

FINDEX COM INC
Form 10-K
April 17, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period for _____ to _____

Commission file number: 0-29963

FINDEX.COM, INC.

(Exact name of registrant as specified in its charter)

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Nevada 88-0379462
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1313 South Killian Drive, Lake Park, Florida 33403
(Address of principal executive offices) (Zip Code)

(561) 328-6488

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes [] No [X]**

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 Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy

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or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

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 Act). **Yes** **No**

As of June 30, 2017, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average of the closing bid and asked prices on such date was approximately \$6,690,000.

APPLICABLE ONLY TO REGISTRANTS 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 REGISTRANTS

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

At April 17, 2018, the registrant had outstanding 530,951,417 shares of common stock, of which there is only a single class.

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, press releases and certain information provided periodically in writing or verbally by our officers or our agents contain statements which constitute forward-looking statements. The words “may”, “would”, “could”, “will”, “expect”, “estimate”, “anticipate”, “believe”, “intend”, “plan”, “goal”, and similar expressions and variations thereof are intended to specifically identify forward-looking statements. These statements appear in a number of places in this Form 10-K and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of us, our directors or our officers, with respect to, among other things: (i) our liquidity and capital resources, (ii) our financing opportunities and plans, (iii) our ability to attract customers to generate revenues, (iv) competition in our business segment, (v) market and other trends affecting our future financial condition or results of operations, (vi) our growth strategy and operating strategy, and (vii) the declaration and/or payment of dividends.

Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Factors that might cause such differences include, among others, those set forth in Part II, Item 7 of this annual report on Form 10-K, entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and including without limitation the “Risk Factors” section contained in Part I, Item 1A. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this annual report on Form 10-K after the date hereof.

Readers of this annual report on Form 10-K should note that, in order to provide materially relevant disclosure regarding certain of Findex’s historical, operational expenses not otherwise appropriately accounted for in our consolidated financial statements given the applied accounting treatment described elsewhere in this annual report on Form 10-K, certain disclosure is contained in the text of this report relating to such expenses, including *e.g.* executive compensation, director compensation, and audit fees, that does not numerically align with the corresponding figures contained in our consolidated financial statements.

ITEM 1.

BUSINESS.

OVERVIEW

Findex.com, Inc. is headquartered in Lake Park, Florida with its base of business operations co-located in the same facility. The Company is currently comprised of EcoSmart and a consolidated variable interest entity, Advanced Cement Sciences, LLC (formerly Advanced Nanofibers, LLC). EcoSmart has historically been the driver of both operating overhead and revenue. EcoSmart was acquired by us in a merger in 2014 and centers around a proprietary line of specialty materials coatings that have a broad range of value-adding industrial, commercial, residential and consumer applications. Advanced Cement Sciences, LLC (“ACS”) is a variable interest entity. During the fourth quarter of 2016 management determined the Company was the primary beneficiary of ACS, and has since been consolidating

those operations in accordance with U.S. GAAP for purposes of our financial reporting. The Company currently owns a minority 31.06% interest in ACS, which is a Florida-based, engineered cement technology and products firm founded in mid-2016 and currently focused on globally marketing a line of proprietary admixtures to be used in the production of ultra-lightweight, high-strength concrete and high-performance stucco. Despite our lack of corporate control over ACS, and its lack of revenue to date, it is a venture that our management has been and continues to be very actively involved in developing, and that is increasingly consuming a greater percentage of our financial and human resources, a trend management expects to continue into the foreseeable future.

ECOSMART

Our core business 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 include:

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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, 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.

Products

Broadly viewed, the surface is an integral aspect of virtually every physical object and often plays a fundamental role in many of the processes, beyond mere connectivity and structural support, that govern chemical and biological interactions involving the product. In some instances, the surface serves to protect the internal elements of the object that it surrounds; in others, it provides an entry point into those chemical or biological systems. In most, combinations of these attributes are present, and the potential variations are both vast in number and complex in structure.

Our specialty coatings business produces, markets, and distributes a line of effectively invisible glass-based specialty coatings – “smart surfaces” – that have a wide range of industrial, commercial, and household applications that add a competitive advantage to a given product or surface through a variety of protective and other features. Conventional coatings, which are bonded by mechanical means to whatever surface they are applied to, tend to fail, ultimately, in the bonding to the substrate, typically due to poor surface preparation or variation of temperature exposures. Uniquely, EcoSmart’s products consist of inorganic and organic combinatorial chemistry that causes them to bond chemically with the substrate, whether metal, cement-based, or organic (e.g. plastics). By utilizing covalent bonding that penetrates into the substrate and reacts directly with the free ion within, the otherwise resulting disbondment is avoided. The result is a much longer lasting and stronger coating, and, in turn, a longer life for the substrate that has been treated.

With an addition of only 50 millionths to 2 thousandths of an inch in surface thickness (depending on which product is used), no loss of either hardness, on the one hand, or pliability, on the other, and no reduction in photon (light) penetration, the patented platform technology, either on its own or when coupled with any of an array of available proprietary formula additives, offers the following unique combination of beneficial protective, maintenance-reducing, performance-enhancing and cosmetically-enhancing properties to most surfaces, including metals, plastics, paints, fabrics, vinyl, wood, masonry, or concrete, in each case without regard to temperature, climate or most other environmental conditions, without hazard to either human, animal or plant health/life, and for a period of up to as many as approximately 15-20 years:

Protective Benefits

Against Physical Surface Damage

Resistant to Abrasion / Scratching
Resistance to Corrosion
Resistant to Oxidation
Resistant to (Effects of) Weather / Elements
Resistant to (Effects of) UV
Resistant to (Effects of) All But Most Extreme Alkaline or Acidic Chemicals
Resistance to (Effects of) Acid Rain
Resistance to (Effects of) Guano (excrement of birds, bats, seals, etc.)
Resistance to Termite Infestation

*Against Surface Appearance /
Cosmetic Degradation*

Resistant to Dust / Dirt / Grime
Resistant to Staining
Resistant to Color Fading
Resistant to Fingerprints
Resistant to Marking / Graffiti
Oleophobic (Oil-Repellent)

Against Human Health Risks / Contagion

Resistant to Bacterial Growth / Germs (sometimes referred to as “Self-Sterilizing”)
Resistant to Mold / Fungal Spore Growth
Resistant to Small and Large Viruses

*Against Human Physical / Safety
Risks*

Slip-Resistant When Wet

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Maintenance-Reducing (So-Called “Self-Cleaning”) Benefits

Hydrophobic (Water-Repellent)
Oleophobic (Oil-Repellent)
Resistant to Dust / Dirt / Grime
Rinses Cleans with Only Water and/or Mild Detergent

Performance-Enhancing Benefits

Improved Hydrodynamics / Drag Reduction / Fuel Efficiency
Improved Aerodynamics / Drag Reduction / Fuel Efficiency
Energy Efficiency

Cosmetically-Enhancing Benefits

Enhanced Color Clarity
Enhanced Gloss / Sheen
Enhanced Reflection

Applications and Markets

With the extraordinary array of beneficial properties identified above, certain but not all of which have been independently lab-tested and verified, the range of potential applications of our specialty coatings is notably far-reaching, spanning across numerous industrial, commercial, and household segments. While we are currently focusing our pursuit on only several of these potential applications, and there can be no assurance that we will ever pursue any one or more of the others, we have identified the following as potential markets, among others, to be explored and possibly pursued over time:

Heavy Construction Equipment/Vehicles
Oil and Gas Drilling and Related Heavy Equipment
Marine Vessels and Fixtures/Infrastructure
Industrial and Residential HVAC Equipment, Commercial Refrigeration Systems and Power Generators
Interior and Exterior Flooring and Tiling, Pavers and Hardscapes
Residential, Commercial, and Industrial Building/Construction
Sewage and Highway Infrastructure, Bridges
Solar Panels, Reflectors and Heliostats

Wind Turbines

Desalination and Potable Water Systems

To date, we have not commissioned or otherwise undertaken or obtained any comprehensive market study in respect of any one or more of the above-listed potential product applications. Our immediate- and near-term focus is on the following four, unrelated applications, each of which has been selected based on management's combined assessment of (i) the relative size, age and projected growth trend of the subject market, (ii) experience, observational/anecdotal intelligence, and testing results previously obtained in relation to the application, (iii) the relative strength of the value proposition to prospective customers, (iv) the comparative time-to-market, (v) the comparative cost-to-market coupled with existing industry relationships and available resources, (vi) the relative geographic accessibility of the market, (vii) the seasonality of the market, if any, (viii) the relative barriers-to-entry within the market, (ix) the relative, projected length of the particular sales cycle, (x) the projected gross profit margins, (xi) both the presence within the subject market, together with the relative quality, of competitive products, and (xii) the relative size and strength of the individual competitors:

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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

Heavy Construction Equipment/Vehicles. This is the market segment application involving foundational heavy terrain construction equipment fleets and individual units. It comprises a wide range of vehicles in the heavy construction industry, including gators, bulldozers, excavators, dump trucks, cement mixers, and other, similar types of equipment in relation to which our coatings offer strong prevention against rust, oxidation, corrosion and abrasion breakdown. We believe that our coatings could result in notably significant savings in maintenance costs as well as extended life for these types of equipment/vehicles used in these highly corrosive environments.

Oil and Gas Drilling, Mining and Related Heavy Equipment. This is the market segment application surrounding a vast array of opportunities to sell certain of our coatings to prevent rust, oxidation, corrosion and abrasion breakdown in the oil, gas and mining industries. We believe that our coatings could result in notably significant savings in maintenance costs as well as extended life for equipment, tools, and infrastructure used in these highly corrosive environments. In this market segment, our coatings can be used as protective pipe linings and as protective barrier on the exteriors of storage tanks, micro-turbines, hydraulic systems, fleet vehicles, rail cars and shipping containers. Based on recent industry reports, and with industrial coatings generally comprising more than approximately a third of the worldwide aggregate coatings market, the oil and gas segment is one viewed by us as holding some of the greatest growth potential. Based on the preliminary results of early-stage field and lab tests being conducted by prospective customers, and though there can be no assurance, management believes the effectiveness of its products for this purpose is already higher than many competing products, and that the market and demand for these products is potentially very significant. We are aggressively targeting this application based on a combination of all of the factors identified above, and, to date, we have been pursuing potential distribution opportunities through select industry operators.

Industrial and Residential HVAC Equipment, Commercial Refrigeration Systems, and Power Generators. This is the market segment application consisting of coatings for HVAC and commercial refrigeration systems intended to serve as protection from corrosion, including in salt water, acid, alkaline and chemical environments, and from clogging by particles of mold, pollen, dust, and soot. Substantial testing in this area by a variety of industry participants has shown that there is a significant efficiency loss factor on HVAC units due to natural oxidation and the restricted airflow resulting from dirt build-up on the condenser coils. With a product that repels moisture and contaminants, offers increased operating/energy efficiency of 12-15% over the life of a subject condensing unit, and substantially reduced cleaning requirements generally, management believes a significant opportunity exists for the Company within this market. Accordingly, we have targeted this application based on a combination of all of the factors identified above and are currently in the process of pursuing a strategic marketing plan aimed at this segment.

Interior and Exterior Flooring and Tiling, Pavers and Hardscapes. This is the market segment defined by us to include applications involving surfaces consisting of pavers, poured and stamped concrete, natural stone, brick, ceramic tile and vinyl composition tile floors ("VCT"). It has been targeted based on a combination of all of the factors identified above, with a particular emphasis on (i) geographic accessibility to the regional market of South Florida, in which the Company maintains its executive offices and principal operations, and (ii) relative ease of installation. At a competitive price point, the Company's products offer this market a high-grade, functional alternative to comparatively under-performing water-based hardscape sealants, and one with numerous unique, secondary benefits. The marketing and sales strategy being applied by us is a dual-pronged approach aimed at manufacturers of primary materials, on the one hand, and contractor installers, on the other. Our latest entrant into this market, V-Shield, is a single application ceramic coating that can last up to three years with minimal maintenance on VCT floors. Unlike traditional VCT

cleaning and maintenance wax-based products, V-Shield saves time during the application as well as reduces the overall maintenance costs associated with VCT floors due to its single application process and longevity on such floors.

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In general, though not necessarily across all segments, we intend to pursue a strategic approach to identify market opportunities that rely on master distribution arrangements within individual product/application industry verticals. An emphasis is being made in the immediate-term on the establishment of such master distribution relationships with prospective sellers that already have in place an industrial customer-base with the greatest likelihood of benefitting from our product(s) and, ideally, without there being an appreciable lag-time in customer adoption of our product because of its potential to effectively serve as an available upgrade to their existing offerings.

For purposes of development, competitive analysis, and prioritizing sales initiatives and resource deployment, we view our specialty coatings business in terms of numerous individual markets identified in each case by reference to the particular combination of our product, on the one hand, and targeted surface and application, on the other. While our complete line of individual specialty coatings products includes more than fifteen separate formulations, the following list identifies some of our largest selling products, by name, together with their respective primary targeted surfaces and application categories, as well certain information in each case relating to their unique benefits in relation to the target application.

Product Name:	<i>ECT-1090 Metal Coating</i>
Primary Targeted Surfaces:	Steel and other metal substrates
Primary Target Application Categories:	Industrial equipment
Featured Properties For Target Application:	Extreme protection against oxidation, microbial intrusion, chemical corrosion, and ultra violet degradation; friction across the coated surface decreases on average of 18-20%, resulting in an increased durability and longevity of the coated surface; demonstrates an increased flow rate of both liquid and gaseous substances across its surface versus a metal surface that is not coated, resulting, among other things, in making the coated surface very easy to keep clean

* * *

Product Name:	<i>ECT-1110 Interior Coating</i>
Primary Targeted Surfaces:	Indoor tile, masonry, paint, cement, plastics, fabric, flame-exposed, cryogenic
Primary Target Application Categories:	Interior flooring and tiling
Featured Properties For Target Application:	Hydrophobic (water-repellent) and oleophobic (oil-repellent); slip-resistant when wet; protective barrier at all temperatures resistant to abrasion/scratching, corrosion, oxidation, microbials, (effects of) weather/elements, UV, guano, acid rain, staining, color fading, mold/fungal spore growth

* * *

Product Name: *ECT-1390 HVAC Anti-Corrosion Energy Coating*
Primary Targeted Surfaces: All surfaces of condensing unit, including coils, copper lines, compressor and cabinet
Primary Target Application: HVAC, refrigeration condensing units, cooling towers, and other HVAC equipment
Categories: “Glassifying surface treatment”; condensing unit protection from corrosion, including in salt water, acid, alkaline and chemical environments; protection from clogging by particles of mold, pollen, dust, and soot; increased operating/energy efficiency of 12-15% over life of condensing unit; reduced cleaning requirements generally, and condensing units easily cleaned with only water and/or mild soap eliminating need for caustic coil cleaners; reduced maintenance for cooling towers and chiller barrels
Featured Properties For Target Application:

* * *

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Product Name: *ECT-1000 Universal Micro-Coating*

Primary

Targeted Surfaces: Glass, mirrors, fiberglass, paints, plastics, metals, fabrics, granites

Primary Target

Application: Automotive/motorcycle/marine interior and exteriors, countertops, sunglasses, surfboards, water and snow skis

Categories:

Ultra-thin (50 millionths of an inch) gasified glass layer version of ECT-1000 that be easily applied directly by consumers and last for 6-8 months; hydrophobic (water-repellent) and oleophobic (oil-repellent); repels dirt and dust, including brake dust; exceptional clarity on glass and mirrors by filling in microscopic voids in the surface (tests conducted by the Ford Motor Company showed improvement in the “Distinction of Image” measurement (clarity of a glossy surface) of 10% on new, and 20% on old, automotive paint); protective barrier at all temperatures resistant to abrasion/scratching, corrosion, oxidation, microbials, (effects of) weather/elements, UV, guano, acid rain, acid damage from insects, staining, color fading, mold/fungal spore growth

Featured

Properties For

Target

Application:

* * *

Product Name: *ECT-1470 Hardscape Coating*

Primary Targeted

Surfaces: Pavers, concrete, roofing tile, ceramic tile, and other porous surfaces

Primary Target

Application: Floors, walls, decorative panels, swimming pools

Categories:

Featured Properties For Target Application: Able to be applied in heavy coats; hydrophobic (water-repellent) and oleophobic (oil-repellent); slip-resistant when wet; protective barrier at all temperatures resistant to abrasion/scratching, corrosion, oxidation, microbials, (effects of) weather/elements, UV, guano, acid rain, staining, color fading, mold/fungal spore growth

* * *

Product Name: *V-Shield Vinyl Surface Treatment*

Primary Targeted

Surfaces: Indoor vinyl composition tile (VCT), luxury vinyl tile, quality vinyl tile, sheet vinyl, vinyl plank, and welded seam vinyl

Primary Target

Application: Interior flooring

Categories:

Featured Properties For Target Application: Single application to be applied in a thin coat; hydrophobic (water-repellent) and oleophobic (oil-repellent); slip-resistant when wet with non-slip additive; protective barrier at all temperatures resistant to abrasion/scratching, corrosion, oxidation, microbials, (effects of) weather/elements, UV, guano, acid rain, staining, color fading, mold/fungal spore growth

Certain of the Science Behind Our Technology

The most unique feature shared by our coatings, and the specific focal point of a patent held by us and considered by management to be the centerpiece of our smart surface technology, is the positive surface charge they possess once applied. It is this positive surface charge that is responsible for their most unique and valuable properties identified above, including the hydrophobicity, oleophobicity, microbial and fungal resistance, dust-repellance, and the enhanced aerodynamics and hydrodynamics.

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Hydrophobicity is a term largely unfamiliar to many outside scientific circles, but that describes a quality with which most everybody has a basic familiarity. Surfaces may be characterized as either hydrophilic or hydrophobic depending on whether or not they attract or repel water or other water-based liquids. Hydrophilic and hydrophobic surfaces are abundant in both nature as well as in synthetic materials, and they exist both organically and inorganically in terms of chemical composition. A hydrophilic surface can be wet and may adsorb water; a hydrophobic surface cannot and will not – it is compositionally incapable of becoming wet. An example of a hydrophilic surface encountered routinely in daily life are sponges, which, of course, readily soak up whatever water with which they come into contact, at least to the point of saturation. Hydrophobic materials and coatings, by contrast, prevent water from pooling on their surfaces. In scientific terms, hydrophobicity is caused by surfaces that disrupt the hydrogen bonding in water; so as to minimize the disruption in its molecular makeup, the water droplet pushes itself away from the surface to minimize its contact area, thus becoming very tightly bound. Hydrophobic materials are generally easy to identify because water forms into droplets upon contact with them after which they tend to roll around freely, like marbles on a flat Formica countertop, as occurs commonly on the freshly waxed exterior of a car or recently cleaned windshield with new wiper blades. The more hydrophobic the material (all the way up to and including so-called “superhydrophobic” surfaces), the stronger this effect, until the water effectively floats or skims across the surface with what amounts to very low friction. Naturally occurring hydrophobic surfaces include many species of plant leaves and flower petals, as well as many types of bird feathers and the outer body parts of a variety of insects; the lotus leaf is among the most hydrophobic of naturally occurring hydrophobic surfaces. Synthetic hydrophobic surfaces include such household-name brands as Scotchgard™ treated fabric, Teflon® coated metal, or Rain-X® coated glass.

Oleophobicity is a property very comparable to hydrophobicity, but it relates to oil-repellancy, not water-repellancy. There are important technical differences, but, for practical and basic observational purposes, they are very similar.

In terms of chemistry, our platform smart surface, and the coating variations identified above for which it serves as a basis, are inorganic, formed as they are of chemically “grown” glass. The process by which they form upon application can be likened to the process, witnessed by many daily in science classrooms, labs, or at home with popular science kits, whereby quartz crystals are effectively “grown” in a solution. This is important because it results in the establishment of a uniquely firm chemical bond between the coating and the surface, far stronger than would exist through either a mechanical or light bonding (the traditional alternatives), fundamentally setting the coatings apart from most others. When coupled with the unusually thin layer they inhabit – approximately 50 millionths to 1-2 thousandths of an inch – the combination of properties leaves them notably flexible, permitting their use in connection with such items as fabrics, plastics, and pliable floor-boards, yet hard, durable, and resilient, particularly when refined with select additives.

The additives used in our various coating formulations available to customers fall into three basic categories. In the first category are color tints, which, in recent years, have seen major technology advancements in terms of durability, variety and depth of color, reflectivity, and fade-resistance. We have available to us a wide range of the most advanced offerings in this regard. In the second category are additives intended to provide increased hardness and wear-resistance. Here, too, we have access to what we believe are some of the most superior materials available. In the third category are EPA-approved, “on-contact” mechanical microbial germ and virus (so-called “quat” (industrial and commercial quaternary ammonium) killers. These additives work in such a way as to prohibit the mutation of microbials which can otherwise become resistant over time to chemical kill mechanisms such as antibiotics and are capable of fortifying any of our coatings with additional protection against bacteria and relatively large

viruses/microbials, including, for example, Methicillin-resistant Staphylococcus Aureus (more commonly known as “MRSA”), Clostridium difficile bacterial infection (more commonly known as “C-diff”), and Influenza A virus subtype H1N1 (more commonly known as “H1N1” or “Swine Flu”). By combining our coatings – which, based on their positive surface charge, already powerfully discourage the growth of many of the smaller, more common viruses which can exist between active elements of existing “on-contact” killers (such as the Norovirus, for example, a concern long plaguing the vacation cruise ship industry) – with a quat and certain other additives available to us, a unique, broader spectrum of microbial protection is afforded, un-matched, in the belief of the Company’s management, by any other product in anti-microbial effectiveness.

Long-Term Strategic Direction

Although there can be no assurance, over time, we intend to progress 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. We currently have developing expertise and capabilities in each of these areas.

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Organic chemistry is a chemistry sub-discipline involving the scientific study of the structure, properties, and reactions of organic compounds and organic materials (i.e., matter in its various forms that contain carbon atoms). Inorganic chemistry, by contrast, refers to the chemistry sub-discipline aimed at understanding the synthesis and behavior of inorganic and organometallic compounds, generally focused on the silicon atom. Nanotechnology is the creation of functional materials, devices and systems through control of matter (atoms and molecules) on the nanometer length scale (1-500 nanometers), and exploitation of novel phenomena and properties (physical, chemical, biological, mechanical, electrical) at that length scale. Materials science engineering has as its focus, among others, the development of new products based on materials whose properties and behavior are controlled at the micrometer and nanometer scales, and through microfabrication technologies.

Manufacturing and Fulfillment

We currently conduct all manufacturing and fulfillment operations on our own at our facility in Lake Park, FL. Though output capacity is currently limited, we intend to expand in-house capacity in the near future, subject to our having available to us the requisite capital investment. The manufacturing process is comprised largely of combining and blending raw materials and chemicals, including additives, in each case consistent with our proprietary formulations, and bottling of final product into labeled, quart, gallon and larger containers. In general, on-hand inventory is kept to a minimum and built up based on forecasted near-term sales.

Backlog

In general, we do not manufacture our products against a backlog of orders and do not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Accordingly, we do not believe that backlog information is material to an understanding of our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of revenue or other metric of financial performance.

Product Returns Policies and Warranties

Our product returns policies and warranties differ materially based on the type of surface to which our products are being applied as well as the anticipated performance life of the particular product.

In general, we maintain a consistent return policy relative to any products in relation to which there is either no associated installation or, if there is an installation involved, it is one in which we have no participation or for which we have any responsibility (as may be the case in relation to our paver application specialty coating products). The

policy under such circumstances requires that the subject products be returned unopened within no more than 30 days of purchase, and that all shipping charges associated with the return be borne by the customer. For a period of up to five years from purchase, a warranty is extended in such cases to customers relative to both the chemical integrity (as represented upon sale) and the performance integrity of the coatings based on the specific characteristics of the subject product and application, and the corresponding representations made by the Company in relation thereto.

Our returns policies and product warranties are general policies and warranties and are subject to change in relation to any particular sale. Further, the general policies and warranties themselves are subject to change from time to time and are likely to evolve as our operations and revenues develop.

Significant Customers and Vendors

During the years ended December 31, 2017 and 2016, we generated a significant portion of our revenues from certain customers as follows:

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Customer	% of Total Revenues	
	2017	2016
Infiniti Coatings, LLC.	18.35%	14.80%
Umbrella Surface Technologies/Dekko Concrete	17.30%	15.46%
Signature Associations, Inc.	12.46%	—

During the years ended December 31, 2017 and 2016, our significant product and chemical raw material purchases were as follows:

	% to Total Products	
	2017	2016
Vendor A	24.97%	—
Vendor B	18.41%	5.48%
Vendor C	17.33%	54.73%

We currently have no long-term written agreements with any of these vendors. The payment terms are generally net 30 days, and we are not substantially dependent upon any one or more of them; all are easily replaceable with any locally or nationally available supplier.

Research and Development

Though a substantial and growing percentage of our operating expense, our research and development (“R&D”) has been very modest in recent years, in real dollar terms, due to a lack of allocable funds. The limited R&D activities that have been pursued over this period have been conducted exclusively in-house.

Our R&D objective is to leverage our unique, integrated, emerging science capabilities to drive revenue and margin growth. Our R&D initiatives are principally focused on our strategic priority of achieving a leadership position across the relatively higher margin, science-driven segments of the specialized coatings and surfaces markets in which it operates by developing and refining differentiated, advanced industrial and related coatings and surface materials. We believe that our specialized scientific expertise, together with our developing R&D program, combine to provide us with distinctive, competitive advantages that position us to establish broad global reach over time and deep market penetration in our market verticals.

Our EcoSmart R&D team consists of one full-time employee and two part-time personnel.

We continue to protect our R&D investments and assets through pursuit of a comprehensive intellectual property strategy. See discussion under “Intellectual Property.”

Regulation

We are subject to an extensive array of stringent regulations arising under a broad range of U.S. federal, state, local and foreign environmental, health and safety laws relating to the generation, storage, handling, discharge, disposition and stewardship of hazardous wastes and other harmful materials. These regulations have potential implications for us in terms of our manufacturing operations, product handling and use by customers and agents, as well as installation processes. In this regard, we will likely have to expend substantial amounts to comply with such laws and regulations as well as establish and maintain an evolving set of policies to minimize and control our environmental discharge and emissions. Nevertheless, legislative, regulatory and economic uncertainties (including existing and potential laws and regulations pertaining to climate change) may make it difficult for us to project future spending for these purposes and, if there is an acceleration in new regulatory requirements, we may be required to expend substantial additional funds to remain in compliance.

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Competition

Product performance, technology, cost effectiveness, quality and technical and customer service are major competitive factors in the industrial coatings businesses. We are unaware of any one or more products possessing the same combination of physical properties, and that, on the whole, offers the same array of benefits, as its proprietary line of specialty smart surface coatings. There can be no assurance, however, that there not products under development or already in existence and in the early stages of market introduction of which management is not yet aware. The market for industrial and product performance coatings is extremely large, broad in scope, and consists of many different segments and sub-segments, each of which involves a range of product applications. It is also increasingly characterized by rapidly evolving technology. Precisely because of the wide array of beneficial properties they possess, and notwithstanding the U.S. patent held by us on our platform smart surface technology, the specialty coatings produced and distributed by us should be viewed as competing with other coatings products across a wide variety of the various existing market segments and sub-segments. Hydrophobic, anti-corrosion and antimicrobial coatings, for example, are each segments in which numerous companies are aggressively competing with one another worldwide, both in terms of technology and market share, but that, combined, represent only a minor portion of the aggregate competition that we should be viewed as meaningfully confronting.

The competition faced by us in relation to our proprietary line of specialty smart surface coatings includes both public and private organizations and collaborations among academic institutions and large companies, both domestic and foreign, most of which have significantly greater experience and financial resources than us. We expect that our most significant competitors will tend to be larger, more established companies, including many major multinational corporations such as Akzo Nobel N.V., PPG Industries, Inc., Axalta Coating Systems, and Valspar Corporation. In general, these companies are all developing products that, at some level or in one or more ways, compete with ours and, in addition to many existing issued and pending patents, they have significantly greater capital and other resources available to them for research and development, testing, seeking and obtaining any required regulatory approvals, marketing and distribution. In addition, many smaller coatings and related nanotechnology companies have formed strategic alliances or collaborative arrangements, partnerships, and other types of joint ventures with larger, well-established industry competitors that afford these companies' potential research and development and commercialization advantages, and may be aided in becoming significant competitors through rapid evolution of new technologies. Academic institutions, governmental agencies, and other public and private dedicated research organizations are also financing and conducting research and development activities that could result in the introduction of products directly competitive to our own.

Intellectual Property

Patents and Licenses

The competitive environment in which we operate is largely driven by technology, proprietary or otherwise. In general, companies in this environment seek to develop competitive advantages – both offensive and defensive – through

the obtaining and maintaining of relevant patents relating to their respective technological advancements. As a science and technology based company, we believe that securing intellectual property is an important part of protecting our research, and that, in particular, patent, as well as related trade secret, protection, is critical for the new specialty coatings technologies we develop, as well as any products and processes derived through them.

By way of assignment, we currently hold a United States patent relating to our smart surface specialty coatings technology:

Title	Awarded	Pending	Expiration
Method of Treating Surfaces For Self-Sterilization and Microbial Growth Resistance	X		2025

Over time, we may apply for additional patents relating to advancements we achieve through our research and development initiatives. There can be no assurance however, that any the patent currently held, or any obtained in the future, will prove adequate to protect our technologies or that we will have sufficient financial and other resources to keep others from infringing the exclusive rights we possess in relation to our technologies. The fields in which we operate have been characterized by significant efforts by competitors to establish dominant or blocking patent rights to gain a competitive advantage, and by considerable differences of opinion as to the value and legal legitimacy of competitors' purported patent rights and the technologies they actually utilize in their businesses.

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Because we may license our technology and products in foreign markets, we may also seek foreign patent protection for some specific patents. With respect to foreign patents, the patent laws of other countries may differ significantly from those of the United States as to the patentability of our products or technology.

It is possible that competitors in both the United States and foreign countries, many of which have substantially greater resources and have made substantial investments in competing technologies, may have applied for, or may in the future apply for and obtain, patents, which will have an adverse impact on our ability to make and sell our products. There can also be no assurance that competitors will not infringe on our patents or will not claim that we are infringing on their patents. Defense and prosecution of patent infringement suits, even if successful, are both costly and time consuming. An adverse outcome in the defense of a patent infringement suit could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or potentially even require us to cease our operations.

Trade Secrets

Certain aspects of our know-how and technology are not patentable, or, for strategic reasons, are best protected in the determination of management by leaving them unpatented. In this regard, trade secrets play an important part in our intellectual property strategy, and we vigilantly seek to protect them. To protect our proprietary position in trade secrets, we require all employees, consultants, advisors and collaborators with access to our technology to enter into confidentiality and invention ownership agreements with us. There can be no assurance, however, that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, in the absence of patent protection, competitors who independently develop substantially equivalent technology, or otherwise acquire it, may adversely impact our business. If and when we discover that any trade secrets have been misappropriated, it is expected that we will, unless we otherwise determine for strategic or similar reasons, report the matter to governmental authorities for investigation and potential criminal action, as appropriate. In addition, and to the extent that we have the available financial resources, we intend to take all reasonably required measures in an effort to mitigate any potential adverse economic impact, which may include civil actions seeking redress, restitution and/or damages based on losses sustained by us and/or unjust enrichment by a counter-party.

We are currently in the process of evaluating our options in connection with the registering of trademarks for our specialty coatings business, and this process is expected to be ongoing. Unlike patent rights, ownership rights in trademarks do not expire if the trademarks are continued in use and properly protected.

ADVANCED CEMENT SCIENCES (VARIABLE INTEREST ENTITY)

Advanced Cement Sciences LLC (“ACS”) is a variable interest entity of which the Company owned a minority 31.06% interest at December 31, 2017. During the fourth quarter of 2016 management determined that the Company was the primary beneficiary based on qualitative and quantitative factors, and has since been consolidating the entity in accordance with U.S. GAAP for purposes of our financial reporting. ACS is a Florida-based, engineered cement technology and products firm founded in September 2016 and currently focused on globally marketing a line of proprietary admixtures it has acquired the rights to and further internally developed to be used in the production of ultra-lightweight, high-strength concrete and high-performance stucco. The business of ACS has undergone a gradual but fundamental transformation since the second quarter of 2017 (following the negotiated withdrawal of one of its founding members) from having as its primary focus the development and enhancement of applied nanotechnologies to materials development generally, on the one hand, to the development, manufacturing and sales of very competitively-priced, premium-performance concrete- and stucco-enhancing admixture products that rely on certain nanotechnologies, on the other. Management believes the prospects for ACS are extraordinary based on its advanced, engineered and proprietary cement chemistry coupled with the sheer magnitude of the global markets in relation to which they offer a meaningful value proposition. Specifically, ACS views its products as having the capability to substantially improve the net economics of any business:

building or making products from concrete or stucco;
where there is additional economic value to be mined by using a concrete
or stucco that has either:
a substantially increased per unit strength than that currently being used,
a substantially reduced per unit weight/density, or
both.

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Although it is still in the earliest stage of products commercialization and revenue development, our management team and certain members of our operations personnel devote a very significant and growing percentage of their working time to the business of ACS. Our president and chief executive officer, Steven Malone, serves as a managing member of ACS with what is effectively the senior-most level of fiscal and operational responsibility for the firm.

Technology

The ACS core technology centers around what are believed by management to be two meaningfully proprietary advances in concrete materials engineering:

Industrial chemistry formulations that result in multi-functional, ultra-high-performance concrete and stucco end-products that possess physical, flexural, chemical, and structural properties believed by management to be unparalleled in their respective U.S. domestic and global markets.

Methodologies for the custom blending, bonding and assimilation of base catalytic chemistries with a variety of industrial nanofibers and nanoparticles such that the net results are concrete and stucco end-products carrying a broad array of application-specific, custom-enhanced properties and high-performance characteristics.

Taken as a whole, management believes that the ACS platform technology is not merely a finite assortment of formulations from which certain useful products have been derived, but rather an ever-evolving continuum of custom-blended concrete and stucco admixture variations subtly adaptable to meet an endless array of specific industrial applications and needs.

ACS is achieving results in the performance and other characteristics of its nano-engineered catalytic chemistry that management believes are unparalleled in a variety of ways, and in some of those ways by a wide margin. It is doing this by using internally developed, largely unconventional and proprietary combinations of materials and chemistry, including advanced compound assimilation methodologies believed by management to be unique to ACS.

Beyond its unique and proprietary concrete and stucco admixture formulations themselves, ACS has additionally developed an advanced product delivery system unparalleled in the industry that dramatically simplifies the process associated with mixing and preparing end-product, effectively rendering it mistake-proof. ACS's "AdPacks," named for their novel combining of the concrete industry admixture concept with that of a pre-mixed, ready-to-go package, contain a dense, viscous cake-mix style assortment of pre-measured and combined contents constituting a base product which, when combined on a production line or job site with cement, water and most commonly used concrete or stucco aggregates in accordance with provided instructions and supplemental videos, results in an end-product with notably superior characteristics for its particular purposes. The ACS AdPacks are available in off-the-shelf SKUs as well as custom formulations, and can be delivered in bag-sizes, totes or drums to meet quantity requirements at all industry levels.

Intellectual Property

ACS's proprietary base concrete and stucco-enhancement intellectual property formulations have been acquired by one of the principals of one of its founding members, and improved upon through internal research and development initiatives.

Products and Markets

At the broadest industrial level, and at each of the U.S. domestic and global levels, there are two basic customer categories within the concrete and stucco family of products, both of which ACS intends to serve:

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Manufacturers who rely on concrete to make precast products they sell for use by property owners, developers, contractors, and builders; and

Developers, contractors and builders who rely on ready-mix or mix-on-site concrete and stucco for pour-in-place and tilt-up construction projects they develop, manage, and build.

With end-product that tends to be very bulky, heavy and prone to breakage in transport, and with only minor exception, those in the first group are believed by management to naturally covet a concrete that is many times lighter in weight than standard concrete, and that features a flexural strength that preserves the integrity of their product where it would otherwise fail (crack or break), but only if the cost of using it is meaningfully lower on a net, all-in basis. Although there are others, some of which are very large, initially targeted markets by ACS within this group include the following, in relation to which ACS believes it can most rapidly achieve meaningful revenue growth and market penetration:

Producers of concrete interior and exterior “manufactured stone” panels and veneers, architectural trim and decorative pieces (Product: ACS Ultra-Lightweight Design Formula AdPack); and

Concrete block (Product: ACS Ultra-Lightweight Block Formula AdPack).

With end-product that consumes vast amounts of concrete to achieve required compressive and tensile strength levels, those in the second group are believed by management to covet concrete and stucco materials that are substantially stronger than standard offerings, thus enabling the use of substantially less material to achieve comparable strength, but, here too, only if the cost of using it is meaningfully lower on a net, all-in basis. Although the largest markets within this group consist of those developers, contractors and builders using ready-mix or mix-on-site concrete for pour-in-place and tilt-up construction projects, and ACS intends to pursue those markets in time with products currently under development and testing, initially targeted markets by ACS within this group are limited solely to stucco, in relation to which ACS believes it can most rapidly achieve meaningful revenue growth and market penetration. For this vertical, ACS offers its Ultra-High-Performance Stucco Formula AdPack.

Sales initiatives for ACS product have been underway for only several months as of the date of this Annual Report on Form 10-K, and such initiatives have been, intentionally due to production constraints, slow to develop and limited to those aimed strictly at the “manufactured stone” market and, more recently, the stucco market. Given the realities of new product introductions generally, and the need in the case of ACS products to not only evidence product compliance with existing building codes and related industrial standards, but also demonstrate product workability and efficacy through showcase projects, positive customer experiences, and industry expert references and endorsements, ACS is yet to achieve any meaningful degree of sales traction for either of those product lines and, to date, sales have been very limited and deliberately targeted towards customers that view their use of the product as part of a series of final-stage, semi-pilot projects. In the meantime, steady efforts have been underway towards enabling ACS’s ability to systematically provide evidence of product compliance with existing building codes and related industrial standards within identified markets, as well as to readily demonstrate product workability and efficacy through showcase projects, positive customer experiences, and industry expert references and endorsements within such markets.

Manufacturing and Marketing

To date, and beyond that associated with continuing product research and development, manufacturing and packaging of ACS product has been low-rate, batch only (i.e. non-automated). Systems design and planning for automated production and packaging are currently in the early stages of development, though implementation will be dependent on the availability of required financing. In the meantime, acceptance of purchase orders will necessarily be constrained by very limited production capacity.

Subject to the availability of required financing, for which there can be no assurance, ACS's 2-year manufacturing and marketing development plan is highlighted by the following key objectives:

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implementing strategic intellectual property initiatives aimed at minimizing vulnerabilities for all product lines;

building out manufacturing capacity and operations for each of the Ultra-Lightweight Formula AdPack (including concrete block) as well as Ultra High-Performance Stucco Formula AdPack product lines;

building out the marketing and sales operations organization for those same product lines; and

continuing R&D initiatives in respect of all product lines.

Historically, the handling of nanofibers and nanoparticles has been widely recognized as posing significant health and safety concerns and challenges stemming from the potentially hazardous particulates emitted into the air during the production, transport, and use of these materials. These emissions occur because, in the absence of industry-appropriate methods, processes and practices for the containment of otherwise loose, airborne particulates, such matter can get drawn into the eyes, the throat and lungs, and onto the skin, of those individuals handling or otherwise being exposed to these materials. Such exposure can lead to a variety of health and safety concerns. In relation to the production of those ACS admixture products that rely on the incorporation of nanoparticle-enhanced nanofibers, therefore, and although there can be no assurance that any safety precautions will prove reliable against any and all vulnerabilities in all instances, ACS has adopted and utilizes what it has deemed to be reasonably suitable methods and practices for the containment of these hazardous substances.

Backlog

In general, ACS does not manufacture its products against a backlog of orders and does not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Accordingly, we do not believe that ACS backlog information is material to an understanding of our overall business and should not be considered a reliable indicator of ACS's or our ability to achieve any particular level of revenue or other metric of financial performance.

Strategic Alliance with FIND

In pursuing its stated objectives, and since ACS's inception, a strategic relationship has been gradually evolving between the Company and ACS that affords certain benefits to each. Increasingly, and because of ACS's lack of independent resources and certain of FIND's available resources, ACS has come to rely on FIND to perform virtually all of its business functions. Specifically, this has included commercializing, manufacturing, packaging, inventorying, globally marketing, distributing, and - strictly as an agent for ACS - selling, for the account of ACS, all ACS products. The general rationale behind the development of this strategic alliance is based upon the existence of the following factors:

Alignment of economic interests through our percentage ownership of ACS;
Flex-availability for ACS for an indeterminate period of:
qualified and capable managerial and operational talent in relation to each of manufacturing, marketing, and sales;
qualified and capable operational, office and administrative support; and
underutilized physical operational/production resources/capacity;
Access for ACS to public capital markets; and
Core-competency synergies between our existing business and operations and those of ACS: industrial chemical and compounds development, manufacturing and distribution.

Although steps have been taken in the direction of formalizing this relationship with a much more comprehensive definitive agreement between the two entities, and it is expected by us that such an agreement will be established in the near future, for the time being, FIND is, as it has been since September, 2016, performing its services for ACS, as well as financing expenditures on behalf of ACS, on what has recently been agreed to between the entities as a cost-plus-10% basis. As of December 31, 2017, and subject to potential future adjustment for unaccounted-for allocations, the principal-only amount owed by ACS to FIND associated with this obligation was \$94,425. See Note 3 “Consolidated Variable Interest Entity” of the Footnotes to the Financial Statements included in this Annual Report on Form 10-K.

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CORPORATE INFORMATION

Corporate Formation, Legacy, History & Subsidiaries

We were incorporated in the State of Nevada on November 7, 1997 as EJH Entertainment, Inc. On December 4, 1997, a predecessor corporation with the same name as our own but domiciled in Idaho was merged with and into us. Although the predecessor Idaho corporation was without material assets or operations as of the time of the merger, since being organized in 1968, it had historically been involved in mining and entertainment businesses unrelated to our current business.

Beginning in 1997, and although we were not then a reporting company under the Securities Exchange Act, our common stock was quoted on the OTC Bulletin Board (originally under the symbol “TIXX”, which was later changed to “TIXXD”). On May 13, 1999, we changed our name to FINdex.com, Inc. On March 7, 2000, in an effort to satisfy a then recently imposed NASD Rule eligibility requirement that companies quoted on the OTC Bulletin Board be fully reporting under the Securities Exchange Act (thereby requiring recently audited financial statements) and current in their filing obligations, we acquired, as part of a share exchange in which we issued 150,000 shares of our common stock, all of the outstanding capital stock of Reagan Holdings, Inc., a Delaware corporation. At the time of this transaction, Reagan Holdings was subject to the requirements of having to file reports pursuant to Section 13 of the Securities Exchange Act, had recently audited financial statements and was current in its reporting obligations. Having no operations, employees, revenues or other business plan at the time, however, it was a public shell company. As a result of this transaction, Reagan Holdings, Inc. became our wholly owned subsidiary and we became the successor issuer to Reagan Holdings for reporting purposes pursuant to Rule 12g-3 of the Securities Exchange Act. Shortly thereafter, we changed our stock symbol to “FIND”. Though it does not currently have any operations, employees, or revenues, Reagan Holdings remains our wholly-owned subsidiary.

In addition to Reagan Holdings, we also have one other wholly owned subsidiary, Findex.com, Inc. (i.e. the same name as our own), a Delaware corporation. Like Reagan Holdings, this entity, too, does not currently have any operations, employees, or revenues. This subsidiary resulted from an acquisition on April 30, 1999 pursuant to which we acquired all of the issued and outstanding capital stock of FINdex Acquisition Corp., a Delaware corporation, from its then stockholders in exchange for 4,700,000 shares of our common stock, which, immediately following the transaction, represented 55% of our total outstanding common stock. Our purpose for this acquisition (under a previous management) was to broaden our then-existing stockholder base, an important factor in our effort to develop a strong market for our common stock. On May 12, 1999, in exchange for the issuance of 457,625 shares of FINdex Acquisition Corp. common stock, FINdex.com, Inc., another Delaware corporation (originally incorporated in December 1995 as FinSource, Ltd.), was merged with and into FINdex Acquisition Corp., with FINdex Acquisition Corp. remaining as the surviving entity. Our purpose for this merger (under a previous management) was to acquire a proprietary financial information search engine for the Internet which was to serve as the cornerstone for a Web-based development-stage business, but which has since been abandoned. As part of the certificate of merger relating to this transaction, FINdex Acquisition Corp. changed its name to FINdex.com, Inc. We currently own 4,700,000 shares of FINdex.com, Inc. (the Delaware corporation), representing 100% of its total outstanding common stock.

On July 23, 2014, we merged with EcoSmart Surface & Coating Technologies, Inc., a Florida corporation (“EcoSmart Florida”). Because, for accounting purposes, this merger was treated in accordance with ASC 805-40, Reverse Acquisitions, and Findex was recognized as the accounting acquiree in relation thereto with EcoSmart Florida as the accounting acquirer, our consolidated financial statements for the reporting period from January 1, 2013 through July 23, 2014 were those of EcoSmart Florida, not the enterprise historically recognized as Findex. Accordingly, our consolidated financial statements for the periods since July 24, 2014, the day after which the merger was consummated, recognize Findex and EcoSmart Florida as a single operating enterprise and entity for accounting and reporting purposes, albeit with a carryover capital structure inherited from Findex (attributable to the legal structure of the transaction). Readers of this annual report on Form 10-K should note that, in order to provide materially relevant disclosure regarding certain of Findex’s historical, operational expenses not otherwise appropriately accounted for in our consolidated financial statements given the applied accounting treatment described herein, certain disclosure is contained in the text of this report relating to such expenses, including e.g. executive compensation, director compensation, and audit fees, that does not numerically align with the corresponding figures contained in our consolidated financial statements.

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Prior to the merger with EcoSmart Florida, and since 1999, our business had been developing, publishing, marketing, distributing and direct-selling off-the-shelf consumer and organizational software products for the Windows platform. Following divestitures of two software titles which had consistently accounted for the overwhelming majority of our revenues while owned by us, including our Membership Plus product line, which we sold in late 2007, and our flagship QuickVerse product line, which we sold during 2011, and title acquisitions during the same period that, in the aggregate, had been relatively insignificant in offsetting the loss of revenues associated with those major divestitures, our continuing operations, while not nominal, had been very limited and insubstantial in terms of revenue, both relative to what they had been prior thereto and by any appropriate standalone measure. Specifically, our operations immediately prior to the merger with EcoSmart Florida consisted exclusively of those relating to the FormTool line of products which we acquired in February 2008, as well as two language tutorial products, which were retained after the sale of the QuickVerse product line. Due to a continuing lack of capital over a number of years, we were unable to meaningfully grow the FormTool line and develop related products, and our business and financial prospects became increasingly challenged. Since the merger with EcoSmart Florida, our primary focus has shifted away from the continued development of our FormTool line and much more intently in the direction of our surfaces and coatings business, where we believe the opportunities for our future growth are greater and have significantly more to offer economically.

In its most recent corporate form, EcoSmart Florida was organized in 2012. The patents and other intellectual property forming the foundation of the EcoSmart business were originally developed during a preceding period dating back to 2003 in which it was operated by the developers of the Company's technologies as Surface Modification Technologies, Inc. ("SMT"), a Florida corporation, and EcoSmart, LLC, a Florida limited liability company, which were sold together to The Renewable Corporation, a Florida based company with its common stock then traded in the over-the-counter market ("TRC") in 2012. On January 20, 2012, EcoSmart Coating Technologies, Inc., a Florida corporation, was organized as a wholly-owned subsidiary of TRC. Simultaneously, EcoSmart Surface Technologies, Inc., also a Florida corporation, was formed as a wholly-owned subsidiary of TRC. With common ownership by TRC, the assets of each of SMT and EcoSmart, LLC were thereafter transferred in part to EcoSmart Coating Technologies, Inc. with the remainder to EcoSmart Surface Technologies, Inc. On September 18, 2012, EcoSmart Surface Technologies, Inc. changed its name to EcoSmart Surface & Coating Technologies, Inc. On October 19, 2012, EcoSmart Coating Technologies, Inc. was merged with and into EcoSmart Surface & Coating Technologies, Inc., leaving EcoSmart Surface & Coating Technologies, Inc. as the surviving corporation.

The Company became the holder of its minority equity stake in ACS in mid-September, 2016. Through two private holding entities owned jointly with our general counsel, Michael Membrado, and exclusive of indirect interests held through ownership of Company common stock (disclosed elsewhere in this Annual Report on Form 10-K), our president and chief executive officer, Steven Malone, currently holds a combined approximate 13% equity interest in ACS, primarily through an ownership interest in one of its founding members, Nanotech Fibers, LLC.

Employees

As of April 17, 2018, we had seven full-time and one part-time employees/contractors. Three full-time employee/contractors are part of the senior-level executive team, one full-time employees/contractors and two

part-time employee/contractor are part of the product research and development and business development team, one part-time employee/contractor is part of the marketing, customer service and sales team, one full-time employee/contractor is part of the manufacturing team, and one full-time employee/contractor is part of the financial management and administration team.

We rely heavily on our current officers and directors in operating the business. We are not subject to any collective bargaining agreements and believe that our relationships with our employees/contractors are good.

Principal Executive Offices and Contact Information

Our executive offices are located at 1313 South Killian Drive, Lake Park, FL 33403, and our main telephone number at that address is 561-328-6488. The Internet address for our website is <http://www.ecosmartsurfaces.com>. The contents of our website are not incorporated by reference into this Annual Report on Form 10-K and should not be relied on by investors for the accuracy of the information set forth therein.

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ITEM 1A.

RISK FACTORS.

Several of the matters discussed in this annual report on Form 10-K for the fiscal year ended December 31, 2017 contain forward-looking statements that involve risks and uncertainties. Factors associated with the forward-looking statements that could cause actual results to differ from those projected or forecast are included in the statements below. In addition to other information contained in this annual report, readers should carefully consider the following cautionary statements and risk factors.

An investment in our securities is speculative and involves a high degree of risk.

Company Liquidity and Related Risks

If we are required to repay our outstanding debt as and when required, we may not be able to without either depleting our working capital or raising additional funds, and any failure on our part to repay such debt could result in legal action against us, which could require the sale of material assets, including our smart surface patent.

As of December 31, 2017, and in addition to \$448,624 in trade and related accounts payables, we owed an aggregate of \$2,440,208 in principal face amount of combined notes payable and notes payable, related parties. In accordance with the respective terms of these notes, \$300,000 is required to be serviced with quarterly interest payments (calculated on the basis of a 10% annual percentage rate) and have been overdue and payable since August 1, 2015, and \$1,286,425 is payable by us upon demand by the holders of the notes (i.e. our creditors). The extent of this debt, when coupled with our limited revenue production during recent reporting periods, presents a situation in which our ability to service that debt is in serious question. The Company recognized revenue of \$380,553 for the period ended December 31, 2017 and our ongoing operating costs and capital investment requirements, has us under financial pressures that materially threaten our near-term viability and sustainability. In the event that we are required to repay some or all of these notes and/or other payables in the near-term (and potentially beyond), in whole or substantial part, the funds available to us for this purpose would have to come from either working capital or funds on hand in excess of working capital at that time. No assurance can be provided, however, that any such required funds would be available to us for this purpose, and, historically, we have never had any such surplus funds. If funds are not available to us for this purpose, we would likely need to undertake a financing transaction of some kind. No assurance can be provided, however, that we would be able to complete any such financing between the date hereof and the date by which we would be required to satisfy our obligations, or that, if we are able, that it would be on the basis of terms that are not unfavorable to us. Among other reasons, this is true because investors in early-stage technology companies such as ours generally look unfavorably on the allocation of funds invested by them towards the repayment of debt to third parties as opposed to growing the business. In the event that we are required to repay some or all of the outstanding principal or interest, in whole or in part, and we have insufficient funds to meet and satisfy the obligation, legal action is likely to be taken against us, which could lead to our having to sell some or all of our material assets, including our smart surface technology patent, or potentially even to our having to liquidate the Company.

We are operating at a substantial working capital deficit and our liquidity and capital resources are very limited.

For the year ended December 31, 2017, we generated \$380,553 in total revenue while incurring \$1,571,443 in combined sales, marketing, general and administrative expenses. This represents a substantial working capital deficit that is severely constraining our ability to operate, both near-term and long-term and our ability to meet our obligations as they become due. Our ability to fund working capital, as well as anticipated capital expenditures, will depend on both our ability to raise much-needed capital and our future performance, which is subject to general economic conditions, our customers, actions of our competitors and other factors that are beyond our control. Our ability to fund operating activities is also dependent upon (i) the extent and availability of bank and other credit facilities, (ii) our ability to access external sources of financing, and (iii) our ability to effectively manage our expenses in relation to revenues. The Company's cash on hand as of December 31, 2017 was insufficient to support our operations for the next twelve months. Therefore, it is likely to become necessary for us to raise additional capital to support growth and/or otherwise finance potential acquisitions. Furthermore, there can be no assurance that our operations or access to external sources of financing will continue to provide resources sufficient to satisfy our liabilities arising in the ordinary course of business, and while it may be possible to borrow funds as required, any such additional capital is likely to require that we sell and issue additional equity and/or convertible securities, including shares issuable upon exercise of currently outstanding warrants, any of which issuances would have a dilutive effect on holdings of existing shareholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" included in this Annual Report on Form 10-K.

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There is uncertainty as to our ability to continue as a going concern.

Our audited financial statements for the period ending December 31, 2017, including the footnotes thereto, call into question our ability to continue as a going concern. This conclusion was drawn from the fact that, as of the date of those financial statements, we had a negative current ratio and total liabilities in excess of total assets. Those factors, combined with the Company's operating deficits, have resulted in uncertainty regarding our ability to continue as a going concern. See Note 2 in the Notes to the Consolidated Financial Statements for the year ended December 31, 2017 included in this Annual Report on Form 10-K.

We owe an aggregate amount of \$66,815 to various third parties which, under state escheat laws, could subject us to substantial additional liabilities for penalties and interest.

We are carrying certain liabilities on our balance sheet in the aggregate amount of \$62,487 for trade payables and royalties payable in connection with services and content licenses associated with certain of our former software titles extending back up to fourteen years but in relation to which we have been unable to locate the parties to whom we owe such trade payables and royalties and no effort to collect such obligations by such parties or any successors-in-interest have been made. We are additionally carrying certain liabilities on our balance sheet in the aggregate amount of \$4,328 for amounts payable to customers for product return refunds extending back up to nine years many of whom we expect, without actually knowing at this point one way or the other, to similarly be unable to locate and in connection with which no effort to date to collect such obligations has been made. Under the escheat laws of the various states in which these creditors were last known to have an address based on our records, we are or may be required to pay to such states the aggregate amounts owed for these obligations – in both categories – even though we cannot locate the actual parties to whom they are owed. Moreover, we are likely to be additionally liable for substantial penalties, both individually and in the aggregate, for not having previously reported such obligations and paid such amounts to such various states, which reporting obligations and associated penalties for non-compliance vary significantly among states, as well as interest for amounts deemed past due. It is likely that these additional liabilities, neither the individual nor collective extent of which are known at this time and as such have not been accrued, will be material in the aggregate and have a material adverse effect on our financial condition and our results of operations, including our liquidity.

Depending on how quickly we can generate a sufficient level of sales, assuming that we, inclusive of ACS, can accomplish that, we will likely require additional funding, potentially substantial, and any failure to raise additional capital necessary to support growing sales and expand our operations could reduce our ability to compete and adversely affect our business.

At December 31, 2017, we had \$3,179 in cash and cash equivalents. Given ongoing cash constraints, we currently need to raise substantial additional capital, through either equity, debt and/or hybrid (combination equity and debt) financing. Specifically, an infusion of cash is now necessary for the following:

insuring the integrity of, and/or continuing to develop, our technologies, products, and related systems;
commercially exploiting our technologies, products, and related systems;
policing and enforcing potential infringements to our existing patent and/or other intellectual property rights;
establishing and maintaining suitable manufacturing capacity to meet anticipated demand for our products;
fully developing and exploiting sales, marketing, and distribution channels for our products;
fulfilling our contractual obligations to provide substantial financial, operational and personnel support to the business and development ACS;
maintaining and meeting our general and administrative expenses at required levels, including the hiring and training of personnel, and the securing of outside technical and other consultants;
developing and expanding our operations and business infrastructure;
responding to competitive pressures;
making strategic acquisitions of complementary technologies and/or product lines; or
meeting unanticipated capital requirements.

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There can be no assurance that any such financing, be it through strategic collaborations, public or private equity financings or other financing sources, will be available to us as and when required, either on acceptable terms or at all. To the extent that financing is only available through the sale of equity or convertible securities, or that a determination is made by management that the sale of equity or convertible securities is otherwise in our best interests, any such financing could and likely would result in significant dilution to our existing stockholders. To the extent that financing is only available through the divestiture of some or all of our interest in ACS, or other assets (including proprietary rights), or that a determination is made by management that any such divestiture of assets is otherwise in our best interests, any such sale would result in the loss of otherwise existing potential revenue and/or earnings opportunities for us achievable through retained ownership of such assets. Further, if funds are obtained through arrangements with collaborative partners or other third parties, these arrangements may require us to relinquish rights to some of our technologies, product candidates or products that we would otherwise seek to develop and commercialize on our own, thereby similarly resulting in a loss of otherwise existing potential revenue and/or earnings opportunities for us achievable through the retention of such rights. If sufficient capital is not available, we, inclusive of ACS, may be required to delay, reduce the scope of, or eliminate one or more of our development programs or product lines, or be unable to adequately protect our intellectual property or other competitive advantages, any of which could have a material adverse effect on our financial condition or business prospects.

Our accumulated deficit makes it harder for us to borrow funds.

As of December 31, 2017, and as a result of historical losses both during the year ended December 31, 2017 and prior years, our accumulated deficit was \$7,706,052. The fact that we maintain an accumulated deficit, as well as the extent of our accumulated deficit relative to recent earnings, negatively affects our ability to borrow funds because lenders – and particularly commercial and other market rate lenders – generally view an accumulated deficit as a negative factor in evaluating creditworthiness, and ours is roughly 20 times our total 2017 revenues. Any inability on our part to borrow funds if and when required, or any reduction in the favorability of the terms upon which we are able to borrow funds if and when required, including amount, applicable interest rate and collateralization, would likely have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” included in this Annual Report on Form 10-K.

Risks Associated with Our Businesses and Industries

Ours businesses are early-stage with highly speculative prospects.

Although we, inclusive of ACS, have certain operations and revenues, both our coatings business and the ACS concrete- and stucco- enhancing admixture products business have been slow to develop and, taken as a whole, we remain an early-stage enterprise insofar as (i) our management expects to devote a very substantial percentage of our efforts and resources to commercializing our coatings and ACS concrete- and stucco-enhancing technologies, products, and related systems, and (ii) our planned principal operations associated with both our coatings business and

the ACS concrete- and stucco-enhancing admixture products business are only still ramping up. Accordingly, our primary business segments remain characterized by largely unproven, relatively new-to-the-market technologies and related systems, and subject to some or all of the attendant risks and uncertainties associated with early-stage technology companies more generally, including without limitation:

- failures in technologies and systems performance and reliability;
- unanticipated costs in getting technologies and systems commercialized;
- high costs of ongoing research and development;
- technologies and systems obsolescence;
- business model non-feasibility;
- inability to manufacture or obtain from third-party manufacturers sufficient quantities of product at an acceptable quality level and at an acceptable cost to meet market demand;
- inability to establish potential markets;
- unanticipated costs in establishing potential markets;
- inability to adequately protect intellectual property;
- potential infringement on the intellectual property rights of others;
- intense market competition from other technologies and systems;
- competition for employee talent; and
- inability to manage rapid growth.

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The market for industrial and consumer coatings, as well as concrete- and stucco-enhancing, products is highly competitive.

Ease of use, product quality and performance, technology, cost-effectiveness, and technical and customer service are major competitive factors in both the industrial coatings business and the concrete- and stucco-enhancement products business. We are aware of only several other products possessing the same combination of physical properties, and that, on the whole, offer a similar array of benefits as our proprietary line of specialty smart surface coatings, and we are unaware of any products that offer the same array of benefits as those being marketed by ACS. There can be no assurance, however, that there are not products, whether coatings or cement-enhancement, under development by others, or already in existence and in the early stages of market introduction, of which our management is not yet aware.

The market for industrial and product performance coatings is extremely large, broad in scope, and consists of many different segments and sub-segments, each of which involves a range of product applications, and each of which is also increasingly characterized by rapidly evolving technology. Precisely because of the wide array of beneficial properties they possess, and notwithstanding the U.S. patent held by us on our smart surface coating technology, the specialty coatings produced and distributed by us should be viewed as competing with other coatings products across a wide variety of the various existing market segments and sub-segments. Hydrophobic and antimicrobial coatings, for example, are each segments in which numerous companies are aggressively competing with one another worldwide, both in terms of technology and market share, but that, combined, represent only a minor portion of the aggregate competition that we should be viewed as meaningfully confronting in relation to our coatings business.

The competition faced by us in relation to our proprietary line of specialty smart surface coatings includes both public and private organizations and collaborations among academic institutions and large companies, both domestic and foreign, most of which have significantly greater experience and financial resources than us. Management expects that our most significant competitors in our coatings business will tend to be larger, more established companies, including many major multinational corporations such as Akzo Nobel N.V., PPG Industries, Inc., Axalta Coating Systems, BASF Corporation, and Valspar Corporation. In general, these companies are all developing products that, at some level or in one or more ways, compete with our own and, in addition to many existing issued and pending patents, they have significantly greater capital and other resources available to them for research and development, testing, seeking and obtaining any required regulatory approvals, marketing and distribution. In addition, many smaller coatings and related nanotechnology and materials companies have formed strategic alliances or collaborative arrangements, partnerships, and other types of joint ventures with larger, well-established industry competitors that afford these companies' potential research and development and commercialization advantages, and may be aided in becoming significant competitors through rapid evolution of new technologies. Academic institutions, governmental agencies, and other public and private dedicated research organizations, moreover, are also financing and conducting research and development activities that could result in the introduction of products directly competitive to those of ours.

The market for cement-enhancement additives and admixtures is extremely large, broad in scope, and consists of many different segments and sub-segments, each of which involves a range of product applications, and each of which

is also increasingly characterized by rapidly evolving technology. Precisely because of the wide array of beneficial properties they possess, the products manufactured and distributed by ACS should be viewed as competing with other concrete- and stucco-enhancement and admixture products across a wide variety of the various existing market segments and sub-segments. Concrete admixtures promising increased strength and compressed curing times, for example, are each segments in which numerous companies are aggressively competing with one another worldwide, both in terms of technology and market share, but that, combined, represent only a minor portion of the aggregate competition that ACS should be viewed as meaningfully confronting in relation to its concrete and stucco-enhancing products.

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The competition faced by ACS in relation to its proprietary line of specialty concrete and stucco admixture products includes many large companies, both public and private and both domestic and foreign, most of which have significantly greater experience and financial resources than us. Management expects that ACS's most significant competitors will tend to be larger, more established companies, including many major multinational corporations such as Sika, BASF, Cemex, Old Castle, Cementaid Group, GCP Applied Technologies, Oscrete, Krete Industries, and CarpenterCrete. In general, these companies are all developing products that, at some level or in one or more ways, compete with those of ACS and, in addition to many existing issued and pending patents, they have significantly greater capital and other resources available to them for research and development, testing, seeking and obtaining any required regulatory approvals, marketing and distribution.

Our and ACS's products, and ultimately our businesses, are based on technologies with only limited testing, independent verification, and commercial history.

Although certain limited testing conducted (i) by us internally on our coatings products and ACS internally on their concrete- and stucco-enhancing products, (ii) by independent laboratories, and (iii) by actual and prospective customers have provided positive indications of their reliably yielding performance results consistent with internal management expectations, to date, such technologies have not been extensively tested or independently evaluated and assessed in a comprehensive way, and have only recently developed any meaningful commercial history. Although we have no reason to suspect that either our coatings or ACS's concrete- and stucco-enhancing technologies will not ultimately meet reliability, efficiency, or other performance targets, and that their efficacy will exceed minimally acceptable qualitative standards given benchmark economic objectives, there can be no assurance of this result. If either of these technologies fail to consistently perform at levels that enable cost-effective solutions for customers, or fail to do so without undesirable environmental consequences, or we or ACS, respectively, are unable to effectively manage the implementation of the technologies despite their otherwise satisfactory performance capabilities, it would likely have a material adverse effect on our financial condition and prospects.

There can be no assurances that either our coatings products or ACS's admixture products will be accepted in the marketplace.

The degree of market acceptance of both our coatings products and ACS's concrete- and stucco-enhancing admixture products will depend on many factors. We cannot predict or guarantee the degree to which targeted customers will accept or utilize some or even any of these products. Failure to achieve market acceptance would limit our ability to generate revenue and would have a material adverse effect on our business. In addition, even if any one or more of these products do achieve a degree of market acceptance, that market acceptance may not be able to be sustained over time if competing products or technologies are introduced that are superior in efficiently achieving targeted results, received more favorably by customers, or more cost-effective.

New products markets take time to develop and many of the applications markets for our smart surface specialty coatings and ACS's admixture products should be viewed as separate, new market opportunities that will only ever

be cultivated over time.

Commercialization of new technology products often has a very long lead-time and a multiplicity of risks. The confluence of materials engineering and nanotechnology is in its very early stages and acceptance and demand for products in this developing area can often be a long, evolutionary process. In general, new products markets – even those surrounding innovative, revolutionary, and so-called ‘break-through’ or ‘game-changing’ technologies – develop gradually over time; despite advancements offering meaningful benefits, they tend to be resistant to change and slow to adapt, evolve, and keep pace with the rate of those advancements. Many of the applications markets potentially served by our smart surface specialty coatings, and many of the markets potentially served by ACS’s concrete- and stucco-enhancing admixture products, are new – either brand new or recently emerging – and should thus be viewed as likely to take significant time to develop and cultivate. Moreover, each should be viewed individually, separate and distinct from all others in terms of development-life. If one or more of these applications markets takes longer to develop and cultivate than we expect, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

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We and ACS may make strategic determinations to allocate capital towards the pursuit of particular markets that turn out to be less receptive to either our or their products, or more difficult to penetrate, than expected.

We perceive our smart surface technology as having a wide array of potential product applications, spanning across numerous industrial, consumer, and household segments. Similarly, we perceive ACS's concrete- and stucco-enhancing technologies as having a wide array of applications as well. As we grow our coatings business, and ACS grows its business, we and they, respectively, will thus be faced with the challenges – as we and they are currently – of having to select certain of these potential product applications markets over others for purposes of focusing our and their human and financial resources because those resources are necessarily limited and would be less apt to bring about meaningfully positive results if allocated across too many separate market initiatives concurrently. The considerations involved in making these determinations are complex and involve many factors, including the following:

- the relative size, age and projected growth trend of the subject market;
- experience, observational/anecdotal intelligence, and lab and field testing results previously obtained in relation to the application;
- the relative strength of the value proposition to prospective customers;
- the comparative time-to-market;
- the comparative cost-to-market coupled with existing, internal, industry relationships and available resources;
- the relative geographic accessibility of the market;
- the seasonality of the market, if any;
- the relative barriers-to-entry within the market;
- the relative, projected length of the particular sales cycle;
- the projected gross profit margins;
- both the presence within the subject market, together with the relative quality, of competitive products; and
- the relative size and strength of the individual competitors.

While management will exercise its best judgment in making these determinations, there can be no assurance that the determinations it makes in this regard will turn out to have been the most productive or otherwise best ones for us or ACS all things considered. Some of the potential applications markets will inevitably be more receptive to our and ACS's products than others due to the inherent vagaries of product markets generally, and it may turn out that strategic determinations we or ACS make along the way to forego the pursuit of certain applications markets in the immediate- and near-term – in favor of pursuing others that our or ACS's management expects to be comparatively more promising or susceptible to penetration by us or them in that timeframe – are proven incorrect. If this should occur, it would be an indication that, despite our or ACS's intentions and prudence in assessing future demand, we or ACS had not allocated our or their capital as effectively as we or they might have otherwise, and this could have a material adverse effect on our returns on capital and/or be reflected in a downward adjustment in our publicly quoted stock price.

For strategic reasons, we and ACS may pursue more applications markets for our and their products in the near-term and concurrently than we or they can most effectively penetrate given our and their available resources.

As noted in the risk factor immediately above, given the notably wide array of industrial and consumer products that we and ACS perceive our and their technology as potentially benefitting, we and ACS are and will continue to be faced with important decisions as to which of these applications markets to pursue in each of the immediate-, near- and long-term. As also noted in the risk factor immediately above, the considerations involved in making these determinations are complex and involve many factors. While management, both our own and that of ACS, seeks to exercise sound judgment in making these determinations, there can be no assurance that, in hindsight, the determinations made in this regard will turn out to have been the most productive or otherwise best ones for us. For purposes of achieving a degree of so-called 'first-mover advantage,' for example, we or ACS may pursue some markets in the immediate- or near-term that we or it might otherwise wait to pursue until sometime in the future when we or they are better equipped to do so effectively. Further, some applications markets may be targeted by management, both our own and that of ACS, to be pursued in the immediate- or near-term because of their perceived likelihood, whether accurate or inaccurate, to generate revenues sooner than others, even though such others are expected to be larger in the aggregate and/or to offer higher gross margin opportunities. If the strategic determinations that management, both our own and that of ACS, makes in this regard prove after the fact not to have been the most productive or otherwise best ones for the Company, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

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Our smart surface technology may turn out to be less effective for one or more applications than we expect.

Our current view of the potential applications markets for our smart surface specialty coatings is intentionally broad and far-reaching, spanning numerous potential industrial, consumer, and household segments in relation to which we believe our technology may provide a range of meaningful benefits. To date, however, we have not commissioned or otherwise undertaken or obtained any comprehensive market study in respect of any one or more of these applications markets. Whether before or after we undertake any such market study, it may turn out to be the case that our coatings are not as effective for any one or more of these applications as we have preliminarily concluded and pursued accordingly, and we may make a subsequent determination at some point to abandon any continued pursuit of the corresponding market or markets for this reason. If this should occur, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

It is conceivable that the coatings products of others – including those having fewer attributes than ours that could reasonably be expected to make them attractive to manufacturers and customers – will be adopted more broadly than ours within one or more applications markets.

The applications markets that we are targeting for our smart surface specialty coatings are perceived by management to present substantial, attractive economic opportunities for us because of the unique array of benefits the coatings are expected to be able to provide. With many different companies in the industrial coatings market all vying for market share, ranging from small and specialized, on the one hand, to large and diversified, on the other, and each selling products with coatings that offer many of the same benefits as ours, however, there can be no assurance that the coatings products marketed by others will not become the preferred choice among manufacturers of end-products and/or customers over time with respect to any one or more individual applications markets category. For many different reasons the particular combination of which is not consistent in each case, category leaders are not always necessarily the most effective products in a given market segment. Well-established brand recognition, industry ‘marketing muscle,’ and credibility, for example, and especially when coupled with relative financial strength, can often be more important than technological superiority in a head-to-head market competition. If it turns out that one or more other companies are able to achieve a dominant market position in any one or more applications markets potentially served by our smart surface specialty coatings, and whether on the basis of broad market strength or otherwise, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

Either individually or collectively, and without infringing on our smart surface patent or other proprietary rights, one or more technologies owned by others may be able to effect the same or similar results as our own.

We believe that our smart surface proprietary technology affords us a competitive advantage in a wide variety of product applications markets that we are either currently pursuing or intend to fully evaluate as potential targets in the future. There can be no assurance, however, that other technologies, whether existing or developed in the future, and

whether individually or combined with others, will not be able to effect the same or similar results as our own, thereby potentially neutralizing whatever unique market advantage we had theretofore believed we possessed. This could potentially occur, moreover, without any infringement on the part of others as it relates to our smart surface technology patent or our other, related proprietary intellectual property rights. It is not at all uncommon for meaningfully different technologies – each protectable in their own right – to produce the same or a very similar result, albeit through an alternate means. If any such other technologies are determined to exist, or are developed in the future, that effect the same or a similar result as our own, and particularly if they can do so at a reduced cost, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

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Our smart surface coatings technology and ACS's concrete- and stucco-enhancing technologies are, or will become, components within many end-products marketed and sold by others, and the success of our and ACS's products is and will be, accordingly, dependent on the success of such end-products.

The need for effective solutions-based coatings such as those featuring our smart surface technology will depend to some degree upon industrial and commercial needs going forward and the related demand for such products as components. Similarly, the need for concrete or stucco that is substantially lighter and/or stronger than non-premium-priced products available in the market will depend to some degree upon precast and other building needs going forward and the related demand for such products as components. The success of our smart surface specialty coatings products, and ACS's admixture products, will thus depend largely upon the continuing need for the end-user products into which they become incorporated, and the market demand this engenders. If a significant percentage of the products into which these products are incorporated are not embraced by end-users, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

We depend, as ACS does, on strategic relationships with commercial and industrial collaborators to help develop and test products, and our, and ACS's, ability to develop and commercialize products may be impaired or delayed if collaborations are unsuccessful.

Our strategy for the development, testing and commercialization of products requires in many cases that we enter into collaborations with actual and potential corporate partners, licensors, licensees and others. ACS employs a comparable strategy. Wherever possible, and in order to benefit from their resources and abilities, both the Company and ACS seek collaborators in this regard with established lines of business and more substantial financial resources. We, and they, are dependent upon the subsequent success of these other parties in performing their respective responsibilities as well as the continued cooperation and interest of these parties. Under agreements with collaborators, both the Company and ACS may rely significantly on such collaborators to, among other things, (i) fund research, development and testing activities either with or for us or them, and (ii) market with us any commercial products that result from our or their collaborations. There can be no assurance, however, that collaborators will cooperate with us or them or perform their obligations under agreements reached with them, even where such matters are provided for within such agreements. Moreover, neither we nor ACS can control the amount and timing of our collaborators' resources that will be devoted to research, development and testing activities related to our or their collaborative agreements with them. Such collaborators may not place the same degree of relative importance that we or ACS do on product lines that rely on our or their products to meet benchmark performance standards because the success or failure of such product lines is unlikely to be as material to their business, taken as a whole, as it is to ours or ACS's. If our or ACS's collaborators fail to cooperate with us or ACS as desired, devote the requisite resources to agreed-upon joint initiatives, or meet their obligations under agreements that are established, or if they choose for any reason to pursue existing or alternative technologies in preference to those being developed in collaboration with us or ACS, it will likely have an adverse effect on the pace with which we are able to grow revenues, as well as on our prospects more generally, outcomes which, in turn, are likely to lead to a downward adjustment in our publicly quoted stock price.

Our and ACS's reliance on the activities of non-employee consultants, research institutions, and scientific contractors, whose activities are not wholly within our or their control, may lead to delays in development of proposed products.

Both the Company and ACS rely extensively upon and have relationships with outside consultants and contract research organizations having specialized skills to conduct research and to help develop and test our respective products, and each expect to have to continue to rely on these types of relationships for the indefinite future. The consultants and contract research organizations we and ACS engage, or that we and they may engage, provide us and them, or may provide us and them as the case may be, critical skills and resources otherwise unavailable. These consultants are not, or may not be, our or ACS's employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability. We, inclusive of ACS, have, or would have, limited control over the activities or operations of these consultants and, except as otherwise required by our collaboration and consulting agreements to the extent they exist, can expect only limited amounts of their time to be dedicated to our activities and our research and development goals. These research facilities may have commitments to other commercial and non-commercial entities.

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Both the Company and ACS have limited resources with which to pursue and manage development activities, and because of the numerous risks and uncertainties associated with our respective product development and commercialization efforts, we are unable to predict the extent of our future reporting losses or when or if we will become profitable.

Our and ACS's limited resources with which to conduct and manage development activities might prevent us and them from successfully developing or exploiting potential markets for our and their existing products. If we, inclusive of ACS, do not succeed in conducting and managing our development activities, we may not be able to commercialize our products, or may encounter significant delays in doing so, either of which is likely to materially harm our business. Our ability to generate revenues from any of our products, including ACS's, moreover, will depend on a number of factors, including our and ACS's ability to successfully complete and implement our commercialization strategies. Our or ACS's failure to successfully commercialize our products or to become and remain profitable would likely depress the market price of our common stock and impair our ability to raise capital, expand our business, diversify our product offerings and continue our operations.

Our ability to commercially develop our technologies, inclusive of ACS's, will be dictated in large part by forces outside our and ACS's control which cannot be predicted, including, but not limited to, general economic conditions. Other such forces include the success of our and ACS's research and field-testing, the availability of collaborative partners to finance our and their work in pursuing applications markets for our respective technologies or other developments in the field which, due to efficiencies or technological breakthroughs, may render one or more areas of commercialization more attractive, obsolete or competitively unattractive. It is possible that one or more areas of commercialization will not be pursued at all if a collaborative partner or entity willing to fund research and development cannot be located. Our decisions regarding the ultimate products we pursue, including those of ACS, could have a material adverse effect on our ability to earn revenue if we misinterpret trends, underestimate development costs and/or pursue technologies, products, or applications markets that turn out to have lesser market appeal and demand than expected. Any of these factors, either alone or in concert, could materially harm our ability to earn revenues or could result in a loss of any investment in the Company.

If we, inclusive of ACS, are unable to keep up with rapid technological changes in the coatings and cement-enhancing products field, we will be unable to effectively compete.

Both the coatings and cement-enhancing admixtures and other products industries are engaged in activities in the organic and inorganic chemistry, materials engineering, and nanotechnology fields, which are generally characterized by extensive research efforts and rapid technological progress. Materials engineering and the manipulation of materials of nanometer sizes and dimensions is a relatively new science and the creation of new products is dependent upon new and different properties of such materials created that will result in many uncertain applications and rapid change. The evolution of nanotechnology as a new science adds greater uncertainty to new applications and new and improved product introductions are unpredictable. If we, inclusive of ACS, fail to anticipate or respond adequately to scientific or technological advancements, our ability to attain and/or sustain profitability could suffer. Moreover, we cannot assure you that research and discoveries by other companies will not render our or ACS's technologies or potential products or services uneconomical or result in products superior to those we or they have or develop or that

any technologies, applications, or products we or they have or develop will be preferred to any existing or newly-developed technologies, applications, or products.

Our coatings business has historically depended on a disproportionate percentage of its revenues being attributable to only a few customers.

Although our marketing and sales focus has been evolving rapidly, and aggregate revenues have been modest, during the year ended December 31, 2017, and the year ended December 31, 2016, and as reflected in the table below, our coatings business generated a significant portion of its revenues from a select few customers.

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Customer	% of Total Revenues	
	2017	2016
Infiniti Coatings, LLC.	18.35%	14.80%
Umbrella Surface Technologies/Dekko Concrete	17.30%	15.46%
Signature Associations, Inc.	12.46%	—

In general, any concentration of customer base for a business creates a risk that the continuity of the business is more dependent on such customer or customers than is desirable and that the loss of that customer or customers for any reason would have a material adverse effect on the business. Although management believes that the planned direction of our coatings business going forward will result in an expanded and more diverse customer base over time, and a discontinuance of this trend in reliance on only a few customers, there can be no assurance that we will be successful in achieving this targeted objective and any failure in this regard would likely have a material adverse effect on our financial condition and prospects.

The business model to be applied to monetizing our and ACS's technologies may be highly capital intensive.

The definitive business model going forward for both our coatings product lines and ACS's product lines are currently subject to further research, development and change. As a result, there can be no assurance as to what such business models will ultimately be. While there is a possibility that we, and/or ACS, will ultimately determine to focus our strategies exclusively on the exploitation of our technologies through a model that contemplates our involvement and risk solely to the extent of our exploitation of licensing opportunities to third parties, in the meantime, and quite possibly as a long-term plan either in whole or in part, we are manufacturing and marketing our own products to customers both directly and through distribution channels. Some contemplated business models in this regard, including those that involve any manufacturing and stocking of product, are considerably more capital intensive than others. Accordingly, there can be no assurance as to the degree of capital intensity of our or ACS's business model. Although it may be possible to rely to a significant extent on debt financing over time, substantial debt financing is unlikely to be a realistic option in the near-term given our lack of financial strength (both balance sheet and income statement) and a high degree of capital intensity could lead to the need to raise additional equity financing, thereby resulting in dilution to the interests of existing stockholders.

The patent we hold on our platform coatings smart surface technology comes off patent in approximately seven years.

We currently own only a single patent, which is a United States patent and relates to our platform smart surface coating technology. Once filed, patents in the United States provide exclusive rights for a period of only twenty years, not indefinitely. As a result, and because the patent was filed in 2005, whatever exclusive rights we have in this flagship proprietary technology, including all associated licensing rights, will only benefit us, at most, for another approximately seven years. Once it comes off patent, the resulting loss of our exclusive rights could have a material adverse effect on our gross profit margins and/or our ability to generate or sustain revenues.

We may not be able to protect our proprietary technology, which could harm our ability to become profitable.

We believe that our intellectual property with respect to our specialty smart surface technology and ACS's intellectual property with respect to its cement-enhancing technologies are critical to our future success. Patent and trade secret protection is critical, more generally, for our technologies, as well as the products and processes derived through them. The fields in which we, inclusive of ACS, operate have been characterized by significant efforts by competitors to establish dominant or blocking patent rights to gain a competitive advantage, and by considerable differences of opinion as to the value and legal legitimacy of competitors' purported patent rights and the technologies they actually utilize in their businesses. Our success will depend, to a substantial degree, on our ability to obtain and enforce patent protection for our products, preserve our and ACS's trade secrets, and operate without infringing the proprietary rights of others. We cannot assure you that:

we will succeed in obtaining any targeted patents in a timely manner or at all, or that the breadth or degree of protection of any such patents will protect our interests;

the use of our or ACS's technology will not infringe on the proprietary rights of others;

patent applications relating to our potential products or technologies will result in the issuance of any patents or that, if issued, such patents will afford adequate protection to us or not be challenged, invalidated or infringed;

patents will not issue to other parties, which may be infringed by our or ACS's potential products or technologies; or

we will have the financial resources necessary to pay maintenance fees on existing patents and patent applications, or file patent applications on new inventions.

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Efforts to patent critical technologies in our coatings business may not be successful.

New patent activity from other companies could affect and alter the ability to obtain and/or license what we believe to be our own patentable intellectual property. Additionally, the possibility exists that our efforts could infringe on the proprietary rights of third parties. Competitive patent activity is always a risk, and U.S. patent applications are unpublished for at least one year. Although we intend to reasonably protect our rights with respect to what we believe to be our intellectual property, there can be no assurance that such initiatives will be successful or that, in any event, such initiatives would not divert management's attention away from operational matters and indirectly result in adverse consequences to our financial condition and results of operation.

Certain aspects of our and ACS's business technologies are not protectable by patent.

Certain aspects of our and ACS's know-how and technology are either not patentable, or, for strategic reasons, best protected in the determination of management by leaving them unpatented. In this regard, trade secrets play an important part in our and ACS's intellectual property strategy, and we and they vigilantly seek to protect them. To protect our proprietary positions in trade secrets, we, inclusive of ACS, require all employees, consultants, advisors and collaborators with access to our technologies to enter into confidentiality, and, wherever possible, invention ownership, agreements with us. There can be no assurance, however, that these agreements will provide meaningful protection for these trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, in the absence of patent protection, competitors who independently develop substantially equivalent technology, or otherwise acquire it, may adversely impact our business.

Intellectual property litigation presents an ongoing threat to our s businesses, including ACS, in terms of both outcome and cost.

It is possible that litigation over patent or other intellectual property matters with one or more competitors could arise in relation to which we and/or ACS is named as a party defendant. We, inclusive of ACS, could incur substantial litigation or interference costs in defending ourselves against any such lawsuits, or, additionally, in pursuing lawsuits in which we assert our patent or other intellectual property rights offensively against others. If the outcome of any such litigation is unfavorable, our business could be materially adversely affected. To determine the priority of inventions, should that become necessary, we or ACS, as the case may be, may also have to participate in interference proceedings declared by the United States Patent and Trademark Office, the associated expense of which could become substantial. In such event, there can be no assurance that we or ACS will have available the requisite financial resources to aggressively, or even adequately, defend, initiate, or pursue this type of litigation.

Patents obtained by other persons may result in infringement claims against us and/or ACS that are costly to defend and which may limit our and/or their ability to use the disputed technologies and prevent us and/or them

from pursuing research and development or commercialization of potential products and/or applications markets.

If third party patents or patent applications contain claims infringed by either our or ACS'S technology or other technology required to make and use our or their potential products, and such claims are ultimately determined to be valid, there can be no assurance that we or ACS would be able to obtain licenses to these patents at a reasonable cost, if at all, or be able to develop or obtain alternative technology. If, under such circumstances, we or ACS are unable to obtain any such licenses at a reasonable cost, we or they, as the case may be, may not be able to develop some products commercially, and, further, we or they may be required to defend ourselves or themselves in court against allegations of infringement of third party patents. Patent litigation is generally very expensive and can consume substantial resources and create significant uncertainties. Any adverse outcome in such a suit could subject us and/or ACS to significant liabilities to third parties, require disputed rights to be licensed from third parties, or require us and/or ACS to cease using such technology.

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Neither we nor ACS may be able to adequately defend against piracy of intellectual property in foreign jurisdictions.

Considerable research in the areas of organic and inorganic chemistry, materials engineering, and nanotechnology is being performed in countries outside of the United States, and a number of potential competitors of the Company and ACS are located in these countries. The laws protecting intellectual property in some of those countries may not provide adequate protection to prevent such competitors from misappropriating our and ACS's intellectual property within those jurisdictions and elsewhere. Several of these potential competitors may be further along in the process of product development and also operate large, company-funded research and development programs. As a result, our and ACS's international competitors may develop more competitive or affordable products, or achieve earlier patent or other intellectual property protection or product commercialization than we or ACS are able to achieve. Any such competitive products may render any products or product candidates that we or ACS develop obsolete.

Our and ACS's products are currently more expensive to manufacture because of the small scale at which they are being produced, and they may not be profitable if we or they are unable to reduce our costs to produce them.

Our and ACS's products are significantly more expensive to manufacture than most comparable products on the market today. This is because our sales to date have been modest, as have ACS's, causing both of our raw materials purchasing volumes and manufacturing output volumes to be correspondingly low, and our corresponding costs for each relatively high. Both the Company and ACS have only been exploring and experimenting for a relatively short period with purchasing and manufacturing processes and procedures enabling our respective production capacity to reach commercial volumes. Although there can be no assurance, it is our intention, and ACS's as well, to substantially reduce manufacturing costs through process improvements, increases in manufacturing scale, and outsourcing to experienced manufacturers. If either we or ACS are not able to make these or other improvements, and depending on the pricing of the subject product, our and ACS's profit margins may be significantly less than that of our respective competitors. In addition, neither we nor ACS may be able to command a high enough price from customers for products within some or all applications markets to generate a profit. If either we or ACS are unable to realize significant profits from our respective products, our businesses would be materially harmed.

We will likely be required to spend large amounts of money for environmental compliance in connection with our and ACS's manufacturing operations.

As a manufacturer of applied specialty coating and surfacing materials, and a contract manufacturer for ACS of its concrete- and stucco-enhancing admixture products, we are subject to a variety of stringent regulations under numerous U.S. federal, state, local and foreign environmental, health and safety laws and regulations relating to the generation, storage, handling, discharge, disposition and stewardship of hazardous wastes and other materials. In this regard, we will likely have to expend substantial amounts to comply with such laws and regulations as well as establish a policy to minimize our environmental emissions. Nevertheless, legislative, regulatory and economic uncertainties (including existing and potential laws and regulations pertaining to climate change) may make it difficult

for us to project future spending for these purposes and, if there is an acceleration in new regulatory requirements, we may be required to expend substantial additional funds to remain in compliance.

Our production operations involve our having to work with dangerous materials that can potentially injure our employees, damage our facilities, and disrupt our work flow.

Some of our operations, including those we undertake on behalf of ACS, involve the handling of hazardous materials that may pose the risk of fire, explosion, or the release of hazardous substances into the surrounding environment. Such events could result from operational failures, natural disasters, or terrorist attacks, and might cause injury or loss of life to our employees and others, environmental contamination, and property damage. Any such events might cause a temporary shutdown of an affected plant, or portion thereof, or a customer's premises, or a portion thereof, and we could be subject to penalties, civil claims, or both, as a result. A disruption of our operations caused by any of these or other events could have a material adverse effect on our financial condition and results of operations.

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Historically, the handling of nanofibers and nanoparticles has been widely recognized as posing significant health and safety concerns and challenges stemming from the potentially hazardous particulates emitted into the air during the production, transport, and use of these materials. These emissions occur because, in the absence of industry-appropriate methods, processes and practices for the containment of otherwise loose, airborne particulates, such matter can get drawn into the eyes, the throat and lungs, and onto the skin, of those individuals handling or otherwise being exposed to these materials. Such exposure can lead to a variety of health and safety concerns. In relation to the production of those ACS admixture products that rely on the incorporation of nanoparticle-enhanced nanofibers, therefore, and although there can be no assurance that any safety precautions will prove reliable against any and all vulnerabilities in all instances, ACS has adopted and utilizes what it has deemed to be reasonably suitable methods and practices for the containment of these hazardous substances.

Our and ACS's product sales could expose us and them to product liability claims, which, in turn, could diminish our assets and adversely affect our operations.

Both the Company and ACS may be held liable or incur expenses to settle product liability claims if our or their products cause injury, directly or indirectly, or are found unsuitable during product testing, manufacturing, marketing, sale or use. These risks exist even with respect to any products that have received, or may in the future receive, regulatory approval, registration or clearance for commercial use. There can be no assurance that either we or ACS will be able to avoid product liability exposure.

Neither the Company nor ACS currently maintain product liability insurance of any kind, and we and they will both likely need to obtain such insurance coverage in the very near future at levels determined to be sufficient and consistent with industry standards for companies such as ours and theirs respectively. It is possible that such insurance coverage may not be available to us or ACS on commercially reasonable terms or at all, and a product liability claim could potentially result in liability to us or them greater than our respective assets and insurance coverage, if any, at such time. Whether or not a product liability insurance policy is obtained or maintained in the future, any product liability claim could harm our business and financial condition. Moreover, even if we and/or ACS have adequate insurance coverage, product liability claims or recalls could result in negative publicity or force us and/or them to devote significant time and attention to matters other than those that arise in the normal course of business.

Our and ACS's insurance policies may be inadequate and potentially expose us and them to unrecoverable risks.

Neither the Company nor ACS carry director and officer insurance and only the Company has limited general liability insurance coverage. Any significant insurance claims against either us or them would have a material adverse effect on our business, financial condition and results of operations. Insurance availability, coverage terms and pricing continue to vary with market conditions. Both the Company and ACS endeavor to obtain appropriate insurance coverage as soon as practicable given available financial resources for insurable risks that we identify, however, either we and/or they may fail to correctly anticipate or quantify insurable risks, or be unable to obtain appropriate insurance coverage, and insurers may be unwilling to cover insurable events for which we seek coverage. We have observed

rapidly changing conditions in the insurance markets relating to nearly all areas of traditional corporate insurance. Such conditions have resulted in higher premium costs, higher policy deductibles, and lower coverage limits. For some risks, we, and ACS as well, may not have or maintain insurance coverage because of cost or availability.

Conditions in the global economy and global capital markets may adversely affect our results of operations, financial condition, and cash flows.

Our business and operating results, including those of ACS, may in the future be adversely affected by global economic conditions, including instability in credit markets, declining consumer and business confidence, fluctuating commodity prices and interest rates, volatile exchange rates, and other challenges such as the changing financial regulatory environment that could affect the global economy. Our and ACS's customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As a result, existing or potential customers may delay or cancel plans to purchase products and may not be able to fulfill their obligations in a timely fashion. Further, suppliers could experience similar conditions, which could impact their ability to fulfill their obligations to us, inclusive of ACS. Because we intend to have significant international operations, and so, too, does ACS, there are expected to be a large number of currency transactions that result from international sales, purchases, investments and borrowings. And although we also intend to actively manage currency exposures that are associated with net monetary asset positions, committed currency purchases and sales, foreign currency-denominated revenues and other assets and liabilities created in the normal course of business, there can be no assurances that such initiatives will be effective. Future weakness in the global economy and failure to manage these risks could adversely affect our results of operations, financial condition and cash flows in future periods.

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Changes in government policies and laws could adversely affect our financial results.

Although there can be no assurance, our and ACS's product sales to customers outside the U.S. are expected over time to account for a material percentage of gross revenues. As a result, our financial results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, or other activities of U.S. and non-U.S. governments, agencies and similar organizations. These conditions include, but are not limited to, changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights in some countries, changes in the regulatory or legal environment, restrictions on currency exchange activities, burdensome taxes and tariffs and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities and war, could lead to reduced sales and profitability.

Increases in prices and declines in the availability of raw materials could negatively impact our financial results.

Our financial results, including those of ACS, are significantly affected by the cost of raw materials. Product raw materials, both organic and inorganic, generally comprise a significant percentage of our cost of goods sold in most formulations and represent our single largest production cost component.

Most of the raw materials used in production are purchased from outside sources, and we intend in the near future to begin making supply arrangements from time to time to meet our planned operating requirements for the future, including those established on behalf of ACS. Supply of critical raw materials is managed by qualifying multiple and local sources of supply, sometimes including suppliers from outside the U.S., establishing contracts, procuring from multiple sources, and identifying alternative materials or technology whenever possible. We are continuing our aggressive sourcing initiatives to support our continuous efforts to find the lowest raw material costs.

Increases in the cost of raw materials may have an adverse effect on our earnings or cash flow in the event we are unable to offset these higher costs in a timely manner. Any inability to obtain critical raw materials would adversely impact our ability to produce both our products and those of ACS.

General Business Risks

The loss of key personnel could adversely affect our business.

We are presently dependent to a great extent upon the experience, abilities and continued services of our management team. Currently, our only executive under contract is Mr. Malone, our president and chief executive officer. In accordance with its terms, this agreement expires on July 22, 2020. Beyond the obligations expressly set forth in Mr. Malone's employment agreement (a copy of which is included as Exhibit 10.1 to our Current Report on Form 8-K filed July 29, 2014), no assurances can be given that either he or any other executive will remain with us for any particular duration or that any of such other executives will enter into employment agreements with us. The loss of services of any of the management personnel could have a material adverse effect on our business, financial condition or results of operation.

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Failure to effectively manage acquisitions, divestitures, strategic ventures, alliances and other portfolio actions could adversely impact our future results.

From time to time, we expect to be evaluating and pursuing acquisition or strategic venture candidates that may strategically fit our business and/or growth objectives. If we are unable to successfully integrate and develop acquired businesses, we could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could materially and adversely affect our financial results. We intend to continually review our portfolio of operational assets to assess their respective contributions to our larger objectives and alignment with our broader growth strategy. However, we may not be successful in separating underperforming or non-strategic assets and gains or losses on the divestiture of, or lost operating income from, such assets may affect our results of operations. Moreover, we may incur asset impairment charges related to acquisitions or divestitures that reduce any otherwise reportable earnings.

Our results of operations and financial condition could be seriously impacted by business disruptions and security breaches, including cybersecurity incidents.

Business and/or supply chain disruptions, plant and/or power outages and information technology system and/or network disruptions, regardless of cause including acts of sabotage, employee error or other actions, geo-political activity, weather events and natural disasters could seriously harm our operations as well as the operations of our customers and suppliers. Failure to effectively prevent, detect and recover from security breaches, including attacks on information technology and infrastructure by hackers, viruses, breaches due to employee error or actions, or other disruptions could result in misuse of our assets, business disruptions, loss of property including trade secrets and confidential business information, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, loss of sales and interference with regulatory compliance. Though our resources are meaningfully limited, we intend to actively manage the risks within our reasonable control that could lead to any such business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, and particularly as our business grows, however, we may be required to expend significant resources to enhance our control environment, processes, practices and other protective measures. Despite these efforts, such events could materially adversely affect our business, financial condition or results of operations.

Our business, including our results of operations and reputation, could be adversely affected by process safety and product stewardship issues.

Failure to appropriately manage safety, human health, product liability and environmental risks associated with our products, product life cycles and production processes could adversely impact employees, communities, stakeholders, the environment, as well as our reputation and results of operations. Public perception of the risks associated with our products and production processes could impact product acceptance and influence the regulatory environment in which we operate. While we have in place procedures and controls to manage process safety risks, issues could be created by events outside of our control including natural disasters, severe weather events, acts of sabotage and

substandard performance by our external partners.

Our results of operations could be adversely affected by litigation and other commitments and contingencies.

We face risks arising from various asserted and unasserted litigation matters, including, but not limited to, product liability, patent infringement, and claims for third party property damage or personal injury stemming from alleged environmental torts. We have observed and noted a nationwide trend in purported class actions against manufacturers of chemical and materials-based products generally seeking relief such as medical monitoring, property damages, off-site remediation and punitive damages arising from alleged environmental torts without claiming present personal injuries. We have further observed and noted a trend in public and private nuisance suits being filed on behalf of states, counties, cities and utilities alleging harm to the general public. Various factors or developments can lead to changes in current estimates of liabilities such as a final adverse judgment, significant settlement or changes in applicable law. A future adverse ruling or unfavorable development could result in future charges that could have a material adverse effect on us. An adverse outcome in any one or more of these matters would likely have a material adverse effect on our business, financial condition or results of operations.

In the ordinary course of business, we may make certain commitments, including representations, warranties and indemnities relating to current and past operations, including those related to products we sell, divested businesses, and issue guarantees of third party obligations. If we were required to make payments as a result, they could exceed the amounts accrued, thereby adversely affecting our results of operations.

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Risks Uniquely Associated with Our Minority Interest in Advanced Cement Sciences (“ACS”)

Although we currently own a 31% equity interest in ACS, that percentage is likely to be reduced in the near future.

As of September, 2016, and as more fully disclosed in the Description of Business section of this Annual Report on Form 10-K we have held a minority equity interest in a private technology firm formerly known as Advanced Nanofibers, LLC and now known as Advanced Cement Sciences, LLC (“ACS”). As of the date of this Annual Report on Form 10-K, we own 31.06% of the firm. Because ACS is a relatively early-stage company, however, and likely to require near-term investment capital, on the one hand, and establishing strategic relationships, on the other, investors in our shares should expect that our percentage interest will be reduced in the future, possibly significantly, as equity in that company is issued in exchange for cash, economic interests in strategic partnerships, or other value. Although we expect that management of ACS will limit any such issuances of equity to those in which the exchange of underlying intrinsic value is favorable, or at least not unfavorable, thereby resulting in no actual dilution of economic value in the firm, valuing technology firms is challenging at best and to some degree, at least, subjective, and there can be no assurance that any such transactions will not result in some dilution of economic value.

Our chief executive officer is allocating increasing amounts of his time and focus to matters associated with ACSs, a business in which we currently hold less than a 32% interest.

Since September 2016, when we became one of the founding co-venturers in ACS, our chief executive officer, Steven Malone, has been allocating increasing amounts of his time and focus to the business, operational, legal and administrative matters associated with ACS, a trend that we currently expect to continue indefinitely. Although we currently hold less than a 32% interest in ACS, Mr. Malone’s increasing allocation of his time and focus in the direction of this pursuit reflects our senior management’s belief in the growth prospects for ACS, both top-line and bottom-line, and the fact that earnings from that venture, if and when achieved. While our management team remains as optimistic as ever relative to the prospects surrounding our core coatings business, it views the opportunities associated with the business of ACS – even though we currently hold less than a 32% minority interest in it – as presenting a uniquely promising economic opportunity given the value proposition posed by the proprietary technology it possesses coupled with the magnitude of the markets in relation to which it can be applied. Moreover, our active role and involvement in ACS is understood by all of those involved in ACSs as being strategically, operationally and administratively vital to its development. For these reasons, and despite the fact that there can be no assurance, our management team believes that Mr. Malone’s increasing focus on ACS represents the optimal allocation of his time on behalf of the Company.

Because our chief executive officer holds a significant interest in ACSs separate from the interest he holds indirectly through the Company, there exists a conflict of interest which may cause him to make decisions surrounding the allocation of our limited resources with which you may disagree.

Our chief executive officer, Steven Malone, beneficially holds 23,940,848 shares of our common stock (and 105,936,069 shares if taking into account all outstanding convertible debt holdings), which currently represents 4.51% of our total shares outstanding (or 13.38% if taking into account all outstanding convertible debt holdings). In addition, and through various other entities, Mr. Malone also currently holds an indirect 13% beneficial interest in ACS through indirect, personal holdings. Because, by contrast, our core coatings business is owned 100% by us, there exists a risk that Mr. Malone could make decisions on our behalf to allocate human and financial resources of ours, including his own time, to the development and operations of ACS with which you may not agree.

Risk Associated with the Prospective Dilution of Our Common Stock

Future issuances of our common stock or preferred stock are likely and may dilute your economic interest.

We are likely to issue additional shares of our common stock in the future in connection with various financings, which will likely have to do repeatedly until such time, if at all, that our revenues attain a consistent level at which they can support both our operating and capital investment requirements. While any such financings may involve registered or unregistered sales of securities, in the case of unregistered sales, the subject securities may, and likely will – given our relatively early stage of development – be either preferred stock or debt, convertible into common stock on the basis of a given ratio. We may also issue shares of our common stock or preferred stock in connection with acquisitions and/or business combinations, and here, too, in either registered or unregistered, exempted transactions. Although we intend to limit any financings or acquisitions in relation to which we issue shares to those for which the implied value of our shares are equal to or greater than our most reasoned estimate of our intrinsic value, thereby avoiding dilution to our existing stockholders in terms of economic value, there can be no assurance in this regard because (i) intrinsic value is, to at least some degree, an inherently subjective benchmark range in relation to which reasonable minds can differ, and (ii) financings may be critical at a time when we are unable to attract the interest of potential investors willing to invest on the basis of a valuation considered by us to be within our intrinsic value range.

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Other Risks Associated with an Investment in our Common Stock

A holder of certain of our debt has veto power over the filling of vacant board seats, which we have agreed to limit to five until that debt is retired.

Our corporate bylaws currently provide for a classified board of directors consisting of up to 15 members, as determined from time to time within the discretion of our board of directors through the due execution of appropriate resolutions and procedures. As of the date of this Memorandum, we have a 5-person classified board of directors with three sitting members and two vacancies. Of the three sitting members, one, John Kuehne, is a Class I member, whose current term expired on July 22, 2018, one, Donald Schoenfeld, is a Class II member, whose current term expires on July 22, 2019, and one, Steven Malone, is a Class III member, whose current term expires on July 22, 2020. In accordance with a debt restructuring effected concurrently with the consummation of the Merger, however, and since amended, we have agreed to limit the size of our board of directors to no more than five sitting members until such time as that debt is satisfied and to obtain the consent of the holder of such debt to any directorship appointments effectively filling the two existing vacancies in the meantime. As a result of this agreement, and though still possessing all of the same voting rights relative to the constitution of our board of directors, holders of our common stock, individually and collectively, are deprived for the time being of the same right to influence and effect such constitution as otherwise entitled under Nevada corporate law and our articles of incorporation and bylaws, and there can be no assurance that the constitution of our board of directors will be consistent with what it would be in the absence of this agreement and/or that any actions taken or not taken by our board of directors during the effectiveness of this agreement will be consistent with those that would have occurred were it not in place.

Future issuances of our common stock or preferred stock are likely and may depress our stock price.

We may issue additional shares of our common stock in the future in connection with financings, which we expect to do in the very near-term and will likely have to do repeatedly until such time, if at all, that our revenues attain a consistent level at which they can support both our operating and capital investment requirements. While any such financings may involve registered or unregistered sales of securities, in the case of unregistered sales, the subject securities may, and likely will – given our relatively early stage of development – be either preferred stock or debt, convertible into common stock on the basis of a given ratio. We may also issue shares of our common stock or preferred stock in connection with acquisitions and/or business combinations, and here, too, in either registered or unregistered, exempted transactions. Although we intend to limit any financings or acquisitions in relation to which we issue shares to those for which the implied value of our shares are equal to or greater than our most reasoned estimate of our intrinsic value, thereby avoiding dilution to our existing stockholders in terms of economic value, there can be no assurance in this regard because (i) intrinsic value is, to at least some degree, an inherently subjective benchmark range in relation to which reasonable minds can differ, and (ii) financings may be critical at a time when we are unable to attract the interest of potential investors willing to invest on the basis of a valuation considered by us to be within our intrinsic value range. In any event, future issuances of shares may have the effect of depressing our stock price for any one or more of the following reasons, among others:

the market perceives our shares as having been issued below intrinsic value, thereby diluting the economic interests of our shareholders, who, thereafter sell for that reason, thereby putting downward pressure on the stock price;

the market will perceive an “overhang” in shares soon to be entering the float via resale registration or exemption, and discount the current value accordingly, thereby putting downward pressure on the stock price;

investors that acquire substantial blocks of common stock in connection with a private financing subsequently determine to sell out their position rapidly once the shares become eligible for resale, particularly if they are professional investors that acquired their shares at a price below current market, but in any event putting downward pressure on the stock price;

recipients of shares in a business combination subsequently determine to sell out their position rapidly once the shares become eligible for resale, particularly if they are individual investors that had held the shares throughout an extended period of illiquidity, but in any event putting downward pressure on the stock price.

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Future sales of our common stock by our officers or directors may depress our stock price.

Our officers and directors are not contractually obligated to refrain from selling any of their shares; therefore, our officers and directors may sell any shares owned by them which are registered under the Securities Act, or which otherwise may be sold without registration to the extent permitted by Rule 144 or other exemptions. Because of the perception by the investing public that a sale by such insiders may be reflective of their own lack of confidence in our prospects, the market price of our common stock could decline as a result of a sell-off following sales of substantial amounts of common stock by our officers and directors into the public market, or even the mere perception that these sales could occur.

Though our common stock is quoted on the OTC Markets, there is no liquidity and no established public market for our common stock, which means that it will likely be difficult to sell shares.

Our common stock is quoted over the counter on the OTC Markets under the symbol "FIND." The OTC Markets is not an exchange and the over-the-counter market is a significantly more limited market than established trading markets and national exchanges such as the New York Stock Exchange and Nasdaq, including the Nasdaq Global Select Market. Broker dealers may not be willing to make a market in shares quoted solely over the counter such as ours. In addition, many of the issues traded on the OTC Markets, including our own, are often characterized by low trading volumes and price volatility, which may make it difficult for an investor holding shares to sell them on acceptable terms.

Although we are an Exchange Act reporting company, there is no active trading market for our common stock. There can be no assurance that an active trading market will ever develop for our common stock or, if it does develop, that it will be maintained. Failure to develop or maintain an active trading market will generally result in relatively low-priced shares, which may, in turn, cause an investor to be unable to sell its shares or to attempt to sell its shares with the effect of lowering the market price, all of which could lead to a complete or partial loss of investment. Unless an active trading market develops for our common stock, for which there can be no assurance, investors may not be able to sell their shares.

We cannot assure you that our common stock will ever be listed on one of the national securities exchanges.

Although it is our intention to seek the listing of our common stock on Nasdaq (Global or Capital Markets) or another stock exchange as soon as we are able, there can be no assurance that we will be able to meet the initial listing standards of either of those or any other stock exchange in the foreseeable future, or ever, or that, if we do, and we become listed, that we will be able to maintain such listing for any given period through continuing eligibility. Until our common stock is listed on one of the national stock exchanges, for which there can be no assurance, we expect that our common stock would continue to trade in the OTC Markets.

Since our common stock is thinly traded, it is more susceptible to extreme rises or declines in price, and you may not be able to sell your shares at or above the price you paid.

Investors in our common shares may have difficulty reselling them, either at or above the price paid, or even at a fair market value. The stock markets often experience significant price and volume changes that are not related to the operating performance of individual companies, and because our common stock is thinly traded, it is particularly susceptible to such changes. These broad market changes may cause the market price of our common stock to decline regardless of how well we perform as a company, and, depending on when you determine to sell, you may not be able to obtain a price at or above the price you paid.

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We were once a shell company, which, coupled with other factors, makes resale of our restricted shares unusually challenging.

For stockholders of ours that hold restricted shares (typically because they were acquired in private offerings), the most common means for reselling their shares requires reliance by them on Rule 144 under the Securities Act, which provides an exemption from the otherwise applicable requirements of SEC registration. Given the current securities brokerage environment, however, selling restricted shares of microcap penny stocks pursuant to Rule 144 is proving increasingly difficult because fewer and fewer brokerage firms are dealing in these securities and those that continue to do so are charging transaction fees that are exorbitant to the point of making them prohibitive as a practical matter. This reality renders the prospect of selling restricted shares of our stock through anything other than an effective registration statement daunting at best. Complicating matters even further for our shareholders, however, is the fact that, as a former shell company, we are subject to certain heightened regulations under Rule 144 that, as a practical matter, make the process of selling restricted shares of our stock all the more administratively challenging. For this reason, and unless their resale is registered through an effective registration statement, holders of restricted shares of our stock (shares purchased in an offering directly from us, or, in any event, not purchased in the open market) are likely to encounter major challenges in selling their shares, even if and when they otherwise qualify for resale under Rule 144.

If you require dividend income, you should not rely on an investment in our common stock.

Because we have very limited cash resources, significant cash needs, and a substantial accumulated deficit, we have not declared or paid any dividends on our common stock since our inception and we do not anticipate declaring or paying any dividends on our common stock in the foreseeable future. Rather, we intend to retain earnings, if any, for the continued operation and expansion of our business. It is unlikely, therefore, that holders of our common stock will have an opportunity to profit from anything other than potential appreciation in the value of our common stock held by them. If you require dividend income, you should not rely on an investment in our common stock.

If we are unable to establish appropriate internal controls over financial reporting, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information and have a negative effect on the market price for shares of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. We maintain a system of internal control over financial reporting, which is defined as a process designed by, or under the supervision of, our principal executive officer and principal financial officer, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

As a public company that files reports under the Exchange Act, we have significant additional requirements for enhanced financial reporting and internal controls. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. Our disclosure controls and procedures are not effective as a result of the material weakness in internal control over financial reporting because of inadequate segregation of duties over authorization, review and recording of transactions as well as the financial reporting of such transactions. Management is attempting to develop a plan to mitigate the above material weaknesses. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company under the Exchange Act.

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We cannot assure you that we will not, in the future, identify areas requiring improvement in our internal control over financial reporting. We cannot assure you that the measures we will take to address any areas in need of improvement will be successful or that we will implement and maintain adequate controls over our financial processes and reporting in the future as we continue our growth. If we are unable to establish appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information and have a negative effect on the market price for shares of our common stock.

Unless and until we garner analyst research coverage, we are unlikely to create long-term market value in our common stock.

Although we are an Exchange Act reporting company and our common stock is quoted on the OTC Markets, we are unaware of any investment banking firms, large or small, that currently provide analyst research coverage on the Company and, given our relatively small size within the public securities markets, it is unlikely that any investment banks will begin doing so in the near future. Without continuing research coverage by reputable investment banks or similar firms, it is considerably more difficult to attract the interest of most institutional investors, which are generally considered to be very important in achieving a desirable balance in shareholder composition and long-term market value (as distinct from intrinsic value) in a stock. While we intend to continue to aggressively pursue investor relations initiatives designed to create visibility for the Company and common stock, and hope to garner analyst coverage in the future, there can be no assurance that we will succeed in this regard and any inability on our part to develop such coverage is likely to materially impede the realization of long-term market value in our common stock.

Our common stock is subject to the “penny stock” regulations, which is likely to make it more difficult to sell.

Our common stock is considered a “penny stock,” which generally is a stock trading under \$5.00 and not registered on any national securities exchanges under applicable securities laws. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. This regulation generally has the result of reducing trading in such stocks, restricting the pool of potential investors for such stocks, and making it more difficult for investors to sell their shares. Prior to a transaction in a penny stock, a broker-dealer is required to:

- deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market;
- provide the customer with current bid and offer quotations for the penny stock;
- explain the compensation of the broker-dealer and its salesperson in the transaction;
- provide monthly account statements showing the market value of each penny stock held in the customer’s account;
- and
- make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction.

These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the penny stock rules. For this reason, investors in our common stock may find it more difficult to sell their shares.

As an issuer of “penny stock,” we do not currently benefit from the protection provided by the federal securities laws relating to forward-looking statements.

Although, generally, federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, and since our common stock has consistently traded in recent years at a level at which it is considered to constitute a “penny stock,” we do not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that any forward-looking statements contained in any one or more of our public filings proved to be inaccurate. Any such legal action could hurt our financial condition.

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Our stock price could be volatile, and your investment could suffer a decline in value.

The trading price of our common stock is likely to be highly volatile and could be subject to extreme fluctuations in price in response to various factors, many of which are beyond our control, including:

the trading volume of our shares;
the number of securities analysts, market-makers and brokers following our common stock;
changes in, or failure to achieve, financial estimates by securities analysts;
new products introduced or announced by us or our competitors;
announcements of technological innovations by us or our competitors;
actual or anticipated variations in quarterly operating results;
announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
additions or departures of key personnel;
sales of our common stock; and
stock market price and volume fluctuations of publicly-traded, particularly microcap, companies generally.

The volatility of our common stock is illustrated by reference to the fact that, during the twelve months ended December 31, 2017, the market trading price of our common stock has fluctuated from a low of \$0.005 to a high of \$0.04 per share.

The stock market has recently experienced significant price and volume fluctuations. Volatility in the market price for particular companies has often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In addition, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. A securities class action suit against us could result in substantial costs, potential liabilities and the diversion of management's attention and resources from our business. Moreover, and as noted above, our common stock is currently quoted on the OTC Market and, further, sales of our shares are subject to the penny stock regulation. Price fluctuations in such shares are particularly volatile and subject to manipulation by market makers, short-sellers and option traders.

ITEM 1B.

UNRESOLVED STAFF COMMENTS.

There were no reportable events under this Item 1B during the fiscal year ended December 31, 2017.

ITEM 2.

PROPERTIES.

Our principal executive offices are located at 1313 South Killian Drive, Lake Park, Florida 33403. We lease this 8,560 square foot facility under a five-year lease agreement ending on December 31, 2019 with a with an option to renew for one successive term of five years at the then current occupancy rates with 1313 Group LLC. Our monthly rent, including related sales and use taxes, is \$7,319. In accordance with the terms of this leasehold agreement, we are responsible for all utilities, repairs and maintenance.

ITEM 3.

LEGAL PROCEEDINGS.

As of the date of this annual report on Form 10-K for the fiscal year ended December 31, 2017 and to the best knowledge of our officers and directors, there are no pending material legal proceedings to which we were a party and none are threatened or contemplated. There can be no assurance, however, that we will not be made a party to litigation in the future.

ITEM 4.

MINE SAFETY DISCLOSURES.

There were no reportable events under this Item 4 during the fiscal year ended December 31, 2017.

Table of Contents**PART II****ITEM 5. Market for REGISTRANT's Common Equity, Related Stockholder Matters and issuer purchases of equity securities.****MARKET INFORMATION**

Our common stock is traded on the OTC Markets, a service provided by the OTC Markets Group, under the symbol "FIND".

The following table sets forth for the periods indicated the high and low bid prices for our common stock as reported each quarterly period within the last two fiscal years on the OTC Markets, and as obtained from OTCMarkets.com. The prices are inter-dealer prices, do not include retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Common Stock		
	High	Low
2016		
First Quarter	\$0.009	\$0.004
Second Quarter	\$0.009	\$0.004
Third Quarter	\$0.009	\$0.004
Fourth Quarter	\$0.013	\$0.003
2017		
First Quarter	\$0.040	\$0.009
Second Quarter	\$0.032	\$0.010
Third Quarter	\$0.018	\$0.008
Fourth Quarter	\$0.010	\$0.005

STOCKHOLDERS

As of April 17, 2018, there were approximately 1,000 holders of record of our common stock, with any shares held by persons or companies in street or nominee name counted only under such street or nominee name.

DIVIDENDS

Since inception, no dividends have been paid on our common stock and we do not anticipate paying any dividends in the foreseeable future. Although it is our intention to utilize all available funds for the development of our business, no restrictions are in place that would limit or restrict our ability to pay dividends.

EQUITY COMPENSATION PLAN INFORMATION

Please refer to Part III, Item 12 *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* as reported in this annual report on Form 10-K for the information regarding our equity compensation plans.

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Date Securities Issued	Securities Title	Issued To	Number of Securities Issued	Price per share	Consideration	Footnotes
Common Stock Issuances						
Sale of Common Shares for Cash For the Three Months Ended December 31, 2017	Restricted Common Stock	Private Purchasers	6,250,000	\$0.010	\$ 62,500	1
Issuance of Common Shares for Amounts Owed						
For the Three Months Ended December 31, 2017	Restricted Common Stock	Private Investor	600,000	\$0.010	\$ 6,000	2

We relied in each case for these unregistered sales on the private offering exemption of Section 4(a)(2) of the Securities Act and/or the private offering safe harbor provision of Rule 506 of Regulation D promulgated thereunder based on the following factors: (i) the number of offerees or purchasers, as applicable, (ii) the absence of general solicitation, (iii) representations obtained from the acquirer's relative to their accreditation and/or sophistication (or from offeree or purchaser representatives, as applicable), (iv) the provision of appropriate disclosure, and (v) the placement of restrictive legends on the certificates reflecting the securities coupled with investment representations obtained from the acquirors.

(1) These subscriptions by individual investors were part of a private offering of securities. The purchase price was \$0.01 per share, and the aggregate proceeds amounted to \$55,000, all of which was paid in cash.

(2) This subscription by a private investor was part of a private offering of securities. The purchase price was \$0.01 per share, which represented a total value of \$6,000, and all of which was paid for in exchange for the amounts owed to the private investor by the Company.

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

There were no purchases of equity securities by the Company itself, or any affiliated purchaser during the fourth quarter of the fiscal year ended December 31, 2017.

ITEM 6.**SELECTED FINANCIAL DATA.**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide this information.

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Item 7. Management's Discussion and Analysis of FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read together with our consolidated financial statements for the year ended December 31, 2017 and the Notes to the Consolidated Financial Statements.

Critical Accounting Policies

Our critical accounting policies, including the assumptions and judgments underlying them, are more fully described in the Notes to the Consolidated Financial Statements. We have consistently applied these policies in all material respects. These policies primarily address matters of expense recognition and revenue recognition. Investors are cautioned that these policies are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially. Below are the accounting policies that we believe are the most critical in order to gain an understanding of our financial results and condition.

Accounts Receivable

Accounts receivable arise in the normal course of business. It is the policy of management to continuously review the outstanding accounts receivable, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Individual accounts are charged against the allowance when they are deemed uncollectible.

Inventory

Our inventories are recorded at the lower of cost or market using the first in, first out method. Our inventory consists of raw materials and finished goods. We take into consideration certain inventory items that are slow moving and obsolete and calculate a provision for these inventory items.

Accounting for Long-Lived Assets

We review property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of our

carrying amount to future net cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value. Property and equipment to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Intangible Assets

In accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 350-30, *General Intangibles Other Than Goodwill*, intangible assets with an indefinite useful life are not amortized. Intangible assets with a finite useful life are amortized on the straight-line method over the estimated useful lives. All intangible assets are tested for impairment annually during the fourth quarter.

Goodwill and Certain Other Long-lived Assets

As required by ASC 350, *Goodwill and Other Intangible Assets*, we test goodwill for impairment during the fourth quarter of each fiscal year. Goodwill is not amortized, but instead tested for impairment at the reporting unit level at least annually and more frequently upon occurrence of certain events. We have one reporting unit. The annual goodwill impairment test is a two-step process. First, we determine if the carrying value of our reporting unit exceeds fair value, which would indicate that goodwill may be impaired. If it is determined that goodwill may be impaired, we compare the implied fair value of the goodwill to its carry amount to determine if there is an impairment loss.

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Revenue Recognition

We recognize revenues in accordance with the provisions of FASB Accounting Standards Codification (“ASC”) 605-10, Revenue Recognition, which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements filed with the Securities and Exchange Commission. ASC 605-10 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. We recognize revenue when the earnings process is complete. That is, when the arrangements of the goods are documented, the pricing becomes final and collectability is reasonably assured. An allowance for bad debt is provided based on estimated losses.

We record the amounts we charge our customers for the shipping and handling of our products as product revenue, and we record the related costs as cost of sales on our consolidated statements of operations.

Research and Development

Our research and development costs consist of direct production costs, including labor directly associated with the development of projects and outside consultants, and indirect costs such as those associated with facilities use. For labor costs and costs of outside consultants, we record the research and development costs as a reduction against either personnel costs or professional fees. For facilities leasing related expenses, we record the research and development costs as a reduction against rent.

Deferred Tax Asset Valuation Allowance

In accordance with ASC 740-30, *Other Considerations or Special Areas*, we record deferred tax assets for deductible temporary differences, net of operating loss carryforwards. To the extent that it is more likely than not that some portion or all of the deferred tax asset will not be realized, a valuation allowance is established.

Discontinued Operations

Discontinued operations are defined as a component that has been disposed of or is classified as held for sale. If in management’s review of a component, it is determined that such component has been disposed of or is classified as held for sale the results of such component should be classified as discontinued operations provided (1) its operations and cash flows have been (or will be) eliminated from the Company's ongoing operations, and (2) the Company will

have no significant continuing involvement in the component after its disposition.

DESCRIPTION OF BUSINESS

Findex.com, Inc. is headquartered in Lake Park, Florida with its base of business operations co-located in the same facility. The Company is currently comprised of EcoSmart and a consolidated variable interest entity, Advanced Cement Sciences, LLC (formerly Advanced Nanofibers, LLC). EcoSmart has historically been the driver of both operating overhead and revenue. EcoSmart was acquired by us in a merger in 2014 and centers around a proprietary line of specialty materials coatings that have a broad range of value-adding industrial, commercial, residential and consumer applications. Advanced Cement Sciences, LLC (“ACS”) is a variable interest entity. During the fourth quarter of 2016 management determined the Company was the primary beneficiary of ACS, and has since been consolidating those operations in accordance with U.S. GAAP for purposes of our financial reporting. The Company currently owns a minority 31.06% interest in ACS, which is a Florida-based, engineered cement technology and products firm founded in mid-2016 and currently focused on globally marketing a line of proprietary admixtures to be used in the production of ultra-lightweight, high-strength concrete and high-performance stucco. Despite our lack of corporate control over ACS, and its lack of revenue to date, it is a venture that our management has been and continues to be very actively involved in developing, and that is increasingly consuming a greater percentage of our financial and human resources, a trend management expects to continue into the foreseeable future.

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ECOSMART

Our core business 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 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, 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 CEMENT SCIENCES (VARIABLE INTEREST ENTITY)

Advanced Cement Sciences LLC (“ACS”) is a variable interest entity of which the Company owned a minority 31.06% interest at December 31, 2017. During the fourth quarter of 2016 management determined that the Company was the primary beneficiary based on qualitative and quantitative factors, and has since been consolidating the entity in accordance with U.S. GAAP for purposes of our financial reporting. ACS is a Florida-based, engineered cement technology and products firm founded in September 2016 and currently focused on globally marketing a line of proprietary admixtures it has acquired the rights to and further internally developed to be used in the production of ultra-lightweight, high-strength concrete and high-performance stucco. The business of ACS has undergone a gradual but fundamental transformation since the second quarter of 2017 (following the negotiated withdrawal of one of its founding members) from having as its primary focus the development and enhancement of applied nanotechnologies to materials development generally, on the one hand, to the development, manufacturing and sales of very competitively-priced, premium-performance -concrete- and stucco-enhancing admixture products that rely on certain nanotechnologies, on the other. Management believes the prospects for ACS are extraordinary based on its advanced, engineered and proprietary cement chemistry coupled with the sheer magnitude of the global markets in relation to which they offer a meaningful value proposition. Specifically, ACS views its products as having the capability to substantially improve the net economics of any business:

building or making products from concrete or stucco;

where there is additional economic value to be mined by using a concrete or stucco that has either:
a substantially increased per unit strength than that currently being used,
a substantially reduced per unit weight/density, or
both.

Although it is still in the earliest stage of products commercialization and revenue development, our management team and certain members of our operations personnel devote a very significant and growing percentage of their working time to the business of ACS. Our president and chief executive officer, Steven Malone, serves as a managing member of ACS with what is effectively the senior-most level of fiscal and operational responsibility for the firm.

MANAGEMENT OVERVIEW

A key focus of management during the year ended December 31, 2017 centered on the Company's continuing initiatives to explore and build relationships with potentially key strategic business partners, investors, and potential distributors and/or resellers of our EcoSmart coatings products. To varying degrees, these relationships were pursued in order to establish, further develop, and/or expand our EcoSmart market share within our most highly targeted verticals, including heavy machinery and equipment hardware, industrial and consumer HVAC equipment systems, hardscape products and interior flooring and tiling products. Throughout the year ended December 31, 2017, management has been, as it has continued to be and expects for the foreseeable future to be, committed to securing and solidifying foundational relationships within each of these markets and intends to allocate a significant portion of Company financial and human resources accordingly.

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Among other initiatives that took place during the year ended December 31, 2017, management, along with one of its partnered distributors, introduced a contractor training and certification program. This program, which is both intended and expected to enable us to continue to aggressively develop our national network of qualified contractors, provides a means for them to become officially designated by us as “EcoSmart Certified” contractors. While the primary focus of these three-day training programs is the application processes relating to our EcoSmart interior and hardscape coating products, attendees also have the opportunity, secondarily, to expand their existing line of service offerings by being trained in the application processes associated with our industrial and residential HVAC coatings as well, if they choose, and our heavy machinery and equipment coatings. Participants in the training program are afforded an opportunity to get extensive hands-on, practical experience in working with our products and to informally discuss the challenges commonly confronted.

During the year ended December 31, 2017, management explored, tested, and vetted a number of products manufactured by outside sources that the Company is evaluating for purposes of potentially “white labeling”. These potential “white label” products are viewed by management as complimentary products to our existing hardscape and interior coating products that, if taken on by us, are expected to result in recurring transactional revenue opportunities. For instance, some of these products would be utilized by our current customer base as preparatory agents to yield the maximum results achievable by our hardscape and interior coating products. Another, different set of these “white labeled” products would be developed as maintenance packages with the similar aim of complimenting and maximizing the performance attributes of our hardscape and interior coating products. A third product line manufactured by an outside source that the Company is considering for “white label” sales is one that, while consistent in terms of the types of products with which our current customer base is familiar, provides strikingly different characteristics that when coupled with our coating product line provides a vast array of specific solutions including the reduction of VOC’s (volatile organic compounds) and MVOC’s (microbial volatile organic compounds). A fourth and final product line the Company is considering for “white label”, which is manufactured by an outside source, is one that will aide in the removal (stripper) of our hardscape and interior coating products at a considerably lower price than the currently utilized stripper. This stripper would also then lend to the re-application of our hardscape and interior coating products.

Furthermore, for the year ended December 31, 2017, management focused on two new product releases that go hand-in-hand with our EcoSmart coating products with an intended release to market date within the first quarter of 2018. One of the products, as mentioned above, is a “white labeled” product that can be utilized as a maintenance package and compliments and maximizes the performance attributes associated with our hardscape and interior coating products. This product, Safety Clean, is a daily cleaner/degreaser that greatly improves surface traction; and therefore, is a great line of defense in the battle against slippery floors. Safety Clean has been certified by the National Floor Safety Institute (NFSI) as providing “high traction” on the surface it is utilized on. Management sees Safety Clean as a product that is expected to result in recurring transactional revenue from our network of distributors and resellers.

The second new product release, V-Shield, is an internally developed product that is not only to be sold to our network of distributors and/or resellers of our EcoSmart coatings products, but, in addition, it is anticipated to be sold in retail contractor supply stores within the second quarter of 2018. V-Shield is a silicon-ceramic treatment designed to provide maximum protection to vinyl composition tile floors (“VCT”) against staining, microbial growth, and fading due to traffic and UV exposure. It restores the surfaces to near original color and gloss. V-Shield, unlike traditional VCT cleaning and maintenance wax-based products, is a single application ceramic coating that can last up to three

years with minimal maintenance when coupled with our Safety Clean product. Resilient flooring, such as VCT flooring, is of the most widely used flooring products throughout the US and can be easily recognized in facilities such as hospitals, doctor's offices, large grocery store chains, public buildings, schools, etc. V-Shield not only saves time during the application, it also reduces the cost associated with the maintenance of VCT floors which in high-traffic areas can require stripping of wax and reapplication of wax approximately every 3-4 months.

Although there can be no assurance, the combination of the contractor training program, the Safety Clean and V-Shield product releases and the addition of one or more "white labeled" products are believed to likely increase our customer base as well as our revenues in the hardscape and interior tile and floor vertical markets.

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In addition, following its obtaining of what is currently a minority 31.06% equity interest in ACS in September of 2016, the Company began allocating increasing amounts of its financial and human resources to the development of that business. The resource allocations throughout the year ended December 31, 2017 in this regard centered primarily around technology development and testing, manufacturing, and related systems. Increasingly, allocations have broadened in scope to include strategic marketing and sales initiatives. Several accomplishments have been achieved through the allocation of the financial and human resources which include:

an advanced product delivery system branded as “AdPacks”, which is an unparalleled system in the industry that dramatically simplifies the process associated with mixing and preparing end-product, effectively rendering it mistake-proof. ACS’s “AdPacks,” named for their novel combining of the concrete industry admixture concept with that of a pre-mixed, ready-to-go package, contain a dense, viscous cake-mix style assortment of pre-measured and combined contents constituting a base product which, when combined on a production line or job site with cement, water and most commonly used concrete or stucco aggregates in accordance with provided instructions and supplemental videos, results in an end-product with notably superior characteristics for its particular purposes;

an Ultra-Lightweight Design Formula AdPack which can be utilized by producers of concrete interior and exterior “manufactured stone” panels and veneers, architectural trim and decorative pieces (Product: ACS Ultra-Lightweight Design Formula AdPack);

an Ultra-Lightweight Concrete Block Formula AdPack which can be used by developers, contractors and builders (Product: ACS Ultra-Lightweight Block Formula AdPack); and

an Ultra-High-Performance Stucco Formula AdPack which can be utilized by developers, contractors and builders who rely on ready-mix or mix-on-site concrete and stucco for pour-in-place and tilt-up construction projects they develop, manage, and build (Product: Ultra-High-Performance Stucco Formula AdPack).

Given the realities of new product introductions generally, and the need in the case of ACS products to not only evidence product compliance with existing building codes and related industrial standards, but also demonstrate product workability and efficacy through showcase projects, positive customer experiences, and industry expert references and endorsements, ACS is yet to achieve any meaningful degree of sales traction for either of these product lines and, to date, sales have been very limited and deliberately targeted towards customers that view their use of the product as part of a series of final-stage, semi-pilot projects. In the meantime, steady efforts have been underway towards enabling ACS’s ability to systematically provide evidence of product compliance with existing building codes and related industrial standards within identified markets, as well as to readily demonstrate product workability and efficacy through showcase projects, positive customer experiences, and industry expert references and endorsements within such markets.

Finally, during the year ended December 31, 2017, and across the board, management remained focused on three primary areas identified as keys to the near-term viability, growth and prosperity of the Company. One area is revenue generation, as effected through the formalization of various distribution and licensing relationships that the Company has been pursuing over time, the two new product releases as well as the “white labeling” of third-party manufactured products. A second area is the maximization of cash flow and return on existing assets, as effected through the refinement of internal production operations and throughput efficiencies. A third area is corporate finance, and specifically the raising of capital necessary to bridge shortfalls in available cash, for both operational and capital

investment purposes, through to the point, if at all, at which working capital and cash reserve levels are sufficient to be self-sustaining.

At this time, near-term liquidity poses a continuous challenge to us and is expected to continue to do so for the foreseeable future. Moreover, the need to find ways to stretch our very limited economic resources places ongoing strains on our very limited human resources.

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Table of Contents**RESULTS OF OPERATIONS FOR YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

Statements of Operations for Years Ended December 31,	2017	2016	Change
Net revenues	\$380,553	\$319,676	\$60,877
Cost of sales	(97,038)	(95,043)	(1,995)
Gross profit	283,515	224,633	58,882
Sales, marketing and general and administrative expenses	(1,228,423)	(868,189)	(360,234)
Research and development	(343,020)	(229,691)	(113,329)
Total operating expenses	(1,571,443)	(1,097,880)	(473,563)
Loss from operations	(1,287,928)	(873,247)	(414,681)
Other expenses, net	(195,089)	(138,967)	(56,122)
Loss on conversion of note payable	—	(13,593)	13,593
Loss before income taxes	(1,483,017)	(1,025,807)	(457,210)
Income tax (provision)	—	—	—
Net loss from operations	\$(1,483,017)	\$(1,025,807)	\$(457,210)
Loss attributable to non-controlling interest	215,618	39,628	175,990
Net loss attributable to Findex.com, Inc.	\$(1,267,399)	\$(986,179)	\$(281,220)

The differing results of operations year-over-year are primarily attributable to the following for the year ended December 31, 2017:

an increase in net revenues resulting from increasing sales of our products in each of our hardscape applications, interior flooring and tile applications, and our industrial and consumer HVAC equipment systems;

an increase in our general and administrative costs resulting from an increase in total personnel costs stemming from the enlarging of our staff coupled with our increased reliance on the use of outside contractors, in each case based on operational growth for both EcoSmart and ACS;

an increase in research and development as we have increased the use of outside contractors, facility space, our staff and certain of our staff's time based on anticipated growth and development related to ACS; and

an increase in interest expense due to an increase in total outstanding indebtedness resulting from our having issued a number of medium-term notes during the years ended December 31, 2017 and 2016 as part of our capital-raising initiatives.

Although there can be no assurance, in future periods, we anticipate an increase in overall Company revenues as well as an increase in overall sales, marketing and general and administrative expenses due to our anticipated growth and expansion in certain vertical markets.

Revenues

Change

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Revenues from Operations for Years Ended December 31,	2017	% to Sales	2016	% to Sales	\$	%
Revenues	\$212,185	55 %	\$252,697	79 %	\$(40,512)	16 %
Revenues related parties	172,168	45 %	66,979	21 %	105,189	157%
Gross Revenues	384,353	100%	319,676	100%	64,677	20 %
Less estimated sales returns and allowances	(3,800)	1 %	—	0 %	(3,800)	0 %
Net revenues	\$380,553	99 %	\$319,676	100%	\$60,877	19 %

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The differing results of our net revenues are primarily attributable to the following for the year ended December 31, 2017:

an increase in net revenues resulting from increasing sales of our products in our hardscape application vertical, a substantial increase in net revenues to related parties resulting from increasing sales of our commercial HVAC products to one particular related party, coupled with increasing sales of our interior products to another related party, and

an increase in sales returns and allowances attributable to the anticipated need in the near future for establishing a reserve for potential new product releases.

For the year ended December 31, 2017, one shareholder/related party accounted for approximately 18% of our revenues, a second shareholder/related party accounted for 17% of our revenues and, as a group, the sales to shareholders/related parties accounted for approximately 45% of our revenues. Although there can be no assurance, we anticipate an increase in overall Company revenues in future periods as we continue to pursue a variety of vertical markets that management has been targeting over the past year as near-term opportunities for revenue growth as well as the introduction of new products.

Cost of Sales

				Change	
Cost of Sales for Years Ended December 31,	2017	% of Sales	2016	% of Sales	\$
Direct costs	\$78,473	21 %	\$65,605	21 %	\$12,868
Royalties	(4,596)	1 %	11,598	4 %	(16,194)
Freight-out	23,161	6 %	17,840	6 %	5,321
Cost of sales	\$97,038	26 %	\$95,043	31 %	\$1,995

Cost of sales consists primarily of direct costs, royalties accrued to providers of intellectual property, and the costs associated with reproducing, packaging, and shipping our products. The overall decrease in cost of sales as a percentage of net revenues for the year ended December 31, 2017 is attributable to a decrease of accrued royalty obligations due to a corresponding decrease in sales of products carrying a relatively high royalty obligation as well as a correction to previously accrued royalties that should not have been accrued due to a contractual oversight. The overall increase in the cost of sales for the year ended December 31, 2017 in real dollar terms is due to the increase in sales.

Into the immediate future, we anticipate that our direct costs are likely to increase in real dollar terms based on escalating sales volume coupled with the likelihood of an inability to make material purchases in bulk at meaningfully discounted rates due to cash restraints. Though there can be no assurance that our cash position and financial condition will improve over time, if it does, we intend to take advantage of bulk purchasing opportunities at discounted rates.

More generally, we anticipate that our cost of sales will increase in the future in direct proportion to increases in top line growth.

Sales, General and Administrative

Sales, General and Administrative Costs for Operations for Years Ended December 31, Selected expenses:	2017	% of Sales	2016	% of Sales	Change	
					\$	%
Advertising and direct marketing	\$1,903	1 %	\$8,301	3 %	\$(6,398)	77 %
Sales commissions	19,606	5 %	16,493	5 %	3,113	19 %
Total sales and marketing	21,509	6 %	24,794	8 %	(3,285)	13 %
Personnel costs	752,595	198 %	459,884	144 %	292,711	64 %
Research and development	343,020	90 %	229,691	72 %	113,329	49 %
Professional fees	190,308	50 %	129,849	41 %	60,459	47 %
Travel and entertainment costs	68,248	18 %	44,320	14 %	23,928	54 %
Rent	50,467	13 %	81,865	26 %	(31,398)	38 %
Other general and administrative costs	145,296	38 %	127,477	40 %	17,819	14 %
Total general and administrative	1,549,934	407 %	1,073,086	336 %	476,848	44 %
Total sales, marketing, general and administrative	\$1,571,443	413 %	\$1,097,880	343 %	\$473,563	43 %

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Our research and development costs consist of direct production costs, including labor directly associated with the development of projects and outside consultants, and indirect costs, such as those associated with facilities leasing and related overhead. For labor costs and costs of outside consultants, we record the research and development costs as a reduction against either personnel costs or contract services. For facilities leasing related expenses, we record the research and development costs as a reduction against rent. For the year ended December 31, 2017, we reclassified to research and development approximately \$175,000 from total personnel costs and approximately \$35,000 from rent. Comparatively, for the year ended December 31, 2016, we reclassified to research and development approximately \$165,000 from total personnel costs and approximately \$25,000 from rent.

The differing results of total sales, marketing, general and administrative costs are primarily attributable to the following for the year ended December 31, 2017:

an overall decrease in advertising and direct marketing resulting from our having attended and sponsored a booth at an industry trade show during the year ended December 31, 2016, and this despite an increase in sales commissions attributable to the increase in our sales team during the year ended December 31, 2017;

an overall increase in total personnel costs, after adjustments of reclassified wages for research and development, stemming from a required increase in our staff and use of outside contractors based on operational growth in relation to both EcoSmart and ACS;

an increase in research and development for the year ended December 31, 2017 attributable to an increase in the use of our facility space, outside contractors, our staff and certain of our staff's time based on anticipated growth and development related to our interest in ACS;

an increase in professional services resulting mainly from an increase in independent business development contracting services;

an increase in travel and entertainment expenses due to (i) our having expanded our marketing, customer service and sales team, and (ii) initiatives surrounding the continued development of ACS; and

a decrease in rent for the year ended December 31, 2017 due to (i) our having relocated the Company's research and development lab from Daytona Beach, Florida to our corporate office in Lake Park, Florida, and (ii) adjustments of reclassified rent for research and development due to the increase in space utilized and dedicated specifically to ACS's research and development operations.

For the immediate future, and although there can be no assurance, we would anticipate that our sales, marketing, general and administrative costs will increase in the future in direct proportion to top line growth.

Loss on Conversion of Note Payable

During the year ended December 31, 2016, an investor holding a convertible note elected to convert such note, together with all then-accrued interest, totaling \$10,456 into 2,613,963 shares of common stock. In connection with such election, and in order to induce conversion, we agreed to reduce the original conversion price of \$0.02 per share to \$0.004 per share, which resulted in an accounting loss upon such conversion. As a result, we recognized a net loss of \$13,593, which has been included in the "Loss on conversion of note payable" line item on our Consolidated

Statement of Operations for the year ended December 31, 2016.

Provision for Income Taxes

For the years ended December 31, 2017 and 2016, based on uncertainty about the timing of and ability to generate future taxable income and our assessment that the realization of the deferred tax assets no longer met the “more likely than not” accounting criterion for realization, we provided for a full valuation allowance against our net deferred tax assets. If we determine at some point that it is more likely than not that we will be able to realize our deferred tax assets in the future, an adjustment to the deferred tax asset valuation allowance would be recorded in the period when such determination is made.

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As of December 31, 2017, we had accumulated net operating loss carryforwards, for federal income tax purposes, of approximately \$17,644,000. These carryforwards are the result of income tax losses generated as follows:

	Generated Loss	Expiration
2001	\$5,123,000	2021
2002	\$235,000	2022
2005	\$956,000	2025
2006	\$584,000	2026
2008	\$694,000	2028
2009	\$366,000	2029
2010	\$292,000	2030
2012	\$353,000	2032
2013	\$178,000	2033
2014	\$825,000	2034
2015	\$761,000	2035
2016	\$2,829,000	2036
2017	\$4,448,000	2037

While, under certain circumstances, opportunities exist for companies to preserve and realize potential value from their NOL carryforwards by applying such losses from prior fiscal years to taxable income in future years in order to reduce otherwise existing tax liability, availability of such opportunities is highly restricted and predicated on the satisfaction of a number of conditions that cannot be assured.

See Note 10, *Income Taxes*, in the Notes to the Consolidated Financial Statements for the year ended December 31, 2017 for further information regarding the components of our income tax provision.

LIQUIDITY AND CAPITAL RESOURCES

Our primary needs for liquidity and capital resources are the working capital requirements of our continued operations, which includes raw materials procurement, production personnel, service applications personnel, the ongoing internal development of new products and expansion and upgrade of existing products, marketing and sales, and executive salaries and insurance benefit obligations. Cash generated through our current operations may not prove sufficient to sustain such operations, and our pursuit of an aggressive growth plan, as currently exists, will likely require funding from outside sources. Funding from outside sources may include but is not limited to the pursuit of other financing options such as commercial loans or public or private sales of securities, including common stock, preferred stock and/or convertible notes or debentures. The Company's cash on hand as of December 31, 2017 was insufficient to support our operations for the next twelve months.

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Working Capital	2017	2016
Current assets	\$50,721	\$162,131
Current liabilities	\$3,593,285	\$2,916,832
Accumulated deficit	\$7,706,052	\$6,438,653

Liquidity for our day-to-day continuing operations remains a very serious ongoing concern for us, and there can be no assurance of it remaining manageable.

Cash Flows for Years Ended December 31,	2017	2016	Change	%
Cash flows used in operating activities	\$(728,856)	\$(644,114)	\$(84,742)	13 %
Cash flows used in investing activities	\$---	\$(14,084)	\$14,084	100%
Cash flows provided by financing activities	\$624,000	\$761,070	\$(137,070)	18 %

Net cash used in operating activities for the years ended December 31, 2017 and 2016 consisted mainly of payments for personnel, inventory purchases, vendor payments and other operating expenses.

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Net cash used in investing activities for year ended December 31, 2016 was for the build-out of our new research lab within our corporate headquarters located in the Lake Park, Florida. This new facility replaced the research lab located in Daytona Beach, Florida as of July 2016.

For the year ended December 31, 2017, cash provided by financing activities was mainly the result of proceeds from the sale of common stock as well as the sale of an equity interest in ACS. As an offset to the cash provided for the year ended December 31, 2017, we also made certain payments towards retirement of various notes payable. Comparatively, cash provided by financing activities for the year ended December 31, 2016 was primarily the result of proceeds from the sale and issuances of convertible debt and common stock. As an offset to the cash provided for the year ended December 31, 2016, we also made payments on notes payable.

Financing

Given practical considerations, we believe that our ability to meaningfully pursue our business plan in the immediate term will depend on the availability of working capital, the precise amount of which is uncertain as the date of this annual filing on Form 10-K given certain variables surrounding our ability to generate funds internally, including through both sales of product and/or territorial product distributorships, on the EcoSmart side of our business, and through distributions, on the ACS side. To the extent that it becomes necessary to access funds through a public or private sales of securities, as we have been doing and expect to continue to have to do for the foreseeable future, this is likely to be pursued through one or more offerings involving common stock, preferred stock and/or convertible notes or debentures. In connection with any such financings, it may become necessary given market conditions and the unavailability of alternative options for us to issue additional shares of our common stock or securities exchangeable for shares of our common stock, including but not limited to convertible preferred stock or convertible notes or debentures containing so-called “floorless convertible” provisions that can be, and often are, extremely dilutive to existing stockholders upon conversion. Any such issuances, as well as any related issuances of common stock or other purchase warrants, would likely have the effect of depressing the market price of our common stock and diluting the interests of our common stockholders, potentially very significantly.

No attempt has been made for many years to secure any bank or other secured financing due to management’s practical conclusion that it would be an unproductive allocation of human resources given our historic revenue and cash flow levels, internal financial ratios, and negative working capital position. We do not expect any change in this status for the foreseeable future.

Contractual Liabilities

We occupy an office building for our corporate headquarters located at 1313 South Killian Drive, Lake Park, Florida 33403. The lease for the 8,560 square feet ends on December 31, 2019 with an option to renew for one successive

term of five years at the then current occupancy rates with 1313 Group LLC. Our monthly rent, including related sales and use taxes, is \$7,319, and we are responsible for all utilities, repairs and maintenance.

We also leased a research facility located at 223 Fentress Boulevard, Daytona Beach, Florida 32114 as of October 2014. In February 2015, we entered into a month-to-month lease agreement with an expiration date of December 31, 2016 for this 3,200 square foot facility. Monthly rent, including related sales and use taxes, was \$2,929. In accordance with the terms of this leasehold agreement, we were responsible for all utilities, repairs and maintenance. In June 2016, we provided notice that we were terminating this lease agreement effective July 31, 2016. There were no termination fees incurred due to the lease having been a month-to-month tenancy. As of December 31, 2017, we had accrued \$7,891 for past rent owed less a deposit of \$2,500 (total \$5,391). We have since relocated all property and equipment as well as all personnel previously occupying this facility to our corporate headquarters located in Lake Park, Florida.

Rent expense for the years ended December 31, 2017 and 2016 for both facilities, before adjustments of reclassified facilities cost for research and development, totaled \$86,554 and \$107,055, respectively.

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At December 31, 2017, the future minimum rental payments required under these arrangements total approximately \$176,976. See Note 12, *Commitment and Contingencies*, in the Notes to the Consolidated Statements for the year ended December 31, 2017 for more detailed information.

Discontinued Operations

As of December 31, 2017 and 2016, the Company has presented \$114,368 of Accrued royalties in discontinued operations. The royalties pertain to the Company's sale of the QuickVers® product line in 2011.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide this information.

The Potential Impact of Known Facts, Commitments, Events and Uncertainties on Future Operating Results or Future Liquidity Requirements

New Accounting Pronouncements

See Note 1, *Summary of Significant Accounting Policies*, in the Notes to the Consolidated Financial Statements for the year ended December 31, 2017 for information regarding the potential effects of new accounting pronouncements on our results of operations and financial condition.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

D. Brooks and Associates CPA's, P.A.

Certified Public Accountants - Valuation Analyst - Advisors

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Findex.com, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Findex.com, Inc. (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred operating losses, has incurred negative cash flows from operations and has a working capital deficit. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding these matters is also described in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

D. Brooks and Associates CPA's, P.A.

We have served as the Company's auditor since 2014.
Palm Beach Gardens, Florida

April 16, 2018

D. Brooks and Associates CPA's, P.A. 4440 PGA Boulevard Suite 104, Palm Beach Gardens, FL 33410 – (561) 429-6225

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Findex.com, Inc.
CONSOLIDATED BALANCE
SHEETS

	As of December 31, 2017	As of December 31, 2016
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Assets