

NOCOPI TECHNOLOGIES INC/MD/
Form 10-Q
May 15, 2017

United States
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 March 31, 2017

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: 000-20333

NOCOPI TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

87-0406496

(I.R.S. Employer Identification No.)

480 Shoemaker Road, Suite 104, King of Prussia, PA 19406

(Address of principal executive offices) (Zip Code)

(610) 834-9600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has not elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B)

of the Securities Act. "

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 58,599,016 shares of common stock, par value \$0.01, as of May 1, 2017

NOCOPI TECHNOLOGIES, INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

*Nocopi Technologies, Inc.**Statements of Operations***(unaudited)*

	Three Months ended	
	March 31	
	2017	2016
Revenues		
Licenses, royalties and fees	\$ 158,800	\$ 112,800
Product and other sales	182,600	170,000
	341,400	282,800
Cost of revenues		
Licenses, royalties and fees	21,000	19,600
Product and other sales	72,200	69,100
	93,200	88,700
Gross profit	248,200	194,100
Operating expenses		
Research and development	36,400	37,600
Sales and marketing	60,900	56,500
General and administrative	90,700	87,500
	188,000	181,600
Net income from operations	60,200	12,500
Other income (expenses)		
Interest expense, bank charges and accretion of interest	(16,200)	(3,400)
	(16,200)	(3,400)
Net income	\$ 44,000	\$ 9,100
Basic and diluted net income per common share	\$.00	\$.00
Weighted average common shares outstanding		

Basic	58,599,016	58,599,016
Diluted	58,756,023	58,600,159

*See accompanying notes to these financial statements.

*Nocopi Technologies, Inc.**Balance Sheets**

	March 31	December 31
	2017	2016
	(unaudited)	(audited)
<i>Assets</i>		
Current assets		
Cash	\$ 150,100	\$ 199,100
Accounts receivable less \$5,000 allowance for doubtful accounts	283,500	243,400
Inventory	61,100	70,900
Prepaid and other	33,000	29,600
Total current assets	527,700	543,000
Fixed assets		
Leasehold improvements	19,700	19,700
Furniture, fixtures and equipment	179,000	178,300
	198,700	198,000
Less: accumulated depreciation and amortization	184,700	183,000
	14,000	15,000
Total assets	\$ 541,700	\$ 558,000
<i>Liabilities and Stockholders' Deficiency</i>		
Current liabilities		
Demand loans	\$ 10,000	\$ 10,000
Convertible debentures	95,000	128,300
Accounts payable	18,200	33,100
Accrued expenses	406,900	459,900
Deferred revenue	100,700	106,300
Total current liabilities	630,800	737,600
Convertible debentures	33,300	
Stockholders' deficiency		
Common stock, \$0.01 par value		
Authorized 75,000,000 shares		
Issued and outstanding 58,599,016 shares	586,000	586,000
Paid-in capital	12,439,800	12,426,600
Accumulated deficit	(13,148,200)	(13,192,200)
Total stockholders' deficiency	(122,400)	(179,600)
Total liabilities and stockholders' deficiency	\$ 541,700	\$ 558,000

*See accompanying notes to these financial statements.

*Nocopi Technologies, Inc.**Statements of Cash Flows***(unaudited)***Three Months ended****March 31****2017****2016****Operating Activities**

Net income	\$	44,000	\$	9,100
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization		1,700		1,800
Accretion of interest convertible debentures		13,200		200
		58,900		11,100
(Increase) decrease in assets				
Accounts receivable		(40,100)		(15,000)
Inventory		9,800		5,400
Prepaid and other		(3,400)		16,000
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		(67,900)		30,000
Deferred revenue		(5,600)		(6,500)
		(107,200)		29,900
Net cash provided by (used in) operating activities		(48,300)		41,000

Investment Activities

Additions to fixed assets		(700)		
Net cash used in investing activities		(700)		

Financing Activities

Repayment of demand loan				(4,000)
Net cash used in financing activities				(4,000)
Increase (decrease) in cash		(49,000)		37,000
Cash at beginning of year		199,100		11,400
Cash at end of period	\$	150,100	\$	48,400

*See accompanying notes to these financial statements.

NOCOPI TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

Note 1. Financial Statements

The accompanying unaudited condensed financial statements have been prepared by Nocopi Technologies, Inc. (the Company). These statements include all adjustments (consisting only of normal recurring adjustments) which management believes necessary for a fair presentation of the statements and have been prepared on a consistent basis using the accounting policies described in the summary of Accounting Policies included in the Company's 2016 Annual Report on Form 10-K. Certain financial information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the accompanying disclosures are adequate to make the information presented not mi