

DEER VALLEY CORP
Form 10-Q
November 10, 2015

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 September 26, 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 000-05388

DEER VALLEY CORPORATION

(Exact name of Registrant as specified in its charter)

Florida (State or other jurisdiction of	20-5256635 (I.R.S. employer
incorporation or organization)	identification no.)
205 Carriage Street, Guin, AL (Address of principal executive offices)	35570 (Zip code)
Registrant's telephone number, including area code: (205) 468-8400	

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, 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 <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

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

The Registrant had 15,514,344 shares of Common Stock, par value \$0.001 per share, outstanding as of November 1, 2015.

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Unless otherwise indicated or the context otherwise requires, all references in this filing to we, us, the Company, and Deer Valley are to Deer Valley Corporation, a Florida corporation, together with its wholly-owned subsidiaries, Deer Valley Homebuilders, Inc., an Alabama corporation, Deer Valley Finance Corp., a Florida corporation, and Deer Valley Home Repair Services, Inc., a Florida corporation.

Item 1. Financial Statements

Deer Valley Corporation & Subsidiaries

Condensed Consolidated Financial Statements

Contents:

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Deer Valley Corporation & Subsidiaries

Condensed Consolidated Balance Sheets

ASSETS

	September 26, 2015 (unaudited)	December 27, 2014
Current Assets:		
Cash	\$ 4,800,738	\$ 4,116,101
Accounts receivable, net	1,349,060	1,577,111
Inventory	1,941,464	1,233,480
Deferred tax asset	653,839	578,928
Inventory finance notes receivable	1,594,788	2,081,511
Prepaid expenses and other current assets	121,847	67,532
Total Current Assets	10,461,736	9,654,663
Fixed Assets:		
Property, plant and equipment, net	2,359,133	2,307,495
Other Assets:		
Inventory finance notes receivable, net	2,301,441	1,443,294
Deferred tax asset	1,319,874	1,439,538
Other assets	12,064	14,386
Total Other Assets:	3,633,379	2,897,218
Total Assets	\$ 16,454,248	\$ 14,859,376

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities:		
Current maturities on long term debt	\$ 722,200	\$ 125,600
Revolving credit loans		
Accounts payable	659,861	327,775
Accrued expenses	1,948,862	1,790,432
Accrued warranties	1,370,000	1,245,000
Income tax payable	172,516	165,877
Total Current Liabilities	4,873,439	3,654,684
Long Term Liabilities:		
Long-term debt, net of current maturities		690,800
Total Long Term Liabilities		690,800
Total Liabilities	4,873,439	4,345,484

Stockholders Equity:

Common stock, \$0.001 par value, 100,000,000 shares authorized, 17,912,184 and 17,912,184 shares issued and 15,514,344 and 15,514,344 outstanding, respectively.	17,914	17,914
Additional paid-in capital	33,336,067	33,336,067
Treasury Stock, at cost; 2,397,840 and 2,397,840 shares, respectively	(1,305,378)	(1,305,378)
Accumulated deficit	(20,467,794)	(21,534,711)
Total Stockholders Equity	11,580,809	10,513,892
Total Liabilities and Stockholders Equity	\$ 16,454,248	\$ 14,859,376

See notes to condensed consolidated financial statements (unaudited)

Deer Valley Corporation & Subsidiaries

Condensed Consolidated Statements of Operations

	For The Three Month Period Ended		For The Nine Month Period Ended	
	September 26, 2015 (unaudited)	September 27, 2014 (unaudited)	September 26, 2015 (unaudited)	September 27, 2014 (unaudited)
REVENUE	\$ 8,694,744	\$ 8,473,549	\$ 24,525,043	\$ 21,589,852
COST OF REVENUE	6,694,760	6,738,180	19,233,454	17,665,416
GROSS PROFIT	1,999,984	1,735,369	5,291,589	3,924,436
OPERATING EXPENSES:				
Selling, general and administrative	1,266,151	1,225,186	3,701,494	3,451,271
TOTAL OPERATING EXPENSES	1,266,151	1,225,186	3,701,494	3,451,271
OPERATING INCOME	733,833	510,183	1,590,095	473,165
OTHER INCOME (EXPENSES)				
Interest income	4	121	13	361
Other income (expense)	(4,800)		4,700	2,200
Interest expense	(7,958)	(9,319)	(24,612)	(28,657)
TOTAL OTHER INCOME/(EXPENSES)	(12,754)	(9,198)	(19,899)	(26,096)
INCOME BEFORE INCOME TAXES	721,079	500,985	1,570,196	447,069
INCOME TAX (EXPENSE)	(223,791)	(205,973)	(503,279)	(197,541)
NET INCOME	\$ 497,288	\$ 295,012	\$ 1,066,917	\$ 249,528
Net Income Per Share (Basic)	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.02
Net Income Per Share (Fully Diluted)	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.02
Weighted Average Common Shares Outstanding	15,514,344	15,411,248	15,514,344	15,422,096
Weighted Average Common and Common Equivalent Shares Outstanding	15,514,344	15,411,248	15,514,344	15,422,096

See notes to condensed consolidated financial statements (unaudited)

Deer Valley Corporation & Subsidiaries

Condensed Consolidated Statements of Cash Flows

	For The Nine Month Period Ended	
	September 26, 2015	September 27, 2014
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,066,917	\$ 249,528
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	159,876	129,303
Gain on sale of equipment	(4,700)	(2,200)
Provision for credit losses	35,130	(70,980)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivables	228,051	(232,989)
(Increase)/decrease in inventories	(707,984)	(471,001)
(Increase)/decrease in deferred tax asset	44,753	227,829
(Increase)/decrease in inventory finance notes receivable	(406,554)	2,147,818
(Increase)/decrease in construction loan receivable		693,257
(Increase)/decrease in prepayments and other	(51,993)	(12,017)
Increase/(decrease) in accounts payable	332,086	235,999
Increase/(decrease) in income tax payable	6,639	(208,447)
Increase/(decrease) in accrued warranties	125,000	20,000
Increase/(decrease) in accrued expenses	158,430	752,014
CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$ 985,651	\$ 3,458,114
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(222,014)	(116,180)
Proceeds from sale of property, plant and equipment	15,200	2,200
CASH FLOW (USED IN) INVESTING ACTIVITIES	\$ (206,814)	\$ (113,980)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(94,200)	(94,200)
Proceeds from revolving credit loans		4,600,000
Repayments of revolving credit loans		(6,956,799)
Purchases of treasury stock		(24,534)
CASH FLOW (USED IN) FINANCING ACTIVITIES	\$ (94,200)	\$ (2,475,533)
NET INCREASE IN CASH	\$ 684,637	\$ 868,601
CASH, Beginning	\$ 4,116,101	\$ 3,107,213
CASH, Ending	\$ 4,800,738	\$ 3,975,814

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$	29,747	\$	73,361
Taxes	\$	453,490	\$	178,158

See notes to condensed consolidated financial statements (unaudited)

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Deer Valley Corporation & Subsidiaries

Notes to Condensed Consolidated Financial Statements

September 26, 2015

(unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements for the three and nine month periods ended September 26, 2015 and September 27, 2014 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The unaudited financial information included in this report includes all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim period. The operations for the three and nine month periods ended September 26, 2015 are not necessarily indicative of the results of the full fiscal year.

The unaudited condensed consolidated financial statements included in this report should be read in conjunction with the consolidated financial statements and notes thereto included in the Registrant's December 27, 2014 Annual Report on Form 10-K and subsequent filings on Form 8-K.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Accounting Estimates The Company's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year The Company operates on a 52-53 week fiscal year end. Each fiscal quarter consists of 13 weeks, with an occasional fourth quarter extending to 14 weeks, if necessary.

Cash Equivalents The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Company maintains its cash balances in two different financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Bank deposit accounts at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Inventory Finance Notes Receivable The Company offers inventory-secured financing for its products to qualified retail dealers and developers. Finance contracts require periodic installments of principal and interest over periods of up to 24 months. The Company periodically evaluates the collectibility of our notes receivable and considers the need to establish an allowance for doubtful accounts based upon our historical collection experience. We have established

an allowance for doubtful accounts of \$126,770 as of September 26, 2015 and \$91,640 at December 27, 2014.

Impairment of Long-Lived Assets Property and intangible assets are material to our consolidated financial statements. Further, these assets are subject to the potential negative effects arising from factors beyond the Company's control including changing economic conditions. The Company evaluates its tangible and definite-lived intangible assets for impairment annually during our fourth quarter or more frequently in the presence of circumstances or trends that may be indicators of impairment. The evaluation is a two step process. The first step is to compare our undiscounted cash flows, as projected over the remaining useful lives of the assets, to their respective carrying values. In the event that the carrying values are not recovered by future undiscounted cash flows, as a second step, the Company compares the carrying values to the related fair values and, if the fair value is lower, record an impairment adjustment. For purposes of fair value, the Company generally uses replacement costs for tangible fixed assets and discounted cash flows, using risk-adjusted discount rates, for intangible assets. These estimates are made by competent employees, using the best available information, under the direct supervision of our management. For tangible property, plant and equipment, there have been no changes in assumptions or methodologies in the nine month period ended September 26, 2015 as compared to December 27, 2014. The Company did not have definite-lived intangible assets at September 26, 2015 and December 27, 2014.

In accordance with FASB Topic ASC 420 *Exit on Disposal Cost Obligations*, the Company evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of long-lived assets is considered impaired when the anticipated undiscounted cash flow from such assets is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived assets. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair market values are primarily based on independent appraisals and preliminary or definitive contractual arrangements less costs to dispose.

Revenue Recognition Revenue for manufactured homes sold to independent dealers generally is recorded when all of the following conditions have been met; (a) an order for the home has been received from the dealer, (b) an agreement with respect to payment terms (usually in the form of a written or verbal approval for payment has been received from the dealer's financing institution), and (c) the home has been shipped and risk of loss has passed to the dealer and collectability is reasonably assured.

Cost of Sales The Company's factory-built housing segment includes the following types of expenses in cost of sales: purchase and receiving costs, freight in, direct labor, supply costs, warehousing, direct and indirect overhead costs, inspection, transfer, actual and accrued warranty, depreciation, and amortization costs. The Company's financial services segment includes the following types of expenses in cost of sales: interest expense.

Selling, General and Administrative The Company includes the following types of expenses in selling, general and administrative expense: sales salaries, sales commissions, bad debt expense, advertising, administrative overhead, administrative salaries and bonuses and legal and professional fees.

Income Taxes Income taxes are accounted for using the liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using currently enacted tax rates. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Earnings (Loss) Per Share The Company uses the guidance set forth under FASB topic ASC 260, *Earnings Per Share* for calculating the basic and diluted loss per share. Basic income/(loss) per share is computed by dividing net income/(loss) and net income/(loss) attributable to common shareholders by the weighted average number of common shares outstanding. Diluted income/(loss) per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential shares had been issued and if the additional shares were dilutive.

NOTE 3 INVENTORY

Inventory consisted of the following components:

	September 26, 2015	December 27, 2014
Raw Materials	\$ 1,119,489	\$ 883,363
Work-in-Process	275,822	305,689
Finished Goods	546,153	44,428

Total Inventory	\$ 1,941,464	\$ 1,233,480
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NOTE 4 INVENTORY FINANCE NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSS

The Company offers inventory-secured financing for its products to a limited number of qualified retail dealers and developers. Administrative services for inventory-secured financing are provided by Triad Financial Services, Inc. of Jacksonville, Florida. Finance contracts require periodic installments of principal and interest over periods of up to 24 months. These notes are secured by the inventory collateral and other security depending on borrower circumstances.

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Inventory finance notes receivable, net, consisted of the following:

	September 26, 2015	December 27, 2014
Inventory finance notes receivable	\$ 4,022,999	\$ 3,616,445
Allowance for loan loss	(126,770)	(91,640)
	3,896,229	3,524,805
Current portion of inventory finance notes receivable	(1,594,788)	(2,081,511)
Total Inventory finance notes receivable, net	\$ 2,301,441	\$ 1,443,294

With respect to our inventory finance notes receivable, 80% of the risk of loss is spread over six borrowers as of September 26, 2015 and five borrowers as of December 27, 2014. In addition to historical experience, borrower inventory levels and activity are monitored in conjunction with a third-party provider to estimate the potential for loss. The Company anticipates it will be able to resell any repossessed homes, thereby mitigating loss experience. If a default occurs and collateral is lost, the Company is exposed to loss of the full value of the note receivable. The Company recorded a provision/(benefit) for credit losses of \$35,130 and \$(70,980) for nine month period ending September 26, 2015 and September 27, 2014, respectively. The following table represents changes in the estimated allowance for loan losses:

	September 26, 2015	September 27, 2014
Balance at beginning of period	\$ 91,640	\$ 201,960
Provision for credit losses	35,130	(70,980)
Balance at end of period	\$ 126,770	\$ 130,980

NOTE 5 ACCRUED EXPENSES

Accrued expenses consisted of the following:

Category	September 26, 2015	December 27, 2014
Accrued dealer incentive program	\$ 326,729	\$ 347,421
Accrued third party billings	579,684	572,844
Accrued compensation	531,474	410,143
Accrued insurance	56,584	86,644
Accrued repurchase commitment	243,095	179,065
Other	211,296	194,315
Total Accrued Expenses	\$ 1,948,862	\$ 1,790,432

NOTE 6. PRODUCT WARRANTIES

The Company provides the retail home buyer a one-year limited warranty covering defects in material or workmanship in home structure, plumbing and electrical systems. The Company estimated warranty costs are accrued at the time of the sale to the dealer following industry standards and historical warranty cost incurred. Periodic adjustments to the estimated warranty accrual are made as events occur which indicate changes are necessary. As of September 26, 2015, the Company has recorded an accrued liability of \$1,370,000 for estimated warranty costs relating to homes sold, based upon management's assessment of historical experience factors and current industry trends. Management reviews its warranty requirements at the close of each reporting period and adjusts the reserves accordingly.

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The following tabular presentation reflects activity in warranty reserves during the periods presented:

	For The Three Month Period Ended September 26, 2015	For The Nine Month Period Ended September 26, 2015
Balance at beginning of period	\$ 1,335,000	\$ 1,245,000
Warranty charges	408,980	1,170,875
Warranty payments	(373,980)	(1,045,875)
Balance at end of period	\$ 1,370,000	\$ 1,370,000

NOTE 7 REVOLVING CREDIT LOANS

On August 17, 2015, Deer Valley renewed its Revolving Credit Loan and Security Agreement with Fifth Third Bank and reduced the maximum revolving principal limit from \$5,000,000 to \$2,500,000. The \$2,500,000 Revolving Line provides on a revolving basis display model financing for dealers of the products produced by DVH (the Display Model LOC). The Display Model LOC has a two year term and has a variable interest rate at 4.00% above LIBOR or 4.193% and 4.154% at September 26, 2015 and December 27, 2014, respectively. As of September 26, 2015 and December 27, 2014, the Company had no outstanding balance under the revolving credit loan.

On August 17, 2015, Deer Valley renewed its Revolving Credit Loan and Security Agreement with Fifth Third Bank, used for short term working capital financing, letters of credit and as a bridge loan on financing the sale of retail units by DVH (the Working Capital LOC). The Working Capital LOC provides a maximum revolving principal limit of \$3,000,000 has a two year term and has a variable interest rate at 2.50% above LIBOR or 2.693% and 2.654% at September 26, 2015 and December 27, 2014, respectively. As of September 26, 2015 and December 27, 2014, the Company had no outstanding balance under the revolving credit loan.

The amount available under the revolving credit loans is equal to the lesser of \$5,500,000 or an amount based on defined percentages of accounts receivable and inventories reduced by any outstanding letters of credit. At September 26, 2015, \$3,501,969 was available under the revolving credit loans after deducting letters of credit of \$65,000.

In addition to the revolving line of credit described in the preceding paragraph, DVH, during its normal course of business, is required to issue irrevocable standby letters of credit in the favor of independent third party beneficiaries to cover obligations under insurance policies. As of September 26, 2015, no amounts had been drawn on the above irrevocable letters of credit by the beneficiaries.

NOTE 8 LONG TERM DEBT CURRENT MATURITIES

On May 26, 2006, DVH entered into a Loan Agreement with Fifth Third Bank (the Lender) providing for a loan of two million dollars (\$2,000,000) (the Loan) evidenced by a promissory note and secured by a first mortgage on DVH's properties in Guin, Alabama and Sulligent, Alabama, including the structures and fixtures located thereon, as well as DVH's interest in any lease thereof. The Loan had a term from May 26, 2006 through June 1, 2011.

Effective June 1, 2011, DVH and the Lender entered an amendment that extended the term of the Real Estate Loan to June 1, 2016. The Loan has a variable interest rate at 4.00% above the One-Month LIBOR-Index Rate. The Company, DVH and DVFC are guarantors on the Loan.

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NOTE 9 INCOME TAXES**Income Taxes:**

The components of the provision for income taxes are as follows:

	Nine months ended September 26, 2015	
Current income tax expense	\$	458,526
Deferred income tax expense		44,753
Total income tax expense	\$	503,279

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	Nine months ended September 26, 2015	
	Amount	Impact on Rate
Income tax expense at federal rate	\$ 533,867	34.00%
State tax expense, net of Federal effect	66,356	4.23%
Permanent Differences:		
Meals and entertainment	19,004	1.21%
Officer's life insurance	891	0.06%
Domestic production activities deduction	(51,368)	-3.27%
Total tax credits	(56,935)	-3.63%
Total permanent differences	(88,408)	-5.63%
Prior period adjustment	(8,536)	-0.55%
Total income tax expense	\$ 503,279	32.05%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	September 26, 2015	
Current deferred tax assets:		
Warranty reserve	\$	523,696
Repurchase reserve		92,925

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Loan loss reserve	48,459
Allowance for doubtful accounts	7,072
Inventory reserve	18,335
Total current deferred tax asset	690,487
Non-current deferred tax assets:	
Goodwill impairment	1,466,026
Total non-current deferred tax assets	1,466,026
Current deferred tax liabilities:	
Prepaid insurance	(36,648)
Total current deferred tax liabilities	(36,648)
Non-current deferred tax liability:	
Accelerated depreciation	(154,620)
Sale of assets	8,468
Total non-current deferred tax liability	(146,152)
Total deferred tax assets (liabilities) net	\$ 1,973,713

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation The Company in the normal course of business is subject to claims and litigation. Management of the Company is of the opinion that, based on information available, such legal matters will not ultimately have a material adverse effect on the financial position or results of operation of the Company.

Reserve for Repurchase Commitments DVH is contingently liable under the terms of repurchase agreements with financial institutions providing inventory financing for retailers of DVH's products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer. The risk of loss under these agreements is spread over numerous retailers. The price DVH is obligated to pay generally declines over the period of the agreement (typically 18 to 24 months) and the risk of loss is further reduced by the sale value of repurchased homes. The maximum amount for which the Company is contingently liable under repurchase agreements is approximately \$8,105,000 at September 26, 2015. As of September 26, 2015 the Company reserved \$243,095 for future repurchase losses, based on prior experience and an evaluation of dealers' financial conditions. DVH to date has not experienced significant losses under these agreements, and management does not expect any future losses to have a material effect on the accompanying financial statements.

NOTE 11 EQUITY TRANSACTIONS

Common Stock Dividends There were no dividends paid during the nine month period ended September 26, 2015.

Treasury Stock There were no treasury stock purchases during the nine month period ended September 26, 2015.

NOTE 12 SEGMENT INFORMATION

Our business segments consist of factory-built housing and financial services. Our chief decision making officer considers income from operations as the basis to measure segment profitability. The following table summarizes net sales, income from operations, and identifiable assets by segment for the three and nine month periods ended September 26, 2015 and September 27, 2014.

	For The Three Months		For The Nine Months Ended	
	Ended	Ended	September 26,	September 27,
	September 26,	September 27,	September 26,	September 27,
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues from external customers				
Factory-built housing	\$ 8,603,772	\$ 8,387,621	\$ 24,269,161	\$ 21,278,948
Financial services	90,972	85,928	255,882	310,904
Total revenues	\$ 8,694,744	\$ 8,473,549	\$ 24,525,043	\$ 21,589,852
Income from operations				
Factory-built housing	\$ 760,441	\$ 585,394	\$ 1,663,102	\$ 678,464
Financial services	39,110	60,398	142,622	209,196
General corporate expenses	(65,718)	(135,609)	(215,629)	(414,495)
Total income (loss) from operations	\$ 733,833	\$ 510,183	\$ 1,590,095	\$ 473,165
Identifiable assets by segment				
Factory-built housing	\$ 11,877,354	\$ 11,277,122		
Financial Services	4,434,069	4,219,383		
Other	142,825	158,813		
	\$ 16,454,248	\$ 15,655,318		

Item 2. Management's Discussion and Analysis

Cautionary Notice Regarding Forward Looking Statements

We desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This filing contains a number of forward-looking statements which reflect management's current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, events, or developments which management expects or anticipates will or may occur in the future, including statements related to distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words "believe," "expect," "intend," "anticipate," "estimate," variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, risks discussed in our Annual Report on Form 10-K. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

The Company, through its wholly owned subsidiaries Deer Valley Homebuilders, Inc. ("DVH"), Deer Valley Financial Corp ("DVFC") and Deer Valley Home Repair Services, Inc. (DVHRS), designs and manufactures factory built homes and provides dealer inventory-secured financing for our factory built homes. The Company's manufacturing plant located in Guin, Alabama, produces homes which are marketed in 14 states through a network of independent dealers, builders, developers and government agencies located primarily in the southeastern and south central regions of the United States. Inventory-secured loan financing is offered to qualified retail dealers and developers, through DVFC.

Our business segments consist of factory-built housing and financial services. Our financial services provide qualified independent retail dealers and developers with inventory-secured financing for homes the Company produces. The Company does not maintain separate operating segments for regions and does not separately report financial information by geographic sales area because they are similar products using similar production techniques and sold to the same class of customer. See Note 12 Segment Information of the Notes to Condensed Consolidated Financial Statements for information on our net sales, income from operations, and identifiable assets by segment for the three and nine month periods ended September 26, 2015 and September 27, 2014.

Industry and Company Outlook

Although, the factory-built housing industry continues to operate at historically low production and shipment levels, the demand for affordable factory-built housing is improving. 2014 represented the fourth consecutive year of growth for industry shipments of HUD code homes. According to data provided by the Manufactured Housing Institute ("MHI"), industry shipments of HUD code homes increased to approximately 52,000, 55,000, 60,000 and 64,000 units in 2011, 2012, 2013 and 2014, respectively. From January 2015 to September 2015, industry shipments were

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approximately 52,100 units; an approximately 8.1% increase from the same period in 2014. During the same timeframe, the Company's shipments were 299 units; a 15.4% increase from the same period in 2014.

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While we are encouraged by the positive trends in shipments of HUD code homes, much of the increase in industry shipments has been outside of the Company's core market of six states located in the south central region of the country. Approximately 82% of the Company's shipments were to these six core market states during 2014. While overall industry shipments for the calendar year 2014 increased approximately 6.8%, shipments in these six states increased approximately 1.4%.

Sales of factory-built housing are affected by the strength of the U.S. economy, interest rates, employment levels, consumer confidence and the availability of wholesale and retail financing. We believe our market and housing in general have reached bottom and continue to show signs of improvement; however, our sales continue to be affected by the challenging housing environment, the uncertainty of the U.S. economy, employment levels, consumer confidence and, in particular, the lack of available consumer financing. We believe that, as employment and consumer confidence levels improve, pent-up demand will be released, and, gradually, more buyers will enter the market. We believe the key to full recovery in our business depends on these factors as well as an increased availability of consumer financing for the retail purchase of manufactured homes.

The Company's executives continue to focus on challenges faced by our industry and the general economy. (i) As part of the Company's strategic plan, management seeks to identify niche market opportunities where our custom building capabilities provide us with a competitive advantage. The Company continues to focus on the production of custom built, energy efficient, heavy built homes and has intensified efforts in innovative exterior elevations to meet the needs of homeowners and dealers. (ii) The Company continues to focus on operating activities to improve manufacturing efficiencies and maintaining a conservative cost structure. (iii) The Company continually looks for new market opportunities and expanding our product offering by developing innovative product designs and production methods.

Effective as of April 15, 2015, each of Timothy E. Brog, Kevin A. Cavanaugh, and Julius Bloomston resigned as a director of the Company. The resignations of Messrs. Brog, Cavanaugh, and Bloomston are not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Brog and Bloomston were members of the Audit Committee of the board of directors of the Company at the time of their resignation.

By resolution of the Board of Directors at a meeting on April 21, 2015, the remaining directors appointed and elected Tony Bonidy, Lodovico de Visconti, and Ron Frank to fill the vacancies created by the resignations of Brog, Cavanaugh, and Bloomston. Mr. Bonidy was appointed to the Company's Compensation Committee and Nominating Committee. Mr. de Visconti was appointed to the Company's Audit Committee. Mr. Frank was appointed to the Company's Audit Committee and Compensation Committee. Each of Bonidy's, de Visconti's and Frank's acceptance of the appointments is effective as of April 21, 2015. There are no arrangements, understandings or any material plans, contracts or arrangements regarding Bonidy, de Visconti, and Frank that require disclosure. There are no transactions, during the last two (2) fiscal years, and there are no proposed transactions to which the Company or its subsidiaries was or is to become a party, and the amount involved exceeds \$120,000, in which Bonidy, de Visconti, and Frank, the new directors, or members of their immediate families had, or is to have, a direct or indirect material interest.

Manufacturing Operations

We produce all of our factory-built homes at our plant in Guin, Alabama. During the quarter ended September 26, 2015, our plant was staffed for a single shift; 40 hour work week and producing on average 20 floors per week or 57% of our maximum capacity of a single shift, 40 hour work week. As of September 26, 2015, our backlog of orders stood at approximately \$4,125,000 or approximately 22 days at our current production rate. We have one idle plant located in Sulligent, Alabama.

When evaluating the Company's operating performance, the key performance indicators management examines are (1) the Company's production rate, in floors produced per day, (2) the cost of sales, (3) the size of the Company's sales

backlog, and (4) the prevailing market conditions. For more information on these performance indicators, please see the attached financial statements and notes thereto and the section of the Company's Annual Report on Form 10-K titled "Description of Business."

Financial Operations

The Company offers inventory-secured financing for its products to a limited number of qualified retail dealers and developers. Products shipped to dealers under the Company's inventory-secured financing program are recorded by the Company as sales and the dealers obligations to the Company are reflected as inventory finance notes receivable.

Finance contracts require periodic installments of principal and interest over periods of up to twenty-four months. These notes are secured by a first priority secured interest in the inventory collateral and other security depending on borrower circumstances. Dealers who sell products utilizing inventory-secured financing are required to make immediate payment for those products to the Company upon sale to the retail customer. This type of inventory-secured financing accounts for approximately, 25% of the Company's sales for the three month period ending September 26, 2015 compared to 21% of the Company's sales for the three month period ended September 27, 2014.

Although inventory-secured financing continues to be restrictive for the industry's wholesale distribution chain, recently national lenders have introduced finance programs subject to less financial involvement of the manufacturer. However, until greater access to credit for inventory financing becomes available participation in inventory-secured financing is still needed to maintain our distribution base.

On April 11, 2014, the Company did not renew its agreement with CIS Financial Services, Inc., to provide on a revolving basis, 80% of the funding for construction-to-permanent loans prior to the issue of a certificate of occupancy and ultimate resale of the loan to either private or government controlled long term financing entities.

Results of Operations

The following discussion examines the results of the Company's operations for the three and nine month periods ended September 26, 2015. This discussion of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and notes to the consolidated financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment by our management. It is also imperative that one read our December 27, 2014 Annual Report on Form 10-K and subsequent filings on Form 8-K.

HISTORICAL RESULTS – THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 26, 2015 AND SEPTEMBER 27, 2014.

Revenues. Overall gross revenue for the three month period ended September 26, 2015 was \$8,694,744 compared to \$8,473,549 for the three month period ended September 27, 2014, representing an increase of \$221,195, or approximately 2.6%. Overall gross revenue for the nine month period ended September 26, 2015 was \$24,525,043 compared to \$21,589,852 for the nine month period ended September 27, 2014, representing an increase of \$2,935,191, or approximately 13.6%. The increase in revenue for the three and nine month periods ended September 26, 2015 compared to the three and nine month periods ended September 27, 2014, is primarily increased home sales. The improved home sales volume resulted from strengthening market conditions. Although we remain cautiously optimistic, several challenges such as sluggish wage growth, low consumer confidence levels, the restrictive mortgage lending environment continue to hinder a full recovery in the housing market.

Gross Profit. Gross profit for the three month period ended September 26, 2015 was \$1,999,984 or 23.0% of total revenue compared to \$1,735,369 or 20.5% of total revenue for the three month period ended September 27, 2014. Gross profit for the nine month period ended September 26, 2015 was \$5,291,589 or 21.6% of total revenue compared to \$3,924,436 or 18.2% of total revenue for the nine month period ended September 27, 2014. The increase in gross

profit for the three and nine month period is attributable to higher revenues, increased production efficiencies gained through greater utilization capacity and lower service and warranty cost. The Company includes the following types of expenses in cost of sales: purchase and receiving costs, freight in, direct labor, supply costs, warehousing, direct and indirect overhead costs, inspection, transfer, actual and accrued warranty, depreciation, and amortization costs.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses for the three month period ended September 26, 2015 were \$1,266,151 compared to \$1,225,186 for the three month period ended September 27, 2014. Selling, general, and administrative expenses for the nine month period ended September 26, 2015 were \$3,701,494 compared to \$3,451,271 for the nine month period ended September 27, 2014. The increase in selling, general and administrative expenses for the three and nine month periods primarily relates to increased selling and administrative cost associated with the increase in revenues, which were offset in-part by a decrease in general corporate expenses. The Company includes the following types of expenses in selling, general and administrative expense: sales salaries, sales commissions, bad debt expense, advertising, administrative overhead, administrative salaries and bonuses and legal and professional fees.

Net Income. The net income for the three month period ended September 26, 2015 was \$497,288 compared to net income of \$295,012 for the three month period ended September 27, 2014, representing an increase in net income of \$202,276. The net income for the nine month period ended September 26, 2015 was \$1,066,917 compared to net income of \$249,528 for the nine month period ended September 27, 2014, representing an increase in net income of \$817,389. The increase in net income for the three and nine month period ended September 26, 2015 compared to the three and nine month period ended September 27, 2014, is attributable to an increase in revenues and gross profit previously discussed.

Liquidity and Capital Resources

Management believes that the Company currently has sufficient cash flow from operations, available bank borrowings, cash, and cash equivalents to meet its short-term working capital requirements. The Company had \$4,800,738 in cash and cash equivalents as of September 26, 2015, compared to \$4,116,101 in cash and cash equivalents and short-term investments as of December 27, 2014. The increase in cash and cash equivalents is primarily attributable to net income for the nine month period ending September 26, 2015, which were partially offset by increases in inventories. Should our costs and expenses prove to be greater than we currently anticipate or should we change our current business plan in a manner which will increase or accelerate our anticipated costs or capital demand, such as through the acquisition of new products, our working capital could be depleted at an accelerated rate.

As of September 26, 2015, the Company had no outstanding balance under its revolving credit loan facilities. In addition, the Company has a commercial real estate mortgage from its primary bank that had a balance, as of September 26, 2015, of \$722,200, and due July 1, 2016.

1 Cash flow from operating activities:

For the nine month period ended September 26, 2015, operating activities provided net cash of \$985,651 primarily as a result of the following:

(a) We had net income of \$1,066,917

Changes in our operating assets and liabilities are as follows:

(b) an decrease in accounts receivable of \$228,051 (a source of cash),

(c) an increase in accounts payable of \$332,086 (a source of cash), primarily as the result of a return to normal production levels subsequent to holiday shutdown period at December 27, 2014, which were partially offset

by,

(d) an increase in inventories of \$707,984 (a use of cash), primarily as a result of a return to normal production levels subsequent to holiday shutdown period at December 27, 2014,

(e) an increase in inventory finance notes receivable of \$406,554 (a use of cash).

2 Cash flow from investing activities:

The net cash used in investing activities for the nine month period ending September 26, 2015 was \$206,814, which reflects capitalization of normal operating purchases of equipment.

3 Cash flow from financing activities:

The net cash used in financing activities for the nine month period ending September 26, 2015 was \$94,200, which reflects scheduled principal payments of long-term debt.

The Company is contingently liable under the terms of the repurchase agreements with third party financial institutions providing inventory financing for retailers of our products. For more information on the repurchase agreements, including the Company's contingent liability there under, please see Reserve for Repurchase Commitments below.

DVH, during its normal course of business, is required to provide irrevocable standby letters of credit to cover obligations under its workers compensation insurance policy in the amount of \$65,000. As of September 26, 2015, no amounts had been drawn on the above irrevocable letters of credit by the beneficiaries.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments which affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. For a description of those estimates, see Note 2, Summary of Significant Accounting Policies, contained in the explanatory notes to the Company's unaudited financial statements for the quarter ended September 26, 2015, contained in this filing, and the Company's Form 10-K for December 27, 2014. On an ongoing basis, we evaluate our estimates, including those related to reserves, deferred tax assets, valuation allowances, impairment of long-lived assets, fair value of equity instruments issued to consultants for services, and estimates of costs to complete contracts. We base our estimates on historical experience and on various other assumptions which we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. However, we believe that our estimates, including those for the above-described items, are reasonable.

Critical Accounting Estimates

Management is aware that certain changes in accounting estimates employed in generating financial statements can have the effect of making the Company look more or less profitable than it actually is. Management believes the Company's estimates are reasonable. A summary of the most critical accounting estimates employed by the Company in generating financial statements follows below.

Warranties

We provide our retail buyers with a one-year limited warranty covering defects in material or workmanship, including plumbing and electrical systems. We record a liability for estimated future warranty costs relating to homes sold, based upon our assessment of historical experience and industry trends. In making this estimate, we evaluate historical sales amounts, warranty costs related to homes sold and timing in which any work orders are completed. The Company has accrued a warranty liability reserve of \$1,370,000 on its balance sheet as of September 26, 2015, as compared to \$1,245,000 as of September 27, 2014. Based on management's assessment of historical experience and current trends in wholesale shipments and dealer inventories we increased our warranty provision by \$35,000 for the quarter ended September 26, 2015. Although we maintain reserves for such claims, there can be no assurance that warranty expense levels will remain at current levels or that the reserves that we have set aside will continue to be adequate. A large number of warranty claims which exceed our current warranty expense levels could have a material

adverse effect upon our results of operations.

Volume Incentives Payable

We have relied upon volume incentive payments to our independent dealers who retail our products. These volume incentive payments are accounted for as a reduction to gross sales, and are estimated and accrued when sales of our factory-built homes are made to our independent dealers. Volume incentive reserves are recorded based upon

the annualized purchases of our independent dealers who purchase a qualifying amount of home products from us. We accrue a liability to our dealers, based upon estimates derived from historical payout rates. As of September 26, 2015 and September 27, 2014, we had a reserve for volume incentives payable of \$326,729 and \$307,893, respectively.

Reserve for Repurchase Commitments

Most of our independent dealers finance their purchases under a wholesale floor plan financing arrangement under which a financial institution provides the dealer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. When entering into a floor plan arrangement, the financial institution routinely requires that we enter into a separate repurchase agreement with the lender, under which we are obligated, upon default by the independent dealer, to repurchase the factory-built home at our original invoice price less the cost of administrative and shipping expenses. Our potential loss under a repurchase obligation depends upon the estimated net resale value of the home, as compared to the repurchase price that we are obligated to pay. This amount generally declines on a predetermined schedule over a period that usually does not exceed 24 months.

The risk of loss that we face under these repurchase agreements is lessened by several factors, including the following:

- (i) the sales of our products are spread over a number of independent dealers,
- (ii) historically we have had only isolated instances where we have incurred a repurchase obligation, although there is no guarantee that such historical trends will continue,
- (iii) the price we are obligated to pay under such repurchase agreements declines based upon a predetermined amount over a period which usually does not exceed 24 months, and
- (iv) we have been able to resell homes repurchased from lenders at current market prices, although there is no guarantee that we will continue to be able to do so.

The maximum amount for which the Company is contingently liable under such agreements amounted to approximately \$8,105,000 as of September 26, 2015, as compared to \$6,800,000 as of September 27, 2014. As of September 26, 2015 and September 27, 2014, we had reserves of \$243,095 and \$203,945, respectively, established for future repurchase commitments, based upon our prior experience and evaluation of our independent dealers' financial conditions. Deer Valley to date has not experienced any significant losses under these agreements; consequently, management does not expect any future losses to have a material effect on our accompanying financial statements.

Allowance loan loss for Inventory Finance Notes Receivable

The Company offers inventory-secured financing for its products to qualified retail dealers and developers. Finance contracts require periodic installments of principal and interest over periods of up to 24 months. The Company periodically evaluates the collectibility of our notes receivable and considers the need to establish an allowance for doubtful accounts based upon our historical collection experience. The Company had a total inventory-secured financing receivable of \$4,022,999 as of September 26, 2015 compared to \$3,616,445 as of September 27, 2014. We have established an allowance for loan losses of \$126,770 as of September 26, 2015 and \$130,980 at September 27, 2014.

The risk of loss that we face in connection with inventory-secured financing is lessened by several factors, including the following:

- (i) the financing for our products are spread over a number of independent dealers,
- (ii) historically we have had only isolated instances where we have had our dealers default on floor plan financing, although there is no guarantee that such historical trends will continue, and
- (iii) we anticipate that we would be able to resell homes repossessed from dealers at current market prices, although there is no guarantee that we will be able to do so.

Although we maintain an allowance for loan losses, there can be no assurance that such allowance will remain at current levels or that such allowances will be adequate.

Impairment of Long-Lived Assets

As previously discussed, the factory-built housing industry has experienced an overall market decline. Addressing the constriction of the retail housing market, in 2008 the Company idled its Sulligent, Alabama plant and thereafter consolidated its production operations at the Company's larger plant located in Guin, Alabama. In accordance with FASB Topic ASC 420 "Exit or Disposal Cost Obligations", the Company evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of long-lived assets is considered impaired when the anticipated undiscounted cash flow from such assets is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived assets. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair market values are primarily based on independent appraisals and preliminary or definitive contractual arrangements less costs to dispose. Based on our estimates of the fair value of idled facility no impairment charges are required.

Revenue Recognition

Revenue for our products sold to independent dealers are generally recorded when all of the following conditions have been met: (i) an order for the home has been received from the dealer, (ii) an agreement with respect to payment terms has been received, and (iii) the home has been shipped and risk of loss has passed to the dealer and collectibility is reasonably assured.

The Company provides limited inventory-secured financing for its independent dealers. Products shipped to dealers under the Company's inventory-secured financing program are recorded by the Company as sales and the dealers obligations to the Company are reflected as inventory finance note receivables. Interest on inventory finance note receivables is recognized in the period that it is earned.

Recent accounting pronouncements

Recent accounting pronouncements We have reviewed accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration.

From time to time, new accounting pronouncements are issued by the FASB and other regulatory bodies that are adopted by the Company as of the specified effective dates. Unless otherwise discussed, management believes that the impact of recently issued standards, which were issued during the periods reported herein, which are not yet effective, will not have a material impact on the Company's Consolidated Financial Statements upon adoption by the Company.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Financial Officer, principal accounting officer and acting principal executive officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the fiscal period ending September 26, 2015 covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Financial Officer, principal accounting officer and acting principal executive officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Changes in Internal Controls over Financial Reporting

During the quarter ended September 26, 2015 there have been no changes in the Company's internal control over financial reporting that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Inherent Limitations of the Effectiveness of Disclosure and Internal Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure control system or internal control system are met. Because of the inherent limitations of any disclosure control system or internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Although the Company in the normal course of business is subject to claims and litigation, the Company is not a party to any material legal proceeding nor is the Company aware of any circumstance which may reasonably lead a third party to initiate legal proceeding against the Company.

As of the date of this filing, there are no material pending legal or governmental proceedings relating to our Company or properties to which we are a party, and to our knowledge there are no material proceedings to which any of our directors, executive officers, or affiliates are a party adverse to us or which have a material interest adverse to us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Treasury Stock Pursuant to a common stock repurchase program approved by our Board of Directors, there were no treasury stock purchases during the nine month period ended September 26, 2015.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None

Item 5. Exhibits

Exhibit No.	Description
3.01	Articles of Incorporation of Deer Valley Corporation. (1)
3.02	Amended and Restated Bylaws of Deer Valley Corporation. (3)
4.01	Certificate of Designation, Rights, and Preferences of Series A Convertible Preferred Stock. (1)
4.02	Certificate of Designation, Rights, and Preferences of Series B Convertible Preferred Stock. (1)
4.03	Certificate of Designation, Rights, and Preferences of Series C Convertible Preferred Stock. (1)
4.04	Certificate of Designation, Rights, and Preferences of Series D Convertible Preferred Stock. (1)
4.05	Certificate of Designation, Rights, and Preferences of Series E Convertible Preferred Stock. (2)
10.01	Fifth Amendment To Revolving Credit Loan And Security Agreement (\$2,500,000 Revolving Line) (3)
10.02	Renewal Revolving Credit Note (\$3,000,000 Revolving Line) (3)
10.03	Fifth Amendment To Revolving Credit Loan And Security Agreement (\$3,000,000 Revolving Line) (3)
10.04	Renewal Revolving Credit Note (\$3,000,000 Revolving Line) (3)
31.01	Certification of Chief Financial Officer (as principal financial and accounting officer and acting principal executive officer) pursuant to Rule 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 10, 2015. (4)
32.01	Certification of Chief Financial Officer (as principal financial and accounting officer and acting principal executive officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 10, 2015. (4)
101.INS	XBRL Instance Document (4)
101.SCH	XBRL Taxonomy Extension Scheme Document (4)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (4)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (4)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (4)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (4)

- (1) Previously filed as an exhibit to the Form 8-K, filed with the SEC on July 28, 2006 and incorporated herein by reference.
- (2) Previously filed as an exhibit to the Form 10-QSB, filed with the SEC on November 20, 2006 and incorporated herein by reference.
- (3) Previously filed as an exhibit to the Form 8-K, filed with the SEC on August 7, 2015 and incorporated herein by reference.
- (4) Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Deer Valley Corporation
(Registrant)

Dated: November 10, 2015

By: */s/ John S. Lawler*
John S. Lawler
Chief Financial Officer
(Principal Financial Officer and Accounting Officer
and
Acting Principal Executive Officer)