REFLECT SCIENTIFIC INC
Form 10-Q
August 14, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT of 1934

For the transition period from __________ to __________

Commission File Number 000-31377

REFLECT SCIENTIFIC, INC.

(Exact name of registrant as specified in its charter)

Utah

87-0642556

(State or other jurisdiction of

(IRS Employer Identification No.)

incorporation or organization)

1266 South 1380 West Orem, Utah 84058

(Address of principal executive offices) (Zip Code)

(801) 226-4100

(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ¨

Accelerated filer ¨

Non-accelerated filer ¨

Smaller reporting company x

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

Yes [ ] No [X]

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 [ ]

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 Section 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not applicable.

Applicable Only to Corporate Issuers:

Indicate the number of shares outstanding of each of the Registrant s classes of common equity, as of the latest practicable date.

Class

Outstanding as of August 14, 2014

53,726,967 shares of $0.01 par value common stock on August 14, 2014

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Reflect Scientific, Inc.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

June 30, 2014

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial information of the Company.

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REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets

(Unaudited)

ASSETS

		June 30, 2014		December 31, 2013
CURRENT ASSETS				
Cash	$	367,094	$	251,463
Accounts receivable, net		145,903		152,583
Inventories		301,240		313,092
Prepaid assets		3,100		3,100
Total Current Assets		817,337		720,238
FIXED ASSETS, NET		558		1,226
OTHER ASSETS				
Intangible assets, net		53,613		73,184
Goodwill		60,000		60,000
Deposits		3,100		3,100
Total Other Assets		116,713		136,284
TOTAL ASSETS	$	934,608	$	857,748

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets (Continued)

(Unaudited)

LIABILITIES AND SHAREHOLDERS DEFICIT

		June 30, 2014		December 31, 2013
CURRENT LIABILITIES				
Accounts payable	$	70,710	$	43,430
Short-term lines of credit		25,550		30,526
Convertible debenture		650,000		650,000
Interest payable		588,375		529,875
Customer deposits		777		1,060
Accrued expenses		11,723		22,116
Loan from related party		80,000		80,000
Income taxes payable		100		100
Total Current Liabilities		1,427,235		1,357,107
Total Liabilities		1,427,235		1,357,107
SHAREHOLDERS DEFICIT				
Preferred stock, $0.01 par value, authorized 5,000,000 shares; No shares issued and outstanding		-		-
Common stock, $0.01 par value, authorized 100,000,000 shares; 53,726,967 and 53,726,967 issued and outstanding, respectively		537,269		537,269
Additional paid in capital		18,391,300		18,391,300
Accumulated deficit		(19,421,196)		(19,427,928)
Total Shareholders Deficit		(492,627)		(499,359)
TOTAL LIABILITIES AND SHAREHOLDERS DEFICIT	$	934,608	$	857,748

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
REVENUES	$ 378,913	$ 296,271	$ 781,355	$ 564,965
COST OF GOODS SOLD	167,466	125,301	331,249	266,992
GROSS PROFIT	211,447	170,970	450,106	297,973
OPERATING EXPENSES				
Salaries and wages	102,259	96,527	201,037	189,277
Rent expense	8,482	9,412	17,250	18,824
Research and development expense	5,654	7,671	11,417	17,167
General and administrative expense	84,177	116,026	152,350	218,051
Total Operating Expenses	200,572	229,636	382,054	443,319
OPERATING PROFIT (LOSS)	10,875	(58,666)	68,052	(145,346)
OTHER INCOME (EXPENSE)				
Other income	812	2,170	812	2,170
Interest expense other	(1,799)	(1,929)	(3,632)	(3,901)
Interest on debentures	(29,250)	(29,250)	(58,500)	(51,750)
Total Other Income (Expenses)	(30,237)	(29,009)	(61,320)	(53,481)
NET INCOME (LOSS) BEFORE TAXES	(19,362)	(87,675)	6,732	(198,827)
Income tax benefit (expense)	-	-	-	-
NET INCOME (LOSS)	$ (19,362)	$ (87,675)	$ 6,732	$ (198,827)

NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED	$	(0.01)	$	(0.01)	$	0.00	$	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED		53,726,967		47,213,634		53,726,967		47,213,634

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 6,732	$ (198,827)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	668	4,488
Amortization	19,571	19,571
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	6,680	15,295
(Increase)/decrease in inventory	11,852	39,620
(Increase)/decrease in prepaid assets	-	56,000
Increase/(decrease) in accounts payable and accrued expenses	75,387	19,617
Increase/(decrease) in customer deposits	(283)	-
Net Cash from Operating Activities	120,607	(44,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	-	4,794
Payments made on lines of credit	(4,976)	(6,007)
Net Cash from Financing Activities	(4,976)	(1,213)
NET INCREASE (DECREASE) IN CASH	115,631	(45,449)
CASH AT BEGINNING OF PERIOD	251,463	260,575
CASH AT END OF PERIOD	$ 367,094	$ 215,126

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid For:		
Interest	$ 3,632	$ 3,901
Income taxes	$ -	$ -

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

REFLECT SCIENTIFIC, INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

NOTE 1 -

BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission. The information furnished in the interim condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company s most recent audited consolidated financial statements and notes thereto included in its December 31, 2013 financial statements. Operating results for the three and six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

NOTE 2 -

ORGANIZATION AND DESCRIPTION OF BUSINESS

Cole, Inc. (the Company) was incorporated under the laws of the State of Utah on November 3, 1999. The Company was organized to engage in any lawful activity for which corporations may be organized under the Utah Revised Business Corporation Act. On December 30, 2003 the Company changed its name to Reflect Scientific, Inc.

NOTE 3 GOING CONCERN

The Company is currently in default on its issued and outstanding debentures (See note 4). While the Company is working diligently to secure funding to enable it to retire the debenture obligations, there can be no assurance that such funding will be available. The Company has also accumulated significant operating losses. These factors raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Management has taken a number of actions to reduce expenses. Management continues to seek additional funding through the capital markets to facilitate the settlement of the remaining debentures and commercialize its patented detector and refrigeration products, as well as to provide operating capital for its operations. However, there can be no assurance that additional funding will be available on acceptable terms, if at all.

NOTE 4 DEFAULT ON CONVERTIBLE DEBENTURES

At June 30, 2014, the remaining outstanding convertible debentures in default were $650,000, including penalties. The debentures bear an 18% interest rate. The Company accrued an additional $29,250 in interest during the quarter ended June 30, 2014. The total accrued interest on this remaining debenture was $588,375 as of June 30, 2014. Assuming the debentures were converted, 1,000,000 shares of restricted common stock would be issued.

NOTE 5 RELATED PARTY TRANSACTIONS

As of June 30, 2014, two sons of the Company s president had loaned $80,000 in the form of interest bearing notes to the Company. The notes issued during 2012, with a principal amount of $40,000, bear interest at the rate of 7.75% per annum with the interest paid monthly. The notes issued during 2013, with a principal amount of $40,000, bear interest at the rate of 6.00% per annum with the interest paid monthly. All notes are demand notes, with the principal and any unpaid interest payable upon seven days written notice from the note holder.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company s financial instruments consist of cash and cash equivalents, accounts receivable, payables and notes payable. The carrying amount of cash and cash equivalents and payables approximates fair value because of the short-term nature of these items. The carrying amount of the notes payable approximates fair value as the individual borrowings bear interest at rates that approximate market interest rates for similar debt instruments.

NOTE 7 RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which we will adopt the standard in 2017.

The Company has reviewed all other recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its consolidated results of operation, financial position and cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its current or future earnings or operations.

NOTE 8 - COMMITMENTS

On May 9, 2014, the Company entered into an automobile lease. Future minimum lease payments under this lease are $23,088 at June 30, 2014, with minimum lease payments of $3,744 due for the remainder of 2014, $7,488 in 2015, $7,488 in 2016, and $4,368 in 2017.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this Annual Report and other filings with the Securities and Exchange Commission and in reports to our Company s stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company s control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management s views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management s expectations will necessarily come to pass. Factors that may affect forward- looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions, changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company s access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally, legal and regulatory developments, such as regulatory actions affecting environmental activities, the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes, labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

Actual results could differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the three and six month periods ended June 30, 2014, to the items disclosed as significant accounting policies in management's Notes to the Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Plan of Operation and Business Growth

Our efforts continue to be focused on increasing the sales of our life science consumables and detectors while, at the same time, working to commercialize our liquid nitrogen refrigeration products. Of those liquid nitrogen refrigeration products, the refrigerated trailer, known as a reefer , is receiving highest priority. We have our first manufactured unit operational, have conducted a number of road tests and are currently analyzing the data collected to validate its efficiency and reliability.

We also continue to focus on the expansion of our detector line and developing alliances with contract manufacturers for our ultra-low temperature freezers and reefer units. We believe that the enhanced functionality of our new detector, coupled with its low cost, provides us with a competitive edge over products currently being sold in that specialized market.

Concurrent with the development and commercialization of the above products, we have completed our on-line catalog and are making progress in enrolling new distributors for our consumable products. We believe the upturn in sales during the six months ended June 30, 2014 is validation of those efforts.

Our revenues during the three and six month reporting periods increased 28% and 38%, respectively during 2014 compared to 2013 revenues.

Results of Operations

Three Months Ended June 30, 2014 and 2013

	For the three months ended June 30,					
		2014		2013		Change
Revenues	$	378,913	$	296,271	$	82,642
Cost of goods sold		167,466		125,301		42,165
Gross profit		211,447		170,970		40,477
Operating expenses		200,572		229,636		(29,064)
Other income (expense)		(30,237)		(29,009)		1,228
Net income (loss)	$	(19,362)	$	(87,675)	$	68,313

Revenues increased during the quarter ended June 30, 2014, to $378,913 from $296,281 for the quarter ended June 30, 2013, an increase of $82,642. We believe the upward trend of revenues seen during the quarter result from the completion of our catalog and web site, as well as the addition of new distributors. All of the revenues generated during the three month period ended June 30, 2014 were from our specialized laboratory supplies and detector sales. We are continuing work to refine and commercialize the ultra low temperature freezer technologies, and have engaged a consulting group to identify and qualify potential customers for those technology products.

With increased sales during the reporting period, cost of goods increased in the quarter ending June 30, 2014, as compared to June 30, 2013 to $167,466 from $125,301, an increase of $42,165. The gross profit percentage decreased to 56% for the three months ended June 30, 2014, compared to 58% for the three months ended June 30, 2013. The gross profit percentage is dependent on the mix of product sales, which varies from quarter to quarter. We continue to actively work to obtain more favorable pricing from our vendors in order to increase the margins realized on our product lines.

As a result of our continued focus on operating expenses we realized a reduction of operating expenses in the current period. This reduction is the result of cost reduction efforts implemented by management and an ongoing quest to gain additional operating efficiencies. Operating expenses for the three months ended June 30, 2014 were $200,572, which represents a decrease of $29,064 from the $229,636 in operating expenses recorded for the three month period ended June 30, 2013. The decrease results primarily from reductions in consulting expense, offset in part by increases in advertising costs and license fees. Operating expenses for the remaining six months of 2014 are expected to approximate the expense levels shown for the three month period ended June 30, 2014.

The net loss for the three month period ended June 30, 2014 was $19,362, an improvement of $68,313 from the $87,675 loss for the three month period ended June 30, 2013. Management continues to look for opportunities to increase sales, improve gross margins and reduce ongoing operating expenses

The net loss for both of the three months ended June 30, 2014 and June 30, 2013 was $0.01 per share.

Six Months Ended June 30, 2014 and 2013

	For the six months ended June 30,					
		2014		2013		Change
Revenues	$	781,355	$	564,965	$	216,390
Cost of goods sold		331,249		266,992		64,257
Gross profit		450,106		297,973		152,133
Operating expenses		382,054		443,319		(61,265)
Other income (expense)		(61,320)		(53,481)		7,839
Net loss	$	6,732	$	(198,827)	$	205,559

Revenues increased during the six month period ended June 30, 2014, to $781,355 from $564,965 for the six month period ended June 30, 2013, an increase of $216,390. All of the revenues were generated from our specialized laboratory supplies and detector sales, as we work to continue to refine and commercialize the ultra low temperature freezer technologies. We completed our catalog web site and have distributed our catalog to a number of potential new distributors. We have brought on additional distributors to expand the distribution channels for our products.

Due to the increase in sales, cost of goods in the six month period ending June 30, 2014 increased by $64,257, to $331,249 from $266,992 for the six month period ended June 30, 2013. The gross profit percentage increased to 58% for the six month period ended June 30, 2014, compared to 53% for the six months ended June 30, 2013. The gross profit percentage is dependent on the mix of product sales, which varies from quarter to quarter. We continue to actively work to obtain more favorable pricing from our vendors in order to increase the margins realized on our product lines.

Continued focus to reduce operating expenses resulted in a reduction of $61,265 in the current six month period. This reduction is the result of cost reduction efforts implemented by management and an ongoing quest to gain additional operating efficiencies. Operating expenses for the six months ended June 30, 2014 were $382,054, compared to $443,319 shown for the six month period ended June 30, 2013.

Net income for the six month period ended June 30, 2014 was $6,732, a $205,559 improvement from the

$198,827 net loss for the six month period ended June 30, 2013. Management continues to look for opportunities to increase revenue, improve gross margins and reduce ongoing operating expenses in order to achieve profitability.

Earnings per share for the six months ended June 30, 2014 was $0.00 per share. The net loss for the six months ended June 30, 2013 was $0.01 per share.

Seasonality and Cyclicality

We do not believe our business is cyclical.

Liquidity and Capital Resources

Our cash resources at June 30, 2014, were $367,094, with accounts receivable of $145,903 and inventory of $301,240. To this time we have relied on revenues and sales of equity and debt securities for our cash resources.   Our working capital deficit on June 30, 2014, was $609,898, due primarily to the $650,000 in outstanding debentures and $588,375 in accrued interest on those debentures. Working capital on December 31, 2013 was a deficit of $636,869. Management is working to obtain financing to enable it to retire the remaining outstanding debentures and provide the capital needed to commercialize the low temperature freezer and refrigeration technology. There can be no assurance that funds will be available, or that terms of available funds will be acceptable to the Company. The inability of the Company to obtain funding at acceptable terms could negatively impact its ability to execute its business plan.

For the six month period ended June 30, 2014, net cash provided from operating activities was $120,607 which compares to $44,236 net cash used for operating activities for the six month period ended June 30, 2013.

Off-Balance Sheet Arrangements

We lease office and warehouse space under a non-cancelable operating lease in Utah. Future minimum lease payments under the operating lease at June 30, 2014 are $15,500 for that facility. In addition, on May 9, 2014, the Company entered into an automobile lease. Future minimum lease payments under this lease are $23,088 at June 30, 2014, with minimum lease payments of $3,744 due for the remainder of 2014, $7,488 in 2015, $7,488 in 2016, and

$4,368 in 2017.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Not required**.**

Item 4. Controls and Procedures

(a)

Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, our Chief Executive Officer and Principal Financial Officer concluded that information required to be disclosed is recorded, processed, summarized and reported within the specified periods, and is accumulated and communicated to management, including our Chief Executive Officer and Principal Financial Officer, to allow for timely decisions regarding required disclosure of material information required to be included in our periodic Securities and Exchange Commission reports. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures are not effective due to the material weaknesses in the Company s internal control discussed below. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote

(b)

Changes in Internal Control Over Financial Reporting.

During the fourth quarter of 2013, we identified certain impairment indicators that led us to perform procedures to assess the possible impairment of our goodwill. While we correctly identified these impairment indicators, we did not have adequate procedures and controls in place to ensure that the requisite analysis to determine the amount of impairment could be conducted in a timely, accurate and complete manner. During the six months ended June 30, 2014 we have been implementing enhanced documentation, review and supervision processes and procedures over impairment-related testing and analysis. Those changes are now fully implemented and their implementation provides reasonable assurance that the quality and frequency of impairment testing is being properly monitored. However, it should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

None; not applicable.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None; not applicable.

Use of Proceeds of Registered Securities

None; not applicable.

Purchases of Equity Securities by Us and Affiliated Purchasers

During the six months ended June 30, 2014, we have not purchased any equity securities nor have any officers or directors of the Company.

ITEM 3. Defaults Upon Senior Securities

At June 30, 2014, the remaining outstanding convertible debentures in default were $650,000, including penalties. The debentures bear an 18% interest rate. The Company accrued an additional $29,250 in interest during the quarter ended June 30, 2014. The total accrued interest on this remaining debenture was $588,375 as of June 30, 2014. Assuming the debentures were converted, 1,000,000 shares of restricted common stock would be issued.

ITEM 4. Mine Safety Disclosure

Not applicable.

ITEM 5. Other Information.

None

ITEM 6. Exhibits

(a)

Exhibits.

Exhibit No.	Title of Document	Location if other than attached hereto
3.1	Articles of Incorporation	10-SB Registration Statement*
3.2	Articles of Amendment to Articles of Incorporation	10-SB Registration Statement*
3.3	By-Laws	10-SB Registration Statement*
3.4	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.5		8-K Current Report dated December 31, 2003*

	Articles of Amendment to Articles of Incorporation	
3.6	Articles of Amendment	September 30, 2004 10-QSB Quarterly Report*
3.7	By-Laws Amendment	September 30, 2004 10-QSB Quarterly Report*
4.1	Debenture	8-K Current Report dated June 29, 2007*
4.2	Form of Purchasers Warrant	8-K Current Report dated June 29, 2007*
4.3	Registration Rights Agreement	8-K Current Report dated June 29, 2007*
4.4	Form of Placement Agreement	8-K Current Report dated June 29, 2007*
10.1	Securities Purchase Agreement	8-K Current Report dated June 29, 2007*
10.2	Placement Agent Agreement	8-K Current Report dated June 29, 2007*
14	Code of Ethics	December 31, 2003 10-KSB Annual Report*
21	Subsidiaries of the Company	December 31, 2004 10-KSB Annual Report*
31.1	302 Certification of Kim Boyce	
31.2	302 Certification of Keith Merrell	
32	906 Certification	

Exhibits

Additional Exhibits Incorporated by Reference

*	Reflect California Reorganization	8-K Current Report dated December 31, 2003
*	JMST Acquisition	8-K Current Report dated April 4, 2006
*	Cryomastor Reorganization	8-K Current Report dated September 27, 2006
*	Image Labs Merger Agreement Signing	8-K Current Report dated November 15, 2006
*	All Temp Merger Agreement Signing	8-K Current Report dated November 17, 2006
*	All Temp Merger Agreement Closing	8-KA Current Report dated November 17, 2006
*	Image Labs Merger Agreement Closing	8-KA Current Report dated November 15, 2006

* Previously filed and incorporated by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Reflect Scientific, Inc.

(Registrant)

Date:

August 14, 2014

By: /s/ Kim Boyce

Kim Boyce, CEO, President and Director

Date:

August 14, 2014

By: /s/ Tom Tait

Tom Tait, Vice President and Director

Date:

August 14, 2014

By: /s/ Keith Merrell

Keith Merrell, CFO, Principal Financial

Officer