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

FORM 10-K/A
(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

☐ **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 No.)**
One Kendall Square **Suite B14402** **Cambridge, Massachusetts**	**02139**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 863-5500

Securities registered pursuant to Section 12(b) of the Act: None

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

Title of each class
Common Stock, par value $0.00001 per share

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

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

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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. (Check one):

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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates based on the closing price of such stock on the Over-the-Counter Bulletin Board on June 29, 2012 was $ 92,766,620.

As of March 6, 2013, the number of shares outstanding of the registrant's common stock, $0.00001 par value per share, was 66,146,128.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Explanatory Note

This Amendment No. 1 (the "Amendment") to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 of InVivo Therapeutics Holdings Corp. (the "Company"), originally filed with the Securities and Exchange Commission on March 12, 2013 (the "Original Filing"), is being filed solely for the purpose of providing an updated audit report in which the Company's auditor has revised its opinion in the audit report filed with the Original Filing to clarify the inclusion of the cumulative period from November 28, 2005 (inception) to December 31, 2012. In accordance with rule 12b-15, the Company has included in this Amendment the complete text of Item 8 with the revised audit report, however no changes have been made to the financial statements appearing herein.

Other than as expressly set forth in this Amendment, the Company is not amending any other part of the Original Filing. This Amendment continues to speak as of the date of the Original Filing, except as amended by this Amendment, and does not reflect events occurring after the date of the Original Filing, or modify or update any related or other disclosures.

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Item 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of InVivo Therapeutics Holdings Corp.:

We have audited the accompanying consolidated balance sheets of InVivo Therapeutics Holdings Corp. as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes stockholders' deficit and cash flows for the years then ended and for the period from November 28, 2005 (inception) to December 31, 2012 . These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of InVivo Therapeutics Holdings Corp. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended and the period from November 28, 2005 (inception) to December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), InVivo Therapeutics Holdings Corp.'s internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 11, 2013 expressed an unqualified opinion on the effectiveness of InVivo Therapeutics Holdings Corp.'s internal control over financial reporting.

/s/ Wolf & Company, P.C.

Boston, Massachusetts
March 11, 2013

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InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Balance Sheets

	December 31, 2012	December 31, 2011
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 12,825,090	$ 4,363,712
Restricted cash	601,351	547,883
Prepaid expenses and other current assets	143,867	104,022
Total current assets	13,570,308	5,015,617
Property and equipment, net	2,311,942	520,482
Other assets	179,415	166,139
Total assets	$ 16,061,665	$ 5,702,238
LIABILITIES AND STOCKHOLDERS’ DEFICIT:		
Current liabilities:		
Accounts payable	$ 1,152,550	$ 567,195
Loan payable-current portion	—	50,578
Capital lease payable-current portion	32,606	30,724
Derivative warrant liability	14,584,818	35,473,230
Accrued expenses	1,021,275	618,369
Total current liabilities	16,791,249	36,740,096
Loan payable-less current portion	1,578,000	83,794
Capital lease payable-less current portion	2,799	38,042
Total liabilities	18,372,048	36,861,932
Commitments and contingencies		
Stockholders’ deficit:		
Common stock, $0.00001 par value, authorized 200,000,000 shares; issued and outstanding 65,881,122 and 53,760,471 shares at December 31 2012 and 2011, respectively	659	538
Additional paid-in capital	40,842,339	16,656,830
Deficit accumulated during the development stage	(43,153,381)	(47,817,062)
Total stockholders’ deficit	(2,310,383)	(31,159,694)
Total liabilities and stockholders’ deficit	$ 16,061,665	$ 5,702,238

See notes to consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Operations

	Years Ended December 31, 2012	Years Ended December 31, 2011	Period from November 28, 2005 (inception) to December 31, 2012
Operating expenses:			
Research and development	$ 6,375,795	$ 4,102,847	$ 15,259,629
General and administrative	6,403,656	4,555,872	14,655,193
Total operating expenses	12,779,451	8,658,719	29,914,822
Operating loss	(12,779,451)	(8,658,719)	(29,914,822)
Other income (expense):			
Other income	—	—	383,000
Interest income	35,184	8,759	55,233
Interest expense	(71,726)	(12,676)	(1,138,057)
Derivatives gain (loss)	17,479,674	(26,065,579)	(12,538,487)
Other income (expense), net	17,443,132	(26,069,496)	(13,238,311)
Net income (loss)	$ 4,663,681	$ (34,728,215)	$ (43,153,133)
Net income (loss) per share, basic	$ 0.07	$ (0.67)	$ (1.22)
Net income (loss) per share, diluted	$ 0.06	$ (0.67)	$ (1.22)
Weighted average number of common shares outstanding, basic	63,226,899	51,894,871	35,348,456
Weighted average number of common shares outstanding, diluted	71,919,419	51,894,871	35,348,456

See notes to the consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Deficit

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
Balance on inception date, November 28, 2005	—	$ —	$ —	$ —	$ —
Issuance of founders stock	24,787,080	248	—	(248)	—
Share-based compensation expense	—	—	18,347	—	18,347
Net loss	—	—	—	(1,097,702)	(1,097,702)
Balance as of December 31, 2007	24,787,080	248	18,347	(1,097,950)	(1,079,355)
Share-based compensation expense	—	—	24,526	—	24,526
Net loss	—	—	—	(1,564,069)	(1,564,069)
Balance as of December 31, 2008	24,787,080	248	42,873	(2,662,019)	(2,618,898)
Share-based compensation expense	—	—	171,059	—	171,059
Conversion of convertible notes payable and accrued interest	1,472,435	15	1,344,351	—	1,344,366
Net loss	—	—	—	(2,515,878)	(2,515,878)
Balance as of December 31, 2009	26,259,515	263	1,558,283	(5,177,897)	(3,619,351)
Share-based compensation expense	—	—	664,908	—	664,908
Issuance of common stock in March 2010	1,095,258	10	999,990	—	1,000,000
Conversion of convertible notes payable and accrued interest	3,792,417	38	3,328,090	—	3,328,128
Issuance of common stock in reverse merger	6,999,981	70	(70)	—	—
Beneficial conversion feature on notes payable	—	—	272,762	—	272,762
Issuance of common stock in private placement, net of stock issuance costs of $2,072,117 and non stock issuance costs of $5,369,570	12,995,403	130	3,907,274	—	3,907,404
Conversion of convertible bridge notes in conjunction with the private placement	504,597	5	504,592	—	504,597
Net loss	—	—	—	(7,910,950)	(7,910,950)
Balance as of December 31, 2010	51,647,171	516	11,235,829	(13,088,847)	(1,852,502)
Share-based compensation expense	—	—	921,512	—	921,512
Issuance of common stock in private placement	980,392	10	1,999,990	—	2,000,000
Issuance of common stock for services	215,000	2	209,448	—	209,450
Issuance of common stock upon exercise of warrants	734,329	7	988,367	—	988,374
Issuance of common stock upon exercise of stock options	143,731	2	10,433	—	10,435
Issuance of common stock to 401(k) plan	39,848	1	41,661	—	41,662
Fair value of warrants issued for services	—	—	10,051	—	10,051
Fair value of derivative warrant liability reclassified to additional paid-in capital	—	—	1,239,539	—	1,239,539
Net loss	—	—	—	(34,728,215)	(34,728,215)
Balance as of December 31, 2011	53,760,471	538	16,656,830	(47,817,062)	(31,159,694)
Share-based compensation expense	—	—	1,232,959	—	1,232,959
Issuance of common stock in public offering	9,523,810	95	18,154,948	—	18,155,043
Issuance of common stock for services	15,000	—	24,750	—	24,750
Issuance of common stock upon exercise of warrants	1,779,716	18	1,129,077	—	1,129,095
Issuance of common stock upon exercise of stock options	755,020	8	111,597	—	111,605
Issuance of common stock to 401(k) plan	47,105	—	91,524	—	91,524
Fair value of warrants issued for services	—	—	31,916	—	31,916
Fair value of derivative warrant liability reclassified to additional paid-in capital	—	—	3,408,738	—	3,408,738
Net income	—	—	—	4,663,681	4,663,681
Balance as of December 31, 2012	65,881,122	$ 659	$40,842,339	$(43,153,381)	$ (2,310,383)

See notes to the consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Cash Flows

	Years Ended December 31, 2012	Years Ended December 31, 2011	Period from November 28, 2005 (inception) to December 31, 2012
Cash flows from operating activities:			
Net income (loss)	$ 4,663,681	$ (34,728,215)	$ (43,153,133)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization expense	366,893	144,662	604,520
Non-cash derivative (gain) losses	(17,479,674)	26,065,579	12,538,487
Non-cash interest expense	21,870	—	984,704
Common stock issued to 401(k) plan	91,524	41,662	133,186
Common stock issued for services	24,750	209,451	234,201
Share-based compensation expense	1,232,959	921,512	3,033,311
Changes in operating assets and liabilities:			—
Restricted cash	(53,468)	(547,883)	(601,351)
Prepaid expenses and other current assets	(60,575)	(12,805)	(154,546)
Other assets	—	(125,000)	(200,000)
Accounts payable	585,355	230,250	1,152,550
Accrued interest payable	—	—	(15,256)
Accrued expenses	402,906	370,822	1,021,275
Net cash used in operating activities	(10,203,779)	(7,429,965)	(24,422,052)
Cash flows from investing activities:			
Purchases of property and equipment	(2,140,853)	(278,923)	(2,771,561)
Net cash used in investing activities	(2,140,853)	(278,923)	(2,771,561)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes payable	—	—	4,181,000
Proceeds from convertible bridge notes	—	—	500,000
Principal payments on capital lease obligation	(33,361)	(24,774)	(58,135)
Proceeds from loans payable	1,747,000	151,733	1,898,733
Repayment of loans payable	(303,372)	(17,361)	(320,733)
Proceeds from issuance of common stock and warrants	19,395,743	2,998,808	33,817,838
Net cash provided by financing activities	20,806,010	3,108,406	40,018,703
Increase (Decrease) in cash and cash equivalents	8,461,378	(4,600,482)	12,825,090
Cash and cash equivalents at beginning of period	4,363,712	8,964,194	—
Cash and cash equivalents at end of period	$ 12,825,090	$ 4,363,712	$ 12,825,090
Supplemental disclosure of cash flow information and non-cash transactions:			
Cash paid for interest	$ 49,862	$ 8,530	$ 155,909
Conversion of convertible notes payable and accrued interest into common stock	$ —	$ —	$ 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
Fair value of warrants issued with bridge notes payable	$ —	$ —	$ 178,726
Fair value of warrants issued in connection with loan agreement	$ 31,916	$ 10,051	$ 41,967
Issuance of founders shares	$ —	$ —	$ 248
Reclassification of derivative warrant liability to additional paid-in capital	$ 3,408,738	$ 1,239,539	$ 4,648,277

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011, and the Period from
November 28, 2005 (Inception) through December 31, 2012

1. NATURE OF OPERATIONS

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, peripheral nerve injuries and other neurotrauma conditions. In 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 Corp. (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

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NATURE OF OPERATIONS (continued)

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.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the Company in the preparation of the financial statements is as follows:

Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and changes in estimates may occur.

Principles of consolidation

The consolidated financial statements include the accounts of InVivo Therapeutics Holdings Corp. and its wholly-owned subsidiary, InVivo Therapeutics Corporation. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and cash equivalents

The Company considers only those investments which are highly liquid, readily convertible to cash, and that mature within three months from date of purchase to be cash equivalents. Marketable investments are those with original maturities in excess of three months.

At December 31, 2012 and 2011, cash equivalents were comprised of money market funds. The Company had no marketable investments at December 31, 2012 and 2011.

Cash and cash equivalents consist of the following:

	December 31,	
	2012	2011
Cash on hand	$ 209,380	$ 133,035
Money market fund	12,615,710	4,230,677
Total cash and cash equivalents	$ 12,825,090	$ 4,363,712

Restricted cash

Restricted cash of $601,000 represents a $290,000 security deposit related to the Company's credit card account, and a $311,000 standby letter of credit in favor of a landlord (see Note 16).

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SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents and accounts payable approximate fair value based on the short-term nature of these instruments. The carrying value of loans payable approximate their fair value due to the market terms.

Property and equipment

Property and equipment are carried at cost. Depreciation expense is provided over the estimated useful lives of the assets using the straight-line method. A summary of the estimated useful lives is as follows:

Classification	Estimated Useful Life
Computer hardware	5 years
Software	3 years
Office furniture and equipment	5 years
Research and lab equipment	5 years
Leasehold improvements	6.25 years

Depreciation expense for the years ended December 31, 2012 and 2011 was $349,393 and $132,162, respectively. Maintenance and repairs are charged to expense as incurred, while any additions or improvements are capitalized.

Research and development expenses

Costs incurred for research and development are expensed as incurred.

Concentrations of credit risk

The Company has no significant off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other hedging arrangements. The Company may from time to time have cash in banks in excess of FDIC insurance limits.

Segment information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions regarding resource allocation and assessing performance. To date, the Company has viewed its operations and manages its business as principally one operating segment, which is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. As of December 31, 2012 and 2011, all of the Company's assets were located in the United States.

Income taxes

For federal and state income taxes, deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and the tax basis of assets and liabilities. Deferred income taxes are based upon prescribed rates and enacted laws applicable to periods in which differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that some portion or all of the

SIGNIFICANT ACCOUNTING POLICIES (continued)

deferred tax assets will not be realized. Accordingly, the Company provides a valuation allowance, if necessary, to reduce deferred tax assets to amounts that are realizable. Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority.

Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2012 or 2011. Tax years subsequent to 2008 remain open to examination by U.S. federal and state tax authorities.

Impairment of long-lived assets

The Company continually monitors events and changes in circumstances that could indicate that carrying amounts of long-lived assets may not be recoverable. An impairment loss is recognized when expected cash flows are less than an asset's carrying value. Accordingly, when indicators of impairment are present, the Company evaluates the carrying value of such assets in relation to the operating performance and future undiscounted cash flows of the underlying assets. The Company's policy is to record an impairment loss when it is determined that the carrying value of the asset may not be recoverable. No impairment charges were recorded for the years ended December 31, 2012 and 2011.

Share-based payments

The Company recognizes compensation costs resulting from the issuance of stock-based awards to employees, non-employees and directors as an expense in the statement of operations over the service period based on a measurement of fair value for each stock-based award. The fair value of each option grant is estimated as of the date of grant using the Black-Scholes option-pricing model. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Due to its limited operating history, limited number of sales of its Common Stock and limited history of its shares being publicly traded, the Company estimates its volatility in consideration of a number of factors including the volatility of comparable public companies.

Derivative instruments

The Company generally does not use derivative instruments to hedge exposures to cash-flow or market risks; however, certain warrants to purchase Common Stock that do not meet the requirements for classification as equity are classified as liabilities. In such instances, net-cash settlement is assumed for financial reporting purposes, even when the terms of the underlying contracts do not provide for a net-cash settlement. Such financial instruments are initially recorded at fair value with subsequent changes in fair value charged (credited) to operations in each reporting period. If these instruments subsequently meet the requirements for classification as equity, the Company reclassifies the fair value to equity.

Net income (loss) per common share

Basic net income (loss) per share of Common Stock has been computed by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted net income per share of Common Stock has been computed by dividing net income by the weighted average number of shares outstanding

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

plus the dilutive effect, if any, of outstanding stock options, warrants and convertible securities. Diluted net loss per share of Common Stock has been computed by dividing the net loss for the period by the weighted average number of shares of Common Stock outstanding during such period. In a net loss period, options, warrants and convertible securities are anti-dilutive and therefore excluded from diluted loss per share calculations.

Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment, which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company determines that it is more likely than not that the fair value of such an asset exceeds its carrying amount, it would not need to calculate the fair value of the asset in that year. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare that value with its carrying amount and record an impairment charge, if any. The amendments in the ASU are effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012, which is fiscal 2013 for the Company. Early adoption is permitted. The Company is currently assessing its adoption plans.

In December 2011, the FASB issued an ASU 2011-11, Disclosures about Offsetting Assets and Liabilities (Topic 210), that provides amendments for disclosures about offsetting assets and liabilities. The amendments require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Disclosures required by the amendments should be provided retrospectively for all comparative periods presented. For the Company, the amendment is effective for fiscal year 2013. The Company is currently evaluating the impact these amendments may have on its disclosures.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2012	December 31, 2011
Computer software and hardware	$ 362,352	$ 138,662
Research and lab equipment	1,448,226	585,586
Leasehold improvements	298,222	
Office Equipment	756,301	—
Less accumulated depreciation and amortization	(553,159)	(203,766)
Net	$2,311,942	$ 520,482

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

4. OTHER ASSETS

Other assets consist of patent licensing fees paid to license intellectual property (see Note 15). The Company is amortizing the license fee to research and development over its 15-year term.

	December 31, 2012	December 31, 2011
Patent licensing fee	$200,000	$200,000
Accumulated amortization	(51,361)	(33,861)
	$148,639	$166,139

Amortization expense was $17,500 and $12,500 for the years ended December 31, 2012 and 2011, respectively. Amortization expense in each of the next five years is expected to be approximately $17,000 per year.

5. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31, 2012	December 31, 2011
Other accrued expenses	$ 486,603	$ 115,102
Accrued payroll	224,596	358,144
Deferred rent payable	310,076	—
Accrued vacation	—	145,123
	$ 1,021,275	$ 618,369

6. FAIR VALUES 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 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.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

FAIR VALUES OF ASSETS AND LIABILITIES (continued)

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

	December 31, 2012			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$14,584,818	$ —	$14,584,818

	December 31, 2011			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$35,473,230	$ —	$35,473,230

7. CAPITAL LEASE PAYABLE

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:

	December 31,	
	2012	2011
Capital lease payable	$ 35,405	$ 68,766
Less: current portion	(32,606)	(30,724)
	$ 2,799	$ 38,042

The total value of the laboratory equipment acquired under this capital lease agreement was $124,151 including a down payment of approximately $31,000. 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 years ended December 31, 2012 and 2011, interest expense recorded on the capital lease was $3,189 and $3,987, respectively. For the years ended December 31, 2012 and 2011, depreciation expense on the assets under capital lease was $24,831 and $22,761, respectively. The net book value at December 31, 2012 and 2011, amounted to $76,559 and $101,390, respectively.

8. LOAN PAYABLE

In October 2012, the Company entered into a loan agreement with the Massachusetts Development Finance Agency (“MassDev”) from the Commonwealth of Massachusetts’s Emerging Technology fund. The loan agreement provides the Company with a $2,000,000 line of credit, with $200,000 to be used for working capital purposes and the remainder of which is to be used for the purchase of capital equipment. The annual interest rate is fixed at 6.5% with interest payments only commencing on November 1, 2012 for the first thirty months and then equal interest and principal payments over the next fifty-four months with the final maturity on October 5, 2019. Based on the $1,578,000 balance outstanding as of December 31, 2012, equal monthly principal payments of $29,222 will be due commencing on May 1, 2015. Therefore, for the years ending December 31, 2015, 2016, 2017 and thereafter, principal payments of approximately $234,000, $351,000, $351,000 and $642,000, respectively, will be due In September 2012, the Company was assessed commitment fees totaling $15,000, which was charged to interest expense. In October 2012 as part of the commitment fee, the Company issued MassDev a warrant for the purchase of 36,145 shares of Common Stock. The warrant has a seven year term and is exercisable at $1.66 per share. The fair value of the warrant

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LOAN PAYABLE (continued)

was determined to be $31,916 and was recorded as a deferred financing cost and is being amortized to interest expense over a seven year period commencing in October 2012. Amortization of the deferred financing cost for the year ended December 31, 2012 was $1,140 and was included in interest expense. The equipment line of credit is secured by substantially all the assets of the Company excluding intellectual property. In the fourth quarter of 2012, the Company drew on the line and received proceeds of $1,578,000, including $200,000 for working capital purposes and $1,378,000 for capital equipment. Interest expense related to this loan was $14,794 for the year ended December 31, 2012.

In June 2011, the Company entered into a loan agreement with a bank. The loan agreement had provided the Company with a $1,000,000 line of credit for the purchase of capital equipment. The annual interest rate was the greater of 6.75% or 3.50% above the Prime Rate. Borrowings were repayable in equal monthly installments over a thirty six month period. The Company was assessed commitment fees totaling $10,000 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 was being amortized to interest expense over the life of the loan. Under the terms of the MassDev loan disclosed above, in October 2012 the Company repaid the outstanding balance of $134,372 due to the bank and wrote off the remaining deferred financing costs. Amortization of deferred interest on this loan for the years ended December 31, 2012 and 2011 was $6,219 and $4,146, respectively, and was included in interest expense Interest expense related to the loan payable to the bank was $16,428 and $8,334 for the years ended December 31, 2012 and 2011, respectively.

At December 31, loans payable consist of the following:

	December 31, 2012	December 31, 2011
Equipment Loan	$1,578,000	$134,372
Less: current portion	—	(50,578)
	$1,578,000	$ 83,794

9. INCOME TAXES

No provision or benefit for federal or state income taxes has been recorded, as the Company has incurred a net loss for all of the periods presented, and the Company has provided a full valuation allowance against its deferred tax assets.

At December 31, 2012, the Company had Federal and Massachusetts net operating loss carryforwards of approximately $26,533,000 and $23,328,000, respectively, of which federal carryforwards will expire in varying amounts beginning in 2026. Massachusetts net operating losses began to expire in 2011. Utilization of net operating losses may be subject to substantial annual limitations due to the “change in ownership” provisions of the Internal Revenue Code, and similar state provisions. The annual limitations may result in the expiration of net operating losses before utilization. The Company also had research and development tax credit carryforwards at December 31, 2012 of approximately $258,000 which will begin to expire in 2021 unless previously utilized.

INCOME TAXES (continued)

Significant components of the Company's net deferred tax asset are as follows:

	December 31, 2012	December 31, 2011
Net operating loss carryforward	$ 10,329,617	$ 5,896,441
Research and development credit carryforward	329,584	257,110
Stock-based compensation	1,090,746	740,714
Depreciation and amortization	(81,305)	—
Charitable contributions	72,693	68,694
Subtotal	11,741,335	6,962,959
Valuation allowance	(11,741,335)	(6,962,959)
Net deferred taxes	$ —	$ —

The Company has maintained a full valuation allowance against its deferred tax assets in all periods presented. A valuation allowance is required to be recorded when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. Since the Company cannot be assured of generating taxable income and thereby realizing the net deferred tax assets, a full valuation allowance has been provided. In the years ended December 31, 2012 and 2011, the valuation allowance increased by $4,778,000 and $3,374,000, respectively.

The Company has no uncertain tax positions at December 31, 2012 and 2011 that would affect its effective tax rate. The Company does not anticipate a significant change in the amount of uncertain tax positions over the next twelve months. Since he Company is in a loss carryforward position, the Company is generally subject to US federal and state income tax examinations by tax authorities for all years for which a loss carryforward is available.

Income tax benefits computed using the federal statutory income tax rate differs from the Company's effective tax rate primarily due to the following:

	December 31, 2012	December 31, 2011
Statutory rate	34.0%	34.0%
State taxes, net of benefit	-14.2%	1.4%
Permanent differences:		
Derivative losses	-127.4%	-25.7%
Other	-1.9%	-0.2%
R&D tax credit	7.0%	0.2%
Increase in valuation reserve	102.5%	-9.7%
	0.0%	0.0%

10. COMMON STOCK

The Company has authorized 200,000,000 shares of Common Stock, $0.00001 par value per share, of which 65,881,122, shares were issued and outstanding as of December 31, 2012, and 53,760,471 shares were issued and outstanding as of December 31, 2011.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

COMMON STOCK (continued)

In February 2012, the Company completed a public offering of Common Stock and issued 9,523,810 shares of Common Stock at a purchase price of $2.10 per common share. The offering raised gross proceeds of approximately $20,000,000 and the Company received net proceeds of $18,155,000 after deducting underwriter discounts and offering expenses.

During the year ended December 31, 2012, the Company issued 755,020 shares of Common Stock upon the exercise of stock options and received cash proceeds of approximately $112,000.

During the year ended December 31, 2012, the Company issued 1,779,716 shares of Common Stock upon the exercise of warrants, including warrants to purchase 1,865,670 shares of Common Stock exercised through cashless exercise provisions and warrants to purchase 852,946 shares of Common Stock exercised for cash, providing cash proceeds of $1,129,000.

During 2012, the Company issued 15,000 unregistered shares with a fair value of approximately $25,000 to an investor relations firm in exchange for services provided.

During the year ended December 31, 2012, the Company issued 47,105 shares of common stock with a fair value of $91,524 to the Company's 401(k) plan as a matching contribution.

In December 2011, the Company completed a private placement with an investor that raised $2,000,000 of net proceeds. In this transaction the Company issued 980,392 shares of unregistered common stock and a warrant to purchase 343,137 shares exercisable at $03.06 per share with a five year term. The warrant was recorded as a debit and credit to additional paid-in capital.

During 2011, the Company issued 143,731 shares of Common Stock upon the exercise of stock options and received cash proceeds of approximately $10,000.

During 2011, the Company issued 215,000 unregistered shares with a fair value of approximately $198,000 to an investor relations firms in exchange for services provided.

In 2011, the Company issued 39,848 shares with a fair value of approximately $42,000 to the Company's 401(k) plan as a matching contribution.

During the fourth quarter of 2011, the Company issued 734,329 shares upon the exercise of warrants and received cash proceeds of approximately $988,000.

Common Stock Reserves

As of December 31, 2012, the Company had the following reserves established for the future issuance of Common Stock as follows:

Reserves for the exercise of warrants	15,723,504
Reserves for the exercise of stock options	10,123,985
Total Reserves	25,847,489

11. DERIVATIVE INSTRUMENTS

Certain warrants outstanding have provisions that include anti-dilution protection and, under certain conditions, grant the right to the holder to request the Company to repurchase the warrant. Accordingly, these warrants are accounted for as derivative liabilities. The Company uses the Black-Scholes option

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DERIVATIVE INSTRUMENTS (continued)

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 December 31, 2012 and 2011 was $14,584,818 and $35,473,230, respectively and is included as a derivative warrant liability, a current liability. 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 gains (losses) are non-cash income (expenses) and for the years ended December 31, 2012 and 2011 $17,479,674 and $(26,065,579) respectively were included in other income (expense) in the consolidated statements of operations.

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

	As of December 31,	
	2012	2011
Risk free interest rate	0.32-0.35%	0.52-0.58%
Expected dividend yield	0%	0%
Contractual term	2.7-2.9 years	3.7-3.9 years
Expected volatility	73%	79%

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 years ended December 31, 2012 and 2011:

	Year Ended December 31,	
	2012	2011
Balance at beginning of year	$ 35,473,230	$ 10,647,190
Increase (decrease) in the fair value of the warrants	(17,479,674)	26,065,579
Reduction in derivative liability due to exercise of warrants	(3,408,738)	(1,239,539)
Balance at end of year	$ 14,584,818	$ 35,473,230

12. 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 December 31, 2012, there were options to purchase an aggregate of 3,630,756 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 and the Company’s shareholders subsequently approved the 2010 Equity Incentive Plan, (the “2010 Plan”). The Company’s shareholders approved amendments to the 2010 Plan on August 3, 2011 and May 30, 2012 to increase the number of shares available for issuance under the 2010 Plan. 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 December 31, 2012, the number of shares authorized for issuance under the 2010 Plan, as amended was 6,500,000 shares. As December 31, 2012, there were options to purchase an aggregate of 5,017,512 shares of Common Stock outstanding under the 2010 Plan and 1,475,717 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.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

STOCK OPTIONS (continued)

Share-based compensation

For stock options issued and outstanding for the years ended December 31, 2012 and 2011, the Company recorded non-cash, stock-based compensation expense of $1,232,959 and $921,512, 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 (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 were as follows:

	December 31, 2012	2011
Risk-free interest rate	0.62-1.23%	0.97-3.05%
Expected dividend yield	0%	0%
Expected term (employee grants)	6.25	6.25
Expected volatility	75%	49%

A summary of option activity as of December 31, 2012 and changes for the year then ended are presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2011	6,302,893	$ 0.76		
Granted	4,446,000	$ 2.03		
Forfeited	(1,345,605)	$ 2.03		
Exercised	(755,020)	$ 0.15		
Outstanding at December 31, 2012	8,648,268	$ 1.27	7.90	$5,616,414
Vested at December 31, 2012	3,882,733	$ 0.68	6.27	$4,407,390

The weighted average grant-date fair value of options granted during years ended December 31, 2012 and 2011 was $1.28 and $1.14 per share, respectively. The total fair value of options that vested in years ended December 31, 2012 and 2011, was $1,186,098 and $1,324,325, respectively. As of December 31, 2012, there was approximately $3,987,404 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 3.07 years at December 31, 2012.

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

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STOCK OPTIONS (continued)

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 had previously determined that the vesting of the 30,000 shares was probable and the fair value of these shares at $23,400 was being amortized over an eight month period from September 2011 through April 2012. In March of 2012, the contract with the consultant was terminated and the consultant had no vested right to the restricted stock, so accordingly, the $11,700 of expense previously recorded was reversed in 2012.

13. WARRANTS

The following presents information about warrants to purchase Common Stock issued and outstanding at December 31, 2012:

Year Issued	Classification	Number of Warrants	Exercise Price	Date of Expiration
2010	Derivative	13,387,994	$ 1.40	10/26/2015-12/3/2015
2010	Derivative	1,940,157	$ 1.00	9/26/2015-12/3/2015
2011	Equity	16,071	$ 1.40	6/17/2018
2011	Equity	343,137	$ 3.06	12/21/2016
2012	Equity	36,145	$ 1.66	10/5/2019
Total		15,723,504		
Weighted average exercise price			$ 1.36	
Weighted average life in years				2.9

14. EMPLOYEE BENEFIT PLAN

In November 2006, the Company adopted a 401(k) plan (the "Plan") covering all employees. Employees must be 21 years of age in order to participate in the Plan. Under the Plan, the Company has the option to make matching contributions. For the years ended December 31, 2012 and 2011, the Company made matching contributions in the form of shares of common stock. For the year ended December 31, 2012 and 2011, the Company issued 47,105 and 39,848 shares of common stock, respectively, and related fair values of $91,524 and $41,662, respectively, were recorded as expense in the Statement of Operations.

15. INTELLECTUAL PROPERTY LICENSE

The Company has obtained a world-wide exclusive license (the "CMCC License") for patents co-owned by Massachusetts Institute of Technology and Harvard's Children's Hospital initially covering the use of biopolymers to treat spinal cord injuries, and to promote the survival and proliferation of human stem cells in the spinal cord. During 2011, the Company obtained additional rights for use in the field of peripheral nerve injuries. The CMCC License has a 15-year term, or as long as the life of the last expiring patent right, whichever is longer, unless terminated earlier by the licensor. In connection with the CMCC License, the Company paid an initial $75,000 licensing fee and is required to pay certain annual maintenance fees, milestone payments and royalties. During 2011, the Company paid $75,000 to expand the license and at December 31, 2011, accrued $50,000 for a milestone payment. License fees are capitalized and all costs associated with maintenance of the CMCC License are expensed as incurred (see Note 4).

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

16. COMMITMENTS AND CONTINGENCIES

On November 29, 2011 and as amended on September 17, 2012, the Company entered into a commercial lease for 26,150 square feet of office, laboratory and manufacturing space in Cambridge, Massachusetts ("Cambridge Lease"). The term of this lease is six years and three months, with one five-year extension option. The terms of the lease requires a standby letter of credit, as amended, in the amount of $311,000 (see Note 1).

The Cambridge Lease contains rent holidays and rent escalation clauses. The Company recognizes rent expense on a straight-line basis over the lease term and record the difference between the amount charged to expense and the rent paid as a deferred rent liability. As of December 31, 2012, the amount of deferred rent liability is $310,076 and is included in Accrued expenses.

It is the Company's policy to assess whether improvements made to the space rented under operating leases should be accounted for as lessor or lessee assets. If the landlord/lessor makes the improvements and presents us with the finished space on a "turnkey" basis, we view the assets as being lessor assets. When the Company does the remodeling work and receives an allowance that may or may not cover all the costs, the Company makes a judgment as to the classification between lessor and lessee assets. The Company considers an asset to be a lessor asset if all of the following criteria are met:

- the lease specifically requires the lessee to make the improvement,
- the improvement is fairly generic,
- the improvement increases the fair value of the property to the lessor, and
- the useful life of the improvement is longer than our lease term.

If any of the above criteria are not met, the Company considers the assets to be lessee assets, which are recorded as leasehold improvements in the balance sheet and payments received from the lessor to fund any portion of the cost of lessee assets are accounted for as lease incentives. Assets considered to be lessor assets are not reflected in the Company's Consolidated Balance Sheets. To the extent that the Company paid for such lessor assets and was not reimbursed through construction allowances, such net payments are recorded as leasehold improvements, which are amortized to rent expense over the lease term. As of December 31, 2012, such leasehold improvements totaled $298,222.

Pursuant to the terms of the non-cancelable lease agreements in effect at December 31, 2012, the future minimum rent commitments are as follows:

Year Ended December 31,	
2013	1,168,659
2014	1,198,265
2015	1,237,533
2016	1,263,642
2017	1,294,859
2018	1,045,752
Total	$7,208,710

Total rent expense for the years ended December 31, 2012 and 2011, including month-to-month leases, was $758,000 and $357,000, respectively.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements (Continued)

COMMITMENTS AND CONTINGENCIES (continued)

Other Commitments

In January 2012, the Company entered into a research contract with the Geisenger Health System under which the Company is obligated to pay Geisenger $150,000 for a pre-clinical study that will evaluate the Company's hydrogel for the treatment of peripheral nerve injuries. During the first quarter of 2012, the Company made an up-front payment of $60,000 for this study and expensed this cost to Research and Development. The Company did not make any other payments under this contract during fiscal year 2012.

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2012, the Company received insurance proceeds of approximately $1,100,000 from a settlement of a business interruption claim that covered the disruption of the Company's operations at its Cambridge, MA facility caused by water damage that occurred in November 2012. The insurance settlement will be recorded as a reduction of Research and Development Expense in the Statement of Operations for the three months ending March 31, 2013.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements.

The financial statements listed in the Index to Consolidated Financial Statements appearing in Item 8 are filed as part of this report.

Financial Statement Schedules.

All financial statement schedules have been omitted as they are either not required, not applicable, or the information is otherwise included.

Exhibits.

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Amendment No. 1 on Form 10-K/A.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: September 12, 2013	By: *s/ Michael J. Astrue*
	Name: Michael J. Astrue
	Title: Interim Chief Executive Officer

EXHIBIT INDEX

23.1	Consent of Wolf & Company, P.C.
31.1	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (Nos. 333-189002, 333-183491, 333-173208, 333-176110 and 333-176111) on Form S-8 and Registration Statements (Nos. 333-188573, 333-178584 and 333-171998) on Form S-3 of our report dated March 11, 2013, relating to our audits of the consolidated financial statements of InVivo Therapeutics Holdings Corp. appearing in the Amendment No. 1 to the Annual Report on Form 10-K of InVivo Therapeutics Holdings Corp. for the year ended December 31, 2012.

/s/ Wolf & Company, P.C.
Wolf & Company, P.C.
Boston, Massachusetts
September 11, 2013

Exhibit 31.1

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Michael J. Astrue, certify that:

1. I have reviewed this Annual Report on Form 10-K/A 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: September 12, 2013

/s/ Michael J. Astrue

Michael J. Astrue, Principal Executive Officer and Principal 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 Annual Report of InVivo Therapeutics Holdings Corp. (the “Company”) on Form 10-K/A for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer of the Company hereby certifies, to his knowledge, 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: September 12, 2013

/s/ Michael J. Astrue

Michael J. Astrue, Interim Chief Executive Officer and Principal Financial Officer