
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2017**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-7525

The Goldfield Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

88-0031580

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

**1684 W. Hibiscus Boulevard
Melbourne, Florida 32901**

(Address of principal executive offices) (Zip Code)

(321) 724-1700

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

The number of shares of the Registrant’s Common Stock outstanding as of August 4, 2017 was 25,451,354.

THE GOLDFIELD CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2017

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED).
THE GOLDFIELD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 22,376,249	\$ 20,599,648
Accounts receivable and accrued billings	19,246,943	19,094,407
Costs and estimated earnings in excess of billings on uncompleted contracts	6,381,544	7,313,099
Income taxes receivable	32,652	533,837
Residential properties under construction	1,791,110	1,552,131
Prepaid expenses	1,316,431	1,037,715
Other current assets	1,226,001	1,298,044
Total current assets	<u>52,370,930</u>	<u>51,428,881</u>
Property, buildings and equipment, at cost, net of accumulated depreciation of \$36,088,057 in 2017 and \$33,140,214 in 2016	<u>37,276,568</u>	<u>33,245,947</u>
Deferred charges and other assets		
Land and land development costs	4,614,152	4,930,331
Cash surrender value of life insurance	550,461	550,672
Restricted cash	173,075	173,041
Goodwill	101,407	101,407
Intangibles, net of accumulated amortization of \$232,384 in 2017 and \$201,634 in 2016	781,416	812,166
Other assets	466,095	59,712
Total deferred charges and other assets	<u>6,686,606</u>	<u>6,627,329</u>
Total assets	<u>\$ 96,334,104</u>	<u>\$ 91,302,157</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,694,984	\$ 11,386,119
Billings in excess of costs and estimated earnings on uncompleted contracts	212,152	845,057
Current portion of notes payable, net	6,096,045	6,101,855
Accrued remediation costs	101,657	102,526
Total current liabilities	<u>14,104,838</u>	<u>18,435,557</u>
Deferred income taxes	7,778,574	8,204,324
Accrued remediation costs, less current portion	80,083	112,380
Notes payable, less current portion, net	20,403,474	16,231,373
Other accrued liabilities	533,531	67,961
Total liabilities	<u>42,900,500</u>	<u>43,051,595</u>
Commitments and contingencies (notes 3 and 5)		
Stockholders' equity		
Preferred stock, \$1 par value, 5,000,000 shares authorized, none issued		
Common stock, \$.10 par value, 40,000,000 shares authorized; 27,813,772 shares issued and 25,451,354 shares outstanding	2,781,377	2,781,377
Additional paid-in capital	18,481,683	18,481,683
Retained earnings	33,478,731	28,295,689
Treasury stock, 2,362,418 shares, at cost	(1,308,187)	(1,308,187)
Total stockholders' equity	<u>53,433,604</u>	<u>48,250,562</u>
Total liabilities and stockholders' equity	<u>\$ 96,334,104</u>	<u>\$ 91,302,157</u>

See accompanying notes to consolidated financial statements

THE GOLDFIELD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue				
Electrical construction	\$ 28,804,467	\$ 30,890,691	\$ 58,253,114	\$ 65,732,195
Other	305,415	1,365,782	1,580,632	2,283,261
Total revenue	29,109,882	32,256,473	59,833,746	68,015,456
Costs and expenses				
Electrical construction	21,410,600	21,777,492	43,419,573	46,934,467
Other	216,727	977,578	1,091,004	1,634,908
Selling, general and administrative	1,554,782	1,644,005	3,334,756	3,074,417
Depreciation and amortization	1,812,597	1,543,869	3,561,488	3,081,843
Loss (gain) on sale of property and equipment	14,138	(1,294)	11,565	18,143
Total costs and expenses	25,008,844	25,941,650	51,418,386	54,743,778
Total operating income	4,101,038	6,314,823	8,415,360	13,271,678
Other income (expense), net				
Interest income	5,855	8,539	13,190	15,360
Interest expense, net of amount capitalized	(138,440)	(151,742)	(272,459)	(311,291)
Other income, net	15,818	14,082	30,467	29,460
Total other expense, net	(116,767)	(129,121)	(228,802)	(266,471)
Income from continuing operations before income taxes	3,984,271	6,185,702	8,186,558	13,005,207
Income tax provision	1,466,378	2,271,458	3,003,516	4,790,947
Income from continuing operations	2,517,893	3,914,244	5,183,042	8,214,260
Loss from discontinued operations, net of income tax benefit of \$0 in 2017 and \$42,193 and \$66,077, respectively in 2016	—	(68,162)	—	(108,007)
Net income	\$ 2,517,893	\$ 3,846,082	\$ 5,183,042	\$ 8,106,253
Net income per share of common stock — basic and diluted				
Continuing operations	\$ 0.10	\$ 0.15	\$ 0.20	\$ 0.32
Discontinued operations	—	—	—	—
Net income	\$ 0.10	\$ 0.15	\$ 0.20	\$ 0.32
Weighted average shares outstanding — basic and diluted	25,451,354	25,451,354	25,451,354	25,451,354

See accompanying notes to consolidated financial statements

THE GOLDFIELD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 5,183,042	\$ 8,106,253
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,561,488	3,081,843
Amortization of debt issuance costs	11,671	11,976
Deferred income taxes	(425,750)	(139,939)
Loss on sale of property and equipment	11,565	18,143
Other losses (gains)	211	(553)
Changes in operating assets and liabilities		
Accounts receivable and accrued billings	(152,536)	(5,518,138)
Costs and estimated earnings in excess of billings on uncompleted contracts	931,555	731,292
Residential properties under construction	(238,979)	(2,605,360)
Income taxes receivable	501,185	—
Prepaid expenses and other assets	(613,090)	469,594
Land and land development costs	316,179	(185,720)
Income taxes payable	—	(376,809)
Accounts payable and accrued liabilities	(3,474,562)	(806,566)
Billings in excess of costs and estimated earnings on uncompleted contracts	(632,905)	1,452,183
Accrued remediation costs	(33,166)	115,376
Net cash provided by operating activities	<u>4,945,908</u>	<u>4,353,575</u>
Cash flows from investing activities		
Proceeds from disposal of property and equipment	44,242	33,025
Proceeds from notes receivable	—	56,048
Purchases of property, buildings and equipment	(7,368,169)	(1,229,876)
Net cash used in investing activities	<u>(7,323,927)</u>	<u>(1,140,803)</u>
Cash flows from financing activities		
Proceeds from notes payable	22,600,000	3,950,000
Repayments on notes payable	(18,437,255)	(3,526,318)
Debt issuance costs	(8,125)	(3,350)
Net cash provided by financing activities	<u>4,154,620</u>	<u>420,332</u>
Net increase in cash and cash equivalents	1,776,601	3,633,104
Cash and cash equivalents at beginning of period	20,599,648	11,374,238
Cash and cash equivalents at end of period	<u>\$ 22,376,249</u>	<u>\$ 15,007,342</u>
Supplemental disclosure of cash flow information		
Interest paid, net of amounts capitalized	<u>\$ 254,014</u>	<u>\$ 277,801</u>
Income taxes paid, net	<u>\$ 2,928,081</u>	<u>\$ 5,241,619</u>
Supplemental disclosure of non-cash investing		
Liability for equipment acquired	<u>\$ 414,700</u>	<u>\$ 127,729</u>

See accompanying notes to consolidated financial statements

THE GOLDFIELD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 – Organization and Summary of Significant Accounting Policies

Overview

The Goldfield Corporation (the “Company”) was incorporated in Wyoming in 1906 and subsequently reincorporated in Delaware in 1968. The Company’s principal line of business is the construction of electrical infrastructure for the utility industry and industrial customers. The principal market for the Company’s electrical construction operation is primarily in the Southeast and mid-Atlantic regions of the United States and Texas.

Basis of Financial Statement Presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements include all adjustments necessary to present fairly the Company’s financial position, results of operations, and changes in cash flows for the interim periods reported. These adjustments are of a normal recurring nature. All financial statements presented herein are unaudited with the exception of the consolidated balance sheet as of December 31, 2016, which was derived from the audited consolidated financial statements. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the year. These statements should be read in conjunction with the consolidated financial statements included in the Company’s annual report on Form 10-K for the year ended December 31, 2016.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in the Company’s existing accounts receivable. The Company determines the allowance based on customer specific information and historical write-off experience. The Company reviews its allowance for doubtful accounts quarterly. Account balances are charged off against the allowance after reasonable means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2017 and December 31, 2016, upon its review, management determined it was not necessary to record an allowance for doubtful accounts due to the majority of accounts receivable being generated by electrical utility customers who the Company considers creditworthy based on timely collection history and other considerations.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”). Actual results could differ from those estimates. Management considers the most significant estimates in preparing these financial statements to be the estimated cost to complete electrical construction contracts in progress, the adequacy of the accrued remediation costs and the realizability of deferred tax assets.

Fair Value of Financial Instruments

The Company’s financial instruments include cash and cash equivalents, accounts receivable and accrued billings, restricted cash collateral deposited with insurance carriers, cash surrender value of life insurance policies, accounts payable, notes payable, and other current liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value guidance establishes a valuation hierarchy, which requires maximizing the use of observable inputs when measuring fair value.

The three levels of inputs that may be used are:

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

Level 2 - Observable market based inputs or other observable inputs.

Level 3 - Significant unobservable inputs that cannot be corroborated by observable market data. These values are generally determined using valuation models incorporating management’s estimates of market participant assumptions.

Fair values of financial instruments are estimated through the use of public market prices, quotes from financial institutions, and other available information. Management considers the carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable and accrued billings, accounts payable and accrued liabilities, to approximate fair value due to the immediate or short-term maturity of these financial instruments. The Company’s long-term notes payable are estimated by management to approximate carrying value since the interest rates prescribed by Branch Banking and Trust

Company (the “Bank”) are variable market interest rates and are adjusted periodically, and as such, are classified as Level 2. Restricted cash is considered by management to approximate fair value due to the nature of the asset held in a secured interest bearing bank account. The carrying value of cash surrender value of life insurance is also considered by management to approximate fair value as the carrying value is based on the current settlement value under the contract, as provided by the carrier and as such, is classified as Level 2.

Land and Land Development Costs and Residential Properties Under Construction

The costs of a land purchase and any development expenses up to the initial construction phase of any residential property development project are recorded under the asset “land and land development costs.” Once construction commences, both the land development costs and construction costs are recorded under the asset “residential properties under construction.” The assets “land and land development costs” and “residential properties under construction” relating to specific projects are recorded as current assets when the estimated project completion date is less than one year from the date of the consolidated financial statements, or as non-current assets when the estimated project completion date is one year or more from the date of the consolidated financial statements.

In accordance with Accounting Standards Codification (“ASC”) Topic 360-10, *Accounting for the Impairment or Disposal of Long-lived Assets*, land and residential properties under construction are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount or basis is not expected to be recovered, impairment losses are recorded and the related assets are adjusted to their estimated fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The Company also complies with ASC Topic 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company did not record an impairment write-down to either of its land carrying value or residential properties under construction carrying value for either the six months ended June 30, 2017 or in 2016.

Goodwill and Intangible Assets

Intangible assets with finite useful lives recorded in connection with a historical acquisition are amortized over the term of the related contract or useful life, as applicable. Intangible assets held by the Company with finite useful lives include customer relationships and trademarks. The Company reviews the values recorded for intangible assets and goodwill to assess recoverability from future operations annually or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. As of December 31, 2016, the Company assessed the recoverability of its long-lived assets and goodwill, and believed that there were no events or circumstances present that would require a test of recoverability on those assets. As a result, there was no impairment of the carrying amounts of such assets.

Segment Reporting

The Company operates as a single reportable segment, electrical construction, under ASC Topic 280-10-50 *Disclosures about Segments of an Enterprise and Related Information*. The Company’s real estate development operation has diminished to a point that it is no longer significant for reporting purposes and, accordingly, results of the ongoing real estate development operations are included in the income statement under the caption “Other.” Certain corporate costs are not allocated to the electrical construction segment.

Reclassifications

Certain amounts previously reflected in the prior year statement of cash flows have been reclassified to conform to the Company’s 2017 presentation. The prior year cash flows from operating activities include amounts under contract loss accruals which are currently reported within accounts payable and accrued liabilities. This reclassification had no effect on the previously reported total of cash flows from operating activities.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2014-09, which will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles and is intended to improve and converge the financial reporting requirements for revenue from contracts with customers with International Financial Reporting Standards (“IFRS”). The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 allows for either retrospective or cumulative effect transition methods of adoption and is effective for periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14 which provides a one-year deferral of the revenue recognition standard’s effective date. Public business entities are required to apply the revenue recognition standard to annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early application is permitted but not before the original

effective date for public business entities (annual reporting periods beginning after December 15, 2016). The option to use either a retrospective or cumulative effect transition method did not change.

The Company has performed preliminary assessments and continues to assess the impact on our accounting practices, policies and procedures for recognizing revenue under the new standard. Specifically, under the new standard, electrical construction fixed-price contracts currently accounted for under ASC 605-35 will be recognized over time as services are performed and the underlying obligation to the customer is fulfilled. Generally, this will result in the use of input measures on a cost to cost basis similar to the practices currently in place for contracts accounted for under ASC 605-35. The Company has assessed that under the new guidance the primary impact will be on the timing of when contract modifications and change orders are recognized, mainly due to the application of the contract identification criteria. Currently, contract modifications and change orders are generally included in total contract value when executed by the customer as compared to the new guidance, when legally enforceable. This may result in timing differences on the recognition in revenue and margin when compared to current practices. The Company has also determined there will not be material changes in the pattern of revenue recognition for electrical construction contracts, which are currently accounted for on a time and materials basis. These contracts will be treated as a series of distinct services transferred over time and will generally result in a similar revenue pattern when compared to our current accounting policies.

Additionally, for real estate development operations presented under the caption “Other” in the consolidated financial statements, the Company estimates that there will not be changes in the pattern of revenue recognition and will continue to recognize revenue upon the transfer of control of the promised real estate properties, generally at time of closing.

The Company is currently completing its evaluation of significant contracts and assessing the potential changes and impact to its consolidated financial statements, as well as the method of adoption. The Company has identified and is in the process of implementing changes to its processes and internal controls to meet the reporting and disclosure requirements of this update and expects to adopt the new revenue recognition guidance, including all applicable subsequent ASUs issued, effective January 1, 2018.

In May 2016, the FASB issued ASU 2016-12, which improves guidance on assessing collectability, presentation of sales taxes, non-cash consideration, and completed contracts and contract modifications at transition. The FASB has also issued the following standards which clarify ASU 2014-09 and have the same effective date as the original standard: ASU 2016-20, ASU 2016-10 and ASU 2016-08. These updates are effective concurrently with ASU 2014-09 and are also being evaluated by the Company.

In February 2016, the FASB issued ASU 2016-02, to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with earlier application permitted. Upon adoption, the lessee will apply the new standard retrospectively to all periods presented or retrospectively using a cumulative effect adjustment in the year of adoption. The Company expects this new guidance to cause a material increase to the assets and liabilities on the Company’s consolidated balance sheets. The Company is currently assessing the effect the adoption will have on its consolidated financial statements of income. The impact of this ASU is non-cash in nature, therefore the Company does not expect the adoption of this new guidance to have a material impact on the Company’s cash flows or liquidity.

In August 2016, the FASB issued ASU 2016-15, which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. In addition, in November 2016, the FASB issued ASU 2016-18, which requires that 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. Both updates are effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the effect that adoption will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, which eliminates the requirement to defer the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. Under the new guidance, an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years; early adoption is permitted and is to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the time of adoption. The Company is currently assessing the impact that adoption will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, which eliminates Step 2 of the current goodwill impairment test. A goodwill impairment loss will instead be measured at the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the recorded amount of goodwill allocated to that reporting unit. The provisions of this ASU are effective for years beginning after December 15, 2019, with early adoption permitted for any impairment test performed on testing dates after

January 1, 2017. The Company is currently assessing the impact that adoption will have on its consolidated financial statements however, the Company does not expect this ASU to have a significant impact on its consolidated financial statements or disclosures.

Note 2 – Income Taxes

The following table presents the provision for income tax and the effective tax rates from continuing operations for the three and six month periods ended June 30 as indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Income tax provision	\$ 1,466,378	\$ 2,271,458	\$ 3,003,516	\$ 4,790,947
Effective income tax rate	36.8%	36.7%	36.7%	36.8%

The Company's expected tax rate for the year ending December 31, 2017, which was calculated based on the estimated annual operating results for the year, is 36.7%. The expected tax rate differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

The Company's effective tax rate for the three and six months ended June 30, 2017 was 36.8% and 36.7%, respectively. The effective tax rate for the three months ended June 30, 2017 differs from the statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction. The effective tax rate for the six months ended June 30, 2017 reflects the annual expected tax rate for 2017. The effective tax rate for the three and six months ended June 30, 2016 were 36.7% and 36.8%, which differs from the federal statutory rate of 35% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

The carrying amounts of deferred tax assets are reduced by a valuation allowance, if based on the available evidence, it is more likely than not such assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the deferred tax assets are expected to be recovered or settled. In the assessment for a valuation allowance, appropriate consideration is given to positive and negative evidence related to the realization of the deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, experience with loss carryforwards expiring unused, and tax planning alternatives. If the Company determines it will not be able to realize all or part of the deferred tax assets, a valuation allowance would be recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

Based on assumptions with respect to forecasts of future taxable income and tax planning, among others, the Company anticipates being able to generate sufficient taxable income to utilize the deferred tax assets. Therefore, the Company has not recorded a valuation allowance against deferred tax assets. The minimum amount of future taxable income required to be generated to fully realize the deferred tax assets as of June 30, 2017 is approximately \$2.5 million.

The Company has gross unrecognized tax benefits of \$5,000 as of both June 30, 2017 and December 31, 2016. The Company believes that it is reasonably possible that the liability for unrecognized tax benefits related to certain state income tax matters may be settled within the next twelve months. The federal statute of limitation has expired for tax years prior to 2013 and relevant state statutes vary. The Company is currently not under any income tax audits or examinations and does not expect the assessment of any significant additional tax in excess of amounts provided.

The Company accrues interest and penalties related to unrecognized tax benefits as interest expense and other general and administrative expenses, respectively, and not as a component of income taxes.

Note 3 – Commitments and Contingencies Related to Discontinued Operations

Discontinued operations represent former mining activities, the last of which ended in 2002. Pursuant to an agreement with the United States Environmental Protection Agency (the "EPA"), the Company performed certain remediation actions at a property sold over fifty years ago. This remediation work was completed by September 30, 2015. The Company has established a contingency provision related to discontinued operations, which was \$182,000 and \$215,000, as of June 30, 2017 and December 31, 2016, respectively. There was no change to the provision related to discontinued operations during the six months ended June 30, 2017. During the six months ended June 30, 2016, the Company increased the provision by \$174,000 (\$108,000, net of tax benefit of \$66,000). This increase was related to costs associated with some corrective remediation efforts during the period. The remaining balance of the accrued remediation costs as of June 30, 2017, mainly represents estimated future charges for EPA response costs and monitoring of the property. The total costs to be incurred in future periods may vary from this estimate.

The provision will be reviewed periodically based upon facts and circumstances available at the time.

Note 4 – Notes Payable

The following table presents the balances of notes payable as of the dates indicated:

	Lending Institution	Maturity Date	June 30, 2017	December 31, 2016	Interest Rates	
					June 30, 2017	December 31, 2016
Working Capital Loan	Branch Banking and Trust Company	November 28, 2019	\$ 3,950,000	\$ 3,950,000	2.94%	2.44%
\$22.6 Million Equipment Loan	Branch Banking and Trust Company	March 9, 2021	22,600,000	—	2.94%	—%
\$10.0 Million Equipment Loan	Branch Banking and Trust Company	July 28, 2020	—	7,579,630	—%	2.81%
\$17.0 Million Equipment Loan	Branch Banking and Trust Company	March 6, 2020	—	9,601,000	—%	2.50%
\$2.0 Million Equipment Loan	Branch Banking and Trust Company	March 6, 2020	—	1,256,625	—%	2.50%
Total notes payable			26,550,000	22,387,255		
Less unamortized debt issuance costs			50,481	54,027		
Total notes payable, net			26,499,519	22,333,228		
Less current portion of notes payable, net			6,096,045	6,101,855		
Notes payable net, less current portion			\$ 20,403,474	\$ 16,231,373		

As of June 30, 2017, the Company, and the Company’s wholly owned subsidiaries Southeast Power, Pineapple House of Brevard, Inc. (“Pineapple House”), Bayswater Development Corporation (“Bayswater”), Power Corporation of America (“PCA”), Precision Foundations, Inc. (“PFI”) and C and C Power Line, Inc. (“C&C”), collectively (the “Debtors,”) were parties to a Master Loan Agreement, dated June 9, 2017 (the “2017 Master Loan Agreement”), with Branch Banking and Trust Company (the “Bank”).

As of June 30, 2017, the Company had a loan agreement and a series of related ancillary agreements with the Bank providing for a revolving line of credit loan for a maximum principal amount of \$18.0 million, to be used as a “Working Capital Loan.” As of both June 30, 2017 and December 31, 2016, borrowings under the Working Capital Loan were \$4.0 million. As a credit guarantor to the Bank, the Company is contingently liable for the guaranty of a subsidiary obligation under an irrevocable letter of credit related to workers’ compensation. The amount of this letter of credit was \$420,000 as of both June 30, 2017 and December 31, 2016.

As of June 30, 2017, the Debtors had a loan agreement with the Bank for the \$22.6 Million Equipment Loan which is guaranteed by the Debtors and includes the grant of a continuing security interest in all now owned and after acquired and wherever located personal property of the Debtors.

The Working Capital Loan and the \$22.6 Million Equipment Loan bear interest at a rate per annum equal to one month LIBOR (as defined in the documentation related to each loan) plus 1.80%, which will be adjusted monthly and subject to a maximum rate as described in the documentation related to each loan.

On June 9, 2017, the Company and the Debtors entered into the \$22.6 Million Equipment Loan agreement. Borrowings of \$15.6 million from the \$22.6 Million Equipment Loan were used to pay in full all the outstanding Bank equipment loans, with the exception of the Working Capital Loan, plus accrued interest and loan closing costs.

The Company’s debt arrangements contain various financial and other covenants including, but not limited to: minimum tangible net worth, maximum debt to tangible net worth ratio and fixed charge coverage ratio. Other loan covenants prohibit, among other things, a change in legal form of the Company, and entering into a merger or consolidation. The loans also have cross-default provisions whereby any default under any loans of the Company (or its subsidiaries) with the Bank, will constitute a default under all of the other loans of the Company (and its subsidiaries) with the Bank.

Note 5 – Commitments and Contingencies

Performance Bonds

In certain circumstances, the Company is required to provide performance bonds to secure its contractual commitments. Management is not aware of any performance bonds issued for the Company that have ever been called by a customer. As of June 30, 2017, outstanding performance bonds issued on behalf of the Company's electrical construction subsidiaries amounted to approximately \$37.3 million.

Collective Bargaining Agreements

C&C, one of the Company's electrical construction subsidiaries, is party to collective bargaining agreements with unions representing workers performing field construction operations. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to the ones contained in the expiring agreements. The agreements require the subsidiary to pay specified wages, provide certain benefits to their respective union employees and contribute certain amounts to multi-employer pension plans and employee benefit trusts. The subsidiary's multi-employer pension plan contribution rates generally are specified in the collective bargaining agreements (usually on an annual basis), and contributions are made to the plans on a "pay-as-you-go" basis based on such subsidiary's union employee payrolls, which cannot be determined for future periods because contributions depend on, among other things, the number of union employees that such subsidiary employs at any given time; the plans in which it may participate vary depending on the projects it has ongoing at any time; and the need for union resources in connection with those projects. If the subsidiary withdraws from, or otherwise terminates its participation in, one or more multi-employer pension plans, or if the plans were to otherwise become substantially underfunded, such subsidiary could be assessed liabilities for additional contributions related to the underfunding of these plans. The Company is not aware of any amounts of withdrawal liability that have been incurred as a result of a withdrawal by C&C from any multi-employer defined benefit pension plans.

Legal Proceedings

The Company is involved in various legal claims arising in the ordinary course of business. The Company has concluded that the ultimate disposition of these matters should not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

Note 6 – Income Per Share of Common Stock

Basic income per common share is computed by dividing net income by the weighted average number of common stock shares outstanding during the period. Diluted income per share reflects the potential dilution that could occur if common stock equivalents, such as stock options outstanding, were exercised into common stock that subsequently shared in the earnings of the Company.

As of June 30, 2017 and 2016, the Company had no common stock equivalents. The computation of the weighted average number of common stock shares outstanding excludes 2,362,418 shares of Treasury Stock for each of the three and six month periods ended June 30, 2017 and 2016.

Note 7 – Customer Concentration

For the six months ended June 30, 2017 and 2016, the three largest customers accounted for 68% and 60%, respectively, of the Company's total revenue. For the three months ended June 30, 2017 and 2016, three largest customers accounted for 69% and 57%, respectively, of the Company's total revenue.

Note 8 – Restricted Cash

Restricted cash, reported under "Deferred charges and other assets" on the Company's balance sheet, represents amounts deposited in a trust account to secure the Company's obligations in connection with the Company's workers' compensation insurance policies.

Note 9 – Goodwill and Other Intangible Assets

The following table presents the gross and net balances of our goodwill and intangible assets as of the dates indicated:

	Useful Life (Years)	June 30, 2017			December 31, 2016		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived and non-amortizable acquired intangible assets							
Goodwill	Indefinite	\$ 101,407	\$ —	\$ 101,407	\$ 101,407	\$ —	\$ 101,407
Definite-lived and amortizable acquired intangible assets							
Trademarks/Names	15	\$ 640,000	\$ (149,336)	\$ 490,664	\$ 640,000	\$ (128,002)	\$ 511,998
Customer relationships	20	350,000	(61,250)	288,750	350,000	(52,500)	297,500
Non-competition agreement	5	10,000	(7,998)	2,002	10,000	(7,332)	2,668
Other	1	13,800	(13,800)	—	13,800	(13,800)	—
Total intangible assets, net		\$ 1,013,800	\$ (232,384)	\$ 781,416	\$ 1,013,800	\$ (201,634)	\$ 812,166

Amortization of definite-lived intangible assets will be approximately \$61,000 annually for 2017 through 2021.

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

Forward-Looking Statements

We make “forward-looking statements” within the meaning of the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995 throughout this document. You can identify these statements by forward-looking words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” and “continue” or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, we cannot assure you that these expectations will be achieved. Our actual results may differ materially from what we currently expect. Factors that may affect the results of our operations include, among others: the level of construction activities by public utilities; the concentration of revenue from a limited number of utility customers; the loss of one or more significant customers; the timing and duration of construction projects for which we are engaged; our ability to estimate accurately with respect to fixed-price construction contracts; and heightened competition in the electrical construction field, including intensification of price competition. Other factors that may affect the results of our operations include, among others: adverse weather; natural disasters; effects of climate changes; changes in generally accepted accounting principles; ability to obtain necessary permits from regulatory agencies; our ability to maintain or increase historical revenue and profit margins; general economic conditions, both nationally and in our region; adverse legislation or regulations; availability of skilled construction labor and materials and material increases in labor and material costs; and our ability to obtain additional and/or renew financing. Other important factors which could cause our actual results to differ materially from the forward-looking statements in this document include, but are not limited to, those discussed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as those discussed elsewhere in this report and as set forth from time to time in our other public filings and public statements. In addition to the other information included in this report and our other public filings and releases, a discussion of factors affecting our business is included in our Annual Report on Form 10-K for the year ended December 31, 2016 under “Item 1A. Risk Factors” and should be considered while evaluating our business, financial condition, results of operations and prospects.

You should read this report in its entirety and with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements, even in the event that our situation changes in the future, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Overview

We are a provider of electrical construction services, primarily in the Southeast and mid-Atlantic regions of the United States and Texas. For the six months ended June 30, 2017, our total consolidated revenue was \$59.8 million, a 12.0% decrease from \$68.0 million in the same period in 2016.

Through our subsidiaries, Power Corporation of America (“PCA”), Southeast Power Corporation (“Southeast Power”), and C and C Power Line, Inc. (“C&C”), we are engaged in the construction of electrical infrastructure for the utility industry and industrial customers. Southeast Power performs electrical contracting services including the construction of transmission lines, distribution systems, substations, drilled pier foundations and other electrical services. Southeast Power is headquartered in Titusville, Florida and has additional offices in Bastrop, Texas and Spartanburg, South Carolina. C&C, headquartered in Jacksonville, Florida, is a full service electrical contractor that provides similar services as Southeast Power with a unionized workforce.

The electrical construction business is highly competitive and fragmented. We compete with other independent contractors, including larger regional and national firms that may have financial, operational, technical and marketing resources that exceed our own. We also face competition from existing and prospective customers establishing or augmenting in-house services and organizations that employ personnel who perform similar services as those provided by us. In addition, a significant portion of our electrical construction revenue is derived from a small group of customers that account for a substantial portion of our revenue in any given year. The revenue contribution by any single customer or group of customers may significantly fluctuate from period-to-period. For example, for the six months ended June 30, 2017 and the year ended December 31, 2016, three of our customers accounted for approximately 68% and 58% of our consolidated revenue, respectively. The loss of or decrease in current demand from one or more customers, if not replaced, may result in a material decrease in revenue, margin and profit.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to fixed-price electrical construction contracts, the adequacy of our accrued remediation costs and deferred tax assets and liabilities. We base our estimates on historical experience and on various other assumptions that are

believed to be reasonable, under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our management has discussed the selection and development of our critical accounting policies, estimates, and related disclosure with the Audit Committee of the Board of Directors.

Percentage of Completion

We recognize revenue from fixed-price contracts on a percentage-of-completion basis, using primarily the cost-to-cost method based on the percentage of total cost incurred to date, in proportion to total estimated cost to complete the contract. Total estimated cost, and thus contract income, is impacted by factors including, but not limited to: changes in productivity and scheduling, the cost of labor, subcontracts, materials and equipment. Additionally, external factors such as weather, site conditions and scheduling that differ from those assumed in the original bid (to the extent contract remedies are unavailable), customer needs, customer delays in providing approvals and materials, the availability and skill level of workers in the geographic location of the project, a change in the availability and proximity of materials, and governmental regulation, may also affect the progress and estimated cost of a project's completion and thus the timing of income and revenue recognition.

A change order is a modification to a contract that changes the provisions of the contract, typically resulting from changes in scope, specifications, design, manner of performance, facilities, equipment, materials, sites, or period of completion of the work under the contract. Revenue from a change order is included in total estimated contract revenue only when it is probable that the change order will result in an addition to contract value and can be reliably estimated.

The accuracy of our revenue and profit recognition in a given period is almost solely dependent on the accuracy of our estimates of the cost to complete each project. Our projects can be complex and in almost every case the profit margin estimates for a project will either increase or decrease, to some extent, from the amount that was originally estimated at the time of bid. If a current estimate of total costs indicates a loss on a contract, the projected loss is recognized in full when determined. Accrued contract losses were \$14,000 as of June 30, 2017 and insignificant as of December 31, 2016. The accrued contract losses as of June 30, 2017 are mainly attributable to transmission projects experiencing unexpected construction issues. Revenue from change orders, extra work, variations in the scope of work and claims is recognized when realization is probable and estimable.

Accrued Remediation Costs

As described in note 3 to the consolidated financial statements, we completed remediation activities at a mining site which we sold over 50 years ago. We had a balance of accrued remediation costs, related mainly to Environmental Protection Agency response costs and monitoring of the site, as of June 30, 2017 and December 31, 2016, of \$182,000 and \$215,000, respectively. We anticipate that this accrual will be adequate to cover the full remediation costs. The accrual will be reviewed periodically based upon facts and circumstances available at the time.

Deferred Tax Assets and Liabilities

We account for income taxes in accordance with ASC Topic 740, *Income Taxes*, which establishes the recognition requirements. Deferred tax assets and liabilities are recognized for the future tax effects attributable to temporary differences and carryforwards between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

As of June 30, 2017, in accordance with ASU No 2015-17, our deferred tax assets and liabilities are netted and reported as a non-current deferred tax liability on our balance sheet. Our non-current deferred tax liabilities are primarily comprised of tax depreciation in excess of book depreciation and are offset by our deferred tax assets, largely comprised of accrued vacation, accrued payables, accrued workers' compensation claims, inventory adjustments and capitalized acquisition costs. The carrying amounts of deferred tax assets are reduced by a valuation allowance, if based on the available evidence, it is more likely than not such assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the deferred tax assets are expected to be recovered or settled. In the assessment for a valuation allowance, appropriate consideration is given to positive and negative evidence related to the realization of the deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, our experience with loss carryforwards expiring unused, and tax planning alternatives. If we determine we will not be able to realize all or part of our deferred tax assets, a valuation allowance would be recorded to reduce our deferred tax assets to the amount that is more likely than not to be realized.

Based on our assumption with respect to forecasts of future taxable income and tax planning, among others, we anticipate being able to generate sufficient taxable income to utilize our deferred tax assets. Therefore, we have not recorded a valuation

allowance against deferred tax assets. The minimum amount of future taxable income required to be generated to fully realize the deferred tax assets as of June 30, 2017 is approximately \$2.5 million.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2017 COMPARED TO SIX MONTHS ENDED JUNE 30, 2016

The following table presents our operating income from continuing operations for the six months ended June 30, 2017 and 2016:

	2017	2016
Revenue		
Electrical construction	\$ 58,253,114	\$ 65,732,195
Other	1,580,632	2,283,261
Total revenue	<u>59,833,746</u>	<u>68,015,456</u>
Costs and expenses		
Electrical construction	43,419,573	46,934,467
Other	1,091,004	1,634,908
Selling, general and administrative	3,334,756	3,074,417
Depreciation and amortization	3,561,488	3,081,843
Loss on sale of property and equipment	11,565	18,143
Total costs and expenses	<u>51,418,386</u>	<u>54,743,778</u>
Total operating income	<u>\$ 8,415,360</u>	<u>\$ 13,271,678</u>

Operating income equals total operating revenue less operating costs and expenses inclusive of depreciation and amortization, and selling, general and administrative expenses. Operating costs and expenses also include any gains or losses on the sale of property and equipment. Operating income excludes interest expense, interest income, other income, and income taxes.

Revenue

Total revenue for the six months ended June 30, 2017 was \$59.8 million, a decrease of \$8.2 million, or 12.0%, from \$68.0 million for the same period in 2016. Electrical construction operations revenue was \$58.3 million, a decrease of \$7.5 million, or 11.4%, from \$65.7 million for the same period in 2016. Electrical construction revenue decreased due to certain large, higher margin fixed-price contracts substantially completed in the first and second quarters of 2016, partially offset by continued growth in master service agreement (“MSA”) projects.

Revenue from real estate development operations, included under the caption “Other,” decreased to \$1.6 million for the six months ended June 30, 2017 from \$2.3 million in 2016. This decline was due to the decreased number and mix of properties sold in the six months ended June 30, 2017, compared to 2016.

Backlog

Our backlog represents future services to be performed under existing project-specific fixed-price and maintenance contracts and the estimated value of future services that we expect to provide under our existing MSAs.

The following table presents our total backlog as of June 30, 2017 and 2016 along with an estimate of the backlog amounts expected to be realized within 12 months and during the life of each of the MSAs. The existing MSAs have remaining renewals ranging from one to three years at the option of the customer. The calculation assumes exercise of the renewal options by the customer. Revenue from assumed exercise of renewal options represents \$100.8 million, or 86.9% of our total estimated MSA backlog as of June 30, 2017.

Electrical Construction Operations	Backlog as of June 30, 2017		Backlog as of June 30, 2016	
	12-Month	Total	12-Month	Total
Project-Specific Firm Contracts ⁽¹⁾	\$ 13,678,981	\$ 13,678,981	\$ 30,935,084	\$ 30,935,084
Estimated MSAs	55,119,232	116,005,308	40,475,275	132,940,546
Total	<u>\$ 68,798,213</u>	<u>\$ 129,684,289</u>	<u>\$ 71,410,359</u>	<u>\$ 163,875,630</u>

⁽¹⁾Amount includes firm contract awards under MSA agreements.

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Our total backlog as of June 30, 2017 was \$129.7 million, compared to \$163.9 million as of June 30, 2016, a decrease of 20.9%.

Our 12-month backlog as of June 30, 2017 decreased slightly to \$68.8 million, compared to \$71.4 million as of June 30, 2016. Our estimated MSA backlog decreased \$16.9 million to \$116.0 million due to the completion of work under existing MSAs not yet eligible for renewal. Project-specific firm backlog decreased as a result of the completion of several large fixed-price contracts in 2016 and early 2017.

Backlog is estimated at a particular point in time and is not determinative of total revenue in any particular period. It does not reflect future revenue from a significant number of short-term projects undertaken and completed between the estimated dates. The decline in our total backlog resulted primarily from performance of work completed under the existing MSA agreements, which are not yet eligible for renewal.

The estimated amount of backlog for work under MSAs is calculated by using recurring historical trends inherent in current MSAs and projected customer needs based upon ongoing communications with the customer. Our estimated backlog also assumes exercise of existing customer renewal options. Certain MSAs are not exclusive to the Company and, therefore, the size and amount of projects we may be awarded cannot be determined with certainty. Accordingly, the amount of future revenue from MSA contracts may vary substantially from reported backlog. Even if we realize all of the revenue from the projects in our backlog, there is no guarantee of profit from the projects awarded under MSAs.

As of June 30, 2017 and 2016, estimated MSAs accounted for approximately 89.5% and 81.1% of total backlog, respectively. We plan to continue to grow our MSA business. MSA contracts are generally multi-year and should provide improved operating efficiencies.

Backlog is not a term recognized under U.S. generally accepted accounting principles, but is a common measurement used in our industry. While we believe that our methodology of calculation is appropriate, such methodology may not be comparable to that employed by some other companies. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator. Consequently, we cannot provide assurance as to our customers' requirements or our estimates of backlog.

Revenue estimates included in our backlog may be subject to change as a result of project accelerations, additions, cancellations or delays due to various factors, including but not limited to: commercial issues, material deficiencies, permitting, regulatory requirements and adverse weather. Our customers are not contractually committed to a specific level of services under our MSAs. While we did not experience any material cancellations during the current period, most of our contracts may be terminated, even if we are not in default under the contract.

Operating Results

Total operating income was \$8.4 million for the six months ended June 30, 2017, a decrease from \$13.3 million for the same period in 2016. This decrease was mainly attributable to the substantial completion in the first and second quarters of 2016 of certain large, higher margin fixed-price projects, lower volume and an increase in depreciation. The increase in depreciation was due to the increase in capital expenditures during the current period when compared to 2016, mainly attributable to advantageous purchasing opportunities and fleet upgrades.

Gross margin on electrical construction operations for the six months ended June 30, 2017 was 25.5%, compared to 28.6% for the same period in 2016. Such gross margin represents electrical construction revenue less electrical construction costs and expenses (excluding depreciation and amortization, selling, general and administrative expenses, and (gain) loss on sale of property and equipment), divided by electrical construction revenue.

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The following table provides a reconciliation of our net income to EBITDA (a non-GAAP financial measure) for the six months ended June 30, 2017 and 2016:

	2017	2016
Net income (GAAP as reported)	\$ 5,183,042	\$ 8,106,253
Interest expense, net of amount capitalized	272,459	311,291
Provision for income taxes, net ⁽¹⁾	3,003,516	4,724,870
Depreciation and amortization ⁽²⁾	3,561,488	3,081,843
EBITDA	\$ 12,020,505	\$ 16,224,257

⁽¹⁾ Provision for income tax, net is equal to the total amount of tax provision, which includes the tax benefit for discontinued operations.

⁽²⁾ Depreciation and amortization includes depreciation on property, plant and equipment and amortization of finite-lived intangible assets.

EBITDA, a non-GAAP performance measure used by management, is defined as net income plus: interest expense, provision (benefit) for income taxes and depreciation and amortization, as shown in the table above. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under U.S. GAAP as it excludes certain recurring items which may be meaningful to investors. EBITDA excludes interest expense; however, as we have borrowed money in order to finance transactions and operations, interest expense is an element of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA and net income in each period, so as to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors and (b) monitor our capacity to generate returns for our stockholders.

Costs and Expenses

Total costs and expenses decreased by \$3.3 million to \$51.4 million for the six months ended June 30, 2017, from \$54.7 million for the same period in 2016, primarily attributable to the decrease in electrical construction and "Other" revenue.

The following table sets forth selling, general and administrative ("SG&A") expenses for the six months ended June 30, 2017 and 2016:

	2017	2016
Electrical construction operations	\$ 746,644	\$ 467,116
Other	406,577	408,509
Corporate	2,181,535	2,198,792
Total	\$ 3,334,756	\$ 3,074,417

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SG&A expenses increased 8.5% to \$3.3 million for the six months ended June 30, 2017, from \$3.1 million for the six months ended June 30, 2016. The increase in SG&A expenses was mainly attributable to a change in the method of allocating corporate SG&A expenses during the six months ended June 30, 2017, when compared to the same period in 2016. As a percentage of revenue, SG&A expenses increased to 5.6% for 2017, from 4.5% for the same period in 2016, due primarily to the aforementioned increase in SG&A expenses during the current period. For the six months ended June 30, 2017, electrical construction operations SG&A expenses includes amounts allocated from our Corporate SG&A expenses, mainly due to Corporate's continued support of the Company's electrical construction operations.

The following table sets forth depreciation and amortization expense for the six months ended June 30, 2017 and 2016:

	2017	2016
Electrical construction operations	\$ 3,495,047	\$ 3,020,920
Other	7,539	6,608
Corporate	58,902	54,315
Total	<u>\$ 3,561,488</u>	<u>\$ 3,081,843</u>

Depreciation and amortization expense, which includes \$31,000 of amortization expense for intangibles, increased to \$3.6 million for the six months ended June 30, 2017, from \$3.1 million for the six months ended June 30, 2016, as a result of an increase in capital expenditures, mainly attributable to favorable purchasing opportunities and fleet upgrades.

Income Taxes

The following table presents our provision for income tax and effective income tax rate from continuing operations for the six months ended June 30, 2017 and 2016:

	2017	2016
Income tax provision	\$ 3,003,516	\$ 4,790,947
Effective income tax rate	36.7%	36.8%

Our expected tax rate for the year ending December 31, 2017, which was calculated based on the estimated annual operating results for the year, is 36.7%. Our expected tax rate differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

Our effective tax rate for the six months ended June 30, 2017 was 36.7% and reflects the annual expected tax rate for 2017. The effective tax rate for the six months ended June 30, 2016 was 36.8% and differs from the federal statutory rate of 35% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

THREE MONTHS ENDED JUNE 30, 2017 COMPARED TO THREE MONTHS ENDED JUNE 30, 2016

The following table presents our operating income from continuing operations for the three months ended June 30, 2017 and 2016:

	2017	2016
Revenue		
Electrical construction	\$ 28,804,467	\$ 30,890,691
Other	305,415	1,365,782
Total revenue	<u>29,109,882</u>	<u>32,256,473</u>
Costs and expenses		
Electrical construction	21,410,600	21,777,492
Other	216,727	977,578
Selling, general and administrative	1,554,782	1,644,005
Depreciation and amortization	1,812,597	1,543,869
Loss (gain) on sale of property and equipment	14,138	(1,294)
Total costs and expenses	<u>25,008,844</u>	<u>25,941,650</u>
Total operating income	<u>\$ 4,101,038</u>	<u>\$ 6,314,823</u>

Operating income equals total operating revenue less operating costs and expenses inclusive of depreciation and amortization, and selling, general and administrative expenses. Operating costs and expenses also include any gains or losses on the sale of property and equipment. Operating income excludes interest expense, interest income, other income, and income taxes.

Revenue

Total revenue for the three months ended June 30, 2017, decreased 9.8% to \$29.1 million, from \$32.3 million in 2016. Electrical construction operations revenue decreased \$2.1 million, 6.8%, to \$28.8 million, from \$30.9 million in 2016, due primarily to certain large, higher margin fixed-price contracts substantially completed in the same period in 2016.

Revenue from real estate development is included under the caption "Other" decreased to \$305,000 from \$1.4 million in 2016. This decline was due to the decreased number and mix of properties sold in the three months ended June 30, 2017, compared to 2016.

Operating Results

Total operating income decreased to \$4.1 million for the three months ended June 30, 2017, from \$6.3 million in 2016. This decrease was mainly attributable to the substantial completion in the second quarter of 2016 of certain large, higher margin fixed-price projects, lower volume and an increase in depreciation.

Gross margin on electrical construction operations for the three months ended June 30, 2017, was 25.7% compared to 29.5% for the same period in 2016. Such gross margin represents electrical construction revenue less electrical construction costs and expenses (excluding depreciation and amortization, selling, general and administrative expenses, and (gain) loss on sale of property and equipment), divided by electrical construction revenue.

The following table provides a reconciliation of our net income to EBITDA (a non-GAAP financial measure) for the three months ended June 30, 2017 and 2016:

EBITDA	2017	2016
Net income (GAAP as reported)	\$ 2,517,893	\$ 3,846,082
Interest expense, net of amount capitalized	138,440	151,742
Provision for income taxes, net ⁽¹⁾	1,466,378	2,229,265
Depreciation and amortization ⁽²⁾	1,812,597	1,543,869
EBITDA	\$ 5,935,308	\$ 7,770,958

⁽¹⁾ Provision for income tax, net is equal to the total amount of tax provision, which includes the tax benefit for discontinued operations.

⁽²⁾ Depreciation and amortization includes depreciation on property, plant and equipment and amortization of finite-lived intangible assets.

EBITDA, a non-GAAP performance measure used by management, is defined as net income plus: interest expense, provision (benefit) for income taxes and depreciation and amortization, as shown in the table above. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under U.S. GAAP as it excludes certain recurring items which may be meaningful to investors. EBITDA excludes interest expense; however, as we have borrowed money in order to finance transactions and operations, interest expense is an element of our cost structure and can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA and net income in each period, so as to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after-tax basis.

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Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors and (b) monitor our capacity to generate returns for our stockholders.

Costs and Expenses

Total costs and expenses decreased by \$933,000 to \$25.0 million for the three months ended June 30, 2017, from \$25.9 million in the same period in 2016, primarily attributable to the decrease in electrical construction revenue.

The following table sets forth selling, general and administrative (“SG&A”) expenses for the three months ended June 30, 2017 and 2016:

	2017	2016
Electrical construction operations	\$ 377,621	\$ 353,699
Other	150,200	226,281
Corporate	1,026,961	1,064,025
Total	<u>\$ 1,554,782</u>	<u>\$ 1,644,005</u>

SG&A expenses decreased 5.4% to \$1.6 million for the three months ended June 30, 2017, from \$1.6 million for the three months ended June 30, 2016. The decrease in SG&A expenses was mainly attributable to decrease in selling expenses associated with our “Other” operations in the current period. As a percentage of revenue, SG&A expenses increased to 5.3% for 2017, from 5.1% in 2016, due primarily to the aforementioned decrease in revenue during the current period. For the three months ended June 30, 2017, electrical construction operations SG&A expenses includes amounts allocated from our Corporate SG&A expenses, mainly due to Corporate’s continued support of the Company’s electrical construction operations.

The following table sets forth depreciation and amortization expense for the three months ended June 30, 2017 and 2016:

	2017	2016
Electrical construction operations	\$ 1,780,383	\$ 1,513,308
Other	3,740	3,022
Corporate	28,474	27,539
Total	<u>\$ 1,812,597</u>	<u>\$ 1,543,869</u>

Depreciation and amortization expense, which includes \$15,000 of amortization expense for acquired intangibles, increased to \$1.8 million for the three months ended June 30, 2017, from \$1.5 million for the three months ended June 30, 2016, as a result increase in capital expenditures, mainly attributable to purchasing opportunities and fleet upgrades.

Income Taxes

The following table presents our provision for income tax and effective income tax rate from continuing operations for the three months ended June 30, 2017 and 2016:

	2017	2016
Income tax provision	\$ 1,466,378	\$ 2,271,458
Effective income tax rate	36.8%	36.7%

Our expected tax rate for the year ending December 31, 2017, which was calculated based on the estimated annual operating results for the year, is 36.7%. Our expected tax rate differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

Our effective tax rate for the three months ended June 30, 2017 was 36.8% and differs from the federal statutory rate of 34% due to state income taxes offset by permanent differences. The effective tax rate for the three months ended June 30, 2016 was 36.7% and differs from the federal statutory rate of 34% due to state income taxes and nondeductible expenses offset by the domestic production activities deduction.

Liquidity and Capital Resources

Working Capital Analysis

Our primary cash needs have been for capital expenditures and working capital. Our primary sources of cash have been cash flow from operations and borrowings under our lines of credit and equipment financing. As of June 30, 2017, we had cash and cash equivalents of \$22.4 million and working capital of \$38.3 million, as compared to cash and cash equivalents of \$20.6 million, and working capital of \$33.0 million as of December 31, 2016.

In addition to cash flow from operations, we have an \$18.0 million revolving line of credit, of which \$13.6 million was available for borrowing as of June 30, 2017. This revolving line of credit is used as a Working Capital Loan, as discussed in note 4 to the consolidated financial statements. We anticipate that this cash on hand, our credit facilities and our future cash flows from operating activities will provide sufficient cash to enable us to meet our operating needs and debt requirements for the next twelve months.

Cash Flow Analysis

The following table presents our net cash flows for each of the six months ended June 30, 2017 and 2016:

	2017	2016
Net cash provided by operating activities	\$ 4,945,908	\$ 4,353,575
Net cash used in investing activities	(7,323,927)	(1,140,803)
Net cash provided by financing activities	4,154,620	420,332
Net increase in cash and cash equivalents	<u>\$ 1,776,601</u>	<u>\$ 3,633,104</u>

Operating Activities

Cash flows from operating activities are comprised of net income, adjusted to reflect the timing of cash receipts and disbursements therefrom. Our cash flows are influenced by the level of operations, operating margins and the types of services we provide, as well as the stages of our electrical construction projects.

Cash provided by our operating activities totaled \$4.9 million for the six months ended June 30, 2017, compared to cash provided by operating activities of \$4.4 million for the same period in 2016. The increase in cash flows from operating activities was approximately \$592,000, and was due to the increases in operating cash flows from "Other" operations, taxes and electrical construction operations, partially offset by the decrease in net income of \$2.9 million. Operating cash flows normally fluctuate relative to the status of our electrical construction projects.

Days of Sales Outstanding Analysis

We evaluate fluctuations in our "accounts receivable and accrued billings" and "costs and estimated earnings in excess of billings on uncompleted contracts," for our electrical construction operations, by comparing days of sales outstanding ("DSO"). We calculate DSO as of the end of any period by utilizing the respective quarter's electrical construction revenue to determine sales per day. We then divide "accounts receivable and accrued billings, net of allowance for doubtful accounts" at the end of the period, by sales per day, to calculate DSO for accounts receivable. To calculate DSO for costs and estimated earnings in excess of billings, we divide "costs and estimated earnings in excess of billings on uncompleted contracts," by sales per day.

For the quarters ended June 30, 2017 and 2016, our DSO for accounts receivable and accrued billings were 61 and 67, respectively, and our DSO for costs and estimated earnings in excess of billings on uncompleted contracts were 20 and 28, respectively. The decrease in our DSO for accounts receivable and accrued billings and the corresponding decrease in our costs and estimated earnings in excess of billings for the quarter ended June 30, 2017, when compared to the same quarterly period in 2016 was mainly due to the timing of project billings and cash collections. As of August 8, 2017, we have received approximately 82.1% of our June 30, 2017 outstanding trade accounts receivable and have billed 62.5% of our costs and estimated earnings in excess of billings balance.

Income Taxes Paid

Income tax payments decreased to \$2.9 million for the six months ended June 30, 2017 from \$5.2 million for the six months ended June 30, 2016 due to a decrease in expected taxable income for 2017 as compared to 2016. Taxes paid for the six months ended June 30, 2017 included approximately \$483,000 for the 2016 income tax liability and the remaining \$2.4 million for the estimated 2017 income tax liability. Taxes paid for the six months ended June 30, 2016 included \$500,000 for the 2015 income tax liability and the remaining \$4.7 million for the estimated 2016 income tax liability.

Investing Activities

Cash used in investing activities for the six months ended June 30, 2017, was \$7.3 million, compared to cash used in investing activities of \$1.1 million for 2016. The increase in cash used in our investing activities for the six months ended June 30, 2017, when compared to 2016, is primarily attributable to capital expenditures of \$7.4 million. Our capital expenditures are mainly for the purchases of equipment, primarily trucks and heavy machinery, used by our electrical construction operations for the upgrading and replacement of equipment. Our capital budget for 2017 is expected to total approximately \$11.1 million, the majority of which is for continued upgrading and purchases of equipment, for our electrical construction operations, mainly due to favorable purchasing opportunities. We plan to fund these purchases through our cash on hand and equipment financing, consistent with past practices.

Financing Activities

Cash provided by financing activities for the six months ended June 30, 2017, was \$4.2 million, compared to cash provided by financing activities of \$420,000 for the same period in 2016. Our financing activities for the current period consisted of borrowings on our \$22.6 Million Equipment Loan of \$22.6 million offset by repayments of \$9.6 million on our \$17.0 Million Equipment Loan, repayments of \$7.6 million on our \$10.0 Million Equipment Loan, and repayments of \$1.3 million on our \$2.0 Million Equipment Loan (as such loans are defined in note 4 to the consolidated financial statements). Our financing activities for the six months ended June 30, 2016 consisted mainly of borrowings on our Working Capital Loan of \$3.2 million offset by repayments of \$1.7 million on our \$17.0 Million Equipment Loan, repayments of \$926,000 on our \$10.0 Million Equipment Loan and repayments of \$125,000 on our \$2.0 Million Equipment Loan (as such loans are defined in note 4 to the consolidated financial statements).

We have paid no cash dividends on our Common Stock since 1933, and it is not expected that we will pay any cash dividends on our Common Stock in the immediate future.

Debt Covenants

Our debt arrangements contain various financial and other covenants including cross-default provisions whereby any default under any loans of the Company (or its subsidiaries) with the lender, will constitute a default under all of the other loans of the Company (and its subsidiaries) with the lender. The most significant of the covenants are: maximum debt to tangible net worth ratio and fixed charge coverage ratio. We must maintain: a tangible net worth of at least \$20.0 million calculated quarterly; no more than \$500,000 in outside debt (with certain exceptions); a maximum debt to tangible net worth ratio of no greater than 2.5 : 1.0 and a fixed charge coverage ratio that is to equal or exceed 1.3 : 1.0. The fixed charge coverage ratio is calculated annually using EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) divided by the sum of CPLTD (current portion of long term debt), interest expense and rental expense. We were in compliance with all of our covenants as of June 30, 2017.

The following are computations of these most restrictive financial covenants:

Covenants Measured at Each Quarter End:	Covenant	Actual as of June 30, 2017
Tangible net worth minimum	\$ 20,000,000	\$ 52,550,781
Outside debt not to exceed	\$ 500,000	\$ —
Maximum debt/tangible net worth ratio not to exceed	2.5 : 1.0	0.82 : 1.0
Covenants Measured Only at Year End:		
Earnings to fixed charge coverage ratio must equal or exceed	1.3 : 1.0	3.95 : 1.00

Forecast

We anticipate our cash on hand and cash flows from operations and credit facilities will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures, for at least the next twelve months. The amount of our planned capital expenditures will depend, to some extent, on the results of our future performance. However, our revenue, results of operations and cash flows, as well as our ability to seek additional financing, may be negatively impacted by factors including, but not limited to: a decline in demand for electrical construction services, general economic conditions, heightened competition, availability of construction materials, increased interest rates, and adverse weather conditions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission, and that such information is accumulated and communicated to our management in a timely manner. An evaluation was performed under the supervision and with the participation of our management, including John H. Sottile, our Chief Executive Officer (“CEO”), and Stephen R. Wherry, our Chief Financial Officer (“CFO”), of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2017. Based upon this evaluation, our management, including our CEO and our CFO, concluded that our disclosure controls and procedures were effective, as of June 30, 2017, at the reasonable assurance level.

Changes in internal control

Our management, with the participation of our CEO and CFO, is responsible for evaluating changes in our internal control over financial reporting that occurred during the second quarter of 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. No changes in our internal control over financial reporting occurred during the second quarter of 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the effectiveness of controls

A control system, no matter how well conceived and operated, can provide only reasonable assurance, not absolute assurance, that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that the design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not currently involved in any material legal proceedings, having substantially completed the Environmental Protection Agency remediation matter described in note 3 to the consolidated financial statements in this Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016, except that we will become an “accelerated filer” (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) as of December 31, 2017. As a result of this change in status, among other things, (i) we will become subject to the requirement to provide an attestation by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting, (ii) we will be required to accelerate our financial reporting and disclosure, and (iii) we will become subject to expanded disclosure requirements.

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

(a) None

(b) None

(c) The Company has had a stock repurchase plan since September 17, 2002, that was last amended by the Board of Directors on September 15, 2016. This plan permits the purchase of up to 3,500,000 shares. There is currently available for purchase through September 30, 2017, a maximum of 1,154,940 shares. No shares have been purchased since 2006. Since the inception of the repurchase plan, we have repurchased 2,345,060 shares of our Common Stock at a cost of \$1,289,467 (average cost of \$0.55 per share). The Company may repurchase its shares either in the open market or through private transactions. The volume of the shares to be repurchased is contingent upon market conditions and other factors. The Company currently holds the repurchased stock as Treasury Stock, reported at cost. Also included as Treasury Stock are 17,358 shares purchased prior to the current stock repurchase plan at a cost of \$18,720.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

10-1	Master Loan Agreement, dated June 9, 2017, by and between BB&T and the Company, Southeast Power Corporation, Pineapple House of Brevard, Inc., Bayswater Development Corporation, Power Corporation of America, Precision Foundations, Inc., and C and C Power Line, Inc.
10-2	Promissory Note, dated June 9, 2017, relating to The Goldfield Corporation \$22.6 million loan
10-3	Addendum to Promissory Note, dated June 9, 2017, relating to The Goldfield Corporation \$22.6 million loan
10-4	BB&T Security Agreement, dated June 9, 2017 by and between BB&T and the Debtors, relating to The Goldfield Corporation \$22.6 million loan
10-5	Guaranty Agreement, dated June 9, 2017, relating to The Goldfield Corporation \$22.6 million loan
31-1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241
31-2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241
32-1 (1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32-2 (1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

- (1) These exhibits are furnished in accordance with Regulation S-K Item 601(b)(32) and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section. These exhibits shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

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

Dated: August 9, 2017

THE GOLDFIELD CORPORATION

By: /s/ JOHN H. SOTTILE

John H. Sottile

Chairman of the Board, President and Chief

Executive Officer (Principal Executive Officer)

/s/ STEPHEN R. WHERRY

Stephen R. Wherry

Senior Vice President, Chief Financial

Officer, Treasurer and Assistant Secretary

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002 15 U.S.C. SECTION 7241**

I, John H. Sottile, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Goldfield Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN H. SOTTILE

John H. Sottile
Chairman of the Board, President
and Chief Executive Officer (Principal
Executive Officer)
August 9, 2017

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002 15 U.S.C. SECTION 7241**

I, Stephen R. Wherry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Goldfield Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEPHEN R. WHERRY

Stephen R. Wherry
Senior Vice President, Chief Financial Officer,
Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)
August 9, 2017

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of The Goldfield Corporation (the "Company") on Form 10-Q for the six months ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. Sottile, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Goldfield Corporation and will be retained by The Goldfield Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ JOHN H. SOTTILE
John H. Sottile
Chairman of the Board, President
and Chief Executive Officer (Principal
Executive Officer)
August 9, 2017

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of The Goldfield Corporation (the "Company") on Form 10-Q for the six months ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen R. Wherry, Senior Vice President, Treasurer, Assistant Secretary and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Goldfield Corporation and will be retained by The Goldfield Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ STEPHEN R. WHERRY

Stephen R. Wherry
Senior Vice President, Chief Financial Officer,
Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)
August 9, 2017