

CVD EQUIPMENT CORP  
Form 10-Q  
August 14, 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 June 30, 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: 6,491,649 shares of Common Stock, \$0.01 par value at August 6, 2018.



**CVD EQUIPMENT CORPORATION AND SUBSIDIARY**

Index

Part I - Financial Information

Item 1 Financial Statements (Unaudited)

Consolidated Balance Sheets at June 30, 2018 and December 31, 2017 3

Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 4

Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017 5

Notes to Unaudited Consolidated Financial Statements 6

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations 17

Item 3 Quantitative and Qualitative Disclosures About Market Risk 22

Item 4 Controls and Procedures 23

Part II - Other Information 24

Item 1 Legal Proceedings. 24

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds. 24

Item 3 Defaults Upon Senior Securities. 24

Item 4 Mine Safety Disclosures. 24

Item 5 Other Information. 24

Item 6 Exhibits. 24

Signatures 23

Exhibit Index 27

## PART 1 – FINANCIAL INFORMATION

## Item 1 – Financial Statements

## CVD EQUIPMENT CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

(Unaudited)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 15,396,489	\$ 14,210,909
Accounts receivable, net	2,722,481	2,058,617
Contract assets	5,314,216	8,397,024
Inventories	2,648,020	2,965,623
Other current assets	245,624	167,425
<b>Total Current Assets</b>	<b>26,326,830</b>	<b>27,799,598</b>
Property, plant and equipment, net	29,721,708	28,839,457
Deferred income taxes	1,552,298	1,609,186
Deposits	241,159	63,370
Other assets	1,779	4,477
Intangible assets, net	512,308	662,162
<b>Total Assets</b>	<b>\$ 58,356,082</b>	<b>\$ 58,978,250</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 1,227,258	\$ 1,174,968
Accrued expenses	2,105,933	2,738,373
Current maturities of long-term debt	654,255	647,324
Current portion acquisition related contingent payments	100,000	100,000
Contract liabilities	279,263	466,313
Deferred revenue	1,107,591	291,953
<b>Total Current Liabilities</b>	<b>5,474,300</b>	<b>5,418,931</b>
Long-term acquisition related contingent payments	200,000	200,000
Long-term debt, net of current portion	12,376,253	12,705,683
<b>Total Long-Term liabilities</b>	<b>12,576,253</b>	<b>12,905,683</b>

Edgar Filing: CVD EQUIPMENT CORP - Form 10-Q

Total Liabilities	18,050,553	18,324,614
Commitments and Contingencies	----	----
Stockholders' Equity		
Common stock - \$0.01 par value – 20,000,000 shares authorized; issued and outstanding, 6,486,189 at June 30, 2018 and 6,458,714 at December 31, 2017	64,862	64,587
Additional paid-in-capital	25,633,056	25,209,316
Retained earnings	14,607,611	15,379,733
Total Stockholders' Equity	40,305,529	40,653,636
Total Liabilities and Stockholders' Equity	\$58,356,082	\$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		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Revenue	\$6,435,278	\$ 10,829,709	\$15,589,111	\$20,480,326
Cost of revenue	5,319,060	6,419,255	10,711,979	11,898,737
Gross profit	1,116,218	4,410,454	4,877,132	8,581,589
Operating expenses				
Research and development	128,117	110,965	224,923	181,300
Selling and shipping	399,249	352,909	912,724	638,325
General and administrative	1,968,465	2,115,793	4,208,530	4,214,388
Total operating expenses	2,495,831	2,579,667	5,346,177	5,034,013
Operating (loss)/income	(1,379,613)	1,830,787	(469,045 )	3,547,576
Other income (expense)				
Interest income	29,314	17,478	46,274	26,053
Interest expense	(119,279 )	(17,607 )	(240,633 )	(35,244 )
Other (expense)/income	---	--		439
Total other (expense)	(89,965 )	&nb		