

CVD EQUIPMENT CORP
Form 10-Q
May 15, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

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: 1-16525**

CVD EQUIPMENT CORPORATION

(Name of Registrant in Its Charter)

New York 11-2621692

*State or Other Jurisdiction of
Incorporation or Organization) (I.R.S. Employer Identification No.)*

355 South Technology Drive

Central Islip, New York

11722

(Address of principal executive offices)

(631) 981-7081

(Registrant's Telephone Number, Including Area Code)

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company Emerging growth company

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

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,486,249 shares of Common Stock, \$0.01 par value at May 9, 2018.

CVD EQUIPMENT CORPORATION AND SUBSIDIARIES

Index

Part I - Financial Information

Item 1 - Financial Statements (Unaudited)

Consolidated Balance Sheets at March 31, 2018 and December 31, 2017 2

Consolidated Statements of Operations for the three months ended March 31, 2018 and 2017 3

Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017 4

Notes to Consolidated Financial Statements 5

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations 14

Item 3 – Quantitative and Qualitative Disclosures About Market Risk 18

Item 4 - Controls and Procedures 18

Part II - Other Information 20

Item 1 - Legal Proceedings 20

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds 20

Item 3 – Defaults Upon Senior Securities 20

Item 4 – Mine Safety Disclosures 20

Item 5 - Other Information 20

Item 6 - Exhibits 20

Signatures 22

Exhibit Index 23

PART 1 – FINANCIAL INFORMATION

Item 1 – Financial Statements

CVD EQUIPMENT CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$13,134,952	\$14,210,909
Accounts receivable, net	8,978,829	2,058,617
Contract assets	3,719,361	8,397,024
Inventories, net	2,729,744	2,965,623
Other current assets	220,834	167,425
Total Current Assets	28,783,720	27,799,598
Property, plant and equipment, net	29,503,526	28,839,457
Deferred income taxes	1,611,340	1,609,186
Deposits	204,815	63,370
Other assets	1,853	4,477
Intangible assets, net	535,594	662,162
Total Assets	\$60,640,848	\$58,978,250
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$1,103,974	\$1,174,968
Accrued expenses	2,562,509	2,738,373
Current maturities of long-term debt	650,736	647,324
Current portion acquisition related contingent payments	100,000	100,000
Contract liabilities	1,515,009	466,313
Deferred revenue	533,442	291,953
Total Current Liabilities	6,465,670	5,418,931
Long-term acquisition related contingent payments	200,000	200,000
Long-term debt, net of current portion	12,540,339	12,705,683
Total Long-Term Liabilities	12,740,339	12,905,683
Total Liabilities	19,206,009	18,324,614

Edgar Filing: CVD EQUIPMENT CORP - Form 10-Q

Commitments and Contingencies	--	--
Stockholders' Equity:		
Common stock-\$0.01 par value-20,000,000 shares authorized; issued and outstanding 6,469,664 at March 31, 2018 and 6,458,714 at December 31, 2017	64,697	64,587
Additional paid-in-capital	25,432,005	25,209,316
Retained earnings	15,938,137	15,379,733
Total Stockholders' Equity	41,434,839	40,653,636
Total Liabilities and Stockholders' Equity	\$60,640,848	\$58,978,250

The accompanying notes are an integral part of these consolidated financial statements

CVD EQUIPMENT CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Revenue	\$9,153,833	\$9,650,617
Cost of revenue	5,392,919	5,479,482
Gross profit	3,760,914	4,171,135
Operating expenses		
Research and development	96,806	70,335
Selling and shipping	513,475	285,416
General and administrative	2,240,065	2,098,156
Total operating expenses	2,850,346	2,453,907
Operating income	910,568	1,717,228
Other income (expense)		
Interest income	16,960	8,575
Interest expense	(121,354)	(17,637)
Total other (expense)	(104,394)	(9,062)
Income before income tax (expense)/benefit	806,174	1,708,166
Income tax expense	247,770	684,132
Net income	\$558,404	\$1,024,034
Basic income per common share	\$0.09	\$0.16
Diluted income per common share	\$	