $7.56 per share. The warrants are immediately exercisable and expire on January 14, 2026 and May 2, 2026. These warrants are equity classified and the fair value of $330,607 is reflected as additional paid-in capital.

In connection with the private offering of convertible notes (Note 11), the Company issued ten-year warrants to purchase 48,615 common shares at a price of $8.42 per share to the placement agent. In addition, the Company granted the convertible notes investors the right to receive a seven-year warrant to purchase 131,675 common shares at an exercise price that is equal to the conversion price of the notes (Note 11). With the completion of the IPO on September 22, 2017, these warrants were issued.

In connection with the IPO, the Company issued a five-year warrant to the underwriter. The warrant allows the underwriter to purchase up to 138,000 common shares at $10.45 per share. This warrant is immediately exercisable and expires on September 19, 2022. This warrant is equity classified and the fair value was $784,111 at the IPO offering date.

At September 30, 2018 and December 31, 2017, the Company had warrants to purchase 353,980 and 373,323 common shares outstanding, respectively, at a weighted average exercise price of $9.42. A total of 19,343 and 0 warrants were exercised in the nine months ended September 30, 2018 and 2017, respectively, and 0 warrants were exercised in the three months ended September 30, 2018 and 2017.

10. Stock-Based Compensation

2012 Equity Incentive Plan

The 2012 Equity Incentive Plan, as amended, was adopted by the Company's board and approved by the members of the Company on August 10, 2012. The Company reserved a maximum of 625,000 common shares available for issuance under the 2012 Equity Incentive Plan. The 2012 Equity Incentive Plan provides for share options, restricted share awards, performance share awards or share bonuses. The exercise price of each share option granted under the 2012 Equity Incentive Plan is not less than one hundred percent (100%) of the fair market value of one share on the date of grant. The maximum permitted term of options granted under the 2012 Equity Incentive Plan is ten years. The Company's board has administered the plan and determined the provisions of incentive awards, including eligible recipients, number of shares subject to an incentive award, exercise price, vesting schedule, duration of an incentive award and other restrictions an incentive award may be subject to. The 2012 Equity Incentive Plan was fixed on September 6, 2017 and any new awards will be issued under the terms of the 2017 Stock Incentive Plan.

2017 Stock Incentive Plan

The 2017 Stock Incentive Plan, or the 2017 Plan, was adopted by the Company's board on September 6, 2017, became effective following the corporate conversion which took place on September 15, 2017, and was approved by stockholders at the Company's annual stockholder meeting on May 10, 2018. The Company reserved a maximum of 750,000 common shares available for issuance under the 2017 Plan. The number of shares reserved for issuance under the 2017 Plan will increase automatically on January 1, 2019 and each subsequent anniversary through January 1, 2027 by the number of shares equal to 1.0% of the aggregate number of outstanding shares of the Company's common stock as of the immediately preceding December 31. However, the Company's board may reduce the amount of the increase in any particular year. The maximum permitted term of options granted under the 2017 Plan is ten years. The 2017 Plan provides for share options, restricted stock awards, stock appreciation rights, restricted stock units, performance awards and stock bonuses. The exercise price of each share option granted under the 2017 Plan is not less than one hundred percent (100%) of the fair market. The 2017 Plan will generally be administered by the compensation committee of the Company's board of directors and has the authority to interpret the plan, grant awards and make all other determinations necessary for the administration of the plan.

The Black-Scholes option-pricing model was used to estimate the fair value of equity-based awards with the following weighted-average assumptions for the period ending September 30:

	2018	2017
Risk-free interest rate	2.52 - 2.97%	2.00 %
Expected volatility	72.0% - 76.0%	75.0%
Expected life (years)	6.25 to 10.00	6.25 to 10.00
Expected dividend yield	0%	0%

The inputs for the Black-Scholes valuation model require management's significant assumptions. Prior to the Company's IPO, the common share price was determined by the Company's board based on recent prices of common shares sold in private offerings prior to the IPO. Subsequent to the IPO, the common share price was determined by using the quoted price on the grant date. The risk-free interest rates were based on the rate for U.S. Treasury securities at the date of grant with maturity dates approximately equal to the expected life at the grant date. The expected life was based on the simplified method in accordance with the SEC Staff Accounting Bulletin Nos. 107 and 110. The expected volatility was estimated based on historical volatility information of peer companies that are publicly available.

All assumptions used to calculate the grant date fair value of nonemployee options are generally consistent with the assumptions used for options granted to employees, except the expected life is equal to the contractual term. In the event the Company terminates any of its consulting agreements, the unvested options underlying the agreements would also be cancelled. Unvested nonemployee options were marked-to-market as of April 1, 2018, the date that the Company adopted the newly issued ASU No. 2018-07.

The following table summarizes the activity for all stock options outstanding for the nine months ended September 30 under the Plan:

	2018		2017	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding at beginning of year	501,603	$ 7.58	302,088	$ 5.91
Granted	41,421	21.85	191,730	8.56
Exercised	(49,700)	7.60	-	-
Forfeited	-	-	(15,365)	3.60
Balance at September 30	493,324	$ 8.75	478,453	$ 7.05
Options exercisable at September 30:	265,531	$ 6.83	178,275	$ 5.65
Weighted Average Grant Date Fair Value for Options Granted During the period:		$ 15.25		$ 5.42

The following table summarizes additional information about stock options outstanding and exercisable at September 30, 2018 under the Plan:

Options Outstanding				Options Exercisable		
Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
493,324	7.99	$ 8.75	$ 9,873,199	265,531	$ 6.83	$ 5,823,852

The Company recognized stock-based compensation expense for stock options of $777,849 and $561,097 for the nine months ended September 30, 2018 and 2017, respectively, and $273,066 and $138,282 for the three months ended September 30, 2018 and 2017, respectively.

A restricted stock award of 2,571 and 5,250 shares was granted to a member of the board of directors in 2018 and 2017, respectively. The Company has 2,571 and 0 restricted shares outstanding as of September 30, 2018 and 2017, respectively, and 5,250 and 0 shares vested as of September 30, 2018 and 2017, respectively. The Company recognized stock-based compensation expense for the restricted stock of $74,161 and $0 for the nine months ended September 30, 2018 and 2017, respectively, and $13,067 and $0 for the three months ended September 30, 2018 and 2017, respectively.

The total remaining shares available for grant under the 2017 plan is 644,028.

Total unrecognized compensation cost related to stock options and restricted stock is estimated to be recognized as follows:

2018	$ 226,782
2019	627,387
2020	385,282
2021	209,986
2022	46,776
Total estimated compensation cost to be recognized	**$ 1,496,213**

2017 Employee Stock Purchase Plan

The Company's employee stock purchase plan, or ESPP, was adopted by the Company's board on September 6, 2017, and approved by stockholders at the Company's annual stockholder meeting on May 10, 2018. The Company has reserved a total of 100,000 shares for issuance. The number of shares authorized and reserved for issuance under the ESPP will be automatically increased on the first day of each of the Company's fiscal years beginning in 2019 by the number of shares equal to 0.5% of the total outstanding number of shares of common stock. However, the Company's board may reduce the amount of the increase in any particular year. The ESPP provides participating employees with an opportunity to purchase shares of the Company's common stock at a discount through payroll deductions. The plan is available to all employees unless they are employed for less than 20 hours per week or own 5% or more of the total combined voting power or value of the Company's common stock. The plan is administered using overlapping 24 month offering periods, referred to as an Offering Period. Each Offering Period has four six-month purchase periods. A new Offering Period and purchase period begin every six months on May 1 and November 1 of each year. Participating employees may purchase common stock, on a voluntary after tax-basis, at a price equal to 85% of the fair market value of a share of common stock on either the offering date or the purchase date, whichever is lower. If the purchase date has a lower price, the employee will automatically be placed in the Offering Period beginning immediately after the purchase date. The Company recognized stock-based compensation expense of $61,030 and $0 for the nine months ended September 30, 2018 and 2017, respectively, and $14,143 and $0 for the three months ended September 30, 2018 and 2017, respectively.

The Company recognized total stock-based compensation, as follows for the three months and nine months ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Stock-based compensation expense in operating expenses:				
Research and development	$ 217,499	$ 126,600	$ 555,034	$ 420,789
General and administrative	82,777	11,682	358,006	140,308
Total	$ 300,276	$ 138,282	$ 913,040	$ 561,097

11. Unsecured Convertible Promissory Notes

In April and May of 2017, the Company issued to certain accredited investors convertible notes in the original principal amount of $5,750,000 and $2,587,500, respectively, for total principal of $8,337,500 (the “Convertible Notes”).

The Convertible Notes accrued interest at a rate of 1.25% per annum from date of issuance until December 31, 2018 on a non-compounding basis. All principal and interest was due on December 31, 2018. The IPO was considered a qualified financing, therefore the outstanding principal balance and all accrued interest under the Convertible Notes automatically converted into 881,911 shares of common stock pursuant to the terms of such notes. The conversion price of the Convertible Notes was equal to the price at which the equity securities were sold in the IPO, which was $9.50 per share.

In connection with the issuance of the Convertible Notes, the Company granted those investors the right to receive a seven-year warrant to purchase 131,675 common shares at an exercise price that is equal to the conversion price of the Convertible Notes. The gross proceeds of $8,337,500 was allocated $7,560,783 and $776,717 to the Convertible Notes and warrants, respectively, based on their relative fair value. The relative fair value of the warrants of $776,717 was recorded as debt discount and credited to additional paid-in capital. The resulting debt discount was amortized to interest expense using the effective interest method over the term of the Convertible Notes until converted.

Cedar Point Capital, LLC (“Cedar”) served as the Company’s placement agent in connection with the placement of the Convertible Notes and earned a commission of approximately 10% of the original principal balance of such notes. Debt financing costs in the aggregate of $885,131 (not including the agent warrant discussed below), comprised primarily of the commission earned by Cedar, were amortized to interest expense using the effective interest method over the term of the Convertible Notes until converted. In addition to the commission earned by Cedar, the Company issued an agent’s ten-year warrant to purchase 48,615 common shares. The exercise price was $8.42 per share. The fair value of the agent’s warrant was $286,999 and is considered additional debt discount and was credited to additional paid-in capital. During the period beginning on January 1, 2017 and ending on September 22, 2017 (the date of the IPO closing), the Company amortized $411,375 of debt discount and financing costs to interest expense for these Convertible Notes.

12. Income Taxes

The Company has not recorded an income tax benefit for the nine months and three months ended September 30, 2018 and 2017 due to net losses and recognition of a full valuation allowance.

13. Subsequent Event

In October 2018, the Company entered into an agreement with a biopharmaceutical company and a cancer research center to conduct a clinical research study. The Company is obligated to make a payment upon execution of the agreement for approximately $32,000 and future obligations of approximately $150,000 upon certain milestones being met.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed financial statements and the related notes appearing under Item 1 of Part I of this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and expected financial results, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" discussed in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 15, 2018 and elsewhere in this Quarterly Report on Form 10-Q, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. "We," "our," "us," "the Company" and similar words or phrases refer to Celcuity Inc. or Celcuity LLC (which converted to Celcuity Inc.).

Overview

We are a cellular analysis company that is discovering new cancer sub-types and commercializing diagnostic tests designed to significantly improve the clinical outcomes of cancer patients treated with targeted therapies. Our proprietary CELx diagnostic platform is the only commercially ready technology we are aware of that uses a patient's living tumor cells to identify the specific abnormal cellular process driving a patient's cancer and the targeted therapy that best treats it. We believe our CELx platform provides two important improvements over traditional molecular diagnostics. First, molecular diagnostics can only provide a snapshot of the genetic mutations present in a patient's tumor because they analyze dead cells. Using dead cells prevents molecular diagnostics from analyzing in real-time the dynamic cellular activities, known as cell signaling, that regulate cell proliferation or survival. Cancer can develop when certain cell signaling activity becomes abnormal. Since genetic mutations are often only weakly correlated to the cell signaling activity driving a patient's cancer, a molecular diagnostic is prone to providing an incomplete diagnosis. CELx tests overcome this limitation by measuring real-time cell signaling activity in a patient's living tumor cells. When a CELx test detects abnormal signaling activity, a more accurate diagnosis of the patient's cancer driver is obtained. Second, molecular diagnostics can only estimate the probability of a patient's potential drug response based on a statistical analysis of the drug's clinical trial results. Instead of this indirect estimate of drug response, CELx tests directly measure the effectiveness of a targeted therapy in a patient's living tumor cells. This enables physicians to confirm that the therapeutic matching the patient's cancer driver is functional in the patient's tumor cells before prescribing it, which significantly increases the likelihood of a positive clinical outcome.

Our first analytically validated and commercially ready test using our CELx platform, the CELx HSF Test, diagnoses two new sub-types of HER2-negative breast cancer that traditional molecular diagnostics cannot detect. Our internal studies show that approximately 20% of HER2-negative breast cancer patients have abnormal HER2 signaling activity similar to levels found in HER2+ breast cancer cells. As a result, these HER2-negative patients have undiagnosed HER2-driven breast cancer and would be likely to respond to the same anti-HER2 targeted therapies only HER2+ patients receive today. Our CELx HSF Test is targeting HER2-negative breast cancer patients receiving drug treatment.

We completed development of our second CELx test for breast cancer during the first quarter of 2018. This new test evaluates independent c-Met signaling activity and its involvement with HER family signaling in HER2-negative breast cancer tumor cells. We intend to combine this c-Met signaling function test with our current HER2 signaling function test to create the CELx Multi-Pathway (MP) Test. With this next generation CELx test, we plan to provide an analysis of HER1, HER2, HER3, and c-MET signaling activity with a single patient tumor specimen.

Our internal studies show that approximately 15%-20% of HER2-negative breast cancer patients have abnormal c-Met signaling activity that is co-activated with abnormal HER family signaling. These studies suggest that this sub-group of HER2-negative breast cancer patients may best respond to treatment with a combination of HER family and c-Met inhibitors.

We demonstrated the role of abnormal c-Met signaling as a cancer driver in breast cancer in a mouse xenograft study performed at the University of Minnesota. For this study, a breast cancer cell line determined by the CELx MP test to have normal HER2 signaling, abnormal HER1 signaling, and abnormal c-Met signaling was studied. Mice were randomly assigned to either a control group or a treatment group that received either the pan-HER inhibitor, neratinib, the c-Met inhibitor, tepotinib, or the combination of neratinib and tepotinib. Tumor volumes in the mouse arm receiving both neratinib and tepotinib shrank significantly more than the tumors in the study arms that received neratinib or tepotinib alone.

Celcuity will seek collaborations with pharmaceutical companies to field clinical trials that evaluate the efficacy of combining HER family inhibitors and c-Met inhibitors in breast cancer patients who have abnormal c-Met and abnormal HER1 pathway activity. The FDA has approved two c-Met inhibitors and six HER-family inhibitors for cancer treatment. Additional c-Met and HER-family inhibitors are being evaluated in on-going clinical trials. Several pharmaceutical companies possess both a c-Met and a HER family inhibitor.

We are also developing CELx tests to diagnose 12 new potential cancer sub-types we have discovered in lung, colon, ovarian, kidney, bladder and hematological cancers. Approved or investigational drugs are currently available to treat these new potential cancer sub-types. We expect to launch these additional tests on a staggered basis over the next few years while continuing our research to identify additional new cancer sub-types.

Our overall strategy is to develop diagnostics that identify new cancer sub-types and to seek collaborations with pharmaceutical companies, which can vary in scope. For our first collaboration, we are fielding a prospective clinical trial with Genentech and the NSABP to evaluate the efficacy of Genentech's HER2 targeted therapies in patients with these newly identified cancer sub-types. We expect interim results from this trial in mid-2019 and final results six to nine months later. For our second collaboration, Celcuity was selected by NSABP and Puma Biotechnology, Inc. to evaluate tissue samples from a Phase II study evaluating Puma Biotechnology's pan-HER inhibitor, Nerlynx, Genentech's HER2 antibody, Herceptin, and Bristol-Myers Squibb's EGFR inhibitor, Erbitux, in metastatic colorectal cancer patients. This 35-patient study is expected to be completed in late 2020. Unlike the trial with NSABP and Genentech, Celcuity's test will be used solely to evaluate tissue samples after they have been enrolled in this trial. Celcuity will not receive payment for the testing it performs. We expect our CELx test will provide critical insight after the trial is completed about the patient characteristics most correlative to drug response.

In October 2018, we announced our third collaboration, a clinical trial agreement with Puma Biotechnology, Inc. and West Cancer Center, to conduct a Phase II clinical trial to evaluate the efficacy and safety of Puma's drug, NERLYNX ® (neratinib), and chemotherapy, in breast cancer patients selected with Celcuity's CELx HSF Test. We expect enrollment to begin in early 2019 and to obtain interim results in 10 to 12 months after the first patient is enrolled and final results within 18 to 24 months.

We have not generated any revenue from sales to date, and we continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not and have never been profitable and have incurred losses in each period since our inception in 2012. For the nine months ended September 30, 2018 and 2017, we reported a net loss of approximately $5.7 million and $4.5 million, respectively, and for the three months ended September 30, 2018 and 2017, we reported a net loss of approximately $1.9 million and $1.8 million, respectively. As of September 30, 2018, we had a combined accumulated deficit of approximately $12.6 million under Celcuity LLC and $7.7 million under Celcuity Inc. As of September 30, 2018, we had cash, cash equivalents, and investments of approximately $26.7 million.

Results of Operations

Components of Operating Results

Revenue

To date, we have not generated any revenue. Initially, our ability to generate revenue will depend primarily upon our ability to obtain partnership agreements with pharmaceutical companies to provide companion diagnostics for such pharmaceutical partners' existing or investigational targeted therapies. We expect these partnerships to generate significant revenue from the sale of tests to identify patients eligible for clinical trials, from milestone payments, and, potentially, from royalties on the incremental drug revenues our tests enable. Once a new drug indication is received that requires use of our companion diagnostic to identify eligible patients, we expect to generate revenues from sales of tests to treating physicians.

Research and Development

Since our inception, we have primarily focused on research and development of our CELx platform, development and validation of our CELx HSF Test, and research related to the discovery of new cancer sub-types. Research and development expenses primarily include:

- employee-related expenses related to our research and development activities, including salaries, benefits, travel and stock-based compensation expenses;
- laboratory supplies;
- consulting fees paid to third parties;
- clinical trial costs;
- facilities expenses; and
- legal costs associated with patent applications.

Internal and external research and development costs are expensed as they are incurred. As we initiate clinical trials to evaluate efficacy of targeted therapies in cancer patients selected with one of our CELx tests, the proportion of research and development expenses allocated to external spending will grow at a faster rate than expenses allocated to internal expenses.

General and Administrative

General and administrative expenses consist primarily of salaries, benefits and stock-based compensation related to our executive, finance and support functions. Other general and administrative expenses include travel expenses for our general and administrative personnel, professional fees for auditing, tax, and legal services associated with being a public company and director and officer insurance.

Sales and Marketing

Selling and marketing expenses consist primarily of professional and consulting fees related to these functions. To date, we have incurred immaterial sales and marketing expenses as we continue to focus primarily on the development of our CELx platform and corresponding CELx tests. We expect to begin to incur increased selling and marketing expenses in anticipation of the commercialization of our CELx tests. These increased expenses are expected to include payroll-related costs as we add employees in the commercial departments, costs related to the initiation and operation of our sales and distribution network and marketing related costs.

Interest Expense

Interest expense primarily consists of the amortization of debt discount and debt financing costs related to the issuance of our unsecured convertible promissory notes that were converted to common stock upon our IPO.

Interest Income

Interest income consists of interest income earned on our cash, cash equivalents, and investment balances.

Results of Operations

	Three Months Ended September 30,			
			Change	
	2018	2017	$	%
	(unaudited)			
Statements of Operations Data:				
Operating expenses:				
Research and development	$ 1,599,045	$ 1,364,728	$ 234,317	17%
General and administrative	376,796	164,665	212,131	129
Total operating expenses	1,975,841	1,529,393	446,448	29
Loss from operations	(1,975,841)	(1,529,393)	(446,448)	29
Other income (expense)				
Interest expense	(65)	(264,905)	264,840	n/a
Interest income	104,799	30,322	74,477	246
Other income (expense), net	104,734	(234,583)	339,317	(145)
Net loss before income taxes	(1,871,107)	(1,763,976)	(107,131)	6
Income tax benefits	-	-	-	-
Net loss	$ (1,871,107)	$ (1,763,976)	$ (107,131)	6%

	Nine Months Ended September 30,			
			Change	
	2018	2017	$	%
	(unaudited)			
Statements of Operations Data:				
Operating expenses:				
Research and development	$ 4,691,250	$ 3,577,357	$ 1,113,893	31%
General and administrative	1,290,082	551,555	738,527	134
Total operating expenses	5,981,332	4,128,912	1,852,420	45
Loss from operations	(5,981,332)	(4,128,912)	(1,852,420)	45
Other income (expense)				
Interest expense	(65)	(451,664)	451,599	n/a
Interest income	325,883	53,034	272,849	514
Other income (expense), net	325,818	(398,630)	724,448	(182)
Net loss before income taxes	(5,655,514)	(4,527,542)	(1,127,972)	25
Income tax benefits	-	-	-	-
Net loss	$ (5,655,514)	$ (4,527,542)	$ (1,127,972)	25%

Research and Development

Our research and development expenses for the three months ended September 30, 2018 were approximately $1.6 million, representing an increase of approximately $0.2 million, or 17%, compared to the same period in 2017. The increase primarily resulted from a $0.2 million increase in compensation related expenses to support development of our CELx platform.

Our research and development expenses for the nine months ended September 30, 2018 were approximately $4.7 million, representing an increase of approximately $1.1 million, or 31%, compared to the same period in 2017. The increase primarily resulted from a $0.6 million increase in compensation related expenses to support development of our CELx platform. In addition, other research and development expenses increased approximately $0.5 million due to clinical validation studies and laboratory supplies to support the CELx platform, and operational and business development activities.

Conducting a significant amount of research and development is central to our business model. We plan to increase our research and development expenses for the foreseeable future as we seek to discover new cancer sub-types and to develop and validate additional CELx tests to diagnose such sub-types. We also expect to incur increased expenses to support companion diagnostic business development activities with pharmaceutical companies as we develop additional CELx tests.

General and Administrative

Our general and administrative expenses for the three months ended September 30, 2018 were approximately $0.4 million representing an increase of approximately $0.2 million, or 129%, compared to the same period in 2017. The increase primarily resulted from professional fees associated with being a public company and director and officer insurance.

Our general and administrative expenses for the nine months ended September 30, 2018 were approximately $1.3 million representing an increase of approximately $0.7 million, or 134%, compared to the same period in 2017. The increase primarily resulted from a $0.3 million increase in compensation related expenses, including approximately $0.2 million of non-cash stock-based compensation, professional fees associated with being a public company and director and officer insurance.

We anticipate that our general and administrative expenses will increase in future periods, reflecting both increased costs in connection with the potential future commercialization of CELx tests, an expanding infrastructure, and increased professional fees associated with being a public reporting company.

To date, we have incurred immaterial sales and marketing expenses as we continue to focus primarily on the development of our CELx platform and corresponding CELx tests. We expect to begin to incur increased selling and marketing expenses in anticipation of the commercialization of our CELx tests. These increased expenses are expected to include payroll-related costs as we add employees in the commercial departments, costs related to the initiation and operation of our sales and distribution network and marketing related costs.

Interest Expense

We incurred interest expense in 2018 related to capital lease obligations. Interest expense for the three and nine months ended September 30, 2017 was approximately $0.3 million and $0.5 million, respectively. The interest expense primarily consisted of non-cash amortization of debt discount and debt financing costs and accrued interest related to the issuance of our unsecured convertible promissory notes.

Interest Income

Interest income for the three and nine months ended September 30, 2018 was approximately $0.1 million and $0.3 million, respectively, representing increases of approximately $0.1 million and $0.3 million, respectively, compared to the same periods in 2017. The increase resulted from interest earned on our cash, cash equivalents and investments.

Liquidity and Capital Resources

Since our inception, we have incurred losses and cumulative negative cash flows from operations. Through September 30, 2018, we have raised capital of approximately $13.7 million and $7.5 million through private placements of common equity and unsecured convertible notes, respectively. On September 22, 2017, we also closed on the initial public offering of our common stock, which generated approximately $23.3 million of additional cash after taking into account underwriting discounts and commissions and offering expenses. Cash from these capital raising activities has been our primary source of funds for our operations since inception. As of September 30, 2018, our cash, cash equivalents, and investments were approximately $26.7 million, and we had a combined accumulated deficit of approximately $12.6 million under Celcuity LLC and approximately $7.7 million under Celcuity Inc.

We expect that our research and development and general and administrative expenses will increase as we continue to develop our CELx platform and additional CELx tests, conduct research related to the discovery of new cancer sub-types, conduct clinical trials, and pursue other business development activities. We will also start to incur sales and marketing expenses as we commercialize our CELx tests. We expect to use cash on hand to fund our research and development expenses, capital expenditures, working capital, sales and marketing expenses, and general corporate expenses, as well as for the increased costs associated with being a public company.

Based on our current business plan, we believe that our current cash on hand will provide sufficient cash to finance operations and pay obligations when due during at least the next 24 months.

We may seek to raise additional capital beyond the currently anticipated amount to expand our business, pursue strategic investments, and take advantage of financing or other opportunities that we believe to be in the best interests of the Company and our stockholders. Additional capital may be raised through the sale of common or preferred equity or convertible debt securities, entry into debt facilities or other third-party funding arrangements. The sale of equity and convertible debt securities may result in dilution to our stockholders and those securities may have rights senior to those of our common shares. Agreements entered into in connection with such capital raising activities could contain covenants that would restrict our operations or require us to relinquish certain rights. Additional capital may not be available on reasonable terms, or at all.

Cash Flows

	Nine Months Ended September 30,	
	2018	**2017**
	(unaudited)	
Net cash provided by (used in):		
Operating activities	$ (4,557,051)	$ (3,838,020)
Investing activities	5,428,574	(448,496)
Financing activities	247,462	30,734,313
Net increase in cash, cash equivalents and restricted cash	$ 1,118,985	$ 26,447,797

Operating Activities

Net cash used in operating activities was approximately $4.6 million for the nine months ended September 30, 2018 and consisted primarily of a net loss of approximately $5.7 million, adjusted for non-cash items of approximately $1.1 million. Non-cash expense items of approximately $1.1 million consisted of depreciation of approximately $0.2 million and stock-based compensation expense of approximately $0.9 million. The net cash used in operating activities was approximately $3.8 million for the nine months ended September 30, 2017 and consisted primarily of a net loss of approximately $4.5 million and working capital changes of approximately $0.4 million, adjusted for approximately $1.1 million of non-cash items, including depreciation of approximately $0.1 million, stock-based compensation expense of approximately $0.6 million and interest expense of approximately $0.4 million. The approximately $0.4 million of working capital was primarily due to approximately $0.3 million in prepaid insurance and deposits and approximately $0.1 million in accounts payable and accrued expenses.

Investing Activities

Net cash provided in investing activities for the nine months ended September 30, 2018 was approximately $5.4 million and consisted of approximately $5.9 million of net proceeds from sale and purchase of investments, adjusted for approximately $0.5 million in purchases of property and equipment. Net cash used in investing activities for the nine months ended September 30, 2017 was approximately $0.4 million and consisted of approximately $0.2 million of investments in certificates of deposit and approximately $0.2 million in purchases of property and equipment.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2018 was approximately $0.2 million and primarily reflects the proceeds from the exercise of common stock warrants and employee stock purchases. The net cash provided by financing activities for the nine months ended September 30, 2017 was approximately $30.7 million and reflects the proceeds of approximately $7.5 million from the sale of unsecured convertible promissory notes through a private placement, as well as the net proceeds of approximately $23.3 million from the sale of common stock in our initial public offering.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Recent Accounting Pronouncements

From time to time new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by us as of the specified effective date. Unless otherwise discussed in Note 2 to our unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q, 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.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our unaudited condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or Generally Accepted Accounted Principles ("U.S. GAAP"). The preparation of these financial statements requires us to make 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, as well as the reported expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances; the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ materially from these estimates.

Our significant accounting policies are more fully described in Note 2 to our unaudited condensed financial statements included in this Quarterly Report on Form 10-Q.

Private Securities Litigation Reform Act

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Such "forward-looking" information is included in this Form 10-Q and in other materials filed or to be filed by us with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by us). Forward-looking statements include all statements based on future expectations. This Form 10-Q contains forward-looking statements that involve risks and uncertainties, including but not limited to, (i) our clinical trial plans and the estimated costs for such trials; (ii) our expectations with respect to costs and timelines to develop, validate and launch CELx tests; (iii) our beliefs related to the perceived advantages of our CELx tests compared to traditional molecular or other diagnostic tests; (iv) our expectations regarding the timeline of patient enrollment and results from clinical trials; (v) our expectations regarding partnering with pharmaceutical companies and other third parties; (vi) our expectations regarding revenue from sales of CELx tests and revenue from milestone or other payment sources; (vii) our plans with respect to research and development and related expenses for the foreseeable future; (viii) our expectations regarding business development activities, including companion diagnostic related activities with pharmaceutical companies, expanding our sales and marketing functions and the costs associated with such activities; (ix) our expectations with respect to the CELx tests and the analytical capabilities of such test; and (x) our beliefs regarding the ability of our cash on hand to fund our research and development expenses, capital expenditures, working capital, sales and marketing expenses, and general corporate expenses, as well as for the increased costs associated with being a public company.

In some cases, you can identify forward-looking statements by the following words: "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "should," "will," "would," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on their interpretation of currently available information.

These statements involve known and unknown risks, uncertainties and other factors that may cause our results or our industry's actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Certain risk, uncertainties and other factors include, but are not limited to, our limited operating history; our initial success being heavily dependent on the success of our CELx HSF Test; our inability to determine whether our CELx tests are currently commercially viable; challenges we may face in developing and maintaining relationships with pharmaceutical company partners; the complexity and timeline for development of CELx tests; the uncertainty and costs associated with clinical trials; the uncertainty regarding market acceptance by physicians, patients, third-party payors and others in the medical community, and with the size of market opportunities available to us; the pricing of molecular and other diagnostic products and services that compete with us; uncertainty with insurance coverage and reimbursement for our CELx tests; difficulties we may face in managing growth, such as hiring and retaining a qualified sales force and attracting and retaining key personnel; changes in government regulations; and obtaining and maintaining intellectual property protection for our technology and time and expense associated with defending third-party claims of intellectual property infringement, investigations or litigation threatened or initiated against us. These and additional risks, uncertainties and other factors are described more fully in our Annual Report on Form 10-K for the year ended December 31, 2017. Copies of filings made with the SEC are available through the SEC's electronic data gathering analysis and retrieval system (EDGAR) at www.sec.gov.

You should read these risk factors and the other cautionary statements made in this Form 10-Q as being applicable to all related forward-looking statements wherever they appear in this Form 10-Q. We cannot assure you that the forward-looking statements in this Form 10-Q will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. You should read this Form 10-Q completely. Other than as required by law, we undertake no obligation to update these forward-looking statements, even though our situation may change in the future.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide disclosure pursuant to this item.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, referred to collectively herein as the Certifying Officers, are responsible for establishing and maintaining our disclosure controls and procedures. The Certifying Officers have reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")) as of September 30, 2018. Based on that review and evaluation, the Certifying Officers have concluded that, as of the end of the period covered by this Report, our disclosure controls and procedures, as designed and implemented, are effective and provide reasonable assurance that information required to be disclosed by us in the periodic and current reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the periods specified by the Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the nine months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. — OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time we may be involved in disputes or litigation relating to claims arising out of our operations. We are not currently a party to any legal proceedings that could reasonably be expected to have a material adverse effect on our business, financial condition and results of operations.

ITEM 1A. Risk Factors

As a smaller reporting company, we are not required to provide disclosure pursuant to this item. However, in addition to other information set forth in this report, including the important information in the section entitled "Private Securities Litigation Reform Act," you should carefully consider the "Risk Factors" discussed in our Annual Report on Form 10-K for the year ended December 31, 2017, and elsewhere in this Quarterly Report on Form 10-Q, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial might materially adversely affect our actual business, financial condition and/or operating results.

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

Use of Proceeds from Initial Public Offering of Common Stock

On September 22, 2017, we completed our IPO of 2,760,000 shares of our common stock at a price to the public of $9.50 per share. The total number of shares of common stock sold in the IPO includes the exercise of an overallotment we granted to Craig-Hallum Capital Group LLC, the sole managing underwriter of the IPO ("Craig-Hallum"), to purchase 360,000 shares of common stock. The shares of common stock were registered for sale pursuant to Registration Statements on Form S-1 (Registration Nos. 333-220128 and 333-220527), filed with the Securities and Exchange Commission and declared effective on September 19, 2017 (the "Effective Date"). The aggregate offering price for the registered shares of common stock was approximately $26.2 million. The offering commenced on September 20, 2017 and did not terminate before all of the shares of common stock that were registered in the Registration Statement were sold.

The aggregate offering price for the shares sold in the offering was approximately $26.2 million. We received net proceeds of approximately $23.3 million from the offering, after deducting underwriting discounts and commissions of approximately $1.8 million and offering expenses of approximately $1.1 million. No payments for the foregoing expenses were made by us to any of our officers, directors or persons owning ten percent or more of our common stock, or to the associates of any of the foregoing, or to its affiliates, other than payments in the ordinary course of business to our officers for salaries and bonuses.

There has been no material change in the planned use of proceeds as described in our Prospectus filed with the Securities and Exchange Commission on September 20, 2017. From the Effective Date through September 30, 2018, we did not use any material portion of the offering proceeds.

Recent Unregistered Sales of Equity Securities

None

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The Exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Incorporation filed September 15, 2017, as amended by the Certificate of Amendment of Certificate of Incorporation, filed May 11, 2018, incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2018.
3.2	Bylaws, incorporated by reference from Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 13, 2017
4.1	Specimen Certificate representing shares of common stock of Celcuity Inc., incorporated by reference from Exhibit 4.1 to the Company's Registration Statement on Form S-1/A filed September 12, 2017
31.1*	Certification of Chairman and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chairman and Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Financial statements from the quarterly report on Form 10-Q of the Company for the quarter ended September 30, 2018, formatted in XBRL: (i) the Condensed Balance Sheets, (ii) the Condensed Statements of Operations, (iii) the Condensed Statements of Cash Flows, and (iv) the Notes to Condensed Financial Statements.

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

Dated: November 13, 2018

CELCUITY INC.

By /s/ Brian F. Sullivan

Brian F. Sullivan
Chairman and Chief Executive Officer
(Principal Executive Officer)

By /s/ Vicky Hahne

Vicky Hahne
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian F. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celcuity 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.

Dated: November 13, 2018

By /s/ Brian F. Sullivan
Brian F. Sullivan
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vicky Hahne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celcuity 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.

Dated: November 13, 2018

By /s/ Vicky Hahne
Vicky Hahne
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (the "Report") by Celcuity Inc. ("Registrant"), I, Brian F. Sullivan, the Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 13, 2018

By /s/ Brian F. Sullivan
Brian F. Sullivan
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (the "Report") by Celcuity Inc. ("Registrant"), I, Vicky Hahne, the Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 13, 2018

By /s/ Vicky Hahne
Vicky Hahne
Chief Financial Officer