

FINDEX COM INC  
Form 10-Q  
November 20, 2017

**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 September 30, 2017**

**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: 0-29963

**FINDEX.COM, INC.**

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(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	88-0379462 (I.R.S. Employer Identification No.)
1313 South Killian Drive, Lake Park, Florida (Address of principal executive offices)	33403 (Zip Code)

(561) 328-6488

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically 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 [X] 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.

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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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At November 20, 2017 the registrant had outstanding 520,351,417 shares of common stock, of which there is only a single class.

**FINDEX.COM, INC.**

**QUARTERLY REPORT ON FORM 10-Q**

**- INDEX -**

	Page
<u>PART I - FINANCIAL INFORMATION:</u>	
<u>Item 1. Financial Statements:</u>	F-1
<u>Condensed Consolidated Balance Sheets – September 30, 2017 (unaudited) and December 31, 2016</u>	F-1
<u>Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2016 (unaudited)</u>	F-2
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016 (unaudited)</u>	F-3
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	F-4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	1
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	9
<u>Item 4T. Controls and Procedures</u>	9
<u>PART II - OTHER INFORMATION:</u>	10
<u>Item 1. Legal Proceedings</u>	10
<u>Item 1A. Risk Factors</u>	10
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	10
<u>Item 3. Defaults Upon Senior Securities</u>	11
<u>Item 4. Mine Safety Disclosures</u>	11
<u>Item 5. Other Information</u>	11
<u>Item 6. Exhibits</u>	11
<u>Signatures</u>	14

**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

Findex.com, Inc.

## CONDENSED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2017 (Unaudited)	As of December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$36,789	\$108,035
Accounts receivable, net	21,513	21,730
Inventories, net	25,522	25,276
Other current assets	12,430	7,090
Total current assets	96,254	162,131
Property and Equipment, net	14,474	25,677
Intangible Assets, net	273,727	309,361
Total assets	\$384,455	\$497,169
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	\$327,132	\$205,964
Accounts payable, related parties	32,891	38,314
Accrued royalties	80,778	73,727
Accrued payroll	48,092	81,224
Notes payable	328,783	336,283
Notes payable, convertible	25,000	25,000
Notes payable, related parties, convertible	1,978,175	1,824,633
Deferred revenue	19,575	—
Other current liabilities	368,899	217,319
Other current liabilities from discontinued operations	114,368	114,368
Total current liabilities	3,323,693	2,916,832
Commitments and Contingencies (Note 9)		
Stockholders' Deficit:		
Preferred stock, \$.001 par value		
5,000,000 shares authorized		
-0- shares issued and outstanding	—	—
Common stock, \$.001 par value		
900,000,000 shares authorized,		
519,101,417 and 489,537,017 shares issued and outstanding, respectively	519,101	489,537
Additional paid-in capital	4,106,539	3,569,081
Accumulated deficit	(7,344,815)	(6,438,653)
Total Findex.com, Inc. stockholders' deficit	(2,719,175)	(2,380,035)
Non-controlling interest in variable interest entity	(220,063 )	(39,628 )
Total stockholders' deficit	(2,939,238)	(2,419,663)
Total liabilities and stockholders' deficit	\$384,455	\$497,169

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#) F-1

Findex.com, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues, net	\$15,549	\$80,019	\$131,189	\$208,677
Revenues related parties, net	84,928	12,975	134,015	60,757
Total revenues	100,477	92,994	265,204	269,434
Cost of sales	25,261	33,406	81,112	83,385
Gross profit	75,216	59,588	184,092	186,049
Other operating expenses:				
Sales and marketing expenses	7,468	6,148	15,421	19,866
Professional fees	27,862	24,897	97,377	122,949
Personnel costs (net of research and development direct labor costs)	281,008	110,788	551,142	323,094
Research and development	74,662	49,722	265,040	149,358
Rent	12,767	21,638	38,300	64,915
Other general and administrative expenses	60,540	50,046	159,704	130,051
Total operating expenses	464,307	263,239	1,126,984	810,233
Loss from operations	(389,091 )	(203,651 )	(942,892 )	(624,184 )
Interest expense	(49,910 )	(30,774 )	(143,705 )	(87,883 )
Loss on conversion of note payable	—	(13,593 )	—	(13,593 )
Net loss before income taxes	(439,001 )	(248,018 )	(1,086,597 )	(725,660 )
Income tax provision	—	—	—	—
Net loss	(439,001 )	(248,018 )	(1,086,597 )	(725,660 )
Net loss attributable to non-controlling interest	79,662	—	180,435	—
Net loss attributable to Findex.com, Inc.	\$(359,339 )	\$(248,018 )	\$(906,162 )	\$(725,660 )
Basic and diluted net loss per share	\$—	\$—	\$—	\$—
Basic and diluted weighted average common shares outstanding	515,217,259	480,881,733	506,744,435	478,197,913

See accompanying notes to condensed consolidated financial statements.

Table of Contents F-2

Findex.com, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities:		
Net Loss	\$(1,086,597)	\$(725,660)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation	11,203	13,446
Amortization	35,634	35,634
Stock issued for services	24,024	338
Discount on convertible debt	—	9,900
Loss on conversion of notes payable	—	13,593
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	217	(63,241 )
Increase in inventory	(246 )	(4,061 )
Increase in other current assets	(5,340 )	(4,074 )
Increase in accounts payable and accrued expenses	414,359	250,302
Net cash used in operating activities	(606,746 )	(473,823)
Cash flows from investing activities:		
Purchase of property and equipment	—	(10,335 )
Investment in unconsolidated investee	—	(1,000 )
Net cash used in investing activities	—	(11,335 )
Cash flows from financing activities:		
Proceeds from sale of common stock	283,000	21,000
Proceeds from issuance of convertible notes payable	—	95,000
Proceeds from sale of interest in variable interest entity, related party	260,000	650,000
Payments made on notes payable	(7,500 )	(10,000 )
Net cash provided by financing activities	535,500	756,000
Net (decrease) increase in cash and cash equivalents	(71,246 )	270,842
Cash and cash equivalents, beginning of period	108,035	5,163
Cash and cash equivalents, end of period	\$36,789	\$276,005
Supplemental cash flow information:		
Interest paid	\$—	\$1,515
Cash paid for income taxes	\$—	\$—

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Schedule of Non-Cash Investing and Financing Activities:

Issuance of notes payable for accrued directors fees	\$38,000	\$76,000
Issuance of notes payable for accrued base salary	\$115,542	\$483,933
Issuance of notes payable for accounts payable, related parties	\$—	\$74,700
Issuance of common stock as consideration for note payable	\$—	\$10,456

See accompanying notes to condensed consolidated financial statements.

Table of Contents F-3



**Findex.com, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**September 30, 2017**

**(Unaudited)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Findex.com, Inc. (“Findex”) was incorporated under the laws of the State of Nevada on November 7, 1997, and is headquartered in Lake Park, Florida. The Company’s EcoSmart coatings products is the current driver of both operating overhead and revenue. The EcoSmart business currently centers around a proprietary line of specialty materials coatings that have a broad range of value-adding industrial, commercial, residential and consumer applications. In addition, Advanced Nanofibers LLC (“Advanced”) is a variable interest entity of which the Company owned a minority 24.875% interest at December 31, 2016 and that, for accounting purposes under Financial Accounting Standards Board (FASB) guidelines, is considered the primary beneficiary among the equity participants based on qualitative and quantitative criteria. Advanced is a Florida-based private venture founded in September 2016 by the Company and two other technology firms, one of which has since withdrawn from involvement. The enterprise is focused on developing and globally industrializing a variety of proprietary breakthrough advances in nano-based and other performance-enhancing cementitious product technologies. Advanced is developing rapidly and expected by management to eventually outpace EcoSmart’s coating operations in terms of percentage growth on both the expense and revenue sides, potentially very significantly. Despite Advanced’s lack of meaningful revenue to date, it is a venture that the Company’s management has been and continues to be very actively involved in developing, and that is increasingly consuming a greater percentage of the Company’s financial and human resources, a trend management expects to continue into the foreseeable future.

**ECOSMART**

The Company’s core business – known as EcoSmart Surface & Coatings Technologies – is centered around a line of specialty industrial glass-based “smart surface” coatings that have a wide range of uses across each of the industrial, commercial, and household market segments and that are centered around a U.S. patented technology that, either on its own or when coupled with any of an array of available proprietary formula additives, offers a unique combination of beneficial surface properties that allow for a broad array of multi-surface and end-product applications. Among others, such applications currently include:

Heavy Construction Equipment/Vehicles  
Oil and Gas Drilling and Related Heavy Equipment

Industrial and Residential HVAC Equipment, Commercial Refrigeration Systems, and Power Generators  
Interior and Exterior Flooring and Tiling, Pavers and Hardscapes

Over time, and exclusive of its minority stake in Advanced, EcoSmart intends to develop itself in the strategic direction of becoming a leading research-oriented, high-tech specialty “smart-surface” materials development and licensing company centered around a highly-qualified research team and state-of-the-art research lab and applying a combination of organic and inorganic chemistries, materials science engineering, and nanotechnology. EcoSmart currently has expertise and capabilities in each of these areas.

#### **ADVANCED NANOFIBERS (VARIABLE INTEREST ENTITY)**

Advanced Nanofibers LLC (“Advanced”) is a variable interest entity of which the Company owned a minority 31.06% interest at September 30, 2017 and that, for accounting purposes under FASB guidelines, is considered the primary beneficiary among the equity participants based on qualitative and quantitative criteria. Advanced is a Florida-based, private venture founded in September 2016 by the Company and two other technology firms, one of which has since withdrawn from involvement. The enterprise is focused on developing and globally industrializing a variety of proprietary breakthrough advances in nano-based and other performance-enhancing cementitious product technologies. Company management believes Advanced’s prospects are extraordinary based on the following key factors that afford it a distinct competitive advantage:

Table of Contents F-4

A select assortment of industrial end-products with very substantial global markets that are expected to be meaningfully superior to competitive products in meeting customer desires by virtue of a proprietary technological processes; and

The ability to deliver those products at price points that are highly competitive with existing market products that are expected to be meaningfully inferior in quality.

Following an equity restructuring of Advanced that occurred in May 2017 that arose out of the agreed-upon departure from the enterprise of one of the founding technology firms and the addition of a new member that occurred in July 2017, at September 30, 2017, the venture was owned and controlled approximately 93% by its remaining two founding members, the Company and Nanotech Fibers, LLC, each of which have been actively involved in its development to date. In addition to the Company, this included, as it still does as of the date of this quarterly report on Form 10-Q, Nanotech Fibers LLC, a Florida-based, closely-held, private firm engaged in various strategic pursuits within and surrounding the nanotech-based industrial building and infrastructure materials sector. Although Advanced is still in a pre-revenue stage of development, the Company's management team currently devotes a very significant percentage of its time to the business of this rapidly developing enterprise.

## **BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future period. The December 31, 2016 condensed consolidated balance sheet data was derived from audited financial statements. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in the Company's Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission on April 17, 2017.

## **Principles of Consolidation**

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries (Reagan Holdings, Inc., Findex.com, Inc. Delaware, and ESCT Acquisition Corp.), and the accounts of Advanced Nanofibers LLC, a Florida limited liability company and variable interest entity, of which the Company has been deemed the primary beneficiary. As of September 30, 2017, the Company owns a non-controlling, minority interest of 31.06% in Advanced. All inter-company balances and transactions have been eliminated in consolidation.

## **Reclassifications**

Certain accounts in the Company's 2016 financial statements have been reclassified for comparative purposes to conform with the presentation in the Company's 2017 financial statements to which these footnotes relate.

## **Use of Estimates**

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. Significant estimates include inventory evaluation for slow moving and obsolete items, collectability of accounts receivable, assessing intangibles for impairment, useful lives of assets, and valuation of stock based compensation and consideration of variable interest entities.

Table of Contents F-5