

Orbital Tracking Corp.
Form 10-Q
May 16, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____.

Commission File Number 000-25097

ORBITAL TRACKING CORP.

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

Nevada
(State or other jurisdiction of incorporation
or
organization)

65-0783722
(I.R.S. Employer Identification No.)

18851 NE 29th Avenue, Suite 700
Aventura, FL 33180
Telephone: (305)-560-5355
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

(Do not check if a smaller reporting company)

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

The number of shares of the Registrant's Common Stock outstanding as of May 12, 2016 was 24,826,344.

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Part I Financial Information

Item 1. Financial Statements

The Company's unaudited financial statements for the three months ended March 31, 2016 and for comparable periods in the prior year are included below. The financial statements should be read in conjunction with the notes to financial statements that follow.

ORBITAL TRACKING CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF

	March 31, 2016	December 31, 2015
(unaudited)		
ASSETS		
Current assets:		
Cash	\$ 391,322	\$ 963,329
Accounts receivable, net	235,642	116,718
Inventory	312,660	251,518
Unbilled revenue	56,364	65,762
Prepaid expenses - current portion	396,510	191,677
Other current assets	46,021	43,345
Total current assets	1,438,519	1,632,349
Property and equipment, net	2,152,482	2,218,693
Intangible assets, net	268,750	275,000
Prepaid expenses - long term portion	141,625	189,968
Total assets	\$ 4,001,376	\$ 4,316,010
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 617,503	\$ 610,232
Deferred revenue	22,657	16,661
Related party payable	48,418	74,051
Derivative liabilities – current portion	49,094	311,373
Convertible note payable – current portion, net of unamortized discount	2,486	2,486
Liabilities from discontinued operations	112,397	112,397
Total current liabilities	852,555	1,127,200
Derivative liabilities – long term portion	60,235	307,018
Total Liabilities	912,790	1,434,218
Stockholders' Equity:		
Preferred Stock, \$0.0001 par value; 50,000,000 shares authorized		
Series A (\$0.0001 par value; 20,000 shares authorized, and no shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	-	-
Series B (\$0.0001 par value; 30,000 shares authorized, 6,667 and 6,667 shares issued and outstanding as of March 31, 2016 and December 31, 2015,	1	1

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respectively)		
Series C (\$0.0001 par value; 4,000,000 shares authorized, 3,337,442 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	334	334
Series D (\$0.0001 par value; 5,000,000 shares authorized, 4,553,894 and 4,673,010 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	455	467
Series E (\$0.0001 par value; 8,746,000 shares authorized, 8,584,089 and 8,621,589 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	858	862
Series F (\$0.0001 par value; 1,100,000 shares authorized, 1,099,998 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	110	110
Common Shares, \$0.0001 par value; 750,000,000 shares authorized, 22,146,014 and 19,252,082 outstanding as of March 31, 2016 and December 31, 2015, respectively	2,215	1,925
Additional paid-in capital	5,046,374	4,901,839
Accumulated (deficit)	(1,951,537)	(2,011,483)
Accumulated other comprehensive loss	(10,224)	(12,263)
Total stockholders' equity	3,088,586	2,881,792
Total liabilities and stockholders' equity	\$ 4,001,376	\$ 4,316,010

See the accompanying notes to the unaudited condensed consolidated financial statements.

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ORBITAL TRACKING CORP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
FOR THE THREE MONTHS ENDED

	Three Months Ended	
	March 31, 2016	March 31, 2015
Net sales	\$ 1,295,264	\$ 799,698
Cost of sales	856,920	573,311
Gross profit	438,344	226,387
Operating expenses:		