

Blue Earth, Inc.
Form 10-Q
May 13, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2013

OR

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

COMMISSION FILE NUMBER 0-54669

BLUE EARTH, Inc.

(Exact Name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

98-0531496
(I.R.S. Employer
Identification No.)

2298 Horizon Ridge Parkway, Suite 205, Henderson, NV 89052

(Address of principal executive offices) (Zip Code)

Registrant's telephone Number: **(702) 263-1808**

N/A

(former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
		(Do not check if a smaller reporting company)	

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

As of May 7, 2013 the issuer had 23,202,906 outstanding shares of Common Stock.

TABLE OF CONTENTS

PART I

Items	Page
<u>PART I</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets - March 31, 2013 (unaudited) and December 31, 2012 (audited)</u>	3
<u>Condensed Consolidated Statement of Operations for the three months ended March 31, 2013 and 2012 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012 (unaudited)</u>	5-6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7-9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation</u>	10-13
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	13
<u>Item 4. Controls and Procedures</u>	13
<u>PART II</u>	
<u>Item 1. Legal Proceedings</u>	14
<u>Item 1A. Risk Factors</u>	14
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	14
<u>Item 3. Defaults Upon Senior Securities</u>	14
<u>Item 4. Mine Safety Disclosures</u>	14
<u>Item 5. Other Information</u>	14
<u>Item 6. Exhibits</u>	15
<u>Signatures</u>	16

PART I**ITEM 1. FINANCIAL STATEMENTS****BLUE EARTH, INC. AND SUBSIDIARIES**

Consolidated Balance Sheets

	<u>ASSETS</u>	March 31, 2013 (unaudited)	December 31, 2012
CURRENT ASSETS			
Cash		\$ 458,483	\$ 659,009
Accounts receivable, net		1,771,799	1,749,827
Costs and revenues in excess of billings		2,485,197	1,724,543
Inventory, net		325,445	221,548
Construction in progress		707,043	706,043
Prepaid expenses and deposits		860,296	921,917
Total Current Assets		6,608,263	5,982,887
PROPERTY AND EQUIPMENT, net		642,241	661,156
OTHER ASSETS			
Deposits		52,408	52,408
Contracts and franchise, net		7,670,713	8,250,495
Total Other Assets		7,723,121	8,302,903
TOTAL ASSETS		\$ 14,973,625	\$ 14,946,946
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable		\$ 2,438,885	\$ 2,088,459
Current portion of notes payable		475,690	503,386
Related party payables		1,375,978	1,976,995
Billings in excess of revenues		773,636	674,971
Deferred revenues		17,004	17,004
Accrued expenses		435,122	423,256
Payroll expenses payable		498,165	534,846
Preferred dividends payable		573,441	440,287
Line of credit payable		1,500,000	-
Total Current Liabilities		8,087,921	6,659,204
LONG TERM LIABILITIES			
Long term portion of notes payable		-	-
Total Liabilities		8,087,921	6,659,204
STOCKHOLDERS' EQUITY			
Preferred stock; 25,000,000 shares authorized at \$0.001 par value, 498,402 and 510,152 shares issued and outstanding, respectively		498	510
Common stock; 100,000,000 shares authorized			

Edgar Filing: Blue Earth, Inc. - Form 10-Q

at \$0.001 par value, 21,816,868 and 20,882,549

shares issued and outstanding, respectively

	21,817	20,883
Additional paid-in capital	42,955,921	42,332,298
Accumulated deficit	(36,092,532)	(34,065,949)
Total Stockholders' Equity	6,885,704	8,287,742
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 14,973,625	\$ 14,946,946

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

BLUE EARTH, INC. AND SUBSIDIARIESConsolidated Statements of Operations
(unaudited)

	For the Three Months Ended March 31,	
	2013	2012
REVENUES	\$ 2,872,234	\$ 1,960,740
COST OF SALES	1,993,792	1,305,257
GROSS PROFIT	878,442	655,483
OPERATING EXPENSES		
Depreciation and amortization	597,860	630,489
General and administrative	2,074,128	2,045,894
Total Operating Expenses	2,671,988	2,676,383
LOSS FROM OPERATIONS	(1,793,546)	(2,020,900)
OTHER INCOME (EXPENSE)		
Gain (loss) on derivative valuation	-	(173,993)
Interest expense	(72,723)	(7,108)
Loss on settlement of debt	(11,148)	-
TOTAL OTHER INCOME (EXPENSE)	(83,871)	(181,101)
LOSS BEFORE INCOME TAXES	(1,877,417)	(2,202,001)
INCOME TAX EXPENSE	-	-
NET LOSS	\$ (1,877,417)	\$ (2,202,001)
PREFERRED DIVIDENDS	(149,166)	(108,301)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (2,026,583)	\$ (2,310,302)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.10)	\$ (0.15)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED	21,302,469	15,109,401

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

BLUE EARTH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited)

For the Three Months Ended
March 31,

2013

2012

OPERATING ACTIVITIES

Net loss	\$	(1,877,417)	\$	(2,202,001)
Adjustments to reconcile net loss to net cash used in operating activities:				
Stock option and stock warrants issued for services		42,217		246,736
(Gain) loss on derivative valuation		-		173,993
Loss on settlement of debt				