UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011.

or

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

For the transition period from to .

Commission File Number: 000-52089

InVivo Therapeutics Holdings Corp.
(Exact name of registrant as specified in its charter)

Nevada	**36-4528166**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
One Broadway, 14th Floor, Cambridge MA	**02142**
(Address of principal executive offices)	**(Zip code)**

(617)-475-1520
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

As of November 14, 2011, 52,038,062 shares of the registrant's Common Stock $0.00001 par value, were issued and outstanding.

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INVIVO THERAPEUTICS HOLDINGS CORP.
Quarterly report on Form 10-Q for the period ended September 30, 2011

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Balance Sheets

	As of September 30, 2011 Unaudited	As of December 31, 2010
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 3,686,929	$ 8,964,194
Restricted cash	155,000	—
Prepaid expenses	119,523	81,166
Total current assets	3,961,452	9,045,360
Property and equipment, net	520,992	280,181
Other assets	121,764	53,639
Total assets	$ 4,604,208	$ 9,379,180
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current liabilities:		
Accounts payable	$ 553,807	$ 336,945
Loan payable-current portion	41,666	—
Capital lease payable-current portion	32,906	—
Derivative warrant liability	4,087,355	10,647,190
Accrued expenses	359,081	247,547
Total current liabilities	5,074,815	11,231,682
Loan payable-less current portion	76,391	—
Capital lease payable-less current portion	43,281	—
Total liabilities	5,194,487	11,231,682
Commitments and contingencies		
Stockholders' deficit:		
Common stock, $0.00001 par value, authorized 200,000,000 and 100,000,000 shares at September 30, 2011 and December 31, 2010, respectively; issued and outstanding 52,005,902 and 51,647,171 shares at September 30, 2011 and December 31, 2010, respectively.	520	516
Additional paid-in capital	12,079,127	11,235,829
Deficit accumulated during the development stage	(12,669,926)	(13,088,847)
Total stockholders' deficit	(590,279)	(1,852,502)
Total liabilities and stockholders' deficit	$ 4,604,208	$ 9,379,180

See notes to the consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Period from November 28, 2005 (inception) to September 30, 2011
Operating expenses:					
Research and development	$ 1,016,865	$ 324,626	$ 3,045,426	$ 950,059	$ 7,826,413
General and administrative	1,196,455	424,050	3,095,877	974,942	6,791,542
Total operating expenses	2,213,320	748,676	6,141,303	1,925,001	14,617,955
Operating loss	(2,213,320)	(748,676)	(6,141,303)	(1,925,001)	(14,617,955)
Other income (expense):					
Other income	—	—	—	—	383,000
Interest income	4,778	47	7,539	267	18,829
Interest expense	—	(36,931)	(7,150)	(285,259)	(1,060,805)
Derivatives gain (loss)	5,275,591	(51,195)	6,559,835	(51,195)	2,607,253
Other income (expense), net	5,280,369	(88,079)	6,560,224	(336,187)	1,948,277
Net income (loss)	$ 3,067,049	$ (836,755)	$ 418,921	$ (2,261,188)	$(12,669,678)
Net income (loss) per share, basic	$ 0.06	$ (0.03)	$ 0.01	$ (0.08)	$ (0.43)
Net income (loss) per share, diluted	$ 0.06	$ (0.03)	$ 0.01	$ (0.08)	$ (0.43)
Weighted average number of common shares outstanding, basic	51,889,111	31,147,190	51,743,138	29,378,512	29,782,271
Weighted average number of common shares outstanding, diluted	54,269,856	31,147,190	54,198,981	29,378,512	29,782,271

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Period from November 28, 2005 (inception) to September 30, 2011
Cash flows from operating activities:			
Net income (loss)	$ 418,921	$(2,261,188)	$(12,669,678)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	101,599	36,136	194,564
Non-cash derivatives (gain) loss	(6,559,835)	51,195	(2,607,253)
Non-cash interest expense	—	236,286	962,834
Common stock issued for services	200,676	—	200,676
Share-based compensation expense	622,141	364,128	1,500,981
Changes in operating assets and liabilities:			
Restricted cash	(155,000)	—	(155,000)
Prepaid expenses	(28,306)	(40,117)	(109,472)
Other assets	(75,000)	—	(150,000)
Accounts payable	216,862	58,333	553,807
Accrued interest payable	—	13,968	(15,256)
Accrued expenses	111,534	(207,807)	359,081
Net cash used in operating activities	(5,146,408)	(1,749,066)	(11,934,716)
Cash flows from investing activities:			
Purchases of property and equipment	(241,995)	(24,610)	(593,780)
Net cash used in investing activities	(241,995)	(24,610)	(593,780)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes payable	—	700,000	4,181,000
Proceeds from convertible bridge notes	—	—	500,000
(Repayment of) proceeds from loans payable	118,057	(90,985)	118,057
Principal payments on capital lease obligation	(17,353)	—	(17,353)
Proceeds from issuance of common stock and warrants	10,434	1,000,000	11,433,721
Net cash provided by financing activities	111,138	1,609,015	16,215,425
(Decrease) Increase in cash and cash equivalents	(5,277,265)	(164,661)	3,686,929
Cash and cash equivalents at beginning of period	8,964,194	226,667	—
Cash and cash equivalents at end of period	3,686,929	$ 62,006	$ 3,686,929

(continued)

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Cash Flows (Concluded)
(Unaudited)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Period from November 28, 2005 (inception) to September 30, 2011
Supplemental disclosure of cash flow information and non-cash transactions:			
Cash paid for interest	$ 5,077	$ 29,586	$ 97,517
Conversion of convertible notes payable and accrued interest into common stock	$ —	$3,323,128	$ 4,672,484
Conversion of convertible bridge note payable and accrued interest into common stock	$ —	$ —	$ 504,597
Asset acquired through capital lease obligation	$93,540	$ —	$ 93,540
Beneficial conversion feature on convertible and bridge notes payable	$ —	$ 134,410	$ 134,410
Fair value of warrants issued with bridge notes payable	$ —	$ 178,726	$ 178,726
Fair value of warrants issued in connection with loan agreement	$10,051	$ —	$ 10,051
Issuance of founders shares	$ —	$ —	$ 248

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Period Ended September 30, 2011 (Unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Business

InVivo Therapeutics Corporation ("InVivo") was incorporated on November 28, 2005 under the laws of the State of Delaware. InVivo is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. The biopolymer devices are designed to protect the damaged spinal cord from further secondary injury and promote neuroplasticity, a process where functional recovery can occur through the rerouting of signaling pathways to the spared healthy tissue.

Since its inception, InVivo has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, InVivo is considered to be in the development stage.

Reverse Merger

On October 26, 2010, InVivo completed a reverse merger transaction (the "Merger") with InVivo Therapeutics Holdings Corporation (formerly Design Source, Inc.) ("ITHC"), a publicly traded company incorporated under the laws of the State of Nevada. InVivo became a wholly owned subsidiary of ITHC, which continues to operate the business of InVivo. As part of the Merger, ITHC issued 31,147,190 shares of its Common Stock to the holders of InVivo common stock on October 26, 2010 in exchange for the 2,261,862 outstanding common shares of InVivo and also issued 500,000 shares to its legal counsel in consideration for legal services provided. All share and per share amounts presented in these consolidated financial statements have been retroactively restated to reflect the 13.7706 to 1 exchange ratio of InVivo shares for ITHC shares in the Merger. Immediately prior to the Merger, ITHC had 6,999,981 shares of Common Stock outstanding.

The Merger was accounted for as a "reverse merger," and InVivo is deemed to be the accounting acquirer. The Merger was recorded as a reverse recapitalization, equivalent to the issuance of common stock by InVivo for the net monetary assets of ITHC accompanied by a recapitalization. At the date of the Merger, the 6,999,981 outstanding ITHC shares were reflected as an issuance of InVivo common stock to the prior shareholders of ITHC. ITHC had no net monetary assets as of the Merger so this issuance was recorded as a reclassification between additional paid-in capital and par value of Common Stock.

The historical consolidated financial statements are those of InVivo as the accounting acquirer. The post-merger combination of ITHC and InVivo is referred to throughout these notes to consolidated financial statements as the "Company." Subsequent to the Merger, the Company completed three closings as part of a private placement.

On October 26, 2010, in connection with the Merger described above, ITHC transferred all of its operating assets and liabilities to its wholly-owned subsidiary, D Source Split Corp., a company organized under the laws of Nevada ("DSSC"). DSSC was then split-off from ITHC through the sale of all outstanding shares of DSSC (the "Split-Off"). The assets and liabilities of ITHC were transferred to the Split-Off Shareholders in the Split-Off. ITHC executed a split off agreement with the Split-Off Shareholders which obligates the Split-Off Shareholders to assume all prior liabilities associated with Design Source, Inc. and all DSSC liabilities. In conjunction with the Split-Off, certain shareholders of ITHC surrendered for cancellation shares of ITHC common stock for no additional consideration. The purpose of the Split-Off was to make ITHC a shell company with no assets or liabilities in order to facilitate the Merger. Although all transactions related to the Merger occurred simultaneously, the Split-Off, including the cancellation of shares, was considered to have occurred immediately prior to the Merger for accounting purposes. As the accounting acquiree in a reverse merger with a shell company, the historical financial statements of ITHC are not presented and these ITHC transactions are not reflected in the Company's accompanying consolidated financial statements.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("GAAP") consistent with those applied in, and should be read in conjunction with, the Company's audited financial statements and related footnotes for the year ended December 31, 2010 included in the Company's Annual Report on Form 10-K, as amended, as filed with the United States Securities and Exchange Commission ("SEC"). The unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company's financial position as of September 30, 2011 and its results of operations and cash flows for the interim periods presented and are not necessarily indicative of results for subsequent interim periods or for the full year. The interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements as allowed by the relevant SEC rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading.

2. CASH AND CASH EQUIVALENTS

As of September 30, 2011, the Company held approximately $3,700,000 in cash and cash equivalents. From time to time, the Company may have cash balances in financial institutions in excess of insurance limits. The Company has never experienced any losses related to these balances. All of the Company's non-interest bearing cash balances were fully insured at September 30, 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit on the amount of insurance for eligible accounts. Beginning in 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and non-interest bearing cash balances may again exceed federally insured limits. The Company's cash equivalents are in money market funds and certificates of deposit. The cash and cash equivalents in interest-bearing accounts and non-interest bearing accounts ineligible under the program amounted to approximately $3,370,000 as of September 30, 2011. Restricted cash represents a $105,000 security deposit related to the Company's credit card account and a $50,000 minimum balance in a checking account that is required as part of a loan agreement.

3. FAIR VALUE OF ASSETS AND LIABILITIES

The Company groups its assets and liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses valuation methods and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	September 30, 2011			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$ 4,087,355	—	$ 4,087,355

	December 31, 2010			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$10,647,190	—	$10,647,190

4. COMMITMENTS

Operating Lease Commitment

The Company leases approximately 1,200 square feet of laboratory and office space in Medford, Massachusetts under a lease expiring November 14, 2012. Future minimum lease payments under this operating lease are approximately as follows:

	Amount
For the years ending December 31,	
2011	$11,976
2012	43,139
Total	$55,115

The Company's rent expense under this lease was approximately $12,000 and $39,000 for the three and nine months ended September 30, 2011. Total rent expense in these periods was approximately $88,000 and $267,000, respectively.

Other Commitments

In February 2011, the Company entered into an agreement with a contract research organization to perform non-human clinical trials. The agreement requires total payments of $850,000 of which $425,000 was paid upon execution of the contract. The remaining $425,000 is expected to be paid in the fourth quarter of 2011.

Registration Payment Arrangements

In connection with the Merger (see Note 1), the Company completed a private placement of 13,000,000 Units of its securities. The Company entered into a Registration Rights Agreement with the private placement investors, whereby the Company agreed to register common stock as defined in the agreement. The Company was required to file within 90 days of the date of the final closing (the "Filing Deadline"), a registration statement registering for resale all shares of Common Stock issued in the private placement, including Common Stock (i) included in the Units; and (ii) issuable upon exercise of the Investor Warrants. On July 29, 2011, the SEC declared that the Company's Registration Statement was effective. The Company has an on-going responsibility to maintain the effectiveness of the Registration Statement until the earlier of: (i) one year from the date of effectiveness or, (ii) when Rule 144 of the Securities Act is available to the private placement investors.

5. CAPITAL LEASE OBLIGATION

In February 2011, the Company entered into a capital lease agreement under which the Company leased certain laboratory equipment. Capital lease obligation consisted of the following:

	September 30, 2011
Capital lease payable	$ 76,187
Less: current portion	(32,906)
	$ 43,281

The total value of the laboratory equipment acquired under this capital lease agreement was $124,151. The capital lease is payable in monthly installments of $2,812 payable over thirty six months with the final payment due in January 2014. For the three and nine months ended September 30, 2011, interest expense recorded on the capital lease was $949 and $2,973, respectively. For the three and nine months ended September 30, 2011, depreciation expense was $6,208 and $16,553, respectively.

6. LOAN PAYABLE

In June 2011, the Company entered into a loan agreement with a bank. The loan agreement provides the Company with a $1,000,000 line of credit for the purchase of capital equipment. The line is available to the Company until December 31, 2011. The annual interest rate is the greater of 6.75% or 3.50% above the Prime Rate. Borrowings are repayable in equal monthly installments over a thirty six month period. The Company was assessed a $7,500 commitment fee and issued the bank a warrant for the purchase of 16,071 shares of Common Stock. The warrant has a seven year term and is exercisable at $1.40 per share. The fair value of the warrant was determined to be approximately $10,000 and was recorded as a deferred financing cost that will be amortized to interest expense over a three year period commencing from the date of the first draw from the equipment line of credit. Amortization of the deferred financing costs in the three and nine months ended September 30, 2011 was $2,073. As of September 30, 2011, there was a total of $125,000 advanced on the equipment line of credit. The equipment line of credit is secured by substantially all the assets of the Company excluding intellectual property. In accordance with the agreement, the Company is required to maintain its primary banking and investments accounts with the commercial bank and a deposit of not less than $50,000 at the bank. The loan payable at September 30, 2011 consisted of the following:

	September 30, 2011
Equipment Loan	$ 118,057
Less: current portion	(41,666)
	$ 76,391

Interest expense related to the loan payable in the three and nine months ended September 30, 2011 was $1,433.

7. COMMON STOCK

The Company has authorized 200,000,000 shares of Common Stock, $0.00001 par value per share, of which 52,005,902 shares and 51,647,171 shares were issued and outstanding as of September 30, 2011 and December 31, 2010, respectively.

In February 2011, the Company issued 27,541 shares of Common Stock upon the exercise of stock options and received cash proceeds of $1,999.

In June 2011, the Company issued 65,000 unregistered shares with a fair value of approximately $55,000 to an investor relations firm in exchange for services provided.

In August 2011, the Company issued 150,000 unregistered shares with a fair value of approximately $142,500 to a firm providing investor relations services.

On August 5, 2011, Company issued 116,190 shares of Common Stock upon the exercise of stock options and received cash proceeds of $8,435.

8. DERIVATIVE INSTRUMENTS

Derivative financial instruments are recognized as a liability on the consolidated balance sheet and measured at fair value.

At September 30, 2011 and December 31, 2010, the Company had outstanding warrants to purchase 18,800,000 shares of its Common Stock which are considered to be derivative instruments since the agreements contain provisions that include anti-dilution protection and, under certain conditions, grant the right to the holder to request the Company to repurchase the warrant. The Company uses the Black-Scholes option pricing model and assumptions that consider, among other factors, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments. The fair value of these derivative instruments at September 30, 2011 and December 31, 2010 were $4,087,355 and $10,647,190, respectively. Changes in fair value of the derivative financial instruments are recognized currently in the Statement of Operations as a derivatives gain or loss. The warrant derivative gain for the three and nine months ended September 30, 2011 was $5,275,590 and $6,559,834, respectively, and was included in other income (expense) in the consolidated statement of operations. The warrant derivative loss for the three and nine months ended September 30, 2010 was $51,195.

The assumptions used principally in determining the fair value of warrants were as follows:

	As of September 30, 2011
Risk free interest rate	.96%
Expected dividend yield	0%
Contractual term	3.9-4.2 years
Expected volatility	67%

The primary underlying risk exposure pertaining to the warrants is the change in fair value of the underlying Common Stock for each reporting period.

The table below presents the changes in derivative warrant liability during the nine months ended September 30, 2011:

	Nine Months Period Ended September 30, 2011
Balance as of December 31, 2010	$ 10,647,190
Change in fair value of warrants with anti-dilution provisions	(6,559,835)
Balance as of September 30, 2011	$ 4,087,355

9. STOCK OPTIONS

In 2007, the Company adopted the 2007 Employee, Director and Consultant Stock Plan (the “2007 Plan”). Pursuant to the 2007 Plan, the Company’s Board of Directors (or committees and/or executive officers delegated by the Board of Directors) may grant incentive and nonqualified stock options to the Company’s employees, officers, directors, consultants and advisors. As of September 30, 2011, there were options to purchase an aggregate of 4,379,005 shares of Common Stock outstanding under the 2007 Plan and no shares available for future grants under the 2007 Plan.

On October 26, 2010, the Company’s Board of Directors adopted the 2010 Equity Incentive Plan, (the “2010 Plan”). The Company’s shareholders approved the 2010 Plan, as amended, on August 3, 2011. The 2010 Plan provides for grants of incentive stock options to employees and nonqualified stock options and restricted Common Stock to employees, consultants and non-employee directors of the Company. As of September 30, 2011, the number of shares authorized for issuance under the 2010 Plan was 3,500,000 shares. As of September 30, 2011, there were options to purchase an aggregate of 940,000 shares of Common Stock outstanding under the 2010 Plan and 2,560,000 shares available for future grants under the 2010 Plan. Options issued under the 2007 Plan and the 2010 Plan (collectively the “Plans”) are exercisable for up to 10 years from the date of issuance.

Share-based compensation

For stock options issued and outstanding for the three and nine months ended September 30, 2011, the Company recorded non-cash, stock-based compensation expense of $111,799 and $622,141, respectively, net of forfeitures.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Due to its limited operating history and limited number of sales of its Common Stock, the Company estimated its volatility in consideration of a number of factors including the volatility of comparable public companies. The Company uses historical data, as well as subsequent events occurring prior to the issuance of the financial statements, to estimate option exercises and employee terminations within the valuation model. The expected term of options granted under the Plans, all of which qualify as “plain vanilla,” is based on the average of the contractual term (generally 10 years) and the vesting period (generally 48 months). For non-employee options, the expected term is the contractual term. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option.

The assumptions used principally in determining the fair value of options granted to employees were as follows:

	As of September 30, 2011
Risk-free interest rate	1.89%
Expected dividend yield	0%
Expected term (employee grants)	6.21 years
Expected volatility	67%

A summary of option activity under the Plans and options granted to officers of the Company outside any plan as of September 30, 2011 and changes during the nine months then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2010	6,195,557	$ 0.59		
Granted	580,000	$ 1.08		
Forfeited	(1,392,821)	$ 0.93		
Exercised	(143,731)	$ 0.07		
Outstanding at September 30, 2011	5,239,005	$ 0.57	7.48	$1,609,324
Exercisable at September 30, 2011	2,808,842	$ 0.27	6.47	$1,404,070

The weighted average grant-date fair value of options granted during the nine months ended September 30, 2011 was $0.54 per share. The total fair value of options that vested in the nine months ended September 30, 2011 was $1,404,070. As of September 30, 2011, there was approximately $933,637 of total unrecognized compensation expense, related to non-vested share-based option compensation arrangements. The unrecognized compensation expense is estimated to be recognized over a period of 2.84 years at September 30, 2011.

In September 2011, the Company granted 80,000 shares of Common Stock under the 2010 Plan to a consultant as a restricted stock award with 30,000 shares vesting upon FDA clearance of an Investigational Device Exemption to permit the commencement of a human clinical trial and 50,000 shares vesting upon FDA approval of the Company’s biopolymer scaffolding device to treat spinal cord injuries. The Company determined upon grant that the vesting of the 30,000 shares is probable and the fair value of these shares at $23,400 is being amortized over an eight month period from September 2011 through April 2012. The Company has determined that vesting of the 50,000 shares is not probable at this time. For the three and nine months ended September 30, 2011, the Company amortized $2,925 of stock compensation expense.

In September 2011, the Company entered into an employment agreement for a Chief Science Officer. The agreement requires the Company to issue 775,000 stock options at an exercise price equal to the closing price of the common stock on the date of grant upon commencement of employment which is anticipated to be December 2011. These options will have a vesting period of four years.

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10. WARRANTS

The following presents information about warrants to purchase Common Stock issued and outstanding at September 30, 2011:

Year Issued	Classification	Number of Warrants	Exercise Price	Date of Expiration
2010	Derivative	15,600,000	$ 1.40	10/26/2015-12/3/2015
2010	Derivative	3,200,000	1.00	9/26/2015-12/3/2015
2011	Equity	16,071	1.40	6/17/2018
Total		18,816,071		
Weighted average exercise price			$ 1.33	
Weighted average life in years				4.0

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

The following management's discussion and analysis should be read in conjunction with the Company's historical consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010, as amended (the "2010 Annual Report"). The management's discussion and analysis contains forward-looking statements that involve risks and uncertainties, including those we detailed under "Risk Factors" in Item 1A of our 2010 Annual Report, such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and the like, and/or future tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this quarterly report. The Company's actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this quarterly report.

The discussion and analysis of the Company's financial condition and results of operations are based on the Company's financial statements, which the Company has prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires the Company 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 revenues and expenses during the reporting periods. On an ongoing basis, the Company evaluates such estimates and judgments, including those described in greater detail below. The Company bases its estimates on historical experience and on various other factors that the Company believes 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. Actual results may differ from these estimates under different assumptions or conditions.

Overview

The Company is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. The biopolymer devices are designed to protect the damaged spinal cord from further secondary injury and promote neuroplasticity, a process where functional recovery can occur through the rerouting of signaling pathways to the spared healthy tissue.

Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, the Company is considered to be in the development stage.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management 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 and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, we evaluate our estimates and judgments for all assets and liabilities, including those related to stock-based compensation expense and the fair value determined for stock purchase warrants classified as derivative liabilities. We base our estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no changes in our critical accounting policies and estimates from our 2010 Annual Report, as amended. We believe that full consideration has been given to all relevant circumstances that we may be subject to, and the consolidated financial statements accurately reflect our best estimate of the results of operations, financial position and cash flows for the periods presented.

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Results of Operations

Comparison of three months ended September 30, 2011 and 2010

Research and Development Expenses

Research and development expenses consist primarily of payments to contract research and development companies and payroll. Research and development expenses increased by $692,000 to approximately $1,017,000 for the three months ended September 30, 2011 from approximately $325,000 for the three months ended September 30, 2010. The increase in expenses is primarily attributable to the hiring of additional personnel and an increase in costs of pre-clinical studies.

General and Administrative Expenses

General and administrative expenses consist primarily of payroll, rent and professional services. General and administrative expenses increased by $773,000 to approximately $1,197,000 for the three months ended September 30, 2011 from approximately $424,000 for the three months ended September 30, 2010. The increase in expenses is primarily attributable to an increase in costs associated with operating as a public company and increases in rent, salary and benefit costs.

Interest expense

Interest expense decreased by $37,000 to zero for the three months ended September 30, 2011 from approximately $37,000 for the three months ended September 30, 2010. The decrease in interest expense is due to the conversion into common stock of the remaining balance of the convertible notes payable as of September 30, 2010.

Derivatives Gain (Loss)

Derivatives gain (loss) was approximately $5,276,000 and ($51,000) for the three months ended September 30, 2011 and 2010, respectively, and reflects primarily the decrease in the fair value of the underlying common stock during the period.

Comparison of nine months ended September 30, 2011 and 2010

Research and Development Expenses

Research and development expenses increased by $2,095,000 to $3,045,000 for the nine months ended September 30, 2011 from approximately $950,000 for the nine months ended September 30, 2010. The increase in expenses is primarily attributable to the hiring of additional personnel and an increase in costs of pre-clinical studies.

General and Administrative Expenses

General and administrative expenses increased by $2,121,000 to approximately $3,096,000 for the nine months ended September 30, 2011 from approximately $975,000 for the nine months ended September 30, 2010. The increase in expenses is primarily attributable to an increase in costs associated with operating as a public company and increases in rent, salary and benefit costs.

Interest expense

Interest expense decreased by $278,000 to approximately $7,000 for the nine months ended September 30, 2011 from approximately $285,000 for the nine months ended September 30, 2010. The decrease in interest expense is due to the conversion into common stock of the remaining balance of the convertible notes payable as of September 30, 2010.

Derivatives Gain (Loss)

Derivatives gain (loss) was approximately $6,560,000 and ($51,000) for the nine months ended September 30, 2011 and 2010, respectively, and reflects primarily the decrease in the fair value of underlying common stock during the period.

Financial Condition, Liquidity and Capital Resources

Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, the Company is considered to be in the development stage.

Since inception, the Company has experienced negative cash flows from operations. The Company has financed its operations primarily through the sale of equity-related securities. At September 30, 2011, the accumulated deficit was approximately $12,670,000 and the stockholders' deficit was approximately $590,000.

At September 30, 2011, we had total current assets of approximately $3,961,000 and current liabilities of approximately $5,075,000 resulting in a working capital deficit of approximately $1,114,000. At September 30, 2011, the Company had total assets of approximately $4,604,000 and total liabilities of approximately $5,194,000, resulting in a stockholders' deficit of $590,000.

Net cash used by operating activities for the nine months ended September 30, 2011 was approximately $5,146,000. The Company spent approximately $242,000 for the nine months ended September 30, 2011 on the purchase of equipment. The Company spent $17,000 on principal payments to repay a capital lease. Proceeds from a loan payable provided $118,000. The Company generated approximately $10,000 from issuance of Common Stock.

At September 30, 2011, the Company had cash of approximately $3,687,000 and the Company expects the cash to fund its operations through March 31, 2012. The Company will need to raise substantial additional capital to complete its clinical trials, obtain marketing approvals and commercialize its products.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, including unrecorded derivative instruments that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We have certain warrants and options outstanding but we do not expect to receive significant proceeds from the exercise of these instruments unless and until the trading price of our Common Stock is significantly greater than the applicable exercise prices of the options and warrants.

Effect of Inflation and Changes in Prices

Management does not believe that inflation and changes in price will have a material effect on our operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

This information has been omitted as the Company qualifies as a smaller reporting company.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of Frank Reynolds, our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that the information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 5. Other Information.

During the quarter ended September 30, 2011, we made no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors, as described in our most recent proxy statement.

Item 6. Exhibits.

The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed with or incorporated by reference in this report.

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.

INVIVO THERAPEUTICS HOLDINGS CORP.

Date: November 14, 2011	*By: /s/ Frank M. Reynolds*
	Name: Frank M. Reynolds
	Title: Chief Executive Officer and Chief Financial Officer
	(Principal Executive, Financial and Accounting Officer)

EXHIBIT INDEX

3.1	Articles of Incorporation of InVivo Therapeutics Holdings Corp., as amended.
10.1	Employment Offer Letter from the Company to Dr. Edward D. Wirth III, dated September 24, 2011 (incorporated by reference from Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 14, 2011).
31.1/31.2	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1/32.2	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

ARTICLES OF INCORPORATION

OF

DESIGN SOURCE, INC.

*** * * * ***

FIRST

The name of the corporation is Design Source, Inc.

SECOND

Its principal office in the state of Nevada is located at 101 Convention Center Dr. #700, Las Vegas, Nevada 89109. The name and address of its resident agent is Nevada Corporate Headquarters, Inc., 101 Convention Center Dr. #700, Las Vegas, Nevada 89109.

THIRD

The purpose or purposes for which the corporation is organized:

To engage in and carry on any lawful business activity or trade, and any activities necessary, convenient, or desirable to accomplish such purposes, not forbidden by law or by these articles of incorporation.

FOURTH

The amount of the total authorized capital stock of the corporation is One Thousand Dollars ($1,000.00) consisting of One Hundred Million (100,000,000) shares of common stock of the par value of $0.00001 each.

FIFTH

The governing board of this corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this corporation.

There are three initial members of the Board of Directors and their names and addresses are:

NAME	POST-OFFICE ADDRESS
John Ciannamea	2113 Wisley Way Wake Forest, North Carolina 27514
Bradford B. Walters	32 Wedgewood Road Chapel Hill, North Carolina 27514
Nikola Stefanovic	5630 West Market Street Apartment H Greensboro, North Carolina 27409

The number of members of the Board of Directors shall not be less than one nor more than thirteen.

SIXTH

The capital stock, after the amount of the subscription price, or par value, has been paid in shall not be subject to assessment to pay the debts of the corporation.

SEVENTH

The name and addresses of each of the incorporators signing the Articles of Incorporation are as follows:

NAME	POST-OFFICE ADDRESS
Conrad C. Lysiak	601 West First Avenue Suite 503 Spokane, Washington 99201

EIGHTH

The corporation is to have perpetual existence.

NINTH

In furtherance, and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

Subject to the bylaws, if any, adopted by the stockholders, to make, alter or amend the bylaws of the corporation.

To fix the amount to be reserved as working capital over and above its capital stock paid in, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

By resolution passed by a majority of the whole board, to designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the corporation, which, to the extent provided in the resolution or in the bylaws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the bylaws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of stockholders holding stock entitling them to exercise at least a majority of the voting power given at a stockholders’ meeting called for that purpose, or when authorized by the written consent of the holders of at least a majority of the voting stock issued and outstanding, the board of directors shall have power and authority at any meeting to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions as its board of directors deem expedient and for the best interests of the corporation.

TENTH

Meeting of stockholders may be held outside the State of Nevada, if the bylaws so provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Nevada at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

ELEVENTH

This corporation reserves the right to amend alter, change or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, or by the Articles of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

TWELFTH

The corporation shall indemnify its officers, directors, employees and agents to the full extent permitted by the laws of the State of Nevada.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Nevada, do make and file these Articles of Incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set my hand this 24th day of March, 2003.

/s/ Conrad C. Lysiak
CONRAD C. LYSIAK

STATE OF WASHINGTON)
) SS.
COUNTY OF SPOKANE)

On ths 24th day of March, 2003, before me, a Notary Public, personally appeared CONRAD C. LYSIAK, who severally acknowledged that he executed the above instrument.

/s/ Natasha Spirit Lysiak
Notary Public, residing in the State of Washington, residing in Spokane.

My Commission Expires:

September 18, 2004 [Notary Stamp]

Filed in the office of
/s/ Ross Miller
Ross Miller
Secretary of State
State of Nevada

Document Number
20100747316-61

Filing Date and Time
10/04/2010 2:20 PM

Entity Number
C7829-2003

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 1

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Articles of Merger
(Pursuant to NRS Chapter 92A – excluding 92A.200(4b))

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200):

☐ **If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article one.**

InVivo Therapeutics Holdings Corp.
Name of **merging** entity

Nevada	**Corporation**
Jurisdiction	Entity Type *

Name of merging entity

Jurisdiction	Entity Type *

Name of merging entity

Jurisdiction	Entity Type *

Name of merging entity

Jurisdiction	Entity Type *

and,

Design Source, Inc.
Name of **surviving** entity

Nevada	**Corporation**
Jurisdiction	Entity Type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: $350.00

This form must be accompanied by appropriate fees.

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 2

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2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.1 90):

Attn:

c/o:

3) (Choose one)

☐ The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).

☒ The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180)

4) Owner's approval (NRS 92A.200) (options a, b, or c must be used, as applicable, for each entity)

☐ **if there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.**

(a) Owner's approval was not required from

InVivo Therapeutics Holdings Corp.
Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;
Design Source, Inc.
Name of **surviving** entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: www.nvsos.gov

Articles of Merger
(PURSUANT TO NRS 92A.200)
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(b) The plan was approved by the required consent of the owners of *:

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;

Name of **surviving** entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: www.nvsos.gov

Articles of Merger
(PURSUANT TO NRS 92A.200)
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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;

Name of **surviving** entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 5

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5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

Article One of the Articles of Incorporation of Design Source, Inc. is hereby amended to change the name of the Corporation to InVivo Therapeutics Holdings Corp.

6) Location of Plan of Merger (check a or b):

☐ (a) The entire plan of merger is attached;

or,

☒ (b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

7) Effective date (optional):**

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them “Restated” or “Amended and Restated,” accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

** A merger takes effect upon filing the articles of merger or upon a later date as specified in the articles, which must not be more than 90 days after the articles are filed (NRS 92A.240).

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: www.nvsos.gov

Articles of Merger
(PURSUANT TO NRS 92A.200)
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8) Signatures· Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*

☐ **if there are more than four merging entities, check box and attach an 8 ½" x 11" blank sheet containing the required information for each additional entity from article eight:**

InVivo Therapeutics Holdings Corp.
Name of **merging** entity

X /s/ Peter A. Reichard	Chief Executive Officer	October 4, 2010
Signature	Title	Date

Name of **merging** entity

X		
Signature	Title	Date

Name of **merging** entity

X		
Signature	Title	Date

Name of **merging** entity

X		
Signature	Title	Date

Design Source, Inc.
Name of **surviving** entity

X /s/ Peter A. Reichard	Chief Executive Officer	October 4, 2010
Signature	Title	Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

090201

Filed in the office of	Document Number **20110584127-31**
	Filing Date and Time **08/08/2011 8:36 AM**
Ross Miller Secretary of State State of Nevada	Entity Number **C7829-2003**

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

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Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

InVivo Therapeutics Holdings Corp.

2. The articles have been amended as follows: (provide article numbers, if available)

RESOLVED, that Article V of the Corporation's Articles of Incorporation, as amended, be and hereby is amended by adding the following paragraph at the end of Article V:

The directors shall be divided into three (3) classes. Each such class shall consist, as nearly as may be possible, of one-third of the total number of directors, and any remaining directors shall be included within such groups as the Board of Directors shall designate. The first class of directors will be elected for a term which expires in 2012. The second class will be elected for a term which expires in 2013. The third class will be elected to a term which expires in 2014. At each annual meeting of stockholders, beginning in 2012, successors to the class of directors whose term expires at the annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. No alteration, amendment or repeal of this Article V or the bylaws of the corporation shall be effective to shorten the term of any director holding office at the time of such alteration, amendment or repeal, unless such alteration, amendment or repeal of this Article V has been approved by the holders of the shares of stock entitled to vote thereon.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 64.9% of the voting power.

4. Effective date of filing: (optional) ______________________________
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X Frank Reynolds

Signature of Officer Frank M. Reynolds, Chief Executive Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series; of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may causes this filing to be rejected.

This form must be accompanied by appropriate fees.

090201

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

Filed in the office of	Document Number **20110593460-61**
	Filing Date and Time **08/11/2011 7:28 AM**
Ross Miller Secretary of State State of Nevada	Entity Number **C7829-2003**

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Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

InVivo Therapeutics Holdings Corp.

2. The articles have been amended as follows: (provide article numbers, if available)

RESOLVED, that Article IV of the Corporation's Articles of Incorporation, as amended, be and hereby is amended by replacing Article IV, in its entirety, with the following:

"The total number of shares that this corporation is authorized to issue is Two Hundred Million (200,000,000) shares of Common Stock having a par value of $0.00001 per share."

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendments is: 64.7% of the voting power.

4. Effective date of filing: (optional) ______________________
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X Frank Reynolds

Signature of Officer Frank M. Reynolds, Chief Executive Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitaions or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Exhibit 31.1 / 31.2

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Frank M. Reynolds, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InVivo Therapeutics Holdings Corp.;

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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 14, 2011

/s/ Frank M. Reynolds

Frank M. Reynolds, Principal Executive Officer and Principal Financial Officer

Exhibit 32.1 / 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 Quarterly Report of InVivo Therapeutics Holdings Corp. (the “Company”) on Form 10-Q for the quarter ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Frank M. Reynolds, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Dated: November 14, 2011

/s/ Frank M. Reynolds

Frank M. Reynolds, Chief Executive Officer and Chief Financial Officer