

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**Grom Social Enterprises, Inc.**

**Form: 8-K**

**Date Filed: 2018-10-17**

Corporate Issuer CIK: 1662574

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 15, 2018**

**GROM SOCIAL ENTERPRISES, INC.**

(Exact name of small business issuer as specified in its charter)

**Florida**  
(State or other jurisdiction  
of incorporation)

**000-55585**  
(Commission File Number)

**46-5542401**  
(IRS Employer ID No.)

**2060 NW Boca Raton Blvd., #6**  
**Boca Raton, FL 33431**  
(Address of principal executive offices)

**(561) 287-5776**  
(Issuer's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

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

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**Item 3.02      Unregistered Sales of Equity Securities.**

On October 15, 2018, Grom Social Enterprises, Inc. (the "Company") had outstanding loan balances of approximately \$861,000 and \$674,000, due respectively to Darren Marks, its Chairman and Melvin Leiner, its Executive Vice President, COO, CFO and Secretary. These loans are non-interest bearing and callable on demand. Effective October 15, 2018, the Board of Directors approved and Messrs. Marks and Leiner agreed to convert an aggregate of \$500,000 of their combined loan balances into shares of our Common Stock, at a conversion price of \$0.31 per share, which was above the closing price of the Company's common stock of \$0.19 on October 12, 2018. Mr. Marks converted \$333,333 of his loan into 1,075,268 shares; and Mr. Leiner converted \$166,666 into 537,634 shares. As a result of the transaction, Mr. Marks and Mr. Leiner's loan balances were reduced to approximately \$528,000 and \$507,000, respectively. Mr. Marks and Mr. Leiner now beneficially own 17,145,917 and 10,387,634 shares of our Common Stock, respectively.

The Company relied upon an exemption from the registration requirements under Section 4(a)(2) under the Securities Act of 1933 and Rule 506 of Regulation D promulgated thereunder with respect to the foregoing issuance.

As previously disclosed in a current report on Form 8-K filed on September 24, 2018, Messrs. Marks and Leiner converted an aggregate of \$500,000 of outstanding debt into 1,612,902 shares of common stock of the Company.

In addition, during the quarter ended June 30, 2018, the Company issued an aggregate of 304,288 shares of common stock for aggregate proceeds of \$76,057. The Company relied upon an exemption from the registration requirements under Section 4(a)(2) under the Securities Act of 1933 and Rule 506 of Regulation D promulgated thereunder with respect to the foregoing issuance.

Attached hereto as Exhibit 99.1 is a proforma balance sheet as of September 30, 2018 giving effect to the foregoing issuances.

**Item 9.01.      Financial Statements and Exhibits.**

(d)      Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#"><u>Proforma balance sheet as of September 30, 2018.</u></a>
99.2	<a href="#"><u>Press Release</u></a>

## 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 hereunto duly authorized.

Dated: October 16, 2018

**GROM SOCIAL ENTERPRISES, INC.**

(Registrant)

By: /s/ Darren Marks

Darren Marks, Chief Executive Officer

**GROM SOCIAL ENTERPRISES INC.**

## Proforma Balance Sheet

June 30, 2018

(unaudited)

	June 30, 2018	Proforma Adjustments for the period July 1, 2018 to September 30, 2018	Proforma Adjustment October 12, 2018	Proforma Combined (e)
	Consolidated			
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 392,005	\$ 382,057		\$ 774,062
Accounts receivable	556,167			556,167
Inventory, net	522,926			522,926
Prepaid expenses and other current assets	980,240			980,240
Total current assets	2,451,338	382,057	(b)(c)	2,833,395
Property and equipment, net	924,286			924,286
Goodwill	8,853,261			8,853,261
Intangible assets, net	6,538,629			6,538,629
Deferred tax assets	189,513			189,513
Other assets	69,106			69,106
Total assets	\$ 19,026,133	\$ 382,057	\$ —	\$ 19,408,190
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 567,506			\$ 567,506
Accrued liabilities	1,652,152			1,652,152
Advanced payments and deferred revenues	1,465,283			1,465,283
Related party payables	2,294,257	(500,000)	(a) (500,000) (d)	1,294,257
Total current liabilities	5,979,198	(500,000)	(500,000)	4,979,198
Convertible debentures, net of loan discounts	2,529,627	258,599	(c)	2,788,226
Senior secured promissory notes, net of loan discounts	3,720,000			3,720,000
Contingent purchase consideration	429,000			429,000
Other noncurrent liabilities	223,601			223,601
Total liabilities	12,881,426	(241,401)	(500,000)	12,140,025
Commitments and contingencies	—			—
Stockholders' Equity:				
Preferred stock	—			—
Common stock	127,329	2,070	(a)(b)(c) 1,603 (d)	131,002
Additional paid-in capital	49,493,776	621,388	(a)(b)(c) 498,397 (d)	50,613,561
Accumulated earnings (deficit)	(43,288,577)			(43,288,577)
Accumulated other comprehensive income	(187,821)			(187,821)
Total stockholders' equity	6,144,707	623,458	500,000	7,268,165
Total liabilities and equity	\$ 19,026,133	\$ 382,057	\$ —	\$ 19,408,190

- (a) On September 25, 2018, Messrs. Marks and Leiner, the Company's executive officers, converted \$500,000 of their non-interesting bearing loans due from the Company, into equity of the Company at a price of \$0.31 per share, resulting in the issuance of 1,612,903 shares. This transaction increased the Company's equity by \$500,000.
- (b) On August 12, and August 13th and September 5, 2018, the Company accepted subscriptions for a total of \$76,057 from two existing accredited investors for a private placement of the Company's restricted common stock at a price of \$0.25 per share, and issued 304,288 shares. These stock issuances increased the Company's equity by \$76,057.
- (c) During the period for July 1, 2018 through September 30, 2018 the Company issued \$306,000 in 10% original discount notes to eleven existing accredited investors. In connection with these note issuances, the Company issued 153,000 shares valued at \$47,401. These issuances increased the Company's equity by \$47,401.
- (d) On October 12, 2018, Messrs. Marks and Leiner, the Company's executive officers, converted \$500,000 of their non-interesting bearing loans due from the Company into equity of the Company at a price of \$0.31 per share, resulting in the issuance of 1,612,903 shares. This transaction increased the Company's equity by \$500,000.
- (e) This is the proforma balance sheet, as if, the transactions described above, had occurred on June 30, 2018.

## GROM SOCIAL OFFICERS CONVERT ADDITIONAL DEBT TO EQUITY AT 63% PREMIUM TO MARKET

Conversions Add to Stockholder Equity, Improves Balance Sheet and Better Positions the Company for Uplisting to a Senior Exchange

Boca Raton, FL, October 17, 2018, Grom Social Enterprises (OTCQB: GRMM) ("Grom" or the "Company"), a leading social media platform and original content provider for children between the ages of 5 and 16, [www.gromsocial.com](http://www.gromsocial.com); announced today that its officers, Darren Marks and Mel Leiner, converted a combined total of \$500,000 of their interest-free loans due from the Company, into Grom common stock. These loans, which were due on July 1, 2019, were converted at a price of \$0.31, which is approximately 63% above the closing market of \$0.19 on October 12, 2018.

The conversion represents the third transaction of this nature by the Company's CEO Marks and CFO Leiner, this year. The officers previously converted a combined \$500,000 of their demand loans into common stock in January 2018 and an additional \$500,000 in September 2018 for a cumulative total of \$1,500,000. As a result, the Company's stockholder equity has risen on a proforma basis as of June 30, 2018 to \$7,268,165, thus positioning the Company well, for its future plans. After the conversions, Messrs. Marks and Leiner now beneficially own 17,145,917 or approximately 13.1% and 10,387,634 or approximately 7.9% of the Company's common stock, respectively.

Darren Marks, Chairman and CEO, commented, "I believe it's imperative that Mel Leiner and I show our dedication and willingness to convert our demand loans into equity at prices significantly in excess of market value. These transactions have improved our balance sheet and should signal a strong message to our investors as to just how much we believe in our Company. We're preparing for our next stage growth; improving our visibility, building stakeholder value, supporting our network and product expansion for accelerated revenue generation. "

### About Grom Social Enterprises, Inc.

Grom Social Enterprises, Inc. owns five separate subsidiaries, including Grom Social, a safe social media platform for children between the ages of 5 and 16. Since its beginnings in 2012, Grom Social has attracted children and parents with the promise of a safe and secure environment, where their children can be entertained and interact with their peers while learning good digital citizenship. The Company also owns and operates Top Draw Animation, Inc., an award-winning animation company which produces animated content for Grom Social and other high-profile media properties such as Tom and Jerry, My Little Pony and Disney Animation's Penn Zero: Part-Time Hero. In addition, Grom Educational Services provides web filtering services for up to an additional two million children across 3,700 schools, and Grom Nutritional Services is in the process of creating a line of healthy nutritional supplements for children. For more information please visit Grom's website at [www.gromsocial.com](http://www.gromsocial.com).

### Safe Harbor Statement

This press release may contain forward looking statements which are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially from those anticipated or expected, including statements related to the amount and timing of expected revenues and any payment of dividends on our common stock, statements related to our financial performance, expected income, distributions, and future growth for upcoming quarterly and annual periods. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors. Among other matters, the Company may not be able to sustain growth or achieve profitability based upon many factors including, but not limited to general stock market conditions. We have incurred and will continue to incur significant expenses in our expansion of our existing and new service lines, noting there is no assurance that we will generate enough revenues to offset those costs in both the near and long term. Additional service offerings may expose us to additional legal and regulatory costs and unknown exposure(s) based upon the various geopolitical locations where we will be providing services, the impact of which cannot be predicted at this time. All forward-looking statements speak only as of the date of this press release. We undertake no obligation to update any forward-looking statements or other information contained herein. Stockholders and potential investors should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements in this report are reasonable, we cannot assure stockholders and potential investors that these plans, intentions or expectations will be achieved. Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

### Contacts:

Darren Marks  
President & CEO  
561-287-5776  
[Investor.relations@gromsocial.com](mailto:Investor.relations@gromsocial.com)

Melvin Leiner  
Vice President  
561-287-5776  
[Investor.relations@gromsocial.com](mailto:Investor.relations@gromsocial.com)