

REFLECT SCIENTIFIC INC
Form 10-Q
August 12, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2016

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 ☒ 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 ☒

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

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

(§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 ☐

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 11, 2016

60,958,514 shares of \$0.01 par value common stock on August 11, 2016

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Reflect Scientific, Inc.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

June 30, 2016

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.

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets

ASSETS

	June 30,	December 31,
	2016	2015
	(Unaudited)	(Audited)
CURRENT ASSETS		
Cash	\$ 237,986	\$ 292,087
Accounts receivable, net of allowance for bad debts of \$4,000 and \$4,000	224,952	136,362
Inventories, net of allowance for obsolescence of \$12,500 and \$12,500	196,778	206,409
Prepaid assets	3,100	3,100
Total Current Assets	662,816	637,958
FIXED ASSETS, NET	-	-
OTHER ASSETS		
Intangible assets, net	-	5,316
Goodwill	60,000	60,000
Deposits	3,100	3,100
Total Other Assets	63,100	68,416
TOTAL ASSETS	\$ 725,916	\$ 706,374

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

REFLECT SCIENTIFIC, INC.

Condensed Consolidated Balance Sheets (Continued)

LIABILITIES AND SHAREHOLDERS' DEFICIT

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
CURRENT LIABILITIES		
Accounts payable	\$ 43,579	\$ 84,347
Short-term lines of credit	3,883	9,396
Customer deposits	5,974	57,835
Accrued expenses	-	-
Income taxes payable	100	100
Total Current Liabilities	53,536	151,678
Total Liabilities	53,536	151,678
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; 60,958,514 and 60,958,514		
issued and outstanding, respectively	609,584	609,584
Additional paid in capital	19,377,911	19,377,911
Accumulated deficit	(19,315,115)	(19,432,799)
Total Shareholders' Deficit	672,380	554,696
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 725,916	\$ 706,374

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		For the Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
REVENUES	\$ 387,393	\$ 198,076	\$ 761,357	\$ 511,298
COST OF GOODS SOLD	105,184	56,349	212,365	177,666
GROSS PROFIT	282,209	141,727	548,992	333,632
OPERATING EXPENSES				
Salaries and wages	105,516	105,167	212,723	209,361
Rent expense	8,608	8,605	17,217	17,209
Research and development				
expense	19,671	20,897	46,593	26,125
General and administrative				
expense	66,517	54,910	154,530	130,512
Total Operating Expenses	200,312	189,579	431,063	383,207
OPERATING PROFIT (LOSS)	81,897	(47,852)	117,929	(49,575)
OTHER INCOME (EXPENSE)				
Other income	-	-	-	-
Interest expense other	(102)	(263)	(245)	(566)
Interest on debentures	-	(29,250)	-	(58,500)
Gain on extinguishment of debt		1,355,375	-	1,355,375
Total Other Income				
(Expenses)	(102)	1,325,862	(245)	1,296,309
NET INCOME (LOSS) BEFORE TAXES	81,795	1,278,010	117,684	1,246,734
Income tax benefit (expense)	-	-	-	-
NET INCOME (LOSS)	\$ 81,795	\$ 1,278,010	\$ 117,684	\$ 1,246,734

NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED	\$	0.00	\$	0.02	\$	0.00	\$	0.02
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED		60,958,514		56,702,501		60,958,514		56,702,501

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,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 117,684	\$ 1,246,734
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Amortization	5,316	16,043
Gain on extinguishment of debt	-	(1,355,375)
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	(88,590)	162,429
(Increase)/decrease in inventory	9,631	(24,221)
Increase/(decrease) in accounts payable	(40,768)	16,506
and accrued expenses		
Increase/(decrease) in customer deposits	(51,861)	(18,151)
Net Cash from Operating Activities	(48,588)	43,965
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on lines of credit	(5,513)	(5,285)
Net Cash from Financing Activities	(5,513)	(5,285)
NET INCREASE (DECREASE) IN CASH	(54,101)	38,680
CASH AT BEGINNING OF PERIOD	292,087	271,053
CASH AT END OF PERIOD	\$ 237,986	\$ 309,733

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash Paid For:

Interest	\$ 245	\$ 566
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, 2015 financial statements. Operating results for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016.

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 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 4 SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTS RECEIVABLE: Accounts receivables are presented net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer's historical payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection. At June 30, 2016 and December 31, 2015, the Company had accounts receivable of \$228,952 and \$140,362, respectively. At June 30, 2016 and December 31, 2015 the allowance for doubtful accounts was \$4,000 and \$4,000, respectively.

INVENTORY - Inventories are presented net of an allowance for obsolescence and are stated at the lower of cost or market value based upon the average cost inventory method. The Company's inventory consists of parts for scientific vial kits, refrigerant gases, components for detectors and ultra-low temperature freezers which it builds and other scientific items. At June 30, 2016, inventory was made up of \$209,278 of finished goods, less an allowance for obsolescence of \$12,500. At December 31, 2015, inventory was comprised of \$218,909 of finished goods, less an allowance for obsolescence of \$12,500. There were no raw materials or work in progress for either period presented.

INTANGIBLE ASSETS: Costs to obtain or develop patents are capitalized and amortized over the life of the patents. Patents are amortized from the date the Company acquires or is awarded the patent over their estimated useful lives, which range from 5 to 15 years. An impairment charge is recognized if the carrying amount is not recoverable and the carrying amount exceeds the fair value of the intangible assets as determined by projected discounted net future cash flows. The Company's analysis did not indicate any impairment of intangible assets as of June 30, 2016.

GOODWILL: Goodwill represents the excess of the Company's acquisition cost over the fair value of net assets of the acquisition. Goodwill is not amortized, but is tested for impairment annually, or when a triggering event occurs. As described in ASC 360, the Company has adopted the two step goodwill impairment analysis that includes quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. A fair-value-based test is applied at the overall Company level. The test compares the estimated fair value of the Company at the date of the analysis to the carrying value of its net assets. The analysis also requires various judgments and estimates, including general and macroeconomic conditions, industry and the Company's targeted market conditions, as well as relevant entity-specific events, such as a change in the market for the Company's products and services. After considering the qualitative factors that would indicate a need for interim impairment of goodwill and applying the two-step process described in ASC 360, management has determined that the value of Company's assets is not more likely than not less than the carrying value of the Company including goodwill, and that no impairment charge needs be recognized during the reporting periods.

EARNINGS PER SHARE: The computation of basic earnings per share of common stock is based on the weighted average number of shares outstanding during the period. Diluted EPS is computed by dividing net earnings by the weighted-average number of common shares and dilutive common stock equivalents during the period. Common stock equivalents are not used in calculating dilutive EPS when their inclusion would be anti-dilutive. At June 30, 2016 and 2015, the Company had no common stock equivalents.

NOTE 5 RECENT ACCOUNTING PRONOUNCEMENTS - UPDATE

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2016-02, *Leases*. This ASU requires lessees to put most leases on their balance sheets but recognize expenses in the income statement in a manner similar to current accounting treatment. This ASU changes the guidance on sale-leaseback transactions, initial direct costs and lease execution costs, and, for lessors, modifies the classification criteria and the accounting for sales-type and direct financing leases. For public business entities, this ASU is effective for annual periods beginning after December 15, 2018, and interim periods therein. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the impact of this ASU on its financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2016, although early adoption is permitted. The Company is currently evaluating the impact of this ASU on its financial statements and disclosures.

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 6 SUBSEQUENT EVENTS

None.

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:

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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 six month period ended June 30, 2016, 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, 2015.

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 ultra-low temperature freezer is receiving highest priority. We also continue work on the refrigerated trailer, or reefer. We have our first manufactured unit operational, have conducted a number of road tests and are working to develop alliances with contract manufacturers for those products.

We also continue to focus on the expansion of our detector. 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.

Our revenues during the three and six month reporting periods increased 96% and 49%, respectively, during 2016 compared to 2015 revenues.

Results of OperationsThree Months Ended June 30, 2016 and 2015

		For the three months ended June 30,		
		2016	2015	Change
Revenues	\$	387,393\$	198,076\$	189,317
Cost of goods sold		105,184	56,349	48,835
Gross profit		282,209	141,727	140,482
Operating expenses		200,312	189,579	10,733
Other income (expense)		(102)	1,325,862	(1,325,964)
Net income (loss)	\$	81,795\$	1,278,010\$	(1,196,215)

Revenues increased during the quarter ended June 30, 2015, to \$387,393 from \$198,076 for the quarter ended June 30, 2016, an increase of \$189,317. The increase in revenues seen during the quarter resulted from the increased sales levels of our specialized laboratory supplies and sales of ultra-low temperature freezers

With increased sales during the reporting period, cost of goods correspondingly increased in the quarter ending June 30, 2016, as compared to June 30, 2015 to \$105,184 from \$56,349, an increase of \$48,835. The gross profit percentage increased to 73% for the three months ended June 30, 2016, compared to 71% for the three months ended June 30, 2015. 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.

Our operating expenses we increased by \$10,733 in the three-month period ended June 30, 2016 over the comparable 2015 period. This increase results primarily from commissions paid on the sales of the ultra-low temperature freezers. Operating expenses for the three months ended June 30, 2016 were \$200,312, compared to operating expenses of \$189,579 for the three-month period ended June 30, 2015. Management continues to look for operating efficiencies which will reduce operating expense levels. Operating expenses for the remaining six months of 2016 are expected to approximate the expense levels shown for the three-month period ended June 30, 2016.

The net income for the three-month period ended June 30, 2016 was \$81,795, a decrease of \$1,196,215 from the \$1,278,010 profit for the three-month period ended June 30, 2015. That period benefited from the \$1,355,375 one-time gain realized on extinguishment of debt. Management continues to look for opportunities to increase sales, improve gross margins and reduce ongoing operating expenses

The net income for the three months ended June 30, 2016 was \$0.00 per share. This compares to a net income of \$0.02 per share for the three-month period ended June 30, 2015.

Six Months Ended June 30, 2016 and 2015

		For the six months ended June 30,		
		2016	2015	Change
Revenues	\$	761,357\$	511,298\$	250,059
Cost of goods sold		212,365	177,666	34,699
Gross profit		548,992	333,632	215,360
Operating expenses		431,063	383,207	47,856
Other income (expense)		(245)	1,296,309	(1,296,554)
Net profit (loss)	\$	117,684\$	1,246,734\$	(1,129,050)

Revenues increased during the six-month period ended June 30, 2015 to \$761,357 from \$511,298 for the six-month period ended June 30, 2015, an increase of \$250,059. The revenues were generated from our specialized laboratory supplies, detectors and ultra-low temperature freezers. We are beginning to see sales increases resulting from having completed our catalog web site.

Due to the increase in sales, cost of goods in the six-month period ending June 30, 2016 increased by \$34,699, to \$212,365 from \$177,666 for the six-month period ended June 30, 2015. The gross profit percentage increased to 72% for the six-month period ended June 30, 2016, compared to 65% for the six months ended June 30, 2015. 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.

Operating expenses for the six-month period ended June 30, 2016 increased to \$431,063 compared to \$383,207 for the six months ended June 30, 2015, an increase of \$47,856. As we continue to work to commercialize the ultra-low temperature product line we anticipate expenses levels for the remaining six months of 2016 will remain close to the level experienced through the initial six months

Net income for the six-month period ended June 30, 2016 was \$117,684, a \$1,129,050 decline from the \$1,246,734 net income for the six-month period ended June 30, 2015, which benefited from the one-time gain on extinguishment of debt of \$1,355,375. Management continues to look for opportunities to increase revenue, improve gross margins and reduce ongoing operating expenses in order to achieve profitability.

Earnings for the six months ended June 30, 2016 was \$0.00 per share. Earnings for the six months ended June 30, 2015 was \$0.02 per share.

Seasonality and Cyclicity

We do not believe our business is cyclical.

Liquidity and Capital Resources

Our cash resources at June 30, 2015, were \$237,986, with accounts receivable of \$224,952, net of allowance, and inventory of \$196,778, net of allowance. Accounts receivable increased \$88,590 as the result of ultra-low temperature sales, which customer deposits decreased by \$51,861, as the deposits made with orders were applied to invoiced amounts upon shipment of the freezers. To this point in time we have relied on revenues and sales of equity and debt securities for our cash resources. Our working capital on June 30, 2016, was \$609,280, which is an increase of \$123,000 over the working capital on December 31, 2015 of \$486,280.

For the six-month period ended June 30, 2016, net cash used for operating activities was \$48,588 which compares to \$43,965 net cash provided from operating activities for the six-month period ended June 30, 2015, a change of \$92,553. The change results primarily from the paying down of accounts payable, the application of customer deposits held, and the increase in accounts receivable which have resulted from increased sales levels.

Off-Balance Sheet Arrangements

We lease office and warehouse space under a non-cancelable operating lease in Utah which runs through November 30, 2017. Future minimum lease payments under the operating lease at June 30, 2016 are \$52,700 for that facility. In addition, on May 9, 2014, the Company entered into an automobile lease. Future minimum lease payments under this lease are \$8,112 at June 30, 2016, with minimum lease payments of \$3,744 due for the remainder of 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 at that reasonable assurance level as of the end of the period covered by this report based upon our current level of transactions and staff. 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

(b)

Changes in Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act. Management reviewed our internal controls over financial reporting, and there have been no changes in our internal controls over financial reporting for the quarter ended June 30, 2016 that have materially affected, or are like to affect, our internal controls over financial reporting.

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, 2015, we have not purchased any equity securities nor have any officers or directors of the Company.

ITEM 3. Defaults Upon Senior Securities

In June 2015, management received from legal counsel an opinion that the statute of limitations had expired on the debentures and the related default penalty and accrued interest. Accordingly, management elected to remove those liabilities from their financial records, resulting in the recognition of a gain on extinguishment of debt of \$1,355,375.

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	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
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 11, 2016

By: /s/ Kim Boyce

Kim Boyce, CEO, President and Director

Date:

August 11, 2016

By: /s/ Tom Tait

Tom Tait, Vice President and Director

Date:

August 11, 2016

By: /s/ Keith Merrell

Keith Merrell, CFO, Principal Financial

Officer

