

Meridian Waste Solutions, Inc.
Form 10-Q
November 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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: **September 30, 2017**

Commission File No. 001-13984

MERIDIAN WASTE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

New York **13-3832215**
(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

One Glenlake Parkway NE Suite 900

Atlanta, GA 30328

(Address of principal executive offices)

(Previous address of principal executive offices)

(770)-691-6350

(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 past 12 months, 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	Accelerated filer
Non-accelerated filer	Smaller reporting company
(Do not check if a smaller reporting company)	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 November 13, 2017, there were 10,630,274 shares outstanding of the registrant's common stock.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2017 (Unaudited)	December 31, 2016 (Unaudited)
<u>Assets</u>		
Current assets:		
Cash	\$ 664,064	\$ 824,928
Short-term investments - Restricted	-	1,953,969
Accounts receivable, net of allowance	6,593,137	2,540,657
Prepaid expenses	1,106,762	746,776
Other current assets	666,501	39,895
Total current assets	9,030,464	6,106,225
Property, plant and equipment, at cost net of accumulated depreciation	35,476,707	16,797,015
Landfill assets, net of accumulated amortization	32,400,256	3,278,817
Assets held for sale	395,000	395,000
Other assets:		
Deposits	218,666	144,793
Contract receivable	167,586	179,067
Goodwill	13,248,633	7,234,420
Capitalized software, net of accumulated amortization	120,019	356,167
Trademarks, net of accumulated amortization	183,750	-
Customer list, net of accumulated amortization	14,080,675	14,553,629
Non-compete, net of accumulated amortization	83,780	114,680
Website, net of accumulated amortization	34,684	38,819
Total other assets	28,137,793	22,621,575
Total assets	\$ 105,440,220	\$ 49,198,632

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Liabilities and Equity (Deficit)

Current liabilities:

Accounts payable	\$4,185,908	\$3,327,618
Accrued expenses	2,920,009	2,005,357
Notes payable, related parties	6,891	609,891
Deferred compensation	-	769,709
Deferred revenue	5,568,334	3,431,869
Derivative liability	-	3,343,623
Current portion - capital leases payable	536,937	-
Current portion - long-term debt	1,358,484	1,385,380
Total current liabilities	14,576,563	14,873,447

Long-term liabilities:

Asset retirement obligation	8,212,012	5,299
Deferred Tax Liability	418,000	193,482
Deferred Rent	53,783	-
Capital leases, payable	6,246,887	-
Long-term debt, net of current	82,335,785	41,810,733
Total long-term liabilities	97,266,467	42,009,514

Total liabilities	111,843,030	56,882,961
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Commitments and Contingencies (Note 11)

Preferred Series C stock redeemable, cumulative, stated value \$100 per share, par value \$.001, 67,361 shares authorized, 0 and 35,750 shares issued and outstanding, respectively	-	2,644,951
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Shareholders' deficit:

Preferred Series A stock, par value \$.001, 51 shares authorized, issued and outstanding	-	-
Preferred Series B stock, par value \$.001, 71,210 shares authorized, 0 and 71,210 issued and outstanding	-	-
Preferred Series D stock, cumulative, stated value \$10 per share, par value \$.001, 141,000 shares authorized, 141,000 and 0 shares issued and outstanding, respectively	531,691	-
Common stock, par value \$.025, 75,000,000 shares authorized, 10,291,774 and 1,712,471 shares issued and 10,280,274 and 1,700,971 shares outstanding, respectively	256,976	42,812
Common stock to be issued	16,979	-
Treasury stock, at cost, 11,500 shares	(224,250)	(224,250)
Additional paid in capital	55,942,076	35,752,738
Accumulated deficit	(63,187,084)	(45,900,580)
Total Meridian Waste Solutions, Inc. shareholders' deficit	(6,663,612)	(10,329,280)
Noncontrolling Interest	260,802	-
Total equity (deficit)	(6,402,810)	(10,329,280)

Total liabilities and equity (deficit)	\$ 105,440,220	\$ 49,198,632
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See notes to the condensed consolidated financial statements.

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three months ended	
	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
Revenue	\$14,840,850	\$8,389,326
Services		
Cost and expenses:		
Operating	10,358,011	5,372,817
Bad debt expense	-	112,950
Depreciation and amortization	4,313,607	1,833,079
Accretion expense	133,887	-
Selling, general and administrative	3,978,771	4,160,280
Total cost and expenses	18,784,276	11,479,126
Other income (expenses):		
Miscellaneous (expense) income	543	(11,354)
Unrealized gain on change in fair value of derivative liability	-	733,031
Unrealized gain on investment	-	547
Interest income	2,130	844
Interest expense	(2,669,778)	(1,224,217)
Total other expense	(2,667,105)	(501,149)
Loss before income taxes	(6,610,531)	(3,590,949)
Provision for income taxes	-	(145,000)
Net loss	\$(6,610,531)	\$(3,735,949)
Net income attributable to noncontrolling interest	46,054	-
Net loss attributable to Meridian Waste Solutions, Inc	\$(6,656,585)	\$(3,735,949)
Stock dividend related to Series C Preferred Stock	\$(135,072)	\$-
Deemed dividend related to issuance of Series D Preferred Stock	\$(531,692)	\$-
Stock dividend related to issuance of Series D Preferred Stock	\$(106,874)	

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Net loss attributable to common shareholders	\$ (7,430,223)	\$ (3,735,949)
Basic net loss per share	\$ (0.71)	\$ (2.96)
Weighted average number of shares outstanding	10,503,986	1,261,085

See notes to the condensed consolidated financial statements.

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Nine months ended	
	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
Revenue		
Services	\$39,953,055	\$23,883,663
Cost and expenses:		
Operating	28,716,137	15,171,532
Bad debt expense	324,089	168,508
Depreciation and amortization	11,705,198	5,338,919
Accretion Expense	303,093	
Impairment expense	221,146	1,255,267
Selling, general and administrative	11,206,616	14,375,418
Total cost and expenses	52,476,279	36,309,644
Other income (expenses):		
Miscellaneous income (expense)	70,786	(11,195)
Gain on disposal of assets	841	3,053
Unrealized gain (loss) on change in fair value of derivative liability	(554,112)	853,031
Gain on extinguishment of derivative instrument	2,654,821	-
Unrealized gain (loss) on investment	(8,179)	547
Gain on contingent liability	-	1,000,000
Interest income	12,266	7,270
Interest expense	(6,594,382)	(3,603,807)
Total other expenses	(4,417,959)	(1,751,101)
Loss before income taxes	(16,941,183)	(14,177,082)
Provision for income taxes	(224,518)	(145,000)
Net loss	\$(17,165,701)	\$(14,322,082)
Net income attributable to noncontrolling interest	\$120,802	\$-
Net loss attributable to Meridian Waste Solutions, Inc	\$(17,286,503)	\$(14,322,082)
	\$(2,115,317)	\$-

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Deemed dividend related to beneficial conversion feature and accretion of a discount
on Series C Preferred Stock

Stock dividend related to Series C Preferred Stock	\$(135,072)	\$-
Deemed dividend related to issuance of Series D Preferred Stock	\$(531,692)	\$-
Stock dividend related to issuance of Series D Preferred Stock	\$(106,874)	
Net loss attributable to common shareholders	\$(20,175,458)	\$(14,322,082)
Basic net loss per share	\$(2.44)	\$(11.92)
Weighted average number of shares outstanding (Basic and Diluted)	8,274,316	1,201,394

See notes to the consolidated consolidated financial statements.

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Nine months ended	
	September 30, 2017	September 30, 2016
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	\$(17,165,701)	\$(14,322,082)
Adjustments to reconcile net loss to net cash (used in) provided from operating activities:		
Depreciation and amortization	11,705,198	5,338,919
Interest accretion on landfill liabilities	303,093	125,809
Amortization of capitalized loan fees and debt discount	607,738	416,128
Payment in kind interest converted to debt	702,482	
Unrealized (gain) loss on derivatives	554,112	(853,031)
Bad debt expense	324,089	-
Stock issued to vendors for services	-	778,985
Stock and options issued to employees as incentive compensation	97,732	8,071,045
Gain on extinguishment of derivative liability	(2,654,821)	-
Impairment expense	221,146	1,255,267
Gain on contingent liability	-	(1,000,000)
Equipment issued to employee as compensation	53,516	-
Gain on disposal of equipment	841	3,053
Changes in working capital items, net of acquisitions:		
Accounts receivable, net of allowance	(1,583,143)	(489,884)
Prepaid expenses and other current assets	(215,877)	(60,122)
Deposits	-	(500)
Accounts payable and accrued expenses	(879,889)	932,570
Deferred compensation	(769,709)	(218,336)
Deferred revenue	2,136,465	481,940
Deferred Rent	53,783	-
Deferred Tax Liability	224,518	145,000
Net cash (used in) provided from operating activities	(6,284,427)	604,761
Cash flows from investing activities:		
Investment in CFS Group of Companies	(3,933,276)	-
Landfill additions	(1,805,199)	(350,699)
Acquisition of property, plant and equipment	(1,998,090)	(5,397,521)
Proceeds (Purchases) of short-term investments	1,953,969	(1,952,805)
Proceeds from direct financing lease	11,481	-

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Cash proceeds received from post acquisition settlement	-	245,222
Proceeds from sale of property, plant and equipment	-	46,975
Net cash (used in) investing activities	(5,771,115)	(7,408,828)
Cash flows from financing activities:		
(Repayments) on notes due related parties	(603,000)	-
Proceeds from loans	1,669,212	2,150,000
Cash paid for debt issuance cost	(866,951)	-
Proceeds from issuance of common stock, net of fees	14,251,377	2,156,250
Proceeds from issuance of series D preferred stock, net of fees of \$131,600	1,273,199	
Proceeds from issuance of Series C Preferred Stock, net of placement fees of \$79,688	-	1,195,312
Principal payments on capital lease	(365,668)	-
Principal payments on notes payable	(3,463,491)	(179,534)
Net cash provided from financing activities	11,894,678	5,322,028
Net change in cash	(160,864)	(1,482,039)
Beginning cash	824,928	2,729,795
Ending cash	\$664,064	\$1,247,756
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$5,683,551	\$3,050,001
Supplemental Non-Cash Investing and Financing Information:		
Note payable incurred for acquisition	\$34,100,000	\$-
Common stock issued for consideration in an acquisition	\$1,251,000	\$-
Retirement of common stock and related top off provision through the issuance of Preferred Stock C(and related derivative liability)	\$-	\$2,673,480
Retirement of Preferred Stock C and related top off provision through the issuance of Common Stock C(and related derivative liability)	\$1,227,065	
Property, plant and equipment additions financed with notes payable and capital leases	\$6,763,190	\$-
Stock for cancellation of warrants	\$1,232,379	\$-
Deemed dividend related to beneficial conversion feature of Series C Preferred Stock	\$2,115,317	\$-
Stock dividend related to Series C Preferred Stock	\$135,072	\$-
Deemed dividend related to issuance of Series D Preferred Stock	\$531,692	\$-
Stock dividend related to issuance of Series D Preferred Stock	\$106,874	\$-
Debt issuance costs for common stock to be issued	\$191,000	
Common Stock issued to placement agent	\$-	\$58,250

See notes to the consolidated consolidated financial statements.

Meridian Waste Solutions Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND ORGANIZATION

The Company is primarily in the business of residential and commercial waste disposal and hauling, transfer, and landfill disposal and recycling services. The Company has contracts with various cities and municipalities. The majority of the Company's customers are located in the St. Louis metropolitan and surrounding areas and throughout central Virginia.

In 2014, the Company purchased the assets of a solid waste disposal company in the St. Louis, MO market. This acquisition is considered the platform company for future acquisitions in the solid waste disposal industry.

On February 15, 2017, the Company, in order to expand its geographical footprint to new markets outside of the state of Missouri, acquired 100% of the membership interests of The CFS Group, LLC, The CFS Group Disposal & Recycling Services, LLC and RWG5, LLC ("The CFS Group") pursuant to a Membership Interest Purchase Agreement, dated February 15, 2017. This acquisition was consummated to further define the Company's growth strategy of targeting and expanding within vertically integrated markets and serve as a platform for further growth. See note 3.

Basis of Presentation

The accompanying condensed consolidated financial statements of Meridian Waste Solutions, Inc. and its subsidiaries (collectively called the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The unaudited condensed consolidated financial statements do not include all of the information and footnotes required by US Generally Accepted Accounting Principles ("GAAP") for complete financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes for the year ended December 31, 2016 included in our Annual Report on Form 10-K for the Company as filed with the SEC. The condensed consolidated balance sheet at December 31, 2016 contained herein was derived from audited financial statements, but does not include all disclosures included in the Form 10-K for Meridian Waste Solutions, Inc., and applicable under accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in our annual financial statements prepared in accordance with accounting

principles generally accepted in the United States of America, but not required for interim reporting purposes, have been omitted or condensed.

As noted in NOTE 3, the Company entered into a share exchange agreement with Mobile Science Technologies, Inc., a Georgia corporation (“MSTI”) which was deemed to be an entity under common control. Accordingly, the financial statements have been retrospectively adjusted to furnish comparative information for all periods presented in accordance with Accounting Standards Codification (ASC) 805-50-45-5. Specifically, the financial statements include the financial information of MSTI for all periods presented.

In the opinion of management, all adjustments (consisting of normal recurring items) necessary for a fair presentation of the unaudited condensed consolidated financial statements as of September 30, 2017, and the results of operations and cash flows for the three and nine months ended September 30, 2017 have been made. The results of operations for the nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for a full year.

Basis of Consolidation

The condensed consolidated financial statements for the three and nine months ended September 30, 2017 include the operations of the Company and its wholly-owned subsidiaries, and a Variable Interest Entity (“VIE”) owned 20% by the Company.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Liquidity and Capital Resources

We have experienced recurring operating losses in recent years. Because of these losses, the Company had negative working capital of approximately \$5,500,000 at September 30, 2017. Included in that negative working capital is approximately \$5,600,000 in deferred revenue. The Company believes that the working capital deficit can be satisfied with the preferred stock capital raise which occurred in October and November of 2017, see note 15, available borrowings on line of credit, see note 6 and cash on hand at September 30, 2017.

Net loss has already began to improve in this third quarter and the Company believes that net loss will continue to improve thereafter. This improvement in net loss is occurring through improved operations. The Company has prepared its business plan for the ensuing twelve months, and believes it has sufficient resources to operate for the ensuing 12 month period. The Company's objectives in preparing this plan include: (1) renegotiating contracts to increase revenue; (2) increasing fees on existing contracts and (3) reducing costs. The Company has already been successful in increasing rates on several recently negotiated contracts and acquiring additional contracts, both of which have been accretive to net loss and operating cash flow.

As of September 30, 2017 the Company had approximately \$660,000 in cash to cover its short term cash requirements. In addition to our cash on hand, subsequent to year-end and through November 7, 2017, the Company has raised approximately \$2,000,000 net, through its Series E Offering. See note 15. Further, the Company has approximately \$1,600,000 of borrowing capacity on its multi-draw term loans and revolving commitments available for working capital and general corporate purposes. See note 6, under the heading Goldman Sachs Credit Agreement. The Company is still evaluating raising capital through the public markets as well as looking for capital partners to assist with operating activities and growth strategies. Finally, the Company is in the process of evaluating strategic alternatives of our waste management group.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, account payable, accrued expenses, derivative liabilities and notes payable. The carrying amount of these financial instruments approximates fair value due to length of maturity of these instruments.

Income Taxes

The Company accounts for income taxes pursuant to the provisions of ASC 740-10, "Accounting for Income Taxes," which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized. The Company has deferred tax liabilities related to its intangible assets, which were approximately \$418,000 as of September 30, 2017.

The Company follows the provisions of the ASC 740 -10 related to, Accounting for Uncertain Income Tax Positions. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company analyzes its tax positions by utilizing ASC 740-10-25 Definition of Settlement, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. As of September 30, 2017, tax years ended December 31, 2016, 2015, 2014, and 2013 are still potentially subject to audit by the taxing authorities.

Use of Estimates

Management estimates and judgments are an integral part of financial statements prepared in accordance with GAAP. We believe that the critical accounting policies described in this section address the more significant estimates required of management when preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Reclassification

Certain reclassifications have been made to previously reported amounts to conform to 2017 amounts. These reclassifications had no impact on previously reported results of operations or stockholders' equity (deficit). The statement of operations has been reformatted in such a way that approximately \$880,000 and \$300,000 has been reclassified from Selling, general and administrative to Operating expenses for the nine and three months ended September 30, 2016, respectively. Also, the statement of operations has been reformatted in such a way that there is no longer a caption showing gross profit.

Accounts Receivable

Accounts receivable are recorded at management's estimate of net realizable value. At September 30, 2017, and December 31, 2016 the Company had approximately \$7,200,000 and \$3,000,000 of gross trade receivables, respectively.

Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy and adjust our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. However, if the financial condition of our customers were to deteriorate, additional allowances may be required. At September 30, 2017 and December 31, 2016 the Company had approximately \$600,000 and \$500,000 recorded for the allowance for doubtful accounts, respectively.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The Company has intangible assets related to its purchase of Meridian Waste Services, LLC, Christian Disposal LLC, Eagle Ridge Landfill, LLC and the CFS Group, LLC; the CFS Group Disposal & Recycling Services, LLC; and RWG5, LLC, collectively “The CFS Group”.

Goodwill

Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, we assess our goodwill for impairment at least annually.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of arrangement exists, services have been provided, the seller’s price to the buyer is fixed or determinable, and collection is reasonably assured. The majority of the Company’s revenues are generated from the fees charged for waste collection, transfer, disposal and recycling. The fees charged for our services are generally defined in service agreements and vary based on contract-specific terms such as frequency of service, weight, volume and the general market factors influencing a region’s rate. For example, revenue typically is recognized as waste is collected, or tons are received at our landfills and transfer stations.

Deferred Revenue

The Company records deferred revenue for customers that were billed in advance of services. The balance in deferred revenue represents amounts billed in July, August and September for services that will be provided during October, November and December.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

At September 30, 2017 the Company had outstanding stock warrants and options for 6,090,671 and 11,472 common shares, respectively. These are not presented in the consolidated statements of operations as the effect of these shares is anti-dilutive.

At December 31, 2016 the Company had a series of convertible notes, warrants and stock options outstanding that could be converted into approximately, 600,000 common shares. These are not presented in the consolidated statements of operations as the effect of these shares is anti-dilutive.

Allocation of Purchase Price of Business Combinations

In accordance with the guidance for business combinations, we determine whether a transaction or other event is a business combination. If the transaction is determined to be a business combination, we determine if the transaction is considered to be between entities under common control. The acquisition of an entity under common control is accounted for on the carryover basis of accounting whereby the assets and liabilities of the companies are recorded upon the merger on the same basis as they were carried by the companies on the merger date. All other business combinations are accounted for by applying the acquisition method of accounting. Under the acquisition method, we recognize the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired entity. In addition, we evaluate the existence of goodwill or a gain from a bargain purchase. We will immediately expense acquisition-related costs and fees associated with business combinations and asset acquisitions.

We allocate the purchase price of acquired properties and business combinations accounted for under the acquisition method of accounting to tangible and identifiable intangible assets acquired based on their respective fair values to tangible and identifiable intangible assets acquired based on their respective fair values. Tangible assets include land, buildings, equipment and tenant improvements on an as-if vacant basis. We utilize various estimates, processes and information to determine the as-if vacant property value. Estimates of value are made using customary methods, including data from appraisals, comparable sales, discounted cash flow analysis and other methods.

Recent Accounting Pronouncements

ASU 2016-09 “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.” Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The amended guidance is effective for the Company on January 1, 2017. The adoption of this amended guidance did not have a material impact on our consolidated financial statements.

ASU 2016-15 “Statement of Cash Flows” - In August 2016, the FASB issued amended authoritative guidance associated with the classification of certain cash receipts and cash payments on the statement of cash flows. The amended guidance addresses specific cash flow issues with the objective of reducing existing diversity in practice. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18"), which clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those years, and will be applied using a retrospective transition method to each period presented. As such, the Company will adopt the standard beginning January 1, 2018. We currently do not expect it to have a material impact on our consolidated financial statements.

ASU 2014-09 "Revenue Recognition" (Topic 606) - In May 2014, the FASB issued amended authoritative guidance associated with revenue recognition. The amended guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the amendments will require enhanced qualitative and quantitative disclosures regarding customer contracts. The amended guidance associated with revenue recognition is effective for the Company on January 1, 2018. The adoption of this guidance requires using either a full retrospective approach for all periods presented or a modified retrospective approach. We plan to adopt the guidance using the modified retrospective approach, recognizing a cumulative effect adjustment to retained earnings as of the date of adoption.

Based on our work to date to assess the impact of this standard, we believe we have identified all material contract types and costs that may be impacted by this amended guidance related to the Midwest segment. We are actively reviewing the material contract types and costs of the newly acquired Mid-Atlantic Segment (CFS Acquisition). While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on operating revenues.

ASU 2017-01 "Business Combinations" – In January 2017, the FASB issued amended authoritative guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this standard provide a screen to determine when a set of inputs and processes are not a business. The screen requires that when substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the amendments in this standard require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. This guidance will become effective for the Company on January 1, 2018. While we are still evaluating the impact of this amended guidance, its impact will be limited to the evaluation of future acquisitions post effectiveness of this standard and will not have an effect on the current financial statements and acquisitions.

ASU 2016-02 “Leases (Topic 842).” Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and

A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers.

The amended guidance is effective for the Company on January 1, 2019, with early adoption permitted. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statement and disclosures.

Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.

NOTE 3 – ACQUISITIONS

The CFS Group Acquisition

On February 15, 2017, the Company, in order to expand its geographical footprint to new markets outside of the state of Missouri, acquired 100% of the membership interests of The CFS Group, LLC, The CFS Group Disposal & Recycling Services, LLC and RWG5, LLC (“The CFS Group”) pursuant to a Membership Interest Purchase Agreement, dated February 15, 2017. This acquisition was consummated to further define the Company’s growth strategy of targeting and expanding within vertically integrated markets and serve as a platform for further growth.

The acquisition was accounted for by the Company using the acquisition method under business combination accounting. Under this method, the purchase price paid by the acquirer is allocated to the assets acquired and liabilities assumed as of the acquisition date based on the fair value. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions.

All fair value measurements of acquired assets and liabilities assumed are non-recurring in nature and classified as level 3 on the fair value hierarchy.

The calculation of purchase price, including measurement period adjustments, is as follows:

Cash consideration	\$3,933,000
Debt assumed - as consideration	34,100,000
Restricted stock consideration	1,251,000
Total	\$39,284,000

As noted in the table above, the Company issued 500,000 restricted shares of common stock as consideration, which was valued at market at the date of the closing, fair value of approximately \$1,251,000. A 10% discount to the trading price of the stock was taken to account for the restricted nature of the shares.

The following table summarizes the estimated fair value of The CFS Group assets acquired and liabilities assumed at the date of acquisition:

Accounts receivable	2,793,000
Prepaid expenses and other current assets	845,000
Property, plant and equipment	14,179,000
Trade names and trademarks	210,000
Landfill permits	31,766,000
Customer relationships	2,500,000
Accounts payable and accrued liabilities	(2,654,000)
Capital leases payable	(6,896,000)
Mortgage payable	(1,429,000)
Asset retirement obligations	(7,904,000)
Non-controlling interest	(140,000)
Goodwill	6,014,000
Total	\$39,284,000

Revenue and net loss included in the nine months ended September 30, 2017 financial statements attributable to the CFS Group is approximately \$13,700,000 and \$4,117,000, respectively.

The following unaudited pro forma information below presents the consolidated results operations data as if the acquisition of the CFS Group took place on January 1, 2016:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Total Revenue	\$ 39,460,000	\$ 42,675,000
Net Loss	\$ (20,682,000)	\$ (21,078,580)
Basic Net Loss Per Share	\$ (17.22)	\$ (2.55)

Mobile Science Technologies, Inc.

On April 21, 2017, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with MSTI and its shareholders. MSTI is a technology service provider and builder of mobile applications that enable efficient two-way communications between organizations and entities such as municipalities and their respective customers or citizens. The Company seeks to utilize the technology underlying MSTI’s current applications to develop an enhanced communication system between the Company and its customers.

Pursuant to the Share Exchange Agreement, the Company purchased 100% of the outstanding stock (28,333,333 common shares) of MSTI in exchange for 1,083,017 shares of the Company’s common stock (the “Purchase Shares”). In accordance with the payment schedule contained in the Share Exchange Agreement, 403,864 of the Purchase Shares were issued as of the closing date, with the remaining 679,153 Purchase Shares to be issued upon certain milestones; however, if the milestones are not attained, such Purchase Shares will be issued on April 21, 2018. Such ‘to be issued’ shares are shown within equity in the Consolidated Balance Sheets. The Selling Shareholders were mainly comprised of Walter H. Hall, Jr., the Company’s President, Chief Operating Officer and a director, and four limited liability companies managed by Jeffrey Cosman, the Company’s Chief Executive Officer and Chairman. Such selling shareholders also have controlling financial interest of the Company. Accordingly, the acquisition of MSTI was deemed to be a transaction between entities under common control and thus the assets and liabilities of MSTI were transferred at their historical cost with prior periods retrospectively adjusted to include the historical financial results of MSTI. The equity accounts of the entities are combined and the par value of the shares issued by the Company is recognized.

Upon closing of the Share Exchange Agreement, the Company assumed all financial and contractual obligations of MSTI incurred both prior to and after the closing. Prior to its entering into the Share Exchange Agreement, the Company owned 5,000,000 shares of MSTI, or 15% of the issued and outstanding stock of MSTI, which was accounted for as an equity method investment. Originally, the Company transferred the assets of MSTI for its initial

15% investment, and then repurchased those assets with additional shares of stock of the Company. As a result of the closing of the Share Exchange Agreement the Company became the owner of 100% of the shares of MSTI.

In June of 2017, the Company recorded \$221,146 of impairment expense on the MSTI capitalized software.

Prior to the approval of the Share Exchange Agreement by the Company's Board of Directors and prior to the Company's entry into the Share Exchange Agreement, the Company obtained a fairness opinion from a third party investment bank opining that the consideration to be paid by the Company in the Share Exchange Agreement is fair from a financial point of view.

The following table includes the financial information originally reported and the net effect of the acquisition for the nine months ended September 30, 2016:

	Prior to Acquisition	Net Effect of Acquisition	Post-Acquisition
Total Sales	\$23,883,663	\$ -	\$ 23,883,663
Net Loss	\$14,308,049	\$ 14,033	\$ 14,322,082

The following table includes the financial information originally reported and the net effect of the acquisition as of December 31, 2016:

	Prior to Acquisition	Net Effect of Acquisition	Post-Acquisition
Total Assets	\$49,201,572	\$ (2,940)	\$ 49,198,632
Total Equity	(10,319,514)	\$ (9,766)	\$ (10,329,280)

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant, and equipment—at cost, less accumulated depreciation:

	September 30, 2017	December 31, 2016
Land	\$3,390,000	\$1,550,000
Buildings & Building Improvements	2,909,655	777,822
Furniture & office equipment	688,229	406,419
Containers	11,477,638	5,969,677
Trucks, Machinery, & Equipment	28,867,176	14,190,871
Total cost	47,332,698	22,894,789
Less accumulated depreciation	(11,460,991)	(6,097,774)
Net property and Equipment	\$35,871,707	\$16,797,015

As of September 30, 2017, the Company has \$395,000 of land and building which are held for sale and included in amounts noted above. These amounts are included in our Midwest segment. These held for sale assets were not depreciated during the nine months ended September 30, 2017. Depreciation expense for the nine months ended September 30, 2017 and 2016 was approximately \$5,400,000 and \$2,500,000, respectively.

NOTE 5 – LANDFILL

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The Company operations related to its landfill assets and liability are presented in the tables below:

	Nine Months Ended September 30, 2017
Landfill Assets	
Beginning Balance	\$ 3,278,817
Assets acquired	31,766,000
Capital additions of \$1,800,000, net of transfers to property, plant and equipment	613,333
Amortization of landfill assets	(3,257,894)
	\$ 32,400,256
Landfill Asset Retirement Obligation	
Beginning Balance	\$ 5,299
Liabilities assumed in acquisition	7,903,620
Interest accretion	303,093
	\$ 8,212,012

Amortization of landfill assets was approximately \$3,300,000 and \$230,000 for the nine months ended September 30, 2017 and 2016.

NOTE 6 – INTANGIBLE ASSETS

At September 30, 2017, customer lists include the intangible assets related to customer relationships acquired through the acquisition of Christian Disposal, Eagle Ridge and the CFS Group. The customer list intangible assets are amortized over their useful life which range from 5 to 20 years. Amortization expense, amounted to approximately \$6,300,000 and \$3,000,000 for the nine months ended September 30, 2017 and 2016, respectively.

The following tables set forth the intangible assets, both acquired and developed, including accumulated amortization as of September 30, 2017:

September 30, 2017				
	Remaining Useful Life	Cost	Accumulated Amortization	Net Carrying Value
Customer lists	9.05 years	\$25,387,452	\$ 11,306,777	\$ 14,080,675
Non-compete agreement	2.45 years	206,000	122,220	83,780
Trademarks	4.37 years	210,000	26,250	183,750
Capitalized software	2.67 years	135,020	15,001	120,019
Website	3.25 years	44,619	9,935	34,684
		\$25,983,091	\$ 11,480,183	\$ 14,502,908

NOTE 7 – NOTES PAYABLE AND CONVERTIBLE NOTES

The Company had the following long-term debt:

	September 30, 2017	December 31, 2016
Goldman Sachs - Tranche A Term Loan - LIBOR Interest on loan date plus 8%, 9.238% at September 30, 2017	\$ 59,500,000	\$ 40,000,000
Goldman Sachs – Revolver- LIBOR Interest on loan date plus 8%, 9.238% at September 30, 2017	3,405,018	3,195,000
Goldman Sachs – Tranche B Term Loan - Interest 11% annually	15,302,482	-
Convertible Notes Payable	-	1,250,000
Mortgage note payable to a bank, secured by real estate and guarantee of Company, bearing interest at 4.6%, due in monthly installments of \$9,934, maturing May 2020	1,262,361	-
	6,206,299	282,791

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Notes payable, secured by equipment, bearing interest at rates from 9.25% to 9.49%,
due in monthly installments of approximately \$150,000 through April 2022

Notes payable to seller of Meridian, subordinated debt	1,475,000	1,475,000
Less: debt issuance cost/fees	(2,071,116)	(1,195,797)
Less: debt discount	(1,385,775)	(1,810,881)
Total debt	83,694,269	43,196,113
Less: current portion	(1,358,484)	(1,385,380)
Long term debt less current portion	\$ 82,335,785	\$ 41,810,733

Goldman Sachs Credit Agreement

On February 15, 2017, the Company closed an Amended and Restated Credit and Guaranty Agreement (as amended by the First Amendment to Amended and Restated Credit and Guaranty Agreement dated April 28, 2017, the “Credit Agreement”). The Credit Agreement amended and restated the Credit and Guaranty Agreement entered into as of December 22, 2015 “Prior Credit Agreement”).

Pursuant to the Credit Agreement, certain credit facilities to the Companies, in an aggregate amount not to exceed \$89,100,000, consisting of \$65,500,000 aggregate principal amount of Tranche A Term Loans (the “Tranche A Term Loans”), \$8,600,000 aggregate principal amount of Tranche B Term Loans (the “Tranche B Term Loans”), \$10,000,000 aggregate principal amount of MDTL Term Loans (the “MDTL Term Loans”), and up to \$5,000,000 aggregate principal amount of Revolving Commitments (the “Revolving Commitments”). In August of 2017 \$6,000,000 was transferred from Tranche A to Tranche B. The proceeds of the Tranche A Term Loans made on the Closing Date were used to pay a portion of the purchase price for the acquisitions made in connection with the closing of the Prior Credit Agreement, to refinance existing indebtedness, to fund consolidated capital expenditures, and for other purposes permitted. The proceeds of the Tranche A Term Loans and Tranche B Term Loans made on the Restatement Date shall be applied by Companies to (i) partially fund the Restatement Date Acquisition, (ii) refinance existing indebtedness of the Companies, (iii) pay fees and expenses in connection with the transactions contemplated by the Credit Agreement, and (iv) for working capital and other general corporate purposes.

The proceeds of the Revolving Loans will be used for working capital and general corporate purposes. The proceeds of the MDTL Term Loans may be used for Permitted Acquisitions (as defined in the Credit Agreement). The Loans are evidenced, respectively, by that certain Tranche A Term Loan Note, Tranche B Term Loan Note, MDTL Note and Revolving Loan Note, all issued on February 15, 2017 (collectively, the “Notes”). Payment obligations under the Loans are subject to certain prepayment premiums, in addition to acceleration upon the occurrence of events of default under the Credit Agreement.

At September 30, 2017, the Company had a total outstanding balance of \$78,207,500 consisting of the Tranche A Term Loan, Tranche B and draw of the Revolving Commitments. The loans are secured by liens on substantially all of the assets of the Company and its subsidiaries. Tranche A Term Loan, Tranche B and all revolving commitments have a maturity date of December 22, 2020 with interest paid monthly at an annual rate of approximately 9% (subject to variation base on changes in LIBOR or another underlying reference rate), on the Tranche A Term Loan and revolving commitments. Interest is accrued at an annual rate of 11% on the Tranche B loan. In addition, there is a commitment fee paid monthly on the Multi-Draw Term Loans and Revolving Commitments at an annual rate of 0.5%. The Company has adopted ASU 2015-03 and is showing loan fees net of long-term debt on the condensed consolidated balance sheet.

The amounts borrowed pursuant to the Loans are secured by a first position security interest in substantially all of the Company's and subsidiaries assets.

In December of 2015 the Company incurred \$1,446,515 of issuance cost related to obtaining the notes. In February 2017, the Company incurred an additional \$1,057,950 of issuance costs related to the amendment and restatement of these notes. These costs are being amortized over the life of the notes using the effective interest rate method. At September 30, 2017 and December 31, 2016, the unamortized balance of the costs was \$2,071,116 and \$1,195,797, respectively.

As of September 30, 2017 and at certain times thereafter, the Company was in violation of covenants within its credit agreement with Goldman, Sachs & Co. The lenders and agents and the Company and its affiliates entered into a waiver and amendment letter on November 13, 2017 whereby the covenant violations were waived. Such covenant failures included, maintaining certain leverage and EBITDA ratios, exceeding maximum corporate overhead and maintaining certain liquidity. Should the Company have violations in the future that are not waived, it could materially effect the Company's operations and ability to fund future operations.

In addition, in connection with the prior credit agreement, the Company issued warrants to Goldman, Sachs & Co. ("GS") for the purchase of shares of the Company equal to 6.5% of the total common stock outstanding and common stock equivalents at a purchase price equal to \$449,553, exercisable on or before December 22, 2023. The warrants grant the holder certain other rights, including registration rights, preemptive rights for certain capital raises, board observation rights and indemnification.

Due to the put feature contained in the agreement, the warrant was recorded as a derivative liability at December 31, 2016.

In January of 2017, the Company entered into an Amended and Restated Warrant Cancellation and Stock Issuance Agreement (the “Warrant Cancellation Agreement”). Pursuant to the Warrant Cancellation Agreement, upon the closing of a “Qualified Offering” as defined in the Warrant Cancellation Agreement, the Amended and Restated Warrant was cancelled and the Company issued to GS restricted shares of common stock in the amount equal to a 6.5% ownership interest in the Company calculated on a fully-diluted basis, which includes the shares of common stock issued pursuant to this offering, but excludes all warrants issued pursuant to such Qualified Offering and all shares underlying such warrants, pursuant to the terms and conditions of the Warrant Cancellation Agreement. A “Qualified Offering” is defined as an underwritten offering by the Company pursuant to which (1) the Company receives aggregate gross proceeds of at least \$10,000,000 and (2) the Common Stock becomes listed on The Nasdaq Capital Market, or the New York Stock Exchange. As a result the Company issued GS 421,326 shares of common stock, with a fair value of \$1,243,000 on January 30, 2017 for the warrant cancellation. The warrant liability fair value and carrying value at January 30, 2017 was \$960,000 accordingly a loss on extinguishment of liability of \$283,000 was recognized. Pursuant to the Warrant Cancellation Agreement, GS entered into a lock-up agreement, prohibiting the offer for sale, issue, sale, contract for sale, pledge or other disposition of any of the Company’s common stock or securities convertible into common stock for a period of 180 days after the date of the Qualified Offering, and no registration statement for any of our common stock owned by GS can be filed during such lock-up period.

The liability was revalued at each reporting period and changes in fair value were recognized in the consolidated statement of operations. Upon the initial recording of the derivative warrant at fair value the instrument was bifurcated and the Company recorded a debt discount of \$2,160,000. This debt discount is being amortized as interest expense using the effective interest rate method over the life of the note, which is 5 years. At September 30, 2017 and December 31, 2016 the balance of the debt discount is \$1,385,775 and \$1,810,881, respectively.

The key inputs used in the September 30, 2016, December 31, 2016 and January 30, 2017 fair value calculations were as follows:

	January 30, 2017		December 31, 2016		September 30, 2016	
Purchase Price	\$450,000		\$450,000		\$450,000	
Time to expiration	12/22/2023		12/22/2023		12/23/2023	
Risk-free interest rate	1.41	%	1.42	%	1.43	%
Estimated volatility	60	%	60	%	60	%
Dividend	0	%	0	%	0	%
Stock price	\$2.95		\$10.34		\$17.60	
Expected forfeiture rate	0	%	0	%	0	%

The change in the market value for the period ending September 30, 2017 is as follows:

Fair value of warrants @ December 31, 2016	\$1,250,000
Unrealized gain on derivative liability	(290,000)
Extinguishment of warrant liability	(960,000)
Fair value of warrants @ September 30, 2017	\$-

The change in the market value for the period ending September 30, 2016 was as follows:

Fair value of warrants @ December 31, 2015	\$2,820,000
Unrealized gain on derivative liability	(1,280,000)
Fair value of warrants @ September 30, 2016	\$1,540,000

Convertible Notes Payable

In 2015, as part of the purchase price consideration of the Christian Disposal acquisition, the Company issued a convertible promissory note to the seller in the amount of \$1,250,000. The note bears interest at 8% and matures on December 31, 2020. The seller may convert all or any part of the outstanding and unpaid amount of this note into fully paid and non-assessable common stock in accordance with the agreement. The conversion price shall equal the volume weighted average prices of the Company's common stock in the 10 trading days immediately prior to the date upon which the note is converted.

In February of 2017 the convertible promissory note issued to the seller of Christian Disposal was paid in full, including all accrued interest.

Notes Payable, related parties

At December 31, 2014 the Company had a short term, non-interest bearing note payable of \$150,000 which was incurred in connection with the Membership Interest Purchase Agreement. The Company also had a loan from Here to Serve Holding Corp. due to expenses paid by Here to Serve on behalf of the Company prior to the recapitalization. This loan totaled \$376,585 bringing total notes payable to \$526,585. In 2015, the short term, non-interest bearing note was paid off, and at December 31, 2016, the Company's loan from Here to Serve Holding Corp. was \$359,891, and is included in current liabilities on the consolidated balance sheet. Also included in current liabilities on the consolidated balance sheet is a short-term loan received from an officer of the Company in December 2016 of \$250,000. This loan was paid back, by the Company, in full, including interest of \$20,000 on January 30, 2017. In February of 2017 the Company paid back \$3,000 and in August of 2017 the Company paid back \$350,000 to Here to Serve Holding Corp, which reduced the loan to \$6,891, and is included in current liabilities on the condensed consolidated balance sheet.

Total interest expense for the three and nine months ended September 30, 2017 was approximately \$2,670,000 and \$6,594,000, respectively. Amortization of debt discount was approximately \$97,000 and \$282,000, respectively. Amortization of capitalized loan fees was approximately \$133,000 and \$338,000, respectively. Interest expense on debt was approximately \$2,440,000 and \$5,974,000, respectively.

Total interest expense for the three and nine months ended September 30, 2016 was \$1,224,217 and \$3,603,807, respectively. Amortization of debt discount was \$86,913 and \$252,751, respectively. Amortization of capitalized loan fees was \$56,156 and \$163,377, respectively. Interest expense on debt was \$1,081,148 and \$3,187,679, respectively.

NOTE 8 – SHAREHOLDERS’ EQUITY

Preferred Stock

The Company has authorized 5,000,000 shares of Preferred Stock, for which four classes have been designated to date. Series A has 51 and 51 shares issued and outstanding, Series B has 0 and 0 shares issued and outstanding, series C has 0 and 35,750 shares issued and outstanding and series D has 141,000 and 0 shares issued and outstanding, as of September 30, 2017 and December 31, 2016, respectively.

Series A

Each share of Series A Preferred Stock has no conversion rights, is senior to any other class or series of capital stock of the Company and has special voting rights. Each one (1) share of Series A Preferred Stock shall have voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding Common Stock eligible to vote at the time of the respective vote (the “Numerator”), divided by (y) 0.49, minus (z) the Numerator.

Series C

The Company has authorized for issuance up to 67,361 shares of Series C Preferred Stock (“Series C”). Each share of Series C: (a) has a stated value of equal to \$100 per share; (b) has a par value of \$0.001 per share; (c) accrues fixed rate dividends at a rate of eight percent per annum; (d) are convertible at the option of the holder into 89.28 shares of common Stock (conversion price of \$22.40 per share based off stated value of \$100); (e) votes on an ‘as converted’ basis; (f) has a liquidation privileges of \$22.40 per share; and (g) expire 15 months after issuance.

Further, in the event of a Qualified Offering, the shares of Series C Preferred Stock will be automatically converted at the lower of \$22.40 per share or the per share price that reflects a 20% discount to the price of the Common Stock pursuant to such Qualified Offering. A “Qualified Offering” is defined as an underwritten offering by the Company pursuant to which (1) the Company receives aggregate gross proceeds of at least \$20,000,000 in consideration of the purchase of shares of Common Stock or (2) (a) the Company receives aggregate gross proceeds of at least \$15,000,000 amended to reflect gross proceeds of at least \$12,000,000, in consideration of the purchase of shares of Common Stock and (b) the Common Stock becomes listed on The Nasdaq Capital Market, the New York Stock Exchange, or the NYSE MKT.

In addition, if after six months from the date of the issuance until the expiration date, the holder voluntarily converts a Series C security to common stock and sells such common stock for total proceeds that do not equal or exceed such holder’s purchase price, the Company is obligated to issue additional shares of common stock in an amount sufficient such that, when sold and the net proceeds are added to the net proceeds of the initial sale, the holder shall have received funds equal to that of the holder’s initial purchase price (“Shortfall Provision”).

The Company evaluated the Series C in accordance with ASC 815 – Derivatives and Hedging, to discern whether any feature(s) required bifurcation and derivative accounting. The Company noted the Shortfall Provision has variable settlement based upon an item (initial purchase price) that is not an input into a fixed for fixed price model, thus such provision is not considered indexed to the Company’s stock. Accordingly, the Shortfall Provision was bifurcated and accounted for as a derivative liability.

Between July 21, 2016 and August 26, 2016, the Company sold 12,750 shares of Series C for gross proceeds of \$1.275 million. These proceeds were allocated between the Shortfall Provision derivative liability (\$310,000) and the host Series C instrument (\$965,000). After such allocation, the Company noted that the Series C had a beneficial conversion feature of \$265,000 which was recognized as a deemed dividend.

On August 26, 2016, the Company issued 23,000 shares of Series C to repurchase the 2,053,573 shares of common stock and related top off provision derivative issued in June 2016. Given the transaction was predominantly the repurchase of common stock that was immediately retired, the Company accounted for this as a treasury stock transaction. The Series C was recorded at a fair value of \$2.3 million (\$620,000 of which was allocated to the Shortfall Provision), the top off provision (which was \$246,000 at the time of exchange) was written off, and a beneficial conversion feature of \$373,000 was recognized immediately as a deemed dividend.

Preferred Series C conversion

On January 30, 2017, a Qualified Offering occurred and accordingly at such time all 35,750 shares of Preferred Series C were converted into 1,082,022 shares of common stock. The shares were converted according to the terms in the original agreement at a 20% discount to the public offering price per unit of \$4.13 which was \$3.30.

The automatic conversion resulted in the extinguishment of the shortfall derivative liability resulting in a gain on the extinguishment of liabilities of approximately \$2,937,000. In addition, in accordance with ASC 470, the Company recognized a deemed dividend of approximately \$2,100,000 upon conversion which represented the unamortized discount on the Series C that resulted from the beneficial conversion feature.

Derivative Footnote

As noted above, the Series C included a Shortfall Provision that required bifurcation and to be accounted for as a derivative liability (until the Series C was converted). Upon the execution of the automatic conversion feature, the Shortfall Provision was no longer in effect and the associated derivative liability was extinguished resulting in a gain on extinguishment of liability. The fair value of the Shortfall Provision was calculated using a Monte Carlo simulated put option Black Scholes Merton Model. The cumulative fair values at respective date of issuances and extinguishment were \$930,000 and \$2.9 million, respectively. The key assumptions used in the model at inception and at January 30, 2017 (extinguishment) are as follows:

	Inception	1/30/2017
Stock Price	\$0.00 - \$60.00	\$0.00 - \$6.20
Exercise Price	\$22.40	\$22.40
Term	.5 years	0.72 to 0.83 years
Risk Free Interest Rate	.39% - .47 %	0.81 %
Volatility	60 %	60 %
Dividend Rate	0 %	0 %

The roll forward of the Shortfall Provision derivative liability is as follows

Balance – December 31, 2016	\$2,093,623
Fair Value Adjustment	844,112
Extinguishment of Liability	(2,937,735)
Balance – June 30, 2017	\$-

Private Placement of Series D Preferred Stock, Common Stock and Warrants

During the third quarter of 2017, the Company completed a private placement offering to accredited investors (the “Offering”) of \$1,410,000 of units (the “Units”), with each Unit comprised of (i) one (1) share of Series D Preferred Stock, par value \$0.001 per share (the “Series D Preferred Stock”), (ii) fifteen (15) warrants (the “Warrants”) to purchase shares of the Company’s common stock, par value \$0.025 per share (“Common Stock”), and (iii) three (3) shares of Common Stock, at a per unit purchase price of \$10.00. In addition, shares of common stock were issued and identified in the agreement as the prepayment of the first year of dividends.

The Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the “1933 Act”), and applicable state securities laws. Pursuant to the Registration Right Agreement, the Company shall prepare and, as soon as practicable, but in no event later than 30 days from the date of the Closing, file with the Securities and Exchange Commission (the “SEC”) an initial Registration Statement on Form S-3 covering the resale of all shares of Common Stock comprising the Units, including shares of Common Stock underlying the Warrants, or the largest amount thereof permissible. The Company shall use its best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of the Registration Rights Agreement, declared effective by the SEC as soon as practicable.

The holders of shares of the Series D Preferred shall be entitled to receive quarterly dividends out of any assets legally available, to the extent permitted by New York law, at an annual rate equal to 8% of the stated value of the shares of Series D Preferred. Dividends for the first year will be payable in advance.

The dates of the offering can be summarized as follows:

August 31, 2017	\$1,043,000
September 7, 2017	334,500
September 14, 2017	32,500
Total	\$1,410,000

In total the Company issued an aggregate of 141,000 shares of Series D Preferred Stock, 2,115,000 Warrants and 423,000 shares of Common Stock, with an aggregate of 86,579 shares of Common Stock issuable to investors in the Offering as dividends for Series D Preferred Stock.

The Warrants are five-year warrants to purchase shares of Common Stock at an exercise price of \$1.44 per share, exercisable beginning six months after the date of issuance thereof. The Warrants provide for cashless exercise to the extent that there is no registration statement available for the underlying shares of Common Stock.

The Company utilized the services of Garden State Securities, Inc., a FINRA-registered placement agent, for the Offering. In connection with the Final Closing, the Company paid such placement agent an aggregate cash fee of \$112,800 and issued to such placement agent or its designees 112,800 Warrants.

The net proceeds to the Company from the Final Closing, after deducting the foregoing fees and other Offering expenses, are approximately \$1,200,000.

In accordance with ASC 470-20, if debt or stock is issued with detachable warrants and/or stock, the guidance in ASC 470-20-25-2 requires that the proceeds be allocated to the instruments based on their relative fair values. The Company applied this guidance and recorded a deemed dividend of \$531,692 as a result of a beneficial conversion feature. As the Company does not have any retained earnings this deemed dividend was netting against additional paid-in capital and the net accounting effect was none.

Common Stock Transactions

During the nine months ended September 30, 2017, the Company issued 8,567,803 shares of common stock. The fair values of the shares of common stock were based on the quoted trading price on the date of issuance. Of the 8,567,803 shares issued during the nine months ended September 30, 2017, the Company:

1. Issued 421,326 of these shares to Goldman Sachs as a result of their warrant agreement see note 6 Notes Payable and Convertible Notes;
2. Issued 212,654 of these shares to an officer, see note 13 Equity and Incentive Plans;

Issued 3,000,000 of these shares as part of the January 2017 offering, see below “Underwriting Agreements;”
- 3.
4. Issued 1,081,472 of these shares due to the conversion of Series C preferred stock, see above “Preferred Series C conversion,” then in July issued 29,126 shares to the Series C owners as a dividend;
5. Issued 500,000 of restricted shares to Waste Services Industries, LLC, as a result of the CFS Group Acquisition, see note 3;
6. Issued 38,091 of these shares to the outside members of our Board of Directors for services for a total expense of \$67,500;
7. Issued 2,000,000 of these shares as part of the June 2017 offering, then in July issued 300,000 of these shares as part of the over-allotment, see below “Underwriting Agreements;”
8. Issued 5,000 of these shares to a vendor for services performed;
9. Issued 66,500 of these shares previously accrued for loan fees payable in common stock at \$191,000;
10. Issued 86,769 and 423,000 of these shares as prepayment of first year dividends and shares as part of the investment unit in the August and September Series D Preferred Stock offering, respectively, see above “Series D;”
11. Issued 403,865 of these shares for the purchase of the remaining 85% of MSTI. See Note 3

The Company recorded stock based compensation expense of approximately \$98,000 and \$8,850,000 during the nine months ended September 30, 2017 and 2016, respectively, which is included in compensation and related expense on the statement of operations.

Underwriting Agreements

On January 24, 2017, the Company entered into an underwriting agreement (the “January 2017 Underwriting Agreement”) with Joseph Gunnar & Co., LLC, as representative of the several underwriters listed therein, with respect to the issuance and sale in an underwritten public offering (the “January 2017 Offering”) by the Company of an aggregate 3,000,000 shares of the Company’s common stock, par value \$0.025 per share (“Shares”) and warrants to purchase up to an aggregate of 3,000,000 shares of common stock (the “Warrants”), at a combined public offering price of \$4.13 per unit comprised of one Share and one Warrant. The January 2017 Offering closed on January 30, 2017, upon satisfaction of customary closing conditions. The Company received approximately \$11,000,000 in net proceeds from the Offering after deducting the underwriting discount and other estimated offering expenses payable by the Company.

On June 28, 2017, the Company entered into an underwriting agreement (the “June 2017 Underwriting Agreement”) with Roth Capital Partners, LLC and Joseph Gunnar & Co., LLC, with respect to the issuance and sale in an underwritten public offering (the “June 2017 Offering”) by the Company of an aggregate of 2,000,000 shares of the Company’s common stock, \$0.025 par value per share and five year warrants to purchase up to 575,000 shares of Common Stock, including 75,000 warrants sold pursuant to the partial exercise of the underwriters' over-allotment option with an exercise price of \$1.90 per share (the “June 2017 Warrants”), at a combined public offering price of \$1.75 per share of Common Stock and quarter-warrant. Pursuant to the Underwriting Agreement, the Company agreed to issue and sell to the Underwriters for an aggregate purchase price of \$100 a warrant (the "Representatives' Warrant") to purchase up to 100,000 shares of Common Stock.

The gross proceeds to the Company from the sale of the shares and the June 2017 Warrants in the June 2017 Offering are approximately \$3,500,000, before deducting the underwriting discount and other estimated offering expenses payable by the Company.

The June 2017 Offering closed on June 30, 2017, upon satisfaction of customary closing conditions.

On July 11, 2017, pursuant to the June 2017 Offering, the Company completed the closing of the sale of 300,000 shares of the Company’s common stock, sold pursuant to the exercise by the Underwriters (defined above) of their remaining over-allotment option, pursuant to the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Company granted the Underwriters a 45-day option to purchase up to an additional 300,000 shares of Common Stock and/or 75,000 Warrants to purchase shares of Common Stock with an exercise price of \$1.90 per share. The gross proceeds to the Company from the sale of the shares and the Warrants in the over-allotment are approximately \$525,000, before deducting the underwriting discount payable by the Company.

Warrants

The 3,000,000 warrants issued in the January 2017 Offering are exercisable for five years from issuance and have an exercise price equal to \$5.16. The Warrants are listed on The NASDAQ Capital Market under the symbol “MRDNW.”

In addition, pursuant to the underwriting agreement, the Company granted the underwriters a 45-day option to purchase up to an additional 450,000 shares and/or 450,000 warrants. The underwriters elected to purchase 112,871 warrants under this option for net proceeds of approximately \$1,200.

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The 575,000 warrants issued in the June 2017 Offering are exercisable for five years from issuance and have an exercise price equal to \$1.90. The Warrants are listed on The NASDAQ Capital Market under the symbol “MRDNW.”

The 100,000 warrants issued in the June 2017 Offering are exercisable from December 25, 2017 through December 25, 2022 and have an exercise price equal to \$2.19.

The 75,000 warrants issued in the over-allotment are exercisable for five years from issuance and have an exercise price equal to \$1.90. The Warrants are listed on The NASDAQ Capital Market under the symbol “MRDNW.”

The 2,227,800 warrants issued in July and August as part of the Series D preferred stock offering are exercisable for 5 years and have an exercise price equal to \$1.44.

A summary of the status of the Company’s outstanding stock warrants for the period ended September 30, 2017 is as follows:

	Number of Shares	Average Exercise Price	Expiration Date
Outstanding - December 31, 2016	148,777	\$ 3.02	
Granted – January 30, 2017	3,112,871	5.16	January 31, 2022
Granted – June 30, 2017	575,000	1.90	June 30, 2022
Granted – June 30, 2017	100,000	2.19	June 30, 2022
Granted – July 11, 2017	75,000	1.90	July 11, 2022
Granted – July and August, 2017	2,227,800	1.44	July and August 2022
Exercised	148,777	3.02	
Outstanding, September 30, 2017	6,090,671	\$ 3.40	
Warrants exercisable at September 30, 2017	6,090,671		

Stock Options

A summary of the Company's stock options as of and for the nine months ended September 30, 2017 are as follows:

	Number of Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (1)
Outstanding at December 31, 2016	12,250	\$ 19.35	\$ 4.78	4.84	-
For the nine months ended September 30, 2017					
Forfeited	778	19.35	\$ 4.78	-	-
Outstanding at September 30, 2017	11,472	\$ 19.35	\$ 4.78	4.10	-
Outstanding and Exercisable at September 30, 2017	3,660	\$ 19.35	\$ 4.78	4.10	-

(1) The aggregate intrinsic value is based on the \$1.25 closing price as of September 30, 2017 for the Company's Common Stock.

The following information applies to options outstanding at September 30, 2017:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Underlying Options	Weighted Average Remaining Contractual Life	Number Exercisable	Exercise Price
\$12.00	222	4.10	222	\$ 12.00
\$20.00	11,250	4.10	3,438	\$ 20.00
	11,472	4.10	3,660	

At September 30, 2017 there was \$42,515 of unrecognized compensation cost related to stock options, with expense expected to be recognized ratably over the next 3 years.

NOTE 9 – FAIR VALUE MEASUREMENT

ASC Topic 820 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data and requires disclosures for assets and liabilities measured at fair value based on their level in the hierarchy. Also, ASC Topic 820 provides clarification that in circumstances, in which a quoted price in an active market for the identical liabilities is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update.

The standard describes a fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Input other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets of liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company had no instruments recorded on the September 30, 2017 balance sheet that are measured at fair value on a recurring basis.

From time to time, certain assets may be recorded at fair value on a non-recurring basis. These non-recurring fair value adjustments typically are the result of impairment determinations. Fair value adjustments of approximately \$221,000 were recorded on the Company's capitalized software for the nine months ended September 30, 2017.

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The initial fair value of the warrants associated with the series D offering was determined using the Black Scholes Model, which is a level 3 valuation model in the fair value hierarchy. The significant inputs used were as follows:

- current stock price	\$1.20 - \$1.34
- exercise price	\$1.44
- time to maturity	5 years
- risk-free interest rate	1.63% - 1.79%
- estimated volatility	149%

NOTE 10 – LEASES

The Company is obligated under capital leases for buildings and vehicles that expire at various dates through 2043. Property and equipment and related accumulated amortization recorded under capital leases consists of the following:

September 30,	2017
Gross asset value	\$5,028,147
Less accumulated amortization	(431,261)
Net book value	\$4,596,886

Amortization expense of approximately \$430,000 for assets held under capital lease obligations is included in depreciation and amortization for the nine months ended September 30, 2017.

Future minimum capital lease payments were as follows at September 30, 2017:

September 30, 2018	\$877,652
September 30, 2019	860,709
September 30, 2020	819,604
September 30, 2021	831,125
September 30, 2022	626,155
Thereafter	6,581,830
Total payments	10,597,075
Less interest	(3,813,251)
	6,783,824
Less current	(536,937)
	\$6,246,887

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Landfill Host Agreements

The Company has host agreements with the City of Petersburg (the “City”) and the County of Lunenburg (the “County”), collectively (the “Municipalities”) related to the operation of its landfills.

Key aspects of the agreements include the following:

The Company is required to pay the Municipalities a host fee of \$1 per ton for each ton of waste disposed of in its landfills or its transfer station, regardless of where the waste is actually deposited, The host fee related for the Lunenburg Landfill is guaranteed to be at least \$150,000 per year to the County for the life of the agreement whether or not such volume has been received in the landfill.

As part of the host agreement, The CFS Group has also agreed to accept municipal solid waste generated by the Municipalities themselves and by curbside collection within the Municipalities.

The Company is also required to pay the Municipalities fifty percent of all net revenues generated from the sale of recyclable materials and methane gas from the landfills.

The Company is required to reimburse each Municipality up to a maximum of \$55,000 per year to defray costs and expenses of employing a landfill liaison.

The Company is required to make an annual contribution of \$50,000 each Municipality to be used for a specific expenditure to be jointly agreed upon on an annual basis.

If the Tri-City Regional Landfill is sold to an entity not affiliated with The CFS Group at any time before August 31, 2019, the Company is required to remit 5% of the sales price to the City, and any purchaser must also agree to be bound under the terms of the host agreement.

In addition, the Company is required to maintain a Performance Bond as approved by Lunenburg County which would be used to pay for mitigation and remediation as may be necessary as a result of the operation of the Lunenburg landfill. As an alternative to the Performance Bond, the County has permitted the Company to establish a cash Mitigation Fund. The Company is required to deposit \$50,000 per year into the Mitigation Fund until the fund reaches \$1,500,000. The Company has deposited \$50,000 during the nine months ended September 30, 2017.

Environmental Risks

We are subject to liability for environmental damage that our solid waste facilities may cause, including damage to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, including damage resulting from conditions existing prior to the acquisition of such facilities. Pollutants or hazardous substances whose transportation, treatment or disposal was arranged by us or our predecessors, may also subject us to liability for any off-site environmental contamination caused by these pollutants or hazardous substances.

Any substantial liability for environmental damage incurred by us could have a material adverse effect on our financial condition, results of operations or cash flows. As of the date of these condensed consolidated financial statements, we estimate the range of reasonably possible losses related to environmental matters to be insignificant and are not aware of any such environmental liabilities that would be material to our operations or financial condition.

General Legal Proceedings

The Company evaluates potential loss contingencies in accordance with ASC 450 – Contingencies (“ASC 450”). ASC 450 requires the Company to evaluate the likelihood of material loss to determine whether any specific accounting or disclosure is required. If the likelihood of loss is deemed probable and the cost is estimable, the Company accrues the estimated loss in its financial statements and discloses the nature of the matter. If the probable loss cannot be estimated, the Company discloses the nature of the matter noting the likelihood of loss. If the likelihood of loss is deemed reasonably possible, the Company will disclose such matter including an estimate of loss if the loss is estimable. If the loss is not estimable, such fact will be disclosed. If the likelihood of loss is considered remote, no accrual or disclosure is made.

In the normal course of our business and as a result of the extensive governmental regulation of the solid waste industry, we may periodically become subject to various judicial and administrative proceedings involving federal, state or local agencies. In these proceedings, an agency may seek to impose fines on us or revoke or deny renewal of an operating permit or license that is required for our operations. From time to time, we may also be subject to actions brought by adjacent landowners or residents in connection with the permitting and licensing of transfer stations and landfills or allegations related to environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we may become party to various claims and suits for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of a waste management business. No provision has been made in the condensed consolidated financial statements for such matters. We do not currently believe that the possible losses in respect of outstanding litigation matters would have a material adverse impact on our business, financial condition, results of operations or cash flows.

NOTE 12 – EQUITY AND INCENTIVE PLANS

Effective March 10, 2016, the Board of Directors (the “Board”) of the Company approved, authorized and adopted the 2016 Equity and Incentive Plan (the “Plan”) and certain forms of ancillary agreements to be used in connection with the issuance of stock and/or options pursuant to the Plan (the “Plan Agreements”). The Plan provides for the issuance of up to 375,000 shares of common stock, par value \$.025 per share (the “Common Stock”), of the Company through the grant of nonqualified options (the “Non-qualified options”), incentive options (the “Incentive Options” and together with the Non-qualified Options, the “Options”) and restricted stock (the “Restricted Stock”) to directors, officers, consultants, attorneys, advisors and employees.

On March 11, 2016, the Company entered into a restricted stock agreement with Mr. Jeff Cosman, CEO, (the “Cosman Restricted Stock Agreement”), pursuant to which 212,654 shares of the Company’s common stock, subject to certain restrictions set forth in the Cosman Restricted Stock Agreement, were issued to Mr. Cosman pursuant to the Cosman Employment Agreement and the Plan.

The entire 212,654 shares fully cliff vested on January 1, 2017. The expense related to this award totaled \$2,764,502 which was recognized ratably over the service period through December 31, 2016. Accordingly the stock based compensation related to this award for the six months ended June 30, 2017 was nil.

The restricted stock roll forward is as follows:

	Shares	Fair Value
Unvested Restricted Stock balance, December 31, 2016	212,654	\$ 13.00
Vested	(212,654)	\$ 13.00
Unvested, September 30, 2017	-	\$-

Unrecognized compensation cost at June 30, 2017 was nil.

NOTE 13 – VARIABLE INTEREST ENTITY

The CFS Group owns 20% of the Tri-City Recycling Center, (“TCR”), which has been treated as a variable interest entity in these condensed consolidated financial statements. TCR leases a facility to the Company used in the operation of the Tri-City Regional Landfill in Petersburg. The sole source of TCR’s revenues is lease payments from the Company. While the creditors of TCR do not have general recourse to the assets of the Company, there is an obligation to perform by the Company under the leases which collateralize mortgage obligations. The terms of the lease are for a period of 20 years with a 10 year renewal option. The lease includes an annual escalation in rent payments of 1.5%. The equity, income and any contributions or distributions of equity are reported under non-controlling interest in the consolidated financial statements of the Company. Total assets, liabilities, income and expenses of TCR in the condensed consolidated financial statements at September 30, 2017 are approximately \$408,000, \$1,262,000, \$215,000 and \$65,000, respectively.

At September 30, 2017, total liabilities include the mortgage obligations of TCR in the aggregate of approximately \$1,262,000, collateralized by the net book value of the facilities under lease by the Company of approximately \$408,000.

NOTE 14 – SEGMENT AND RELATED INFORMATION

Historically, the Company had one operating segment. However, with the acquisition of The Mid-Atlantic segment during the nine months ended September 30, 2017, the Company’s operations are now managed through two operating

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segments: Mid-Atlantic and Midwest regions. These two operating segments and corporate are presented below as its reportable segments. The historical results, discussion and presentation of the Company's reportable segments are the result of its integrated waste management services consisting of collection, transfer, recycling and disposal of non-hazardous solid waste. Summarized financial information concerning our reportable segments for the nine months ended September 30, 2017 is shown in the following table:

	Service Revenues	Net Income (loss)	Depreciation and Amortization	Capital Expenditures	Goodwill	Total Assets
Mid-Atlantic	\$13,680,000	\$(4,118,000)	\$ 5,100,000	\$ 3,726,000	\$6,014,000	\$57,400,000
Midwest	26,273,000	(2,796,000)	6,500,000	6,746,000	7,234,000	46,900,000
Corporate	-	(10,252,000)	100,000	100,000	-	1,100,000
Total	\$39,953,000	\$(17,166,000)	\$ 11,700,000	\$ 10,572,000	\$ 13,248,000	\$ 105,400,000

NOTE 15 – SUBSEQUENT EVENTS

Acquisition of DxT Medical, LLC

On October 16, 2017, Mobile Science Technologies, Inc., a wholly owned subsidiary of the Company entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) by and among, an individual residing in the State of South Carolina, and Corral Court Capital LLC, a Georgia limited liability company, as sellers (together, the “Seller”), the Company, as parent, and Mobile Science Technologies, Inc., as buyer (“Buyer”), pursuant to which Buyer acquired from Seller all of Seller’s right, title and interest in and to 100% of the membership interests (the “Membership Interests”) of DxT Medical, LLC, a South Carolina limited liability company that owns and operates a national healthcare distribution business. As consideration for the Membership Interests, the Company issued to the Seller an aggregate of 350,000 restricted shares of the Company’s common stock, par value \$0.025 per share, allocated in accordance with the terms of the Purchase Agreement.

Closing of Securities Purchase Agreement: Amendment to Certificate of Incorporation and Issuance of Series E Preferred Stock

In October and November of 2017, the Company received \$2,290,000 in funding (the “Funding”) in connection with a private placement offering to accredited investors (the “Offering”) of up to \$3,000,000 of units (the “Units”), with each Unit comprised of (i) one (1) share of Series E Preferred Stock, par value \$0.001 per share (the “Series E Preferred Stock”) and (ii) fifteen (15) warrants (the “Warrants”) to purchase shares of the Company’s common stock. In connection with the Funding, the Company entered into a definitive securities purchase agreement (the “Securities Purchase Agreement”) with accredited investors (the “Investor”), and an aggregate of 229,000 shares of Series E Preferred Stock and 3,435,000 Warrants was issued, for aggregate gross proceeds to the Company of \$2,290,000. The Warrants are five year warrants to purchase shares of Common Stock at an exercise price of \$1.20 per share, exercisable beginning six months after the date of issuance thereof. The Warrants provide for cashless exercise to the extent that there is no registration statement available for the underlying shares of Common Stock.

The Company is utilizing the services of Garden State Securities, Inc., a FINRA-registered placement agent and Carter, Terry & Co., a FINRA-registered placement agent, for the Offering. In connection with this Offering, the Company will pay such placement agents an aggregate cash fee of \$141,000 and will issue to such placement agent or its designees 167,500 Warrants. The net proceeds to the Company from the Closing, after deducting the foregoing fees and other Offering expenses, are expected to be approximately \$2,000,000.

Effective October 17, 2017, in connection with the Offering, the Company and the Investor entered into a Registration Rights Agreement (the “Registration Rights Agreement”). Pursuant to the Registration Rights Agreement, the Company shall prepare and, as soon as practicable, but in no event later than 10 days from the date of the effectiveness of the resale registration statement filed in connection with the offering of units that included shares of the Company’s Series D Preferred Stock, file with the SEC an initial Registration Statement on Form S-3 covering the resale of all shares of Common Stock comprising the Units, including shares of Common Stock underlying the Warrants, or the largest amount thereof permissible. The Company shall use its best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of the Registration Rights Agreement, declared effective by the SEC as soon as practicable.

On October 21, 2017, the Company amended its Certificate of Incorporation by filing the Certificate of Amendment of the Certificate of Incorporation of the Company with the Secretary of State of the State of New York (the “Amendment to Certificate”), which established 300,000 shares of the Series E Preferred Stock, having such designations, rights and preferences as set forth in the Series E Designations, as determined by the Company’s Board of Directors in its sole discretion, in accordance with the Company’s Certificate of Incorporation and bylaws.

The shares of Series E Preferred Stock have a stated value of \$10.00 per share and, subject to the approval of a majority of the Company’s shareholders (“Shareholder Approval”), are convertible into Common Stock at a price of \$1.00 per share, and earn dividends at the rate of 20% per annum, with such dividends for the first year earned in advance, to be issued in the form of common stock following Shareholder Approval. The Company and certain key stockholders of the Company entered into a voting agreement with the Investor related to the obtaining of Shareholder Approval (the “Voting Agreement”).

Capital Leases

In October of 2017, the Company leased equipment to be installed at its Petersburg, Virginia and Lunenburg, Virginia landfill facilities. The total cost of the equipment is approximately \$2,900,000, 20% paid up front and the remaining balance payable over the next 36 months at an annual interest rate of 5.95%.

American Science and Technology Corporation License Agreement and Lease

Effective November 9, 2017, Meridian Innovations, LLC (“Innovations”), a wholly owned subsidiary of the Company, as licensee, entered into an Exclusive Commercial Patent License Agreement (the “License Agreement”) with American Science and Technology Corporation (“AST”), as licensor, and a principal shareholder of AST. Pursuant to the License Agreement, effective January 1, 2018, AST will grant to Innovations an exclusive commercial license in, to and under certain licensed patents to make, have made, use, offer to sell, market, advertise, sell, dispose of, and import certain licensed products, for a term of 24 months, unless terminated earlier. Pursuant to the License Agreement, on January 1, 2018, Innovations will pay to AST \$200,000 and the Company will issue to AST 200,000 shares of the Company’s restricted common stock, and, beginning effective January 1, 2019, Innovations will pay to AST a monthly license fee of \$50,000.

Effective November 9, 2017, in connection with the License Agreement, Innovations, as tenant, entered into a Commercial Lease (the “Lease”) with AST, as landlord, and the Company, as guarantor. Pursuant to the Lease, effective January 1, 2018, AST will lease to Innovations the premises located at 6445 Packer Drive, Wausau, Wisconsin and all improvements located thereon and all equipment and fixtures located therein, for a term of 24 months, unless terminated earlier. Pursuant to the Lease, on January 1, 2018, Innovations will pay to AST \$300,000 and the Company will issue to AST 300,000 shares of the Company’s restricted common stock, and, beginning effective January 1, 2019, Innovations will pay to AST a monthly rent of \$75,000. Pursuant to the Lease, Innovations and AST entered into an Option Agreement (the “Option”), granting Innovations the option to purchase the assets of AST for \$2,500,000, in addition to certain royalty and other future payments.

On November 7, 2017, the Company entered into an Investment Agreement (the “Investment Agreement”) with YA II PN, LTD (“YA”). Pursuant to the terms of the Investment Agreement, for a period of twenty-four months commencing on the date of execution and delivery of the Investment Agreement, YA has committed to purchase up to \$10,000,000 (the “Commitment Amount”) of the Company’s common stock, par value \$0.025 per share (the “Advance Shares”). At its option, the Company may require YA to purchase the Advance Shares at the price of \$1.00 per Advance Share, subject to and in accordance with the terms and conditions of the Investment Agreement, including, without limitation, the requirement that the Advance Shares be registered and that the Market Price (as defined in the Investment Agreement) is at least \$1.20. The Company is not required to make any minimum sale of the Advance Shares and there is no applicable non-usage fee. The Company may terminate the Investment Agreement at any time,

provided there are no Advance Shares required to be delivered and no other amounts are owed by the Company to YA, and, in the event that such termination occurs prior to May 8, 2018, the Company shall pay a termination fee of \$100,000.

As further consideration for YA entering into the Investment Agreement, the Company shall pay to YA a commitment fee in the amount of \$250,000, in the form of 242,718 shares of Common Stock to be registered pursuant to the Company's Registration Statement on Form S-3 (File No. 216621).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We intend for this discussion to provide information that will assist in understanding our condensed consolidated financial statements, the changes in certain key items in those condensed consolidated financial statements, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our condensed consolidated financial statements. This discussion should be read in conjunction with our condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2017, included elsewhere in this report.

Plan of Operation

The platform operation of the Company is our subsidiary Meridian Waste Missouri, LLC formerly known as Here To Serve Missouri Waste Division, LLC ("HTS Waste"). HTS Waste is in the business of non-hazardous solid waste collection. Our revenue is generated primarily by collection services provided to residential customers, as well as commercial and temporary roll-off customers. The Company's agreement with Goldman Sachs Specialty Lending Group, has allowed the Company to focus on pursuing waste solutions opportunities in the Midwest, in order to differentiate itself from its larger competitors. With respect to our platform operation in St. Louis, the Company is focused on building in and around this initial marketplace. We are continuing to evaluate our infrastructure needs, placing importance on revenue and cash-flow growth. The Company is specifically focused on bidding for municipal contracts in the St. Louis market, as well as acquisitions throughout the Midwest to drive this plan. The Company plans to remain vigilant in identifying the many solutions in the waste industry and adapting to the changing landscape in order to maximize the returns of its capital in the marketplace. The Company has executed its first step with its agreement with Goldman Sachs Specialty Lending Group to build the capital structure needed to execute its forward strategy.

The CFS Group, LLC; The CFS Disposal & Recycling Services, LLC; RWG5, LLC

On February 15, 2017, the Company consummated the closing of the Membership Interest Purchase Agreement by and between the Company and Waste Services Industries, LLC, pursuant to which the Company purchased from Waste Services Industries, LLC 100% of the membership interests of The CFS Group, LLC, The CFS Disposal & Recycling Services, LLC, RWG5, LLC (collectively, the "CFS Companies"), in exchange for the following: (i) \$40,000,000 in cash and assumption of certain capital leases, subject to a working capital adjustment in accordance with Section 2.6 of the such purchase agreement and (ii) 500,000 shares of the Company's common stock.

Collectively, the CFS Companies are non-hazardous solid waste management companies providing collection and transfer services for more than 30,000 commercial, industrial and residential customers in Virginia, with main facilities in Petersburg, Virginia and satellite facilities in Lunenburg, Virginia and Prince George, Virginia. Along with collection operations in Petersburg, the CFS Companies operate a transfer station, in Lunenburg, and own two landfills, in Petersburg and Lunenburg. Our acquisition of the CFS Companies is a key element of our strategy to create the vertically integrated infrastructure needed to expand our operations.

Executive Overview

General Overview of Our Business

The following table reflects the total revenue of the Company for the nine months ended September 30, 2017, 2016 and 2015 (dollars in thousands):

	September 30, 2017		2016		2015
	\$	% Increase	\$	% increase	\$
Revenue	39,953	67	% 23,884	145	% 9,733

Our revenue for the nine months ended September 30, 2017 has grown significantly over the comparable 2016 period primarily due to the acquisition of the CFS group, LLC. As our revenues continue to grow in our existing markets, we plan to increase the rate of this growth by increasing our presence in the commercial and “roll-off” business. Roll-off service is the hauling and disposal of large waste containers (typically between 10 and 40 cubic yards) that are loaded on to and off of the collection vehicle. Management also expects continued growth through additional mergers and acquisitions. The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the related notes thereto.

Results of Operations

Summary of Statements of Operations for the Nine Months Ended September 30, 2017 and 2016:

	Nine Months Ended	
	September 30, 2017	September 30, 2016
Revenue	\$39,953,055	\$23,883,663
Operating expenses	\$28,716,137	\$15,171,532
Selling, general and administrative	\$11,206,616	\$14,375,418
Depreciation and amortization	\$11,705,198	\$5,338,919
Other income (expenses), net	\$(4,417,959)	\$(1,751,101)
Net loss attributable to common stockholders	\$(20,175,458)	\$14,322,082
Basic net loss per share	\$2.44	\$11.92

Historically, the Company had one operating segment. However, with the acquisition of The CFS Group during the nine months ended September 30, 2017, the Company’s operations are now managed through two operating segments: Mid-Atlantic and Midwest regions. These two operating segments and corporate are presented below as its reportable segments.

	Service Revenues	Net Income (loss)	Depreciation and Amortization	Capital Expenditures	Goodwill	Total Assets
Mid-Atlantic	\$13,680,000	\$(4,118,000)	\$5,100,000	\$3,726,000	\$6,014,000	\$57,400,000
Midwest	26,273,000	(2,796,000)	6,500,000	6,746,000	7,234,000	46,900,000
Corporate	-	(10,252,000)	100,000	100,000	-	1,100,000
Total	\$39,953,000	\$(17,166,000)	\$11,700,000	\$10,572,000	\$13,248,000	\$105,400,000

Revenue

The Company's revenue for the nine months ended September 30, 2017 was \$39,953,055, a 67% increase over the nine months ended September 30, 2016 of \$23,883,663. This increase is primarily driven by the acquisition of the CFS Group on February 15, 2017. The CFS Group added approximately \$13,680,000 in revenue for the nine months ended September 30, 2017. The continued organic growth of the Midwest segment also contributed to the revenue increase. The Midwest segment revenue increased approximately \$2,400,000 for the 9 months ended September 30, 2017 as compared to the 9 months ended September 30, 2016. This increase was the result of approximately \$1,800,000 of organic growth and approximately \$600,000 of increased prices.

Operating Expenses

Operating expenses were \$28,716,137 or approximately 72% of revenue, for the nine months ended September 30, 2017 as compared to \$15,171,532, or 64% of revenue, for the nine months ended September 30, 2016. This is an increase of 8% from the nine months ended September 30, 2016. The increase is primarily due to increased labor costs in 2017 in our Midwest segment. Operating labor expenses for the 2016 period were 19.5% of revenue, whereas 2017 expenses are 27.1% of revenue. The reason for this is twofold; first, the Company needed to increase driver wages to help stabilize the work force and avoid turnover, second, add-on revenue from the new St. Louis contracts has not materialized as quickly as expected, but the Company has increased its labor force to service the expected increased revenue.

Selling, general and administrative

The high level of selling, general and administrative expenses for the 9 months ended September 30, 2017 and 2016 is due to recurring expenses, including professional fees, compensation, insurance and rental expense. Selling, general and administrative expenses were \$11,206,616 or approximately 28% of revenue, for the nine months ended September 30, 2017 as compared to \$14,375,418 or approximately 60% of revenue, for the nine months ended September 30, 2016. This is a decrease of 32% from the nine months ended September 30, 2016. This decrease is the result of an approximate \$6,000,000 decrease in stock based compensation which was partially offset by approximately \$2,000,000 of incremental selling, general and administrative expenses of CFS, and increased selling, general and administrative expenses at the Midwest segment and corporate level, including salaries, insurance and professional services.

Depreciation and amortization

Depreciation and amortization was \$11,705,198 for the nine months ended September 30, 2017, a 119% increase over the nine months ended September 30, 2016 of \$5,338,919. This increase is primarily driven by two factors; the acquisition of CFS on February 15, 2017 and the approximate \$7,500,000 increase in depreciable assets of our Midwest segment during the nine months ended September 30, 2017.

Other income (expenses), net

Other income (expense), net for the nine months ended September 30, 2017, was \$(4,417,959), as compared to \$(1,751,101) for the nine months ended September 30, 2016. The change is attributable to an approximate increase in interest expense of \$3,000,000 and an increase in unrealized loss on change in fair value of derivative liability of approximately \$1,400,000 and a decrease in gain on contingent liability of \$1,000,000. Offset by an increase in gain on extinguishment of liability of approximately \$2,650,000.

Net loss attributable to common stockholders

Net loss attributable to common stockholders for nine months ended September 30, 2017, was \$20,175,458 or loss per share of \$2.44, as compared to \$14,322,082 or loss per share of \$11.92, for the nine months ended September 30, 2016. Included in net loss attributable to common stockholders for the nine months ended September 30, 2017 are deemed dividends totaling \$2,647,009 related to beneficial conversion features and preferred stock dividends of

\$241,946.

Summary of Statements of Operations for the Three Months Ended September 30, 2017 and 2016:

	Three Months Ended	
	September 30, September 30,	
	2017	2016
Revenue	\$14,840,850	\$ 8,389,326
Operating expenses	\$10,358,011	\$ 5,372,817
Selling, general and administrative	\$3,978,771	\$ 4,160,280
Depreciation and amortization	\$4,313,607	\$ 1,833,079
Other income (expenses), net	\$(2,667,105)	\$(501,149)
Net loss attributable to common stockholders	\$(7,430,223)	\$ 3,735,949
Basic net loss per share	\$0.71	\$ 2.96

Revenue

The Company's revenue for the three months ended September 30, 2017 was \$14,840,850, a 77% increase over the three months ended September 30, 2016 of \$8,389,326. This increase is primarily driven by the acquisition of the CFS Group on February 15, 2017. The CFS Group added approximately \$5,700,000 in revenue for the three months ended September 30, 2017. The continued organic growth of the Midwest segment also contributed to the revenue increase.

Operating Expenses

Operating expenses were \$10,358,011 or 70% of revenue, for the three months ended September 30, 2017 as compared to \$5,372,817 or 64% of revenue, for the three months ended September 30, 2016. This is an increase of 6% of revenue from the three months ended September 30, 2016. The increase is due to increased labor costs in 2017 in our Midwest segment. Operating labor expenses for the 2016 period were 19% of revenues, whereas 2017 expenses are 27% of revenue. The reason for this is twofold; first, the Company needed to increase driver wages to help stabilize the work force and avoid turnover, second, add-on revenue from the new St. Louis contracts has not materialized as quickly as expected, although it has improved starting in the third quarter, but the Company has increased its labor force to service the expected increased revenue. As revenue increases to expected levels from these new St. Louis contracts operating expenses as a percent of revenue will decrease.

Selling, general and administrative

The high level of selling, general and administrative expenses for the 3 months ended September 30, 2017 and 2016 is due to recurring expenses, including professional fees, compensation, insurance and rental expense. Selling, general and administrative expenses were \$3,978,771 or approximately 27% of revenue, for the three months ended September 30, 2017 as compared to \$4,160,280 or approximately 50% of revenue, for the three months ended September 30, 2016. This is a decrease of 23% from the three months ended September 30, 2016. This decrease is the result of a \$2,500,000 decrease in stock based compensation which was partially offset by approximately \$700,000 of additional selling, general and administrative expenses of CFS, and increased selling, general and administrative expenses at the Midwest segment and corporate level, including salaries, insurance and professional services.

Depreciation and amortization

Depreciation and amortization was \$4,313,607 for the three months ended September 30, 2017, a 135% increase over the three months ended September 30, 2016 of \$1,833,079. This increase is primarily driven by two factors; the acquisition of CFS on February 15, 2017 and the approximate \$7,500,000 increase in depreciable assets at September 30, 2017.

Other income (expenses), net

Other income (expense), net for the three months ended September 30, 2017, was (\$2,667,105), as compared to (\$501,149) for the three months ended September 30, 2016. The change is attributable to an approximate increase in interest expense of \$1,500,000 and a decrease in change in fair value of derivative liability of approximately \$700,000.

Net loss attributable to common stockholders

Net loss attributable to common stockholders for three months ended September 30, 2017, was \$(7,430,223) or loss per share of \$0.71, as compared to \$3,735,949 or loss per share of \$2.96, for the three months ended June 30, 2016. Included in net loss attributable to common stockholders for the three months ended September 30, 2017 are deemed dividends totaling \$531,692 related to beneficial conversion features and preferred stock dividends of \$241,946.

Segment Information

Historically, the Company had one operating segment. However with the acquisition of the CFS Group in this quarter, the Company's operations are now managed through two operating segments: Mid-Atlantic and Midwest regions.

Liquidity and Capital Resources

The following table summarizes total current assets, current liabilities and working capital at September 30, 2017, compared to December 31, 2016:

	September 30, 2017	December 31, 2016	Increase/ Decrease
Current Assets	\$ 9,030,464	\$ 6,106,225	\$ 2,924,239
Current Liabilities	\$ 14,576,563	\$ 14,873,447	\$(296,884)
Working capital (Deficit)	\$(5,546,099)	\$(8,767,222)	\$(3,221,123)

The change in working capital (deficit) is due primarily to the following changes to current assets and current liabilities. The decrease in cash of approximately \$160,000, and a decrease in short-term investments-Restricted of approximately \$1,950,000. Accounts Receivable, prepaid expenses and other current assets increased by approximately \$5,000,000. Which was predominately driven by the CFS acquisition, which contributed approximately \$4,500,000 of accounts receivable and prepaid expenses as of September 30, 2017. The derivative liability decreased by approximately \$3,300,000 and deferred compensation decreased by approximately \$770,000. Accounts payable and accrued expenses increased by approximately \$1,800,000. Deferred revenue increased by approximately \$2,100,000. Notes payable, related parties decreased by approximately \$600,000 and current portion of debt and capital leases increased by approximately \$500,000.

At September 30, 2017, we had a working capital deficit of \$5,546,099 as compared to a working capital deficit of \$8,767,222 at December 31, 2016, a decrease of \$3,221,123. For the nine months ended September 30, 2017, cash used in operating activities, was approximately \$6,300,000. In addition, as of September 30, 2017, the Company had approximately \$660,000 in cash to cover its short term cash requirements. Further, the Company has approximately \$1,600,000 of borrowing capacity for working capital needs on its multi-draw term loans and revolving commitments with Goldman Sachs as discussed below. For the nine months ended September 30, 2017, cash used in investing activities, was approximately \$5,700,000. Approximately \$4,000,000 was used for the acquisition of CFS and approximately \$2,000,000 for the purchase of equipment. For the nine months ended September 30, 2017, cash provided from financing activities, was approximately \$11,900,000. Approximately \$15,500,000 was net proceeds from the issuance of common and preferred stock offset by repayments of debt.

The Company purchased the CFS Group for total value of approximately \$39,000,000 and purchased approximately \$2,500,000 of equipment while increasing long term debt by approximately \$39,000,000 during the nine months ended September 30, 2017. The increase in debt was due to the Company borrowing on its revolving commitments with Goldman Sachs as discussed below. Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis.

Our primary uses of cash have been for acquisitions and working capital purposes to support our operations and our efforts to become a reporting company with the SEC. All funds received have been expended in the furtherance of growing our business operations, establishing our brand and making sure our work is completed with efficiency and of the highest quality. The following trends are reasonably likely to result in a material decrease in our liquidity over the near to long term:

An increase in working capital requirements to finance additional marketing efforts,

Increases in advertising, public relations and sales promotions for existing customers and to attract new customers as the company expands, and

The cost of being a public company.

We are not aware of any known trends or any known demands, commitments or events that will result in our liquidity increasing or decreasing in any material way. We are not aware of any matters that would have an impact on future operations.

We currently have no material commitments for capital expenditures.

In order to fund future expansion through acquisitions and capital expenditures, the Company may be required to raise capital through the sale of its securities on the public market. The Company may be unable to raise capital, which could have adverse consequences to the company.

We have experienced recurring operating losses in recent years. Because of these losses, the Company had negative working capital of approximately \$5,500,000 at September 30, 2017. Included in that negative working capital is approximately \$5,600,000 in deferred revenue. The Company believes that the working capital deficit can be satisfied with the preferred stock capital raise which occurred in October and November of 2017, see note 15, available borrowings on line of credit, see note 6 and cash on hand at September 30, 2017.

Net loss has already began to improve in this third quarter and the Company believes that net loss will continue to improve thereafter. This improvement in net loss is occurring through improved operations. The Company has prepared its business plan for the ensuing twelve months, and believes it has sufficient resources to operate for the ensuing 12 month period. The Company's objectives in preparing this plan include: (1) renegotiating contracts to increase revenue; (2) increasing fees on existing contracts and (3) reducing costs. The Company has already been successful in increasing rates on several recently negotiated contracts and acquiring additional contracts, both of which have been accretive to net loss and operating cash flow.

As of September 30, 2017 the Company had approximately \$660,000 in cash to cover its short term cash requirements. In addition to our cash on hand, subsequent to year-end and through November 7, 2017, the Company has raised approximately \$2,000,000 net, through its Series E Offering. See note 15. Further, the Company has approximately \$1,600,000 of borrowing capacity on its multi-draw term loans and revolving commitments available for working capital and general corporate purposes. See note 6, under the heading Goldman Sachs Credit Agreement. The Company is still evaluating raising capital through the public markets as well as looking for capital partners to assist with operating activities and growth strategies. Finally, the Company is in the process of evaluating strategic alternatives of our waste management group.

Goldman Sachs Credit Agreement

On December 22, 2015, in connection with the closing of acquisitions of Christian Disposal, LLC and certain assets of Eagle Ridge Landfill, LLC, the Company was extended certain credit facilities by certain lenders, consisting of \$40,000,000 aggregate principal amount of Tranche A Term Loans, \$10,000,000 aggregate principal amount of commitments to make Multi-Draw Term Loans and up to \$5,000,000 aggregate principal amount of Revolving Commitments. The loans are secured by liens on substantially all of the assets of the Company and its subsidiaries. The debt has a maturity date of December 22, 2020 with interest paid monthly at an annual rate of approximately 9% (subject to variation based on changes in LIBOR or another underlying reference rate). In addition, there is a commitment fee paid monthly on the unused Multi-Draw Term Loan commitments and Revolving Commitments at an annual rate of 0.5%.

The proceeds of the loans were used to partially fund the acquisitions referenced above and refinance existing debt with Praesidian, among other things. The Company re-paid in full and terminated its agreements with Praesidian

which effected the cancellation of certain warrants that the Company issued to Fund III for the purchase of 46,592 shares of the Company's common stock and to Fund III-A for the purchase of 18,060 shares of the Company's common stock. In consideration for the cancellation of the Praesidian Warrants, the Company issued to Praesidian Capital Opportunity Fund III, LP, 57,653 shares of common stock and issued to Praesidian Capital Opportunity Fund III-A, LP, 22,348 shares of common stock. Due to the early termination of the notes and cancellation of the warrants, the Company recorded a loss on extinguishment of debt of \$1,899,161 in the year ended December 31, 2015.

In addition, in connection with the credit agreement, the Company issued warrants to Goldman, Sachs & Co. for the purchase of shares of the Company's common stock equivalent to a 6.5% Percentage Interest (as defined therein) at a purchase price equal to \$449,553, exercisable on or before December 22, 2023. The warrants grant the holder certain other rights, including registration rights, preemptive rights for certain capital raises, board observation rights and indemnification. In January of 2017, the Company entered into an Amended and Restated Warrant Cancellation and Stock Issuance Agreement (the "Warrant Cancellation Agreement"). Pursuant to the Warrant Cancellation Agreement, upon the closing of a "Qualified Offering" as defined in the Warrant Cancellation Agreement, the Amended and Restated Warrant was cancelled and the Company issued to GS restricted shares of common stock in the amount equal to a 6.5% ownership interest in the Company.

The parties to the Credit Agreement have entered into certain amendments to the Credit Agreement, which provided, among other things, limited waivers by the lenders of certain failures of the Company and its affiliates to deliver certain financial statements and related deliverables and to comply with certain financial covenants under the Credit Agreement, and which amended the terms of the Credit Agreement to address such failures. Such covenant failures included, maintaining certain leverage and EBITDA ratios, exceeding maximum corporate overhead and maintaining certain liquidity. These covenant failures had no impact on the Company's borrowing capacity under the Credit Agreement. The financial covenants consist of a fixed charge coverage ratio, a leverage ratio, adjusted EBITDA, Maximum Consolidated Growth Capital Expenditures, Maximum Consolidated Corporate Overhead and a Minimum Consolidated Liquidity.

Amended and Restated Credit and Guaranty Agreement

On February 15, 2017, the Company closed an Amended and Restated Credit and Guaranty Agreement (as amended by the First Amendment to Amended and Restated Credit and Guaranty Agreement dated April 28, 2017, the "Credit Agreement"). The Credit Agreement amended and restated the Credit and Guaranty Agreement entered into as of December 22, 2015 "Prior Credit Agreement").

Pursuant to the Credit Agreement, certain credit facilities to the Companies, in an aggregate amount not to exceed \$89,100,000, consisting of \$65,500,000 aggregate principal amount of Tranche A Term Loans (the "Tranche A Term Loans"), \$8,600,000 aggregate principal amount of Tranche B Term Loans (the "Tranche B Term Loans"), \$10,000,000 aggregate principal amount of MDTL Term Loans (the "MDTL Term Loans"), and up to \$5,000,000 aggregate principal amount of Revolving Commitments (the "Revolving Commitments", and the MDTL Term Loans, the "Loans"). The principal amount of the Tranche A Term Loans in the Credit Agreement is \$25,500,000 greater than the principal amount provided in the Prior Credit Agreement; the Tranche B Term Loans were not contemplated in the Prior Credit Agreement; and the principal amount of the MDTL Term Loans and Revolving Credit Agreements in the Credit Agreement are the same as provided in the Prior Credit Agreement. The proceeds of the Tranche A Term Loans made on the Closing Date were used to pay a portion of the purchase price for the acquisitions made in connection with the closing of the Prior Credit Agreement, to refinance existing indebtedness, to fund consolidated capital expenditures, and for other purposes permitted. The proceeds of the Tranche A Term Loans and Tranche B Term Loans made on the Restatement Date shall be applied by Companies to (i) partially fund the Restatement Date Acquisition (as defined below), (ii) refinance existing indebtedness of the Companies, (iii) pay fees and expenses in connection with the transactions contemplated by the Credit Agreement, and (iv) for working capital and other general corporate purposes.

The proceeds of the Revolving Loans will be used for working capital and general corporate purposes. The proceeds of the MDTL Term Loans may be used for Permitted Acquisitions (as defined in the Credit Agreement). The Loans are evidenced, respectively, by that certain Tranche A Term Loan Note, Tranche B Term Loan Note, MDTL Note and Revolving Loan Note, all issued on February 15, 2017 (collectively, the "Notes"). Payment obligations under the Loans are subject to certain prepayment premiums, in addition to acceleration upon the occurrence of events of default under the Credit Agreement.

The amounts borrowed pursuant to the Loans are secured by a first position security interest in substantially all of the Company's and the Companies' assets. As of September 30, 2017 the balance of the Tranche A Term Loan was \$59,500,000, the balance of the revolver was \$3,405,018 and the balance of the Tranche B term Loan was \$14,600,000.

The amended and restated credit and guaranty agreement which among other things provides for the Company to deliver certain financial statements and related deliverables and to comply with certain financial covenants under the amended and restated credit and guaranty agreement. The parties to the Credit Agreement have entered into certain amendments to the Credit Agreement, which provided, among other things, limited waivers by the lenders of certain failures of the Company and its affiliates to deliver certain financial statements and related deliverables and to comply with certain financial covenants under the Credit Agreement, and which amended the terms of the Credit Agreement to address such failures. Failures included maintaining certain EBITDA amounts and leverage ratio and exceeding maximum corporate overhead. These covenant failures had no impact on the Company's borrowing capacity under the Credit Agreement. The financial covenants consist of a fixed charge coverage ratio, a leverage ratio, adjusted EBITDA, Maximum Consolidated Growth Capital Expenditures, Maximum Consolidated Corporate Overhead and a Minimum Consolidated Liquidity.

Inflation and Seasonality

Based on our industry and our historic trends, we expect our operations to vary seasonally. Typically, revenue will be highest in the second and third calendar quarters and lowest in the first and fourth calendar quarters. These seasonal variations result in fluctuations in waste volumes due to weather conditions and general economic activity. We also expect that our operating expenses may be higher during the winter months due to periodic adverse weather conditions that can slow the collection of waste, resulting in higher labor and operational costs.

Critical Accounting Policies

Basis of Consolidation

The condensed consolidated financial statements for the three and six months ended June 30, 2017 include the operations of the Company and its wholly-owned subsidiaries, and a VIE owned 20% by the Company

All significant intercompany accounts and transactions have been eliminated in consolidation.

Impairment of long-lived assets

The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Use of Estimates

Management estimates and judgments are an integral part of consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We believe that the critical accounting policies described in this section address the more significant estimates required of management when

preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Accounts Receivable

Accounts receivable are recorded at management's estimate of net realizable value. Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy and adjust our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. However, if the financial condition of our customers were to deteriorate, additional allowances may be required.

Revenue Recognition

The Company follows the guidance of ASC 605 for revenue recognition. In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable and collectability is reasonably assured.

We generally provide services under contracts with municipalities or individual customers. Municipal and commercial contracts are generally long-term and often have renewal options. Advance billings are recorded as deferred revenue, and revenue is recognized over the period services are provided. We recognize revenue when all four of the following criteria are met:

Persuasive evidence of an arrangement exists such as a service agreement with a municipality, a hauling customer or a disposal customer;

Services have been performed such as the collection and hauling of waste;

The price of the services provided to the customer is fixed or determinable. And

Collectability is reasonably assured.

Business Combinations

The acquisition was accounted for by the Company using acquisition method under business combination accounting. Under this method, the purchase price paid by the acquirer is allocated to the assets acquired and liabilities assumed as of the acquisition date based on the fair value. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. Certain amounts below are provisional based on our best estimates using information available as of the reporting date. The Company is waiting for information to become available to finalize its valuation of certain elements of this transaction. Specifically, the assigned values for property, plant and equipment, trade names and trademarks, landfill permits, customer relationships, capital leases payable, mortgage payable, asset retirement obligations and goodwill are provisional in nature and subject to change upon the completion of the final valuation of such elements. All fair value measurements of acquired assets and liabilities assumed are non-recurring in nature and classified as level 3 on the fair value hierarchy.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

Goodwill

Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the Asset Impairments section below, we assess our goodwill for impairment at least annually.

Landfill Accounting

Capitalized landfill costs

Cost basis of landfill assets — we capitalize various costs that we incur to make a landfill ready to accept waste. These costs generally include expenditures for land (including the landfill footprint and required landfill buffer property); permitting; excavation; liner material and installation; landfill leachate collection systems; landfill gas collection systems; environmental monitoring equipment for groundwater and landfill gas; and directly related engineering, capitalized interest, on-site road construction and other capital infrastructure costs. The cost basis of our landfill assets also includes asset retirement costs, which represent estimates of future costs associated with landfill final capping, closure and post-closure activities. These costs are discussed below.

Final capping, closure and post-closure costs — Following is a description of our asset retirement activities and our related accounting:

Final capping — Involves the installation of flexible membrane liners and geosynthetic clay liners, drainage and compacted soil layers and topsoil over areas of a landfill where total airspace capacity has been consumed. Final capping asset retirement obligations are recorded on a units-of-consumption basis as airspace is consumed related to the specific final capping event with a corresponding increase in the landfill asset. The final capping is accounted for as a discrete obligation and recorded as an asset and a liability based on estimates of the discounted cash flows and capacity associated with the final capping.

Closure — Includes the construction of the final portion of methane gas collection systems (when required), demobilization and routine maintenance costs. These are costs incurred after the site ceases to accept waste, but before the landfill is certified as closed by the applicable state regulatory agency. These costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing closure activities.

Post-closure — Involves the maintenance and monitoring of a landfill site that has been certified closed by the applicable regulatory agency. Generally, we are required to maintain and monitor landfill sites for a 30-year period. These maintenance and monitoring costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Post-closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing post-closure activities.

We develop our estimates of these obligations using input from our operations personnel, engineers and accountants. Our estimates are based on our interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value. Absent quoted market prices, the estimate of fair value is based on the best available information, including the results of present value techniques. In many cases, we contract with third parties to fulfill our obligations for final capping, closure and post closure. We use historical experience, professional engineering judgment and quoted and actual prices paid for similar work to determine the fair value of these obligations. We are required to recognize these obligations at market prices whether we plan to contract with third parties or perform the work ourselves. In those instances where we perform the work with internal resources, the incremental profit margin realized is recognized as a component of operating income when the work is performed.

Once we have determined the final capping, closure and post-closure costs, we inflate those costs to the expected time of payment and discount those expected future costs back to present value. During the year ended December 31, 2015 we inflated these costs in current dollars until the expected time of payment using an inflation rate of 2.5%. We discounted these costs to present value using the credit-adjusted, risk-free rate effective at the time an obligation is incurred, consistent with the expected cash flow approach. Any changes in expectations that result in an upward revision to the estimated cash flows are treated as a new liability and discounted at the current rate while downward revisions are discounted at the historical weighted average rate of the recorded obligation. As a result, the credit-adjusted, risk-free discount rate used to calculate the present value of an obligation is specific to each individual asset retirement obligation. The weighted average rate applicable to our long-term asset retirement obligations at December 31, 2015 is approximately 8.5%.

We record the estimated fair value of final capping, closure and post-closure liabilities for our landfills based on the capacity consumed through the current period. The fair value of final capping obligations is developed based on our estimates of the airspace consumed to date for the final capping. The fair value of closure and post-closure obligations is developed based on our estimates of the airspace consumed to date for the entire landfill and the expected timing of each closure and post-closure activity. Because these obligations are measured at estimated fair value using present value techniques, changes in the estimated cost or timing of future final capping, closure and post-closure activities could result in a material change in these liabilities, related assets and results of operations. We assess the appropriateness of the estimates used to develop our recorded balances annually, or more often if significant facts change.

Changes in inflation rates or the estimated costs, timing or extent of future final capping, closure and post-closure activities typically result in both (i) a current adjustment to the recorded liability and landfill asset and (ii) a change in

liability and asset amounts to be recorded prospectively over either the remaining capacity of the related discrete final capping or the remaining permitted and expansion airspace (as defined below) of the landfill. Any changes related to the capitalized and future cost of the landfill assets are then recognized in accordance with our amortization policy, which would generally result in amortization expense being recognized prospectively over the remaining capacity of the final capping or the remaining permitted and expansion airspace of the landfill, as appropriate. Changes in such estimates associated with airspace that has been fully utilized result in an adjustment to the recorded liability and landfill assets with an immediate corresponding adjustment to landfill airspace amortization expense.

Remaining permitted airspace — Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is used to compare the existing landfill topography to the expected final landfill topography.

Expansion airspace — We also include currently unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. First, to include airspace associated with an expansion effort, we must generally expect the initial expansion permit application to be submitted within one year and the final expansion permit to be received within five years. Second, we must believe that obtaining the expansion permit is likely, considering the following criteria:

- o Personnel are actively working on the expansion of an existing landfill, including efforts to obtain land use and local, state or provincial approvals;
- o We have a legal right to use or obtain land to be included in the expansion plan;
- o There are no significant known technical, legal, community, business, or political restrictions or similar issues that could negatively affect the success of such expansion; and
- o Financial analysis has been completed based on conceptual design, and the results demonstrate that the expansion meets the Company's criteria for investment.

For unpermitted airspace to be initially included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. Once the unpermitted airspace is included, our policy provides that airspace may continue to be included in remaining permitted and expansion airspace even if certain of these criteria are no longer met as long as we continue to believe we will ultimately obtain the permit, based on the facts and circumstances of a specific landfill.

When we include the expansion airspace in our calculations of remaining permitted and expansion airspace, we also include the projected costs for development, as well as the projected asset retirement costs related to the final capping, closure and post-closure of the expansion in the amortization basis of the landfill.

Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor ("AUF") is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys and is then adjusted to account for future settlement. The amount of settlement that is forecasted will take into account several site-specific factors including current and projected mix of waste type, initial and projected waste density, estimated number of years of life remaining, depth of underlying waste, anticipated access to moisture through precipitation or recirculation of landfill leachate, and operating practices. In addition, the initial selection of the AUF is subject to a subsequent multi-level review by our engineering group, and the AUF used is reviewed on a periodic basis and revised as necessary. Our historical experience generally indicates that the impact of settlement at a landfill is greater later in the life of the landfill when the waste placed at the landfill approaches its highest point under the permit requirements.

After determining the costs and remaining permitted and expansion capacity at our landfill, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for the landfill for assets associated with each final capping, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future. These rates per ton are updated annually, or more often, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that expansion capacity should no longer be considered in calculating the recoverability of a landfill asset, we may be required to recognize an asset impairment or incur significantly higher amortization expense. If at any time management makes the decision to abandon the expansion effort, the capitalized costs related to the expansion effort are expensed immediately.

Deferred Revenue

The Company records deferred revenue for customers that were billed in advance of services. The balance in deferred revenue represents amounts billed in January, February and March for services that will be provided during April, May and June.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718.

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also require measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the service period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the quarter ended September 30, 2017 and 2016 that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our interests.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Our chief executive officer and chief financial officer, with the participation of management, have evaluated the effectiveness of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) and determined that our disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weakness in internal control over financial reporting as described below.

Material Weakness in Internal Control over Financial Reporting

As described in Management’s Report On Internal Control Over Financial Reporting in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2016, we determined that we did not maintain effective internal control over the accounting including: (1) lack of an audit committee; (2) lack of form authorization and timely approval with related parties and for significant corporate transactions; (3) lack of segregation of duties; and (4) lack of review and disclosure controls.

Although we have made progress in the remediation of these issues, as indicated below, sufficient time needs to pass before we can conclude that newly implemented controls are operating effectively and that the material weaknesses have been adequately remediated. Notwithstanding the material weaknesses in our internal control over financial reporting, we have concluded that the interim condensed consolidated financial statements and other financial information included in this Quarterly Report on Form 10-Q, fairly present in all material respects our financial condition, results of operations and cash flows as of, and for, the periods presented.

Remediation of Material Weakness in Internal Control over Financial Reporting

As noted in the Form 10-K for the year ended December 31, 2016, an audit committee has been established. The Company is also actively evaluating its internal control structure to identify the need for additional resources to ensure appropriate segregation of duties. We expect to make additional improvements and enhancements during the remainder of 2017. When fully implemented and operational, we believe the enhanced procedures will remediate the material weaknesses we have identified and generally strengthen our internal control over financial reporting. The material weaknesses will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Our goal is to remediate this material weakness during the fiscal year ending 2018, subject to there being sufficient opportunities to conclude, through testing, that the enhanced control is operating effectively.

(b) Changes in Internal Control over Financial Reporting.

As part of the acquisition of CFS the Company acquired additional accounting personnel. In addition the Company created a director of SEC compliance position to amongst other things oversee the internal control over the financial reporting process. There have been no other changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our annual report on Form 10-K for the year ended December 31, 2016, filed with the SEC on April 17, 2017, other than disclosed below.

Our common stock is listed on The NASDAQ Capital Market and if we do not maintain compliance with NASDAQ Marketplace Rules our common stock may be delisted from the NASDAQ Capital Market.

To keep our listing on The NASDAQ Capital Market, we are required to maintain: (i) a minimum bid price of \$1.00 per share, (ii) a certain public float, (iii) a certain number of round lot shareholders and (iv) one of the following: a net income from continuing operations (in the latest fiscal year or two of the three last fiscal years) of at least \$500,000, a market value of listed securities of at least \$35 million or a stockholders' equity of at least \$2.5 million. On August 24, 2017, we were notified by the NASDAQ Listing Qualifications Department that we were not in compliance because we do not currently have a stockholders' equity of at least \$2.5 million. We were granted a 180-calendar day period within which to regain compliance, which ends on February 20, 2018. To regain compliance, we are required to demonstrate a stockholders' equity of at least \$2.5 million. Although we plan on being able to meet the requisite continues listing requirements, we may fail to comply with such requirement.

In the event that in the future we are notified that we no longer comply with NASDAQ's corporate governance requirements, and we fail to regain compliance within the applicable cure period, our common stock could be delisted from The NASDAQ Capital Market.

If our common stock is delisted, trading of the stock will most likely take place on the Over the Counter Market Place. An investor is likely to find it less convenient to sell, or to obtain accurate quotations in seeking to buy, our common stock on an over-the-counter market, and many investors may not buy or sell our common stock due to difficulty in

accessing over-the-counter markets, or due to policies preventing them from trading in securities not listed on a national exchange or other reasons. For these reasons and others, delisting would adversely affect the liquidity, trading volume and price of our common stock, causing the value of an investment in us to decrease and having an adverse effect on our business, financial condition and results of operations, including our ability to attract and retain qualified executives and employees and to raise capital.

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

On September 30, 2017, 6,061 restricted shares of Common Stock were issued to each of Joseph Ardagna, Thomas Cowee and Jackson Davis, pursuant to their respective Director Agreements.

From August 31, 2017 through September 14, 2017, an aggregate of 509,769 restricted shares of Common Stock, 2,227,800 warrants to purchase shares of Common Stock at \$1.44 per share and 141,000 shares of Series D Preferred Stock were issued pursuant to a private placement. 112,800 of such warrants were issued to the placement agent in connection with such private placement.

Except as set forth above, during the quarter ended September 30, 2017, the Company has not issued any securities which were not registered under the Securities Act and not previously disclosed in the Company's Current Reports on Form 8-K.

Item 3. Defaults Upon Senior Securities.

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Except as set forth below, there is no other information required to be disclosed under this item which was not previously disclosed.

On November 7, 2017, the Company entered into an Investment Agreement (the “Investment Agreement”) with YA II PN, LTD (“YA”). Pursuant to the terms of the Investment Agreement, for a period of twenty-four months commencing on the date of execution and delivery of the Investment Agreement, YA has committed to purchase up to \$10,000,000 (the “Commitment Amount”) of the Company’s common stock, par value \$0.025 per share (the “Advance Shares”). At its option, the Company may require YA to purchase the Advance Shares at the price of \$1.00 per Advance Share, subject to and in accordance with the terms and conditions of the Investment Agreement, including, without limitation, the requirement that the Advance Shares be registered and that the Market Price (as defined in the Investment Agreement) is at least \$1.20. The Company is not required to make any minimum sale of the Advance Shares and there is no applicable non-usage fee. The Company may terminate the Investment Agreement at any time, provided there are no Advance Shares required to be delivered and no other amounts are owed by the Company to YA, and, in the event that such termination occurs prior to May 8, 2018, the Company shall have paid a termination fee of \$100,000.

As further consideration for YA entering into the Investment Agreement, the Company shall pay to YA a commitment fee in the amount of \$250,000, in the form of 242,718 shares of Common Stock registered pursuant to the Company’s Registration Statement on Form S-3 (File No. 216621).

The above description of the Investment Agreement does not purport to be complete and is qualified in its entirety by the full text of the form of such documents, which is attached as an exhibit to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Item 6. Exhibits.

Exhibit No.	Description
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- 3.1 Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on June September 7 2017)
- 4.1 Form of Warrant (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on June September 7 2017)
- 10.1 Form of Securities Purchase Agreement (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on June September 7 2017)
- 10.2 Form of Registration Rights Agreement (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on June September 7 2017)
- 10.3 Form of Investment Agreement *
- 31.1 Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
- 31.2 Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
- 32.1 Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 32.2 Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 101.INS XBRL Instance Document*
- 101.SCH XBRL Taxonomy Extension Schema Document*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith

SIGNATURES

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

MERIDIAN WASTE SOLUTIONS, INC.

Date: November 14, 2017 By: /s/ Jeffrey Cosman
Name: Jeffrey Cosman
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Chris Diaz
Name: Chris Diaz
Title: Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)