

FLEXIBLE SOLUTIONS INTERNATIONAL INC  
Form 10-Q  
May 15, 2015

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2015

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-31540

FLEXIBLE SOLUTIONS INTERNATIONAL INC.  
(Exact Name of Issuer as Specified in Its Charter)

Nevada 91-1922863  
(State or other (I.R.S.  
jurisdiction of Employer  
incorporation or Identification  
organization) No.)

#206 - 920  
Hillside Ave.  
Victoria, British  
Columbia, V8T  
Canada 1Z8  
(Address of  
Issuer's Principal (Zip  
Executive Code)  
Offices)

Issuer's telephone number: (250) 477-9969

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant

Edgar Filing: FLEXIBLE SOLUTIONS INTERNATIONAL INC - Form 10-Q

was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether 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. (Check One):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2 of the Exchange Act). Yes  No

Class of Stock	No. Shares Outstanding	Date
Common	13,169,991	April 30, 2015

FORM 10-Q

Index

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.	4
(a) Unaudited Consolidated Balance Sheets at March 31, 2015 and December 31, 2014.	4
(b) Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014.	
(c) Unaudited Consolidated Statements of Comprehensive Loss for the Three Months Ended March 31, 2015 and 2014	5
(d) Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014.	6
(e) Notes to Unaudited Consolidated Financial Statements for the Three Months Ended March 31, 2015.	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.	20
Item 4 Controls and Procedures.	23

PART II. OTHER INFORMATION

Item 6. Exhibits.	24
SIGNATURES	25

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward-looking statements” for the purposes of the federal and state securities laws, including, but not limited to: any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “will,” “estimate,” “intend,” “continue,” “believe,” “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include but are not limited to:

Increased competitive pressures from existing competitors and new entrants;

Increases in interest rates or our cost of borrowing or a default under any material debt agreement;

Deterioration in general or regional economic conditions;

Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;

Loss of customers or sales weakness;

Inability to achieve future sales levels or other operating results;

The unavailability of funds for capital expenditures; and

Operational inefficiencies in distribution or other systems.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014.

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements.

FLEXIBLE SOLUTIONS INTERNATIONAL INC.  
CONSOLIDATED BALANCE SHEETS  
At March 31, 2015  
(U.S. Dollars)

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current		
Cash and cash equivalents	\$776,934	\$747,517
Accounts receivable (see Note 3)	3,114,825	2,322,373
Inventory (see Note 4)	3,446,651	3,467,438
Prepaid expenses	117,095	123,511
	7,455,505	6,660,839
Long Term		
Property, plant and equipment (see Note 5)	4,319,449	4,764,900
Patents (see Note 6)	121,898	137,404
Long term deposits (see Note 7)	5,121	4,425
Deferred tax asset	2,458,518	2,667,286
Total Assets	\$14,360,491	\$14,234,854
Liabilities		
Current		
Accounts payable and accrued liabilities	\$799,275	\$815,141
Deferred revenue	40,843	44,593
Taxes payable	307,507	140,842
Line of credit (see Note 8)	775,000	750,000
Current portion of long term debt (see Note 9)	345,009	385,214
	2,267,634	2,108,790
Long Term		
Loans	704,177	754,475
Total Liabilities	2,971,811	2,863,265
Stockholders' Equity		
Capital stock		
Authorized		
50,000,000 Common shares with a par value of \$0.001 each		
1,000,000 Preferred shares with a par value of \$0.01 each		
Issued and outstanding		
13,169,991 (December 31, 2014: 13,169,991) common shares	13,170	13,170
Capital in excess of par value	16,244,716	16,227,121
Accumulated other comprehensive income (loss)	(772,321 )	(267,552 )
Deficit	(4,096,885 )	(4,601,150 )

Edgar Filing: FLEXIBLE SOLUTIONS INTERNATIONAL INC - Form 10-Q

Total Stockholders' Equity	11,388,680	11,371,589
Total Liabilities and Stockholders' Equity	\$14,360,491	\$14,234,854

Commitments (Note 13)

-- See Notes to Unaudited Interim Condensed Consolidated Financial Statements --

FLEXIBLE SOLUTIONS INTERNATIONAL INC.  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
 For the Three Months Ended March 31, 2015 and 2014

(U.S. Dollars -- Unaudited)

	Three Months Ended March 31,	
	2015	2014
Sales	\$4,963,887	\$3,812,981
Cost of sales	3,064,694	2,658,826
Gross profit	1,899,193	1,154,155
Operating expenses		
Wages	390,742	420,203
Administrative salaries and benefits	187,525	198,950
Advertising and promotion	16,331	22,474
Investor relations and transfer agent fee	35,177	48,703
Office and miscellaneous	41,101	109,708
Insurance	74,418	