

IKONICS CORP  
Form 10-Q  
August 12, 2016  
Table of Contents

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2016

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 000-25727

IKONICS CORPORATION

(Exact name of registrant as specified in its charter)

Edgar Filing: IKONICS CORP - Form 10-Q

Minnesota	41-0730027
(State or other jurisdiction of	(I.R.S. employer
incorporation or organization)	identification no.)
4832 Grand Avenue	
Duluth, Minnesota	55807
(Address of principal executive offices)	(Zip code)

(218) 628-2217

Registrant's telephone number

Not Applicable

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 shell company (as defined in Rule 12b-2 of the Exchange Act). 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.

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

Edgar Filing: IKONICS CORP - Form 10-Q

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: Common Stock, \$.10 par value per share - 2,018,753 shares outstanding as of August 5, 2016.

---

Table of Contents

IKONICS Corporation

QUARTERLY REPORT ON FORM 10-Q

	PAGE NO.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Financial Statements:</u>	
<u>Condensed Balance Sheets as of June 30, 2016 (unaudited) and December 31, 2015</u>	3
<u>Condensed Statements of Operations for the Three Months and Six Months Ended June 30, 2016 and 2015 (unaudited)</u>	4
<u>Condensed Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015 (unaudited)</u>	5
<u>Notes to Condensed Financial Statements (unaudited)</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	20
<u>Item 4. Controls and Procedures</u>	20
<u>PART II. OTHER INFORMATION</u>	21
<u>SIGNATURES</u>	22

Table of Contents

## PART I - FINANCIAL INFORMATION

## ITEM 1. Condensed Financial Statements

## IKONICS CORPORATION

## CONDENSED BALANCE SHEETS

	June 30, 2016 (unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 800,889	\$ 2,248,466
Short-term investments	3,399,000	—
Trade receivables, less allowance of \$60,000 in 2016 and \$122,000 in 2015	1,811,231	2,165,194
Inventories	2,215,548	2,119,805
Prepaid expenses and other assets	141,273	85,648
Income taxes receivable	131,894	102,778
Total current assets	8,499,835	6,721,891
<b>PROPERTY, PLANT, AND EQUIPMENT, at cost:</b>		
Land and building	9,383,591	6,391,555
Machinery and equipment	4,873,106	4,275,910
Office equipment	961,770	933,596
Vehicles	272,144	272,141
Construction in progress	361,381	2,491,432
	15,851,992	14,364,634
Less accumulated depreciation	(6,691,206)	(6,407,304)
	9,160,786	7,957,330
<b>INTANGIBLE ASSETS, less accumulated amortization of \$136,113 in 2016 and \$123,957 in 2015</b>	<b>346,335</b>	<b>336,096</b>
	<b>\$ 18,006,956</b>	<b>\$ 15,015,317</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 125,529	\$ —
Accounts payable		
Trade	510,715	420,245
Construction	60,166	333,339
Accrued compensation	308,707	350,518
Other accrued liabilities	118,025	