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

FORM 10 - K

☒ ANNUAL REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Year Ended December 31, 2017

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to _______

Strategic Environmental & Energy Resources, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**000-54987**	**02-0565834**
(State or other jurisdiction of Incorporation or organization)	*(Commission File No.)*	*(IRS Employee Identification Number)*

751 Pine Ridge Road
Golden, CO 80403
(Address of Principal Executive Office)

303-295-6297
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act: **None**

Securities to be registered pursuant to Section 12(g) of the Act:

Title of Class
COMMON STOCK, $.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) 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 at least 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 (§ 229.405 of this chapter) during the preceding 12months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10- K. ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at

which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter; 48,206,944 shares of common stock at a price of $.65 per share for an aggregate market value of $31,334,513.

As of April 16, 2018 there were 56,663,575 shares of the registrant's $.001 par value common stock outstanding. No other class of equity securities is issued or outstanding.

Documents incorporated by reference: None

Strategic Environmental & Energy Resources, Inc.
Form 10-K for the year ended December 31, 2017

Table of Contents

		Page No.
	PART I	
Item 1.	Business	4
Item 1A.	Risk Factors	11
Item 1B.	Unresolved Staff Comments	12
Item 2.	Properties	12
Item 3.	Legal Proceedings	12
Item 4.	Mine Safety Disclosures	12
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	13
Item 6.	Selected Financial Data	14
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operation	14
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	21
Item 8.	Financial Statements and Supplementary Data	21
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	21
Item 9A.	Controls and Procedures	21
Item 9B.	Other Information	22
	PART III	
Item 10.	Directors and Executive Officers of the Registrant	22
Item 11.	Executive Compensation	23
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	26
Item 13.	Certain Relationships and Related Transactions	27
Item 14.	Principal Accountant Fees and Services	29
	Part IV	
Item 15.	Exhibits, Financial Statement Schedules	30
Signatures		32

PART I

Cautionary Statement Concerning Forward-Looking Statements

The information contained in this Annual Report may contain certain statements about SEER that are or may be "forward-looking statements" that is, statements related to future, not past, events, including forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on the current expectations of the management of SEER and are subject to uncertainty and changes in circumstances and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause our results to differ materially from current expectations include, but are not limited to factors detailed in our reports filed with the U.S. Securities and Exchange Commission ("SEC"), including but not limited to those under the caption "Risk Factors" contained herein. In addition, these statements are based on a number of assumptions that are subject to change. The forward-looking statements contained in the information in this Annual Report may include all other statements in this document other than historical facts. Without limitation, any statements preceded or followed by, or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "approximates", "projects", "seeks", "sees", "should," "would," "expect," "positioned," "strategy," or words or terms of similar substance or derivative variation or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects; (ii) business and management strategies and the expansion and growth of SEER; (iii) the effects of government regulation on SEER's business, and (iv) our plans, objectives, expectations and intentions generally.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Additional particular uncertainties that could cause our actual results to be materially different than those expressed in forward-looking statements include: risks associated with our international operations; significant movements in foreign currency exchange rates; changes in the general economy, as well as the cyclical nature of our markets; availability and cost of raw materials, parts and components used in our products; the competitive environment in the areas of our planned industrial activities; our ability to identify, finance, acquire and successfully integrate attractive acquisition targets, expected earnings of SEER; the amount of and our ability to estimate known and unknown liabilities; material disruption at any of our significant manufacturing facilities; the solvency of our insurers and the likelihood of their payment for losses; our ability to manage and grow our business and execution of our business and growth strategies; our ability and the ability our customers to access required capital at a reasonable costs; our ability to expand our business in our targeted markets; the level of capital investment and expenditures by our customers in our strategic markets; our financial performance; our ability to identify, address and remediate any material weakness in our internal control over financial reporting; our ability to achieve or maintain credit ratings and the impact on our funding costs and competitive position if we do not do so; and other risk factors as disclosed herein under the caption "Risk Factors". Other unknown or unpredictable factors could also cause actual results to differ materially from those in any forward-looking statement.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. SEER undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of SEER unless otherwise expressly stated.

ITEM 1. BUSINESS

Overview

Strategic Environmental & Energy Resources, Inc. ("the Company" or "SEER") was originally organized under the laws of the State of Nevada on February 13, 2002 for the purpose of acquiring one or more businesses, under the name of Satellite Organizing Solutions, Inc ("SOZG"). In January 2008, SOZG changed its name to Strategic Environmental & Energy Resources, Inc., reduced its number of outstanding shares through a reverse stock split and consummated the acquisition of both, REGS, LLC and Tactical Cleaning Company, LLC. SEER is dedicated to assembling complementary service and environmental, clean-technology businesses that provide safe, innovative, cost effective, and profitable solutions in the oil & gas, environmental, waste management and renewable energy industries. SEER currently operates five companies with four offices in the western and mid-western U.S. Through these operating companies, SEER provides products and services throughout the U.S. and has licensed technologies with many customer installations throughout the U.S. Each of the five operating companies is discussed in more detail below. The Company also has non-controlling interests in joint ventures, some of which have no or minimal operations.

The Company's domestic strategy is to grow internally through SEER's subsidiaries that have well established revenue streams and, simultaneously, establish long-term alliances with and/or acquire complementary domestic businesses in rapidly growing markets for renewable energy, waste and water treatment and oil & gas services. The focus of the SEER family of companies, however is to increase margins by securing or developing proprietary patented and patent-pending technologies and then leveraging its 20 plus-year service experience to place these innovations and solutions into the growing markets of emission capture and control, renewable "green gas" capture and sale, compressed natural gas ("CNG") fuel generation, as well as general solid waste and medical/pharmaceutical waste destruction. Many of SEER's current operating companies share customer bases and each provides truly synergistic services, technologies and products as well as annuity type revenue streams.

The company now owns and manages four operating entities and one entity that has no significant operations to date.

Subsidiaries

REGS, LLC d/b/a Resource Environmental Group Services ("REGS"): **(operating since 1994)** provides general industrial cleaning services and waste management to many industry sectors focusing primarily on oil & gas production (upstream) and refineries (downstream).

MV, LLC (d/b/a MV Technologies), ("MV") : **(operating since 2003)** MV designs and sells patented and/or proprietary, dry scrubber solutions for management of Hydrogen Sulfide (H_2S) in biogas, landfill gas, and petroleum processing operations. These system solutions are marketed under the product names H2SPlus™ and OdorFilter™. The markets for these products include land fill operations, agricultural and food product processors, wastewater treatment facilities, and petroleum product refiners. MV also develops and designs proprietary technologies and systems used to condition biogas for use as renewable natural gas ("RNG"), for a number of applications, such as transportation fuel and natural gas pipeline injection.

Paragon Waste Solutions, LLC ("PWS"): (formed late 2010) PWS is an operating company that has developed a patented waste destruction technology using a pyrolytic heating process combined with "non-thermal plasma" assisted oxidation. This technique involves gasification of solid waste by heating the waste in a low-oxygen environment, followed by complete oxidation at higher temperatures in the presence of plasma. The term "non-thermal plasma" refers to a low energy ionized gas that is generated by electrical discharges between two electrodes. This technology, commercially referred to as CoronaLux™, is designed and intended for the "clean" destruction of hazardous chemical and biological waste *(i.e.*, hospital "red bag" waste) thereby eliminating the need for costly segregation, transportation, incineration or landfill (with their associated legacy liabilities). PWS is a 54% owned subsidiary.

ReaCH4BioGas ("Reach") (trade name for Benefuels, LLC): (formed February 2013) owned 85% by SEER. Reach develops renewable natural gas projects that convert raw biogas into pipeline quality gas and/or Renewable, "RNG", for fleet vehicles. Reach has had minimal operations as of December 31, 2017.

SEER Environmental Materials, LLC ("SEM"): (formed September 2015) is a wholly owned subsidiary established as a materials technology business with the purpose of developing advanced chemical absorbents and catalysts that enhance the capability of biogas produced from, landfill, wastewater treatment operations and agricultural digester operations.

Joint Ventures

MV RCM Joint Venture: In April 2013, MV Technologies, Inc ("MV") and RCM International, LLC ("RCM") entered into an Agreement to develop hybrid scrubber systems that employ elements of RCM Technology and MV Technology (the "Joint Venture"). RCM and MV Technologies will independently market the hybrid scrubber systems. The contractual Joint Venture has an initial term of five years and will automatically renew for successive one-year periods unless either Party gives the other Party one hundred and eighty (180) days' notice prior to the applicable renewal date. Operations to date of the Joint Venture have been limited to formation activities.

Paragon Waste (UK) Ltd: In June 2014, PWS and PCI Consulting Ltd ("PCI") formed Paragon Waste (UK) Ltd ("Paragon UK Joint Venture") to develop, permit and exploit the PWS waste destruction technology within the territory of Ireland and the United Kingdom. PWS and PCI each own 50% of the voting shares of Paragon UK Joint Venture. Operations to date of the Paragon UK Joint Venture have been limited to formation, the delivery of a CoronaLux™ unit with a third party in the United Kingdom and application and permitting efforts with regulatory entities.

P&P Company: In February 2015, PWS and Particle Science Tech of Environmental Protection, Inc. ("Particle Science") formed a joint venture, Particle & Paragon Environmental Solutions, Inc ("P&P") to exploit the PWS technology in China, including Hong Kong, Macao and Taiwan. PWS and Particle Science each own 50% of P&P. Operations to date have been limited to formation of P&P and the sale and delivery of a CoronaLux™ unit to Particle Science in China.

PWS MWS Joint Venture: In October 2014, PWS and Medical Waste Services, LLC ("MWS") formed a contractual joint venture to exploit the PWS medical waste destruction technology. In 2015, MWS licensed and installed a CoronaLux™ unit at an MWS facility, and subsequently received a limited permit to operate from the South Coast Air Quality Management District ("SCAQMD") and the California Department of Public Health. In November 2017, PWS received final air quality permit approval from SCAQMD allowing for full operations of the CoronaLux™ unit at the MWS facility.

Paragon Southwest Joint Venture: In December 2017, PWS and GulfWest Waste Solutions, LLC ("GWWS") formed Paragon Southwest Medical Waste, LLC ("PSMW") to exploit the PWS medical waste destruction technology. PSMW will have an exclusive license to the CoronaLux™ technology in a six-state area of the Southern United States. In addition to the equity position, PWS will be the operating partner for the business and sell a number of additional systems to the joint venture over the next five years. In 2017, PSMW purchased and installed three CoronaLux™ units at an PSMW facility. Operations in the form of medical waste destruction began in the first quarter of 2018.

Segment Information

The Company currently has identified three segments as follows:

				% of Annual Revenues	
				2017	2016
REGS		Industrial Cleaning		27%	38%
MV, SEM		Environmental Solutions		62%	59%
PWS		Solid Waste		11%	3%

Reach is not currently operating but should operations commence it will be part of the Environmental Solutions segment. The MV RCM Joint Venture is not currently operating but should operations commence it will be part of the Environmental Solutions segment.

As of December 31, 2017 we had no one customer with sales in excess of 10% of our revenues. As of December 31, 2016, we had one customer with sales in excess of 10% of our revenue and they represented approximately 17% of total revenues for the year ended December 31, 2016. In early 2016 we were notified by this significant customer that effective April 1, 2016 we would no longer be providing routine maintenance services but still be eligible to provide other industrial cleaning services. During 2016, the loss of revenue from this customer was approximately $2.5 million. See Notes 2 and 17 to the consolidated financial statements and Item 1A Risk Factors.

Financial Condition

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has an accumulated deficit of approximately $21.5 million as of December 31, 2017 and for the years ended December 31, 2017, and 2016, we incurred net losses, from continuing operations, of approximately $6.1 million and $5.0 million, respectively. As of December 31, 2017 and 2016 our current liabilities exceed our current assets by approximately $5.2 million and $3.8 million, respectively. Our total liabilities exceed total assets at December 31, 2017 by approximately $3.3 million and at December 31, 2016 our total liabilities exceeded our total assets by approximately $2.3 million. The primary reason for the increase in negative working capital and the reduction in total assets over total liabilities from 2016 to 2017 is due to the impairment of Paragon CoronaLux™ waste destruction units, the interest expense incurred during 2017, and the net loss incurred in 2017 as noted above, offset by a gain on sale of rail operations during 2017. Also see Notes 2, 7 and 13 to the consolidated financial statements. In early 2016 REGS, a wholly owned subsidiary, was notified that effective April 1, 2016 it would no longer be providing routine maintenance services to its largest customer but would still be eligible to provide other industrial cleaning services. The loss of revenue from this customer was approximately $2.5 million for the year ended December 31, 2016.

Realization of a major portion of our assets as of December 31, 2017, is dependent upon our continued operations. The Company is dependent on generating additional revenue or obtaining adequate capital to fund operating losses until it becomes profitable. In addition, we have undertaken a number of specific steps to continue to operate as a going concern. We continue to focus on developing organic growth in our operating companies, diversifying our service customer base and market concentrations and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions. Critical to achieving profitability will be our ability to license and or sell, permit and operate through our joint ventures and licensees our CoronaLux™ waste destruction units. We have increased our business development efforts to address opportunities identified in expanding domestic markets attributable to increased federal and state emission control regulations (particularly in the nation's oil and gas fields) and a growing demand for energy conservation and renewable energies. In addition, the Company is evaluating various forms of financing that may be available to it. There can be no assurance that the Company will secure additional financing for working capital, increase revenues and achieve the desired result of net income and positive cash flow from operations in future years. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to report on a going concern basis.

Industry

SEER, with its diverse services, technologies, and environmental solution offerings, participates in the worldwide markets of industrial cleaning, environmental compliance, renewable energy and waste minimization/management. There are ever-increasing emissions and solid waste regulations and statutory programs at the local, state, federal and international levels that create and mandate the need for renewable energies and waste minimization, proper handling, storage, treatment and disposal of virtually all types of waste.

The industrial waste management industry in North America was shaped first by the Resource Conservation and Recovery Act of 1976 (“RCRA”), which requires waste generators to, among other things, store and dispose of hazardous waste in accordance with specific regulations. Subsequent to RCRA, growing national awareness of environmental issues, coupled with corporate and institutional awareness of environmental liabilities, have contributed to the growth of the industry and associated governing legislation on the state and federal levels.

Today, collection and disposal of solid and hazardous wastes are subject to local, state, and federal requirements and controls that regulate health, safety, the environment, zoning and land-use. Included in these regulations is the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), of the United States. CERCLA holds generators and transporters of hazardous substances, as well as past and present owners and operators of sites where there has been a hazardous release, strictly, jointly and severally liable for environmental cleanup costs resulting from the release or threatened release of hazardous materials.

The enactment of the federal *Clean Air Act of 1970* (CAA) resulted in a major shift in the federal government’s role in air pollution control. This legislation authorized the development of comprehensive federal and state regulations to limit emissions from both stationary (industrial) sources and mobile sources. The Act has been amended and expanded in scope many times since its enactment and remains a major consideration for safely and responsibly conducting business in the U.S.

These and countless other similar regulatory programs mandate the need for environmental and industrial cleaning services and technologies such as those offered by SEER and its companies.

There are substantial barriers to entry in the waste management industry, including the high degree of expertise and training required, regulatory compliance, insurance, and licensing costs and procedures, strict federal, state, provincial and local permitting and oversight processes, and significant capital costs of equipment and qualified personnel.

Business Strategy

SEER’s growth to date has been fueled by a combination of synergistic and vertical integration, acquisitions, strategic alliances and organic growth. SEER acquired REGS, and MV as wholly-owned subsidiaries. In 2015 SEM was created to provide recurring and high-margin revenue to the Company by offering an internal source of diverse media solutions that are required for the treatment of various waste and off gas streams. This also enables greater pricing flexibility by the technology solutions affiliates that, in turn, should result in increased sales of systems that leads to greater demand of media. The increased installation and demand for media change outs also creates service opportunities for the Company’s service sector. We intend to continue pursuing an aggressive strategy of both acquisitions and organic growth while expanding our geographic footprint into other regions of the United States and foreign markets. Potential acquisitions may include businesses that secure supply chain and vendor logistics or are complementary to our core businesses or companies that provide a similar set of services in regions where the Company does not currently have operations.

Upon full development of certain of our patented and patent-pending technologies, we intend to explore licensing relationships with larger, established companies to generate sustainable revenue streams from both domestic and international applications.

Intellectual Property

MV was issued a patent in 2012 related to "Oil-Gas Vapor Collection, Storage, and Recovery System, etc." Patent No. US 8,206,124 B1. MV was issued a second patent in 2014 titled "Fugitive Gas Capture", US Patent No. 8,708,663 B1, that expanded claims in the earlier patent. The patents will expire in 2029 and 2031, respectively, unless otherwise extended. MV is in the process of expanding the scope and number of claims of this issued patent.

In 2013, PWS filed provisional and non-provisional patent applications in the name and for the benefit of SEER arising out of and related to its waste disposal technology involving a pyrolitic first phase and a "cold plasma" second phase system referred to as "plasma light," or CoronaLux™ technology. In October 2014 SEER was issued patent No. 8,870,735 for this CoronaLux™ technology. In 2014, PWS filed a provisional patent related to destruction of volatile organic compounds. A pyrolytic process is basically the decomposition of any material at elevated temperatures in a very low oxygen-containing atmosphere, as compared to conventional incineration or pyrolysis processes. In July 2016 SEER was issued patent No. 9,393,519 for this CoronaLux™ technology. The patents will expire in 2033.

Competition

The industrial services industry is highly competitive. Our competitors vary in size, geographical coverage and by the mix of services they offer. Our larger competitors include Philip Services, Clean Harbors, and Veolia Environmental Services. Additionally, we compete with a number of small and medium size companies. In the face of this competition we have been effective in growing our revenue due to the wide range of services we offer, a competitive pricing structure, our innovative and proprietary/patent pending technologies, and a reputation for reliability, built over the nearly 20 years of business operations as well as the care we take in performing and completing each customer project.

In all its businesses, the Company currently holds very small parts of very large and growing markets. MV competes by providing superior hydrogen sulfide ("H_2S") "scrubbing" solutions that result in more cost effective removal of H_2S from process gas streams. H_2S is highly corrosive, and is a precursor to sulfur dioxide, a highly regulated air pollutant. Therefore removing H_2S from industrial process waste streams is important in order to enhance the safety of personnel, extend the life of industrial equipment, and to minimize resulting air pollution. In the markets served by MV there are a number of competing technologies employed such as: biological scrubbing, chemical scrubbing, and dry scrubbing with activated carbon. REGS competes by offering superior customer response and lower total cost of service. PWS competes by offering a unique on-site, on-demand waste destruction solution, eliminating the need for waste segregation, transportation, incineration, autoclaving and/or landfilling; in turn, eliminating all of the associated costs and legacy liabilities associated with current options for medical waste handling. We believe that the patented CoronaLux™ technology results in a radically superior option in the medical waste management sector and in ultimate emissions cleaner than other solutions available in the market.

Environmental Matters and Regulation

Significant federal environmental laws affecting us are the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund Act", the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act ("TSCA").

RCRA. RCRA is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. Pursuant to RCRA, the U.S. Environmental Protection Agency (the "EPA") has established a comprehensive "cradle-to-grave" system for the management of a wide range of materials identified as hazardous or solid waste. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA have been delegated authority by the EPA to administer their facility permitting programs in lieu of the EPA's program. Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit from the EPA or an authorized state agency, unless a specific exemption exists, and must comply with certain operating requirements.

The Superfund Act. The Superfund Act is the primary federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. It also provides for immediate response and removal actions coordinated by the EPA, of the release of hazardous substances into the environment, and authorizes the government to respond to the release or threatened release of hazardous substances or to order responsible persons to perform any necessary cleanup. The statute provides for strict, and in certain cases, joint and several liability for these responses and other related costs, and for liability for the cost of damages to natural resources, to the parties involved in the generation, transportation and disposal of such hazardous substances. Under the statute, we may be deemed liable as a generator or transporter of a hazardous substance which is released into the environment, or as the owner or operator of a facility from which there is a release of a hazardous substance into the environment.

The Clean Air Act. The Clean Air Act was passed by Congress to control the emissions of pollutants into the air and requires permits to be obtained for certain sources of toxic air pollutants such as vinyl chloride, or criteria pollutants, such as carbon monoxide. In 1990, Congress amended the Clean Air Act to require further reductions of air pollutants with specific targets for non-attainment areas in order to meet certain ambient air quality standards. These amendments also require the EPA to promulgate regulations, which (i) control emissions of 189 hazardous air pollutants; (ii) create uniform operating permits for major industrial facilities similar to RCRA operating permits; (iii) mandate the phase-out of ozone depleting chemicals; and (iv) provide for enhanced enforcement.

Clean Water Act. This legislation prohibits discharges into the waters of the United States without governmental authorization and regulates the discharge of pollutants into surface waters and sewers from a variety of sources, including disposal sites and treatment facilities.

Toxic Substances Control Act. TSCA established a national program for the management of substances classified as PCBs, which include waste PCBs as well as RCRA wastes contaminated with PCBs. We conduct field services (remediation) activities that are regulated under provisions of the TSCA.

Other Federal Laws. In addition to regulations specifically directed at the transportation, storage, and disposal facilities, there are a number of regulations that may "pass-through" to the facilities based on the acceptance of regulated waste from affected client facilities. Each facility that accepts affected waste must comply with the regulations for that waste, facility or industry. In our transportation operations, we are regulated by the U.S. Department of Transportation, the Federal Railroad Administration, the Federal Aviation Administration and the U.S. Coast Guard, as well as by the regulatory agencies of each state in which we operate or through which our vehicles pass. Health and safety standards under the Occupational Safety and Health Act, or "OSHA", are applicable to all of our operations.

Pursuant to the EPA's authorization of their RCRA equivalent programs, a number of states have regulatory programs governing the permitting and operation of hazardous waste facilities. Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Our facilities are also subject to local siting, zoning and land use restrictions. Although our facilities occasionally have been cited for regulatory violations, we believe we are in substantial compliance with all federal, state and local laws regulating our business.

Income/Payroll Taxes

In 2009 and 2010, REGS, a subsidiary of the Company, became delinquent for unpaid federal employer and employee payroll taxes and accrued interest and penalties related to the unpaid payroll taxes.

In or around 2010, REGS retained Washington D.C.-based legal counsel specializing in resolving federal tax matters. REGS has been represented by this firm throughout all phases of this tax matter and related proceedings. In September 2011, REGS received approval from the Internal Revenue Service ("IRS") to begin paying the outstanding federal payroll tax liability plus related interest and penalties totaling approximately $971,000, in installments (the "Installment Plan"). Under the Installment Plan, we were required to pay minimum monthly installments of $12,500 commencing September 2011, which increased to $25,000 per month in September 2012, until the liability was paid in full. Through the duration of the Installment Plan, the IRS continued to charge penalties and interest at statutory rates. If the conditions of the Installment Plan were not met, the IRS could cancel it and could demand the outstanding liability to be repaid through traditional enforcement proceedings available to the IRS. Additionally, the IRS has filed a notice of federal tax lien against certain of REGS assets in order to secure the obligation. The IRS is to release this lien if and when we pay the full amount due. Two of the officers of REGS also have liability exposure for a portion of the taxes if REGS does not pay them.

In May 2013, REGS filed an Offer in Compromise ("OIC") with the IRS. While the OIC was under review by the IRS, the requirement to pay $25,000 a month under the Installment Plan was suspended. REGS was informed by its legal counsel that the IRS had accepted REGS' OIC. However by a letter dated March 27, 2014 REGS was notified that the OIC had been rejected. REGS appealed that rejection decision. However that appeal has been denied. As a result, the Installment Plan is terminated. In June 2014, REGS received notices of intent to levy property or rights to property from the IRS for the amounts owed for the past due payroll taxes, penalty and interest. The IRS has not taken any current action against REGS and REGS continues to be represented by its legal counsel.

As of December 31, 2017 and December 31, 2016, the outstanding balance due to the IRS was $997,700, and $993,300, respectively.

Other than this outstanding payroll tax matter arising in 2009 and 2010, all state and federal taxes have been paid by REGS in a timely manner.

Insurance

To cover potential risks associated with the variety of services that the operating companies provide, we maintain adequate insurance coverages, including: 1) Casualty Insurance providing coverage for Commercial General Liability, Automotive Liability, Professional Liability Insurance and Employee Benefits Liability in the amounts of $1 million each, respectively, per year; 2) Contractor's Pollution Liability Insurance, which has limits of $1 million per occurrence and $1 million in the aggregate; 3) Transportation Liability Insurance with a $1 million per occurrence; and 4) An Excess Umbrella Liability Policy of $5 million per occurrence and $5 million aggregate limit overall.

Health, Safety and Compliance

Preserving the health and safety of our employees and the communities in which we operate, as well as remaining in compliance with local, state and federal rules and regulations are the highest priorities for us and our companies. We strive to maintain the highest professional standards in our compliance and health and safety activities. To achieve this objective, we have an in-house, full-time, health & safety officer and emphasize comprehensive training programs for new employees as well as ongoing mandatory refresher programs, and safety bonus programs for existing employees. These programs are administered at both the corporate and field levels on a daily basis. Our efforts to ensure the health and safety of employees have been formally recognized by our customers as well as by the Colorado Department of Labor and Employment.

Research and Development

Research and Development ("R&D") costs are charged to operations when incurred and are included in operating expenses. R&D expenses consist primarily of salaries, project materials, contract labor and other costs associated with ongoing product development and enhancement efforts. We spent approximately $5,600 and $192,500 on R&D for the years ended December 31, 2017 and 2016, respectively.

Employees

As of December 31, 2017, we employed approximately 40 full time non-union hourly and salaried employees. There is some seasonality to our business which requires us to use day laborers.

Public Information

Persons interested in obtaining information on the Company may read and copy any materials that we file with the Commission at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at *http://www.sec.gov.*

ITEM 1A. RISK FACTORS

Not required as the Company is a Smaller Reporting Company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Location	Owned/Leased	Function	Building(s) Sq. Footage	Total Acreage
Commerce City, CO(2)	Leased	REGS operations	8,686	1.8
Golden, CO (1)	Leased	Corporate office, MV operations	9,750	n/a

(1) On December 16, 2013, the Company executed a new lease for 9,750 square feet of office and warehouse space that will serve as the headquarters for SEER, MV and PWS. The lease commenced on February 1, 2014 and terminates on January 31, 2019 unless otherwise extended.

(2) REGS had been leasing their warehouse and yard space on a month to month basis after the terms of a long term lease had expired. Subsequent to year end, REGS executed a new four year lease commencing April 1, 2016 for 8,686 square feet of building and approximately 1.8 acres of yard.

ITEM 3. LEGAL PROCEEDINGS

Other than the disclosure in Note 9 to the Consolidated Financial Statements regarding the past due payroll taxes and in Note 20 to the Consolidated Financial Statements regarding the Chapter 11 Bankruptcy proceedings of SEM and the lease settlement for REGS, we know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder of more than 5% of our issued and outstanding common stock, or associates of such persons, is an adverse party or has a material interest adverse to us.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

The Company's common stock is traded on the OTCQB marketplace, operated by OTC Markets Group under the symbol "SENR." The following table sets forth the range of high and low bid prices for the periods indicated. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions.

	For the Years Ended December 31,			
	2017		2016	
	High	Low	High	Low
First Quarter	$ .81	$ .50	$ .98	$ .35
Second Quarter	$ 1.08	$ .60	$ .90	$ .50
Third Quarter	$ .70	$ .44	$ .81	$ .53
Fourth Quarter	$ .79	$ .40	$ .67	$ .45

Stockholders

As of April 16, 2018, there were approximately 85 shareholders holding 56,663,575 common shares issued and outstanding. There are no preferred shares issued or outstanding.

Dividends

We have not declared or paid a cash dividend on our common stock. We currently intend to retain future earnings, if any, to finance the growth and development of our business and, therefore, do not anticipate paying cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

During March 2018, the Company issued 250,000 shares of $.001 par value common stock for proceeds of $120,000.

During April 2018, the Company issued 75,000 shares of $.001 par value common stock for services provided and to be provided through May 31, 2018 totaling approximately $58,000.

As of April 15, 2018, the Company three short term notes for which the penalty period for shares to be issued has been reached. The Company has recorded 665,000 shares of its common stock as issuable under the terms of those agreements. The shares were valued at $306,900 and are recorded as interest expense. Additional shares will be issued by the Company under the terms of the agreements.

During the year ended December 31, 2017, we did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been previously reported in a Form 8-K or Form 10-Q except as noted below.

During the year ended December 31, 2017 the Company issued 13,496 shares of $.001 par value common stock in connection with the cashless exercise of 166,666 options.

During the year ended December 31, 2017, the Company issued 200,000 warrants, in connection with consulting services provided, exercisable for 5 years at $0.70 per share and valued at $31,300 using the Black Scholes valuation method.

During the year ended December 31, 2017, the Company issued 300,000 shares of $.001 par value common stock valued at $174,000 in connection with a settlement agreement. (See Note 7)

In 2017, the Company issued 1,500,000 shares of $.001 par value common stock valued at $1,009,000 in connection with the late payment penalty due on short-term notes. (See Note 10)

In 2017, the Company recorded 190,000 shares of $.001 par value common stock valued at $130,000 as issuable to short-term note holders as required under their respective agreements. (See Note 10)

During the year ended December 31, 2017, the Company issued an option to purchase 1,000,000 shares of its $.001 par value common stock at a strike price of $1.00 to Richard Robertson in connection with his employment agreement dated January 9, 2017. At the date of issuance 100,000 shares vested immediately and the remaining 900,000 options vest over a period of four years in a series of 16 successive equal quarterly vesting of 56,250 options commencing March 31, 2017 and ending December 31, 2020. The Company used the Black Scholes option pricing model to estimate the fair value of the options granted at $102,354. The assumptions used in calculating such value include a risk-free interest rate of 1.89%, expected volatility of 36.87%, an expected life of 5.5 years and a dividend rate of 0.

During the year ended December 31, 2017, the Company issued an option to purchase 1,000,000 shares of its $.001 par value common stock at a strike price of $0.70 to Don Moorhead in connection with his consulting agreement dated May 1, 2017. The options vest over a period of two years in a series of 8 successive equal quarterly installments of 125,000 commencing July 1, 2017 and ending April 1, 2019. The Company used the Black Scholes option pricing model to estimate the fair value of the options granted at $231,514. The assumptions used in calculating such value include a risk-free interest rate of 1.84%, expected volatility of 39.17%, an expected life of 4.5 years and a dividend rate of 0.

During the year ended December 31, 2017, the Company and certain warrant holders entered into agreements in which the Company agreed to extend the expiration date of then outstanding warrants by 12 months to acquire 2,966,191 shares of common stock of the Company. Certain warrant holders were offered the extensions at no additional cost to the warrant holder, while others agreed to pay the Company approximately $160,760 for the extensions. As of December 31, 2017, one of the warrant holders is making monthly payments with approximately $5,300 remaining outstanding. The Company recorded stock based compensation expense of $83,677 for those warrant holders granted extensions without compensation to the Company.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in understanding our business and the results of our operations. It should be read in conjunction with the Consolidated Financial Statements and the related footnotes and "Risk Factors" that appear elsewhere in this Report. Certain statements in this Report constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe," "expect," "anticipate," "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Unless the context requires otherwise, when we refer to "we," "us" and "our," we are describing SEER and its consolidated subsidiaries on a consolidated basis.

Overview

SEER was formed as a publicly traded company in early 2008 through a reverse merger. SEER is dedicated to assembling complementary service and environmental, clean-technology businesses that provide safe, innovative, cost effective, and profitable solutions in the oil & gas, environmental, waste management and renewable energy industries. SEER currently operates five companies with four offices in the western and mid-western U.S. Through these operating companies, SEER provides products and services throughout the U.S. and has licensed and owned technologies with many customer installations throughout the U.S. Each of the five operating companies is discussed in more detail below. The Company also has non-controlling interests in joint ventures, some of which have no or minimal operations

The Company's domestic strategy is to grow internally through SEER's subsidiaries that have well established revenue streams and, simultaneously, establish long-term alliances with and/or acquire complementary domestic businesses in rapidly growing markets for renewable energy, waste and water treatment and oil & gas/industrial services. The focus of the SEER family of companies, however, is to increase margins by securing or developing proprietary, patented and patent-pending technologies, and then leveraging its 20 plus-year service experience to place these innovations and solutions into the growing markets of emission capture and control, renewable "green gas" capture and sale, compressed natural gas fuel generation, as well as general solid waste and medical/pharmaceutical waste destruction. Many of SEER's current operating companies share customer bases and each provides truly synergistic services, technologies and products as well as annuity type revenue streams.

Financial Condition

At December 31, 2017, we had approximately $5.2 million in negative working capital, which represents an increase of approximately $1.4 million from $3.8 million in negative working capital at December 31, 2016. The significant decrease in our working capital, results primarily from the net loss, before non-controlling interest, of $2.7 million for 2017. We were notified by a significant customer that effective April 1, 2016 we would no longer be providing routine maintenance services but still would be eligible to bid on other industrial cleaning services. The reduction of revenue from this customer during the year ended December 31, 2016 was approximately $2.5 million.

In May 2013, REGS filed an Offer in Compromise with the IRS. REGS received a letter from the IRS, dated March 27, 2014, rejecting its Offer in Compromise and in accordance with the rejection letter REGS has submitted a written appeal. As a result of the IRS rejection of the Offer in Compromise, the Installment Plan, mentioned in Part 1, Item 1, was terminated. In June 2014, REGS received notices of intent to levy property or rights to property from the IRS for the amounts owed for the past due payroll taxes, penalty and interest. The appeal submitted by REGS was denied by the IRS, however, the IRS has not taken any current action. As of December 31, 2017, the outstanding balance due to the IRS was $997,700 and REGS continues to be represented by tax counsel specializing in federal tax matters.

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately $21.5 million as of December 31, 2017, and $19.2 million as of December 31, 2016. For the years ended December 31, 2017, and 2016, we incurred net losses of approximately $2.7 million and $4.6 million, respectively.

Realization of a major portion of our assets as of December 31, 2017, is dependent upon our continued operations. The Company is dependent on generating additional revenue or obtaining adequate capital to fund operating losses until it becomes profitable. In addition, we have undertaken a number of specific steps to continue to operate as a going concern. We continue to focus on developing organic growth in our operating companies and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions. Critical to achieving profitability will be our ability to license and or sell, permit and operate though our joint ventures and licensees our CoronaLux™ waste destruction units. We have increased our business development efforts to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. In addition, the Company is evaluating various forms of financing which may be available to it. There can be no assurance that the Company will secure additional financing for working capital, increase revenues and achieve the desired result of net income and positive cash flow from operations in future years. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to report on a going concern basis.

Results of Continuing Operations for the Years Ended December 31, 2017 and 2016

Total revenues were $8.4 million and $7.7 million for the years ended December 31, 2017 and 2016, respectively. The increase of approximately $0.7 million or 9% in revenues comparing the year ended December 31, 2017 to the year ended December 31, 2016 is primarily attributable to the increases in revenues from our environmental solutions segment revenue increased from $4.5 million for the year ended December 31, 2016 to $5.3 million for the year ended December 31, 2017, an increase of approximately $0.8 million or approximately 18%. The increase is primarily attributable to higher media replacement sales and higher long term contract revenues. Our industrial cleaning segment which decreased from approximately $2.9 million in 2016 to approximately $2.3 million in 2017, a decrease of $0.6 million or approximately 21% and was primarily attributable to a single customer. Our solid waste disposal segment did not generate any revenue from sales of CoronaLux™ units during 2016 but did generate $600,000 in 2017 from the sale of 3 CoronaLux™ units . The solid waste disposal segment also generated licensing and placement fees of $161,500 in 2017 and $205,000 in 2016. In addition, the solid waste disposal segment generated approximately $156,000 in other fees for 2017 compared to $40,000 in other fees for 2016. The solid waste disposal segment has received approximately $168,000 in non-refundable fees in 2017 and from inception through December 31, 2017, $983,000, which are being recognized as revenue ratably over the term of the agreements.

Operating expenses, which include cost of products, cost of services, cost of solid waste and selling, general and administrative (SG&A) expenses, fixed asset and other asset impairment and litigation and other settlement were approximately $13.2 million for the year ended December 31, 2017 compared to $12.4 million for the year ended December 31, 2016. 1) An increase of product cost of $0.2 million corresponds with the increase in product revenue by 18% over 2016, 2) an increase in service costs of approximately $0.05 million associated with a 23% decrease in service revenues of $0.7 million, 3) an increase in SG&A of approximately $0.5 million comparing 2016 to 2017, this was primarily a result of an increase in professional fees of approximately $0.3 million and an increase in insurance and utilities of $0.1 million, 4) an increase in solid waste costs of approximately $0.9 million associated with an increase in solid waste revenues of $0.7 million, and 5) offset by a decrease of approximately $0.9 million in asset impairment and litigation and other settlement costs. Service costs as a percentage of service revenues were 120% for the year ended December 31, 2017 and 91% for the year ended December 31, 2016. The decrease in margin is due to reduced utilization of equipment and manpower as a result of the significant reduction in service revenue. In 2017 we saw a continued decrease in equipment and manpower utilization as a result of an ongoing decrease in revenue in 2017 from 2016. Product costs as a percentage of product revenues was 69% in 2017 compared to 76% in 2016. The increase in margin is primarily due to an increase in recurring product sales produced in-house that generate higher margins than when historically purchased from third parties. The one-time long-term projects margins remained consistent year over year. Solid waste costs were $315,000 in 2016 and $1.1 million in 2017. The increase is primarily due to two factors: 1) sales of three CoronaLux ™ units in 2017 as compared to none in 2016 and 2) a decrease in personnel costs related to product development and product enhancement activities. SG&A expense increased from approximately $4.2 million for the year ended December 31, 2016, to approximately $4.7 million for the year ended December 31, 2017, an increase of approximately $0.5 million. The increase in 2017 compared to 2016 was primarily due to an increase in professional fees of approximately $0.3 million and an increase in insurance and utilities of approximately $0.1 million. In 2017 and 2016 we impaired our idle CoronaLux ™ units in the amounts of $354,000 and $809,000, respectively. In 2017, we impaired a note receivable in the amount of $300,000. In 2017 we recognized a loss on settlement related to Sterall of $254,900. And in 2016 we impaired our other long-term asset related to Sterall in the amount of $720,000 (see Note 11) and accrued a litigation settlement in the amount of $277,000 including the related legal fees.

Total non-operating other income (expense), net was $(319,300) for the year ended December 31, 2016 compared to $(1,365,900) for the year ended December 31, 2017. The increase in 2017 compared to 2016 is primarily due to an increase in interest expense of $1.1 million as a result of an increase in short-term debt and penalty shares issued in 2017 related to the short-term debt.

There is no provision for income taxes for both the year ended December 31, 2017 and 2016, due to our net losses for both periods.

Net loss, before non-controlling interest, for the year ended December 31, 2017 was $2.7 million compared to a net loss, before non-controlling interest, of $4.7 million for the year ended December 31, 2016. The net loss attributable to SEER after deducting $545,400 for the non-controlling interest was $2.2 million for the year ended December 31, 2017 as compared to $3.9 million, after deducting $753,500 in non-controlling interest for the year ended December 31, 2016. As noted above, the 9% increase in revenue in 2017 compared to 2016 coupled with the gain on sale of rail operations and offset by the other expenses incurred during 2017 was the primary reason for the decrease in the net loss.

Changes in Cash Flow from Continuing Operations

Operating Activities

Net cash used in operating activities during the year ended December 31, 2017 was $2,786,300 compared to $747,800 during the year ended December 31, 2016. Cash used in operating activities is driven by our net loss and adjusted by non-cash items and changes in operating assets and liabilities. Non-cash adjustments primarily include depreciation and amortization of property & equipment and intangible assets, stock based compensation expense, asset impairment expense, and in 2017, non-cash interest expense related to the issuance of common stock for short-term debt penalty, an increase in the provision for doubtful accounts, settlement expense and the cost to sell equipment. In 2017, net non-cash adjustments totaled approximately $3,640,700 and in 2016, net non-cash adjustments totaled $2,432,700. In 2017, the net effect of changes in operating assets and liabilities was an decrease in cash by approximately $293,400, primarily due to a decrease of $863,500 in billings in excess of revenue on uncompleted contracts, a decrease of $279,800 in accounts payable and accrued liabilities, and coupled with an increase in accounts receivable and prepaid expenses and other assets of approximately $878,500. The increase in accounts receivable is primarily due to the timing of invoicing on client contracts. The decrease in billings in excess of revenue on uncompleted contracts in 2017 was primarily related to timing of completion of jobs versus starts to new jobs. In 2016, the net effect of changes in operating assets and liabilities was an increase in cash by approximately $1.9 million, primarily due to an increase in accounts payable and accrued liabilities of $1.3 million and an increase in billings in excess of revenue on uncompleted contracts of $500,000. In 2016, other changes in operating assets and liabilities offset each other resulting in no significant change in cash.

Investing activities

Net cash used in investing activities is primarily attributable to capital expenditures and notes receivable, while in 2017, net cash provided by investing activities was attributable to proceeds from the sale of the rail operations. Our net cash flow provided by investing activities was $2,066,800 for the year ended December 31, 2017 and cash flow used in investing activities was $149,800 for the year ended December 31, 2016. In addition to proceeds of $2,510,900 from the sale of discontinued operations during 2017, we also had proceeds from the sale of property and equipment of $74,300, additions to property and equipment of $199,800, increases in intangible assets of $18,600 and issued $300,000 of notes receivable.

Financing Activities

Net cash used in financing activities was approximately $37,500 for 2017 and net cash provided by financing activities was approximately $726,300 for 2016. Proceeds from the sale of common stock and exercise and extension of warrants was $0 and $454,900 in 2017 and 2016, respectively. Proceeds from the issuance of convertible and short-term debt was $1,275,000 and $1,155,000 in 2017 and 2016, respectively. Payments on notes payable and capital lease obligations was $1,468,000 in 2017 and $863,600 in 2016 and payments on related party notes payable was $0 in 2017 and $20,000 in 2016. Proceeds from the extension of warrants was $155,500 in 2017 and $0 in 2016.

Overall, our cash changed very minimally from 2016 to 2017 primarily due to our net loss from operations offset by the proceeds from the sale of discontinued operations, extension of warrants, and debt financing in 2017 that provided some working capital to offset our operating losses.

DISCONTINUED OPERATIONS

Results of Discontinuing Operations for the Years Ended December 31, 2017 and 2016

Total revenues were approximately $4.1 million and $4.0 million for the years ended December 31, 2017 and 2016, respectively. The increase in revenue is driven by the expansion into new rail locations in Maryland and Pennsylvania, as well as expansion of operations in locations in Illinois, Kansas and Colorado during the year ended December 31, 2017.

Operating costs, which include cost of services, general and administrative (G&A) expenses and salaries and related expenses, were $3.4 million for the year ended December 31, 2017 compared to $3.6 million for the year ended December 31, 2016. The decrease in operating costs of approximately $0.2 million is primarily the result of a decrease in bad debt of $100,000 and a decrease in salaries of $50,000 from 2016 to 2017. Service costs as a percentage of service revenues remained fairly consistent at 75% and 78% for the years ended December 31, 2017 and 2016, respectively.

Total net income from discontinued operations was $694,300 for the year ended December 31, 2017 compared to $423,300 for the year ended December 31, 2016.

There is no provision for income taxes for the year ended December 31, 2016 due to prior year consolidated losses and for the year ended December 31, 2017, due to year-to-date consolidated net loss.

Changes in Cash Flow for Discontinued Operations

The Company had net cash provided by discontinued operations for the years ended December 31, 2017 of $577,900 compared to net cash provided by discontinued operations for the year ended December 31, 2016 of $173,900, an increase of cash of $404,000.

In the year ended December 31, 2017 we received gross proceeds from the sale of rail operations of $2,627,000 and paid costs related to the sale of $116,100.

Critical Accounting Policies, Judgments and Estimates

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of intangible assets; valuation allowances and reserves for receivables, inventory and deferred income taxes; revenue recognition related to contracts accounted for under the percentage of completion method; share-based compensation; and loss contingencies, including those related to litigation. Actual results could differ from those estimates.

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are recorded at the invoiced amounts less an allowance for doubtful accounts and do not bear interest. The allowance for doubtful accounts is based on our estimate of the amount of probable credit losses in our accounts receivable. We determine the allowance for doubtful accounts based upon an aging of accounts receivable, historical experience and management judgment. Accounts receivable balances are reviewed individually for collectability, and balances are charged off against the allowance when we determine that the potential for recovery is remote. An allowance for doubtful accounts of approximately $460,100 and $235,500 had been reserved as of December 31, 2017 and 2016, respectively.

We are exposed to credit risk in the normal course of business, primarily related to accounts receivable. Our customers operate primarily in the oil production and refining, rail transport, biogas generating and wastewater treatment industries in the United States. Accordingly, we are affected by the economic conditions in these industries as well as general economic conditions in the United States. To limit credit risk, management periodically reviews and evaluates the financial condition of its customers and maintains an allowance for doubtful accounts. As of December 31, 2017 and 2016, we do not believe that we have significant credit risk.

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including accounts receivable and accounts payable, are carried at cost, which approximates their fair value due to their short-term maturities. We believe that the carrying value of notes payable with third parties, including their current portion, approximate their fair value, as those instruments carry market interest rates based on our current financial condition and liquidity. We believe the amounts due to related parties also approximate their fair value, as their carried interest rates are consistent with those of our notes payable with third parties.

Long-lived Assets

We evaluate the carrying value of long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset is considered to be impaired when the anticipated undiscounted future cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. For the years ended December 31, 2017 and 2016, the Company recognized an impairment to three CoronaLux ™ units of $354,000 and five CoronaLux ™ units of $809,000, respectively.

Revenue Recognition

We recognize revenue related to contract projects and services when all of the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. Our revenue is primarily comprised of services related to industrial cleaning and railcar cleaning, which we recognize as services are rendered.

Product revenue generated from projects, which include the manufacturing of products, for removal and treatment of hazardous vapor and gasses is accounted for under the percentage-of-completion method for projects with durations in excess of three months and the completed-contract method for all other projects. Total estimated revenue includes all of the following: (1) the basic contract price (2) contract options and (3) change orders. Once contract performance is underway, we may experience changes in conditions, client requirements, specifications, designs, materials and expectations regarding the period of performance. Such changes are “change orders” and may be initiated by us or by our clients. In many cases, agreement with the client as to the terms of change orders is reached prior to work commencing; however, sometimes circumstances require that work progress without obtaining client agreement. Revenue related to change orders is recognized as costs are incurred if it is probable that costs will be recovered by changing the contract price. The Company does not incur pre-contract costs. Under the percentage-of-completion method, we recognize revenue primarily based on the ratio of costs incurred to date to total estimated contract costs. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses are identified and included as additional loss. Provisions for estimated losses on contracts are shown separately as liabilities on the balance sheet, if significant, except in circumstances in which related costs are accumulated on the balance sheet, in which case the provisions are deducted from the accumulated costs. A provision as a liability is reported as a current liability.

For contracts accounted for under the percentage-of-completion method, we include in current assets and current liabilities amounts related to construction contracts realizable and payable. Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits recognized to date over billings to date, and are recognized as a current asset. Billings in excess of costs and estimated earnings on uncompleted contracts represents the excess of billings to date over the amount of contract costs and profits recognized to date, and are recognized as a current liability.

The Company's revenues from waste destruction licensing agreements are recognized as a single accounting unit over the term of the license. In accordance with Accounting Standards Codification ("ASC") 605, for revenues which contain multiple deliverables, the Company separates the deliverables into separate accounting units if they meet the following criteria: (i) the delivered items have a stand-alone value to the customer; (ii) the fair value of any undelivered items can be reliably determined; and (iii) if the arrangement includes a general right of return, delivery of the undelivered items is probable and substantially controlled by the seller. Deliverables that do not meet these criteria are combined with one or more other deliverables into one accounting unit. Revenue from each accounting unit is recognized based on the applicable accounting literature, primarily ASC 605.

The Company has five-year agreements with two companies in which the Company amortizes various fees on a straight-line basis over the initial five-year term of the agreement.

Stock-based Compensation

We account for stock-based awards at fair value on the date of grant, and recognize compensation over the service period that they are expected to vest. We estimate the fair value of stock options and stock purchase warrants using the Black-Scholes option pricing model. The estimated value of the portion of a stock-based award that is ultimately expected to vest, taking into consideration estimated forfeitures, is recognized as expense over the requisite service periods. The estimate of stock awards that will ultimately vest requires judgment, and to the extent that actual forfeitures differ from estimated forfeitures, such differences are accounted for as a cumulative adjustment to compensation expenses and recorded in the period that estimates are revised.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information regarding Financial Statements and Supplementary Data appears on pages F-1 through F-30 under the caption "Consolidated Balance Sheets," "Consolidated Statements of Operations," "Consolidated Statements of Stockholders' Equity," "Consolidated Statements of Cash Flows" and "Notes to Consolidated Financial Statements."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Principal Accounting Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2017.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on its assessment of internal control over financial reporting, management has concluded that, as of December 31, 2017, our internal control over financial reporting were not effective.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Changes In Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting during the three months ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information concerning the individuals that are currently serving as executive officers and/or members of the board of directors of SEER. Each of the biographies of the directors listed below also contains information regarding such person's service as a director, business experience, director positions with other public companies held currently or at any time during the past five years, and the experience, qualifications, attributes and skills that the board of directors considered in selecting each of them to serve as a director of SEER.

Joseph John Combs III, Esq., 60, *CEO, President and Secretary*. Mr. Combs, a SEER Founder, is currently CEO. He also serves as General Counsel. Mr. Combs has been Vice President of REGS since 2004, was the founder and President of Tactical Cleaning in 2005, and remains its President. Before joining the Company he owned and operated the law firm of Combs & Associates from 1989 to 2003. Prior to that he was an associate in the law firm of Berman & Blanchard in Los Angeles from 1987 to 1989, and an associate in the law firm of Parker, Milliken, Clark, O'hara & Samuelian, in Los Angeles from 1983 to 1987. His experience in private practice has included corporate maintenance, international finance, and business litigation. Over the last 30 years he has served as an officer and director of various sized corporations, both public and private, and was a Director and Officer of Armada Water Assets, Inc until his resignation in September 2014. For the past five years Mr. Combs has not served as a director of a public company, other than SEER. He received his B.A. from the University of Colorado, with honors, and a J*uris Doctorate* from Duke University School of Law in 1983. Mr. Combs was chosen as a Director because of his leadership experience, public company experience, experience serving on the boards of directors and committees of both public and private entities and other experience as a practicing attorney. Effective January 1, 2013 Mr. Combs receives an annual salary of $165,000 and participation in an incentive compensation program.

Donald F. Moorehead, 67, *Chairman of the Board and CEO of Paragon Waste Solutions*. Mr. Moorehead is currently the Chairman and CEO of Highland Holdings, Inc. and for the past 15 years has been consulting on projects and businesses in New York, New Jersey, Ohio, Puerto Rico, St. Croix, Texas and Hawaii. Mr. Moorehead brings to SEER more than 30 years of C-level management experience in the solid waste industry and was noted as one of the most influential players in the solid waste industry during the 1990's orchestrating multi-million and billion dollar mergers and acquisitions throughout the world. Mr. Moorehead's career began after graduating from the University of Tulsa in 1972 with a degree in Engineering Mathematics. From 1977 until 1984 Moorehead served in various positions with Waste Management. In 1985, Mr. Moorehead founded Mid-American Waste Systems, an integrated solid waste management entity and, as chairman of the board and chief executive officer, he led the company through an initial public offering (IPO). In 1994, as the founder and acting chairman of USA Waste, an integrated non-hazardous waste company, Mr. Moorehead bought Pittsburgh-based Chambers Development Company in a $725-million transaction that, at the time, created the fourth-largest solid waste company in North America. Just four years later, USA Waste, upon acquiring Waste Management in a $13 billion- dollar merger became the largest solid waste company in the world. Mr. Moorehead was Chairman of the Board and Chief Executive Officer of USA Waste from October 1990 until May 1994. From 1994 through August 1997, he was vice chairman and chief development officer. After multiple successful exits in the waste industry, Mr. Moorehead was inducted into the Environmental Industry Association (EIA) Hall of Fame in June 1998. The award selection was based on a long career of service and outstanding contributions to the waste industry. Mr. Moorehead later continued lending his board expertise as a board member for SourceCorp, a NASDAQ listed business process outsourcing company, Metal Management and United Road Service, all successfully filing IPO's during his tenure.

Christopher H. Dieterich, 70, *Director and former Secretary.* Mr. Dieterich is the founder and managing partner of Dieterich & Associates, a litigation and commercial law firm based in Los Angeles, California, providing legal services to entrepreneurial and emerging technology companies during the past 33 years. His firm specializes in venture capital and private equity financings, as well as in SEC compliance issues for public companies. He obtained his undergraduate engineering degree from Virginia Tech, graduate engineering degree from UC Berkeley (1970) and graduated from the joint Law and Economics program at UCLA in 1979, after serving six years in the US Air Force as a flight instructor in advanced jets. He has been a Director of the Company since 2008 and was Secretary from 2008 until November 2013. Mr. Dieterich was chosen as a Director because of his experience in a broad range of businesses as well experience serving on the boards of directors and committees of private entities. He receives no salary from the Company.

Heidi Anderson, 47, *Interim Chief Financial Officer.* Ms. Anderson joined the Company on November 14, 2016 as a consultant in the role of Interim Chief Financial Officer. Ms. Anderson is a consulting Chief Financial Officer for AVL Growth Partners, LLC and provides CFO services to high trajectory businesses primarily in services, real estate, franchising and technology markets. Prior to joining AVL, Heidi was the CFO at Club Holdings, LLC and all subsidiaries, as well as the COO of their largest subsidiary, Quintess and was a co-founder and CFO of 10 til 2, a staffing business that grew over time until it was franchised in 10 states. During her tenure at Club Holdings she oversaw 7+ capital formation transactions with combined value in excess of $100 million. Ms. Anderson also previously worked in the auditing and consulting groups at KPMG, LLLP and EKS&H, LLLP. Ms. Anderson received a B.S. degree in Professional Accountancy from the Pennsylvania State University and has been a Colorado Certified Public Accountant for over 20 years. The Company pays an hourly rate for Ms. Anderson's time expected at approximately $150,000 per year.

None of the officers or our Director was the subject of a conviction in a criminal proceeding, or named as a defendant in a pending criminal proceeding, or had an order, judgment or decree entered by a court of competent jurisdiction that in any way enjoined, barred, suspended or otherwise limited that officers or Directors involvement in any business, securities, commodities or banking activities; nor has any officer or Director been the subject of any finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or been the subject of the entry of an order by self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited any officer's or Director's involvement in any type of business of securities activities.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation for each of our named executive officers for the financial years ended December 31, 2017 and 2016.

Name and Title	Fiscal Year	Base Salary (2)	Bonus (2)	Stock Awards	Option Awards (3)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total Compensation
J. John Combs III	2017	$165,000	—	—	—	—	—	—	$ 165,000
CEO, President, Secretary	2016	$165,000	—	—	—	—	—	—	$ 165,000
Donald F. Moorhead	2017	$ 50,500	—	—	$231.514	—	—	—	$ 282.014
Chairman (1)	2016	—	—	—	—	—	—	—	—
Heidi Anderson,	2017	$155,800	—	—	—	—	—	—	$ 155,800
Interim CFO (1)	2016	$ 15,000							$ 15,000
Monty Lamirato, CFO (1)	2016	$129,000							$ 129,000
Chris Dieterich	2017	—	—	—	—	—	—	—	—
Director	2016	—	—	—	—	—	—	—	—
Richard Robertson	2017	$165,000	—	—	$102,354	—	—	—	$ 267,354
COO	2016	—	—	—	—	—	—	—	—
Michael Readey	2017	—	—	—	—	—	—	—	—
Executive Vice President	2016	$ 57,000	—	—	—	—	—	—	$ 57,000
FortunatoVillamagna	2017	$165,000	—	—	—	—	—	—	$ 165,000
President, Paragon									

Waste Systems, LLC	2016	$165,000	—	—	—	—	—	—	$ 165,000
Mike Cardillo	2017	$140,000	—	—	—	—	—	—	$ 140,000
President, REGS LLC	2016	$140,000	—	—	—	—	—	—	$ 140,000

(1) Paid as an outside consultant
(2) Represents amounts earned during those years and, because of the timing of payments, do not represent amounts paid during those years
(3) The amounts in the *Option Awards* column reflect the aggregated grant date fair value of awards granted during a specific year, all of which were computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of the aggregated grant date fair value for these options are included in footnote 15 to our audited financial statements included in as Exhibit 99 to this Report on Form 10-K . The terms of the options are described under the Outstanding Equity Awards at Fiscal Year-End Table below.

Employment Agreements

There are no written employment agreements or contracts with any named executives except as noted below:

Effective as of January 9, 2017, we entered into an employment agreement with Richard Robertson in connection with his services as Chief Operation Officer of SEER and President of MV Technologies. Mr. Robertson's employment agreement is for a term of one year but shall automatically renew for succeeding terms of one year unless written notice is given by either party 30 days prior to the expiration of any term. Pursuant to the terms of his employment agreement dated January 9, 2017, Mr. Robertson would receive an annual base salary of $165,000. In addition, Mr. Robertson will be eligible for discretionary bonuses for services to be performed as an executive officer of the Company.

Mr. Robertson shall be entitled to receive a total of 1,000,000 stock options of the Company's $.001 par value common stock, as set forth below.

i) Signing Bonus: 100,000 cashless exercise options vesting upon commencement of employment. The strike price for these options shall be $1.00 and shall have an exercise term of four years from date of vesting; and

ii) Performance Options: 900,000 cashless exercise options vesting over four (4) years in sixteen (16) quarterly installments at the end of each quarter beginning March 31, 2017. The strike price for these options shall be $1.00 and shall have an exercise term of three years.

Effective as of January 22, 2018, Mr. Richardson resigned from his position as Chief Operation Officer of SEER and President of MV Technologies. All non-vested options were cancelled.

Effective as of January 20, 2014, we entered into an employment agreement with Michael Readey in connection with his services as Executive Vice President. Dr. Readey's employment agreement is for a term of one year but shall automatically renew for succeeding terms of one year unless written notice is given by either party 30 days prior to the expiration of any term. Pursuant to the terms of his employment agreement dated January 20, 2014, Dr. Readey would receive an annual base salary of $135,000. In addition, Dr. Readey will be eligible for discretionary bonuses for services to be performed as an executive officer of the Company. Effective December 1, 2015 Dr. Ready's annual compensation was increased to $160,000 and includes a bonus of up to $100,000 if certain financial performance criteria are met.

Dr. Readey shall be entitled to receive a total of 600,000 stock options of the Company's $.001 par value common stock, as set forth below.

i) Signing Bonus: 100,000 cashless options vesting upon commencement of employment. The strike price for these options shall be $1.00 and shall have an exercise term of three years from date of vesting; and

ii) Performance Options: 500,000 cashless vesting over three (3) years in twelve (12) quarterly installments at the end of each quarter of employment. The strike price for these options shall be $1.00 and shall have an exercise term of three years.

Effective as of May 31, 2016, Dr. Readey resigned from his position as Executive Vice President.

Grants of Plan-Based Awards

Name and Principal Position	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Award	Grant Date Fair Value of Awards
J John Combs III, CEO, President, Secretary	—	—	—	—	—
Donald F Moorhead, Chairman	5/1/2017	—	1,000,000	$ .70	$ 231,514
Richard Robertson, COO	1/9/2017	—	1,000,000	$ 1.00	$ 102,354
Michael Readey, Executive VP	1/20/2014	—	600,000	$ 1.00	$ 310,600
Monty Lamirato, CFO	10/1/2013	—	200,000	$ .72	$ 46,600
Chris Dieterich, Director	—	—	—	—	—
Fortunato Villamagna, President PWS	—	—	—	—	—
Mike Cardillo, President REGS	—	—		—	—

During the year ended December 31, 2017, Mr. Lamirato received 13,496 of the Company's $.001 par value common stock in the cashless exercise of 166,666 common stock options. No options were exercised by the executive officers during the year ended December 31, 2016.

On November 6, 2013, the Board of Directors of the Company adopted the 2013 Equity Incentive Plan (the "2013 Plan") and directed that it be presented to the shareholders for their adoption and approval. The 2013 Plan was not approved by the shareholders of the Company and on December 1, 2014 The Board of Directors terminated the Plan. No shares were ever issued pursuant to the 2013 Plan.

Outstanding Equity Awards at Fiscal Year-End December 31, 2017

	Option Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)(c)	Option Expiration Date
J John Combs III, CEO, President, Secretary	—	—	—	—
Donald F Moorhead, Chairman	250,000(a)	850,000(a)	$ .70	5/1/2027
Richard Robertson, COO	325,000(b)	675,000(b)	$ 1.00	12/31/2023
Chris Dieterich, Director	—	—	—	—
Fortunato Villamagna, President PWS	—	—	—	—
Mike Cardillo, President REGS	—	—	—	

(a) 1,000,000 options were issued on May 1, 2017 of which 100,000 options vest as of May 1,2017 and the balance of the 900,000 options vest in a series of 8 successive equal quarterly installments of 125,000 commenting July 1, 2017 and ending April 1, 2019, subject to the option holders continuous service as of each such date.
(b) 1,000,000 options were issued on January 9, 2017 of which 100,000 options vest as of January 9,2017 and the balance of the 900,000 options vest in a series of 16 successive equal quarterly installments of 56,250 commenting March 31, 2017 and ending December 31, 2020, subject to the option holders continuous service as of each such date.
(c) Represents weighted average exercise price.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The number of shares beneficially owned includes shares of Common Stock with respect to which the persons named below have either investment or voting power. A person is also deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of that security within 60 days through the exercise of an option or through the conversion of another security. Except as noted, each beneficial owner has sole investment and voting power with respect to the Common Stock.

Common Stock not outstanding that is subject to options or other convertible securities or rights is deemed to be outstanding for the purpose of computing the percentage of Common Stock beneficially owned by the person holding such options or other convertible securities or rights, but is not deemed to be outstanding for the purpose of computing the percentage of Common Stock beneficially owned by any other person.

The following table sets forth information regarding the beneficial ownership of Strategic Environmental & Energy Resources' common stock as of December 31, 2017, by (i) each person known to beneficially own more than 5% of the common stock of the Company, (ii) each of the Company's executive officers, (iii) each member of the Board of Directors of the Company and (iv) all of the executive officers and Board members as a group. As of December 31, 2017, 56,528,575 shares of our Common Stock were issued and outstanding.

Name and Address of Beneficial Owners	Number of Shares Beneficially Owned (1)	Percentage of Class
Joseph John Combs III CEO, President, Secretary 751 Pine Ridge Road Golden, CO 80403	3,606,315 (2)	6.38%
Michael Cardillo President, REGS 7801 Brighton Road, Commerce City, CO 80022	3,925,316 (3)	6.94%
Donald F. Moorhead Chairman 751 Pine Ridge Road Golden, CO 80403	1,000,000 (4)	1.74%
Richard Robertson Chief Operating Officer 751 Pine Ridge Road Golden, CO 80403	1,000,000 (8)	1.74%
Chris Dieterich Director and former Secretary 751 Pine Ridge Road Golden, CO 80403	—	—
Heidi Anderson Interim Chief Financial Officer 751 Pine Ridge Road Golden, CO 80403	—	—
Fortunato Villamagna President, PWS 751 Pine Ridge Road Golden, CO 80403	—	—
LPD Investments Ltd. 25025 145 North, Suite 410, The Woodlands, TX 77380	5,620,832 (7)	9.93%
Clyde Berg 10050 Bandley Drive Cupertino, CA 95014-2102	3,205,000 (5)	5.50%
Carl Berg 10050 Bandley Drive Cupertino, CA 95014-2102	3,600,000 (6)	6.36%
All Officers and Directors as a Group (5 persons)	9,531,631	16.80%

(1) "Beneficial ownership" is defined in the regulations promulgated by the U.S. Securities and Exchange Commission as having or sharing, directly or indirectly (1) voting power, which includes the power to vote or to direct the voting, or (2) investment power, which includes the power to dispose or to direct the disposition, of shares of the common stock of an issuer. The definition of beneficial ownership includes shares underlying options or warrants to purchase common stock, or other securities convertible into common stock, that currently are exercisable or convertible or that will become exercisable or convertible within 60 days. Unless otherwise indicated, the beneficial owner has sole voting and investment power.
(2) Consists of 3,606,315 shares owned by Mr. Combs.
(3) Consists of 100,000 shares owned by M. Cardillo, 3,825,316 shares owned by Cardillo Enterprises, Inc from which Mr. Cardillo has beneficial ownership.
(4) Consists of options to purchase 1,000,000 shares (Notes 14 and 15).
(5) Consists of 1,300,000 shares owned by Mr. Clyde Berg and warrants to purchase 1,755,000 shares of common stock, which are currently exercisable, 150,000 shares which are issuable as of December 31, 2017 related to penalty on late payment of short term note.
(6) Consists of 400,000 shares owned by Mr. Carl Berg and 2,400,000 shares owned by Carl and Mary Ann Berg CRT for which Mr. Berg has beneficial ownership, and warrants to purchase 100,000 shares of common stock issued on August 27, 2015 which are currently exercisable.
(7) According to Form 13G filed on August 29, 2014, 200,000 shares of common stock issued in August 2017 related to penalty on payment of short term debt, warrants to purchase 100,000 shares of common stock issued on August 27, 2015 which are currently exercisable, and warrants to purchase 140,000 shares of common stock issued to Peter Dalrymple which are currently exercisable, 40,000 shares which are issuable as of December 31, 2017 related to penalty on late payment of short term note.
(8) Consists of options to purchase 1,000,000 shares (Notes 14 and 15).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

In 2010, the Company and Black Stone Management Services, LLC ("Black Stone") formed PWS whereby 1,000,000 membership units were issued, the Company acquired 60% (600,000) of the membership units in PWS and Black Stone acquired 40% (400,000) of the membership units in PWS, respectively. Fortunato Villamagna, who serves as President of our subsidiary PWS, is a managing member and Chairman of Black Stone. In June 2012, the Company and Blackstone each allocated 10% of their respective membership units in PWS to two individuals, Mr. J. John Combs III, a shareholder and CEO/President of the Company and Mr. Michael Cardillo, a shareholder of the Company and President of a REGS. There was no value to the units at the time of the allocation. In 2013, Black Stone sold 10% of its membership units to a third party receiving 875,000 shares of common stock of the Company and other equity interests. As of December 31, 2017 and 2016 the Company owns 54% of the membership units, Black Stone owns 26% of the membership units, a third party owns 10% of the membership units and two related party individuals, noted above, each own 5% each of the membership units.

In March 2012, the Company entered into an Irrevocable License & Royalty Agreement with PWS that grants PWS an irrevocable world-wide license to the IP in exchange for a 5% royalty on all revenues from PWS and its affiliates. The term commenced as of the date of that Agreement and will continue for a period not to exceed the life of the patent or patents filed by the Company. PWS may sub license the IP and any revenue derived from sub licensing shall be included in the calculation of Gross Revenue for purposes of determining royalty payments due the Company. Royalty payments are due 30 days after the end of each calendar quarter. PWS generated revenues of approximately $161,500 for the year ended December 31, 2017 and $156,500 revenue for the year ended December 31, 2016; as such, royalties of $25,300 and $17,225 were due for 2017 and 2016, respectively.

In September 2014, the Company entered into an Equity Purchase Agreement ("Equity Agreement") with a third party ("Seller") whereby the Company issued 1,200,000 shares of the Company's common stock, valued at $1,212,000, in exchange for 22.5 membership units, representing 15% ownership interest in Sterall, LLC, a Delaware corporation. In March 2015, the Company and the Seller entered into a revised agreement whereby the 1,200,000 shares issued by the Company would be held by the Seller until the completion of an independent third party valuation. Based on the fair market value of the Purchased Units from the valuation obtained by the Company, an amount of Consideration Shares will be returned to the Company to the extent that the fair market value of the Consideration Shares issued (see below) is greater than the fair market value of the Purchased Units. In no event shall the Company be obligated to issue additional shares as consideration for the Purchased Units. For purposes of this amendment, the fair market value of each Consideration Share will be $0.83333. In the event the parties are unwilling to accept the fair market value of the Purchased Units, as determined by the independent valuation specialist, on or before the Closing Date this Agreement (December 31, 2015), the transaction may be rescinded by either Party. As of December 31, 2016 an independent appraisal was not performed and the parties, including Sterall, are continuing to negotiate an agreement. We have impaired the long-term asset in the amount of $720.000.

In December 2014, PWS, Sterall, Inc and Sterall LLC entered into a Successor-In-Interest Agreement. The Successor-In-Interest Agreement states that Sterall Inc and Sterall LLC are in the process of consolidating their business under Sterall LLC and all agreements between PWS and Sterall Inc shall be binding in all regards on Sterall LLC.

Notes payable, related parties

Notes payable, related parties and accrued interest due to certain related parties as of December 31, 2017 and 2016 are as follows:

	2017	2016
Note payable dated February 2004, bearing interest at 8% per annum, originally due January 2008; assigned to CEO, Mr. Combs, by a third party in 2010; due on June 1, 2016	$ 0	$ 0
Accrued interest	11,800	11,800
	$ 11,800	$ 11,800

Review, Approval or Ratification of Transactions with Related Persons

The Company does not maintain a written policy with respect to related party transactions and our board of directors does not routinely review potential transactions with those parties we have identified as related parties prior to the consummation of the transaction.

Director Independence

As of this filing, only one of the directors is considered independent.

Board Meetings and committees; annual meeting attendance

The Company held its annual board of directors meeting in 2017 to review and ratify all its business.

There is no Nominating Committee for directors, which the Company considers reasonable, as there is no direct compensation to directors who are not also officers, and there is no liability insurance available for errors and omissions, should they occur. Therefore, the Company has found it extremely difficult to attract independent directors.

Audit Committee

As of this filing, there was no audit committee.

Audit Committee Financial Expert

None

Compensation Committee

As of this filing there was no compensation committee.

Promoters and Certain Control Persons

None

ITEM 14. Principal Accountant Fees and Services

The following table presents aggregate fees billed to the Company for professional services rendered by L J Soldinger Associates, LLC for the years ended December 31, 2017 and 2016

	2017 Fees	2016 Fees
Audit Fees	$ 258,200	$ 188,500
Audit-Related Fees	—	—
Tax Fees	25,800	19,300
Total Fees	$ 284,000	$ 207,800

Audit Fees were for professional services rendered for the audit of the Company's annual consolidated financial statements and review of consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements. The 2017 and 2016 fees include not only the annual audit fees but the review of the three quarterly 10-Q's in 2017 and 2016, respectively.

Audit-Related Fees were for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees."

Tax Fees were for professional services rendered for federal, state and international tax compliance, tax advice and tax planning.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

a) Financial Statements

The following financial statements are included as Exhibit 99.1 and are hereby incorporated by reference:

Audited Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of December 31, 2017 and 2016	F-2
Consolidated Statements of Operations for the Years Ended December 31, 2017 and 2016	F-3
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2017 and 2016	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2017 and 2016	F-5
Notes to Consolidated Financial Statements	F-7

(b) Exhibits

EXHIBIT INDEX

3.1	Articles of Incorporation, dated February 13, 2002 (1)
3.2	Amendment to the Articles of Incorporation, dated December 19, 2007, changing the name and effecting a reverse (1)
3.3	Bylaws of the corporation, effective February 13, 2002 (1)
4.1	$225,000 Convertible Note and Note Agreement of the Corporation, issued February 14, 2012 (2)
4.2	Form of Warrant, having a 3-year life with $0.50 exercise price (1)
4.3	Form of Warrant, having a 5-year life with $0.50 exercise price (1)
10.1	Agreement for acquisition of MV, dated June 13, 2008 (1)
10.2	Agreement for acquisition of intellectual property from Black Stone Management Services, LLC, dated August 10, 2011 (1)
10.3	Agreement for Merger with Satellite Organizing Solutions, Inc. (1)
10.4	Consulting Agreement between the Company and Monty R. Lamirato, dated October 8, 2013 (3)
10.5	Irrevocable License and Royalty Agreement between the Company and Paragon Waste Solutions, LLC, dated March 21, 2012 (3)
10.6	SEER 2013 Equity Incentive Plan (4)
10.7	Form of Option Grant SEER 2013 Equity Incentive Plan (4)
10.8	Equity Purchase Agreement – Sterall LLC
14.1	Code of Ethics (1)
21.1	Subsidiaries of Registrant (1)
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Financial Statements
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Company's Report on Form 10 filed May 21, 2013.
(2) Incorporated by reference to the Company's Report on Form 10 Amendment No. 1 filed July 23, 2013.
(3) Incorporated by reference to the Company's Report on Form 10-Q filed November 14, 2013
(4) Incorporated by reference to the Company's Report on Form 10-K filed March 27, 2014
* Filed herewith

** This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act.

*** Pursuant to applicable securities laws and regulations, these interactive data files will not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liability of that section, nor will they be deemed filed or made a part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of Section 13or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 17, 2018

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.

By *\/s/ J. John Combs III*
J. John Combs III
Chief Executive Officer with Responsibility to sign on behalf of Registrant as a Duly authorized officer and principal executive officer

By /s/ *Heidi Anderson*
Heidi Anderson Interim Chief Financial Officer with responsibility to sign on behalf of Registrant as a duly authorized officer and principal financial officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ Donald F. Moorhead Donald F. Moorhead	Chairman of the Board of Directors	April 17, 2018
/s/ Christopher Dieterich Christopher Dieterich	Director	April 17, 2018

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. John Combs III, certify that:

1. I have reviewed this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc.;

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 Subsidiary, 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 the 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(s) 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 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.

Dated: April 17, 2018

/s/ *J. John CombsIII*
J. John Combs III
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Heidi Anderson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc.;

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(s) 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:

(e) 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 Subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(f) 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 the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(g) 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

(h) 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(s) 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 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.

Dated: April 17, 2018

/s/ *Heidi Anderson*
Heidi Anderson
Interim Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc. (the "Company") for the year period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. John Combs III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(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 consolidated financial condition and results of operations of the Company.

/s/ *J. John Combs III*
J. John Combs III
President and Chief Executive Officer
April 17, 2018

EXHIBIT 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc. (the “Company”) for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Heidi Anderson, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(4) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

/s/ *Heidi Anderson*
Heidi Anderson
Interim Chief Financial Officer
April 17, 2018

Exhibit 99.1

Exhibit 99.1 Financial Statements

Annual Audited Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of December 31, 2017 and 2016	F-2
Consolidated Statements of Operations for the Years Ended December 31, 2017 and 2016	F-3
Consolidated Statements of Stockholders' Equity (Deficit) for the Years Ended December 31, 2017 and 2016	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2017 and 2016	F-5
Notes to Consolidated Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors
of Strategic Environmental & Energy Resources, Inc.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of Strategic Environmental & Energy Resources, Inc. and subsidiaries (the “Company”) as of December 31, 2017 and December 31, 2016, the related consolidated statements of operations, stockholders’ deficit and cash flows for the years ended December 31, 2017 and December 31, 2016, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

EXPLANATORY PARAGRAPH – GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses since inception and has a accumulated deficit of approximately $22 million as of December 31, 2017 and needs to raise substantial amounts of additional funds to meet its obligations and afford it time to develop profitable operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ LJ Soldinger Associates, LLC

Deer Park, IL
April 17, 2018

We have served as the Company’s auditor since 2013.

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2017	December 31, 2016
Current assets:		
Cash	$ 54,100	$ 233,200
Accounts receivable, net of allowance for doubtful accounts of $460,100 and $235,500, respectively	692,400	1,188,100
Notes receivable, net	184,600	—
Costs and estimated earnings in excess billings on uncompleted contracts	—	13,600
Assets held for sale	—	1,024,600
Prepaid expenses and other current assets	340,900	518,500
Total current assets	1,272,000	2,978,000
Property and equipment, net	1,296,400	2,805,100
Intangible assets, net	623,100	738,000
Notes receivable, net of current portion	542,900	—
Other assets	16,500	16,400
TOTAL ASSETS	$ 3,750,900	$ 6,537,500
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,436,900	$ 1,643,500
Accrued liabilities	1,307,600	1,381,000
Billings in excess of costs and estimated earnings on uncompleted contracts	227,300	1,090,800
Deferred revenue	304,200	188,300
Payroll taxes payable	997,700	993,300
Customer deposits	21,600	330,000
Liabilities held for sale	—	603,100
Current portion of notes payable and capital lease obligations	2,166,300	571,800
Notes payable - related parties, including accrued interest	11,800	11,800
Total current liabilities	6,473,400	6,813,600
Deferred revenue, non-current	113,100	283,600
Notes payable and capital lease obligations, net of current portion	504,300	1,751,500
Total liabilities	7,090,800	8,848,700
Commitments and contingencies		
Stockholders' Equity):		
Preferred stock; $.001 par value; 5,000,000 shares authorized; -0- shares issued		
Common stock; $.001 par value; 70,000,000 shares authorized; 56,528,575 and 54,525,079 shares issued, issuable** and outstanding 2017 and 2016, respectively	56,500	54,500
Common stock subscribed	25,000	25,000
Additional paid-in capital	20,790,700	19,077,600
Stock subscription receivable	(25,000)	(25,000)
Accumulated deficit	(21,471,900)	(19,273,500)
Total stockholders' equity (deficit)	(624,700)	(141,400)
Non-controlling interest	(2,715,200)	(2,169,800)
Total equity (deficit)	(3,339,900)	(2,311,200)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,750,900	$ 6,537,500

***Includes 190,000 shares issuable at December 31, 2017 per terms of short-term note agreements.*

The accompanying notes are an integral part of these consolidated financial statements.

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2017	2016
Revenue:		
Products	$ 5,256,300	$ 4,494,700
Services	2,254,200	2,929,000
Solid waste disposal	917,500	230,200
Total revenue	8,428,000	7,653,900
Operating expenses:		
Products costs	3,636,100	3,417,000
Services costs	2,718,100	2,657,400
Solid waste disposal costs	1,150,700	315,000
General and administrative expenses	2,521,500	2,034,800
Salaries and related expenses	2,238,400	2,182,800
Loss on settlement	254,900	
Other asset impairment	322,000	720,000
Fixed asset impairment	354,000	809,000
Litigation settlement	—	277,500
Total operating expenses	13,195,700	12,413,500
Loss from operations	(4,767,700)	(4,759,600)
Other income (expense):		
Interest expense net	(1,425,600)	(324,200)
Gain on disposition of assets	—	27,800
Other	59,900	(22,900)
Total non-operating expense, net	(1,365,700)	(319,300)
Loss from continuing operations	(6,133,400)	(5,078,900)
Net income from discontinued operations	694,300	423,300
Gain recognized on sale of rail operations	2,695,300	—
Discontinued operations, net of tax	3,389,600	423,300
Loss before earnings from equity method joint ventures	(2,743,800)	(4,655,600)
Income from equity method joint ventures	—	15,700
Net Loss	(2,743,800)	(4,639,900)
Less: Loss attributable to non-controlling interest	(545,400)	(753,500)
Net loss attributable to SEER common stockholders	$ (2,198,400)	$ (3,886,400)
Net loss per share from continuing operations	$ (.11)	$ (.08)
Discontinued operations	$ .01	$ .01
Net loss per share, basic and diluted	$ (.10)	$ (.07)
Weighted average shares outstanding – basic and diluted	55,264,804	53,951,309

The accompanying notes are an integral part of these consolidated financial statements.

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional Paid-in	Common Stock	Stock Subscription	Accumulated	Non-controlling	Total
	Shares	Amount	Shares	Amount	Capital	Subscribed	Receivable	Deficit	Interest	Equity (Deficit)
Balances, January 1, 2016	—	—	52,375,100	$ 52,400	$ 17,690,900	$ 50,000	$ (25,000)	$ (15,387,100)	$ (1,416,300)	$ 964,900
Sale of common stock			600,000	600	299,400					300,000
Issuance of common stock subscribed to			100,000	100	24,900	(25,000)				—
Issuance of common stock for intangibles			1,200,000	1,200	718,800					720,000
Issuance of common stock upon exercise of warrants			250,000	200	124,800					125,000
Proceeds from extension of warrants					29,900					29,900
Discount from warrants issued with debt					102,000					102,000
Stock-based compensation - options					64,600					64,600
Stock-based compensation – warrants					22,300					22,300
Net loss								(3,886,400)	(753,500)	(4,639,900)
Balance December 31, 2016	—	—	54,525,100	$ 54,500	$ 19,077,600	$ 25,000	$ (25,000)	$ (19,273,500)	$ (2,169,800)	$ (2,311,200)
Issuance of common stock upon settlement			300,000	300	173,700					174,000
Issuance of common stock upon debt penalty			1,690,000	1,700	1,137,300					1,139,000
Issuance of common stock upon cashless exercise of stock options			13,500	—	—					—
Proceeds from extension of warrants					155,500					155,500
Stock-based compensation - options					131,600					131,600
Stock-based compensation – warrants					115,000					115,000
Net loss								(2,198,400)	(545,400)	(2,743,800)
Balance December 31, 2017	—	—	56,528,600	$ 56,500	$ 20,790,700	$ 25,000	$ (25,000)	$ (21,471,900)	$ (2,715,200)	$ (3,339,900)

The accompanying notes are an integral part of these consolidated financial statements.

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
Cash flows from operating activities:	2017	2016
Net loss	$ (2,743,800)	$ (4,639,900)
Income from equity method joint ventures	—	(15,700)
Income from discontinued operations	3,389,600	423,300
Net loss from continuing operations	(6,133,400)	(5,078,900)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and impairment	774,800	740,700
Stock-based compensation expense	246,600	91,500
Non-cash expense for interest	1,147,000	97,100
Provision for doubtful accounts receivable	224,600	—
Cost of sale of equipment to joint venture	316,800	—
Settlement expense	254,900	—
Gain on disposition of asset	—	(25,600)
Impairment of assets	676,000	1,529,000
Changes in operating assets and liabilities:		
Accounts receivable	270,900	(397,400)
Costs in Excess of billings on uncompleted contracts	13,600	190,400
Prepaid expenses and other assets	593,800	296,900
Accounts payable and accrued liabilities	(279,800)	1,282,000
Billings in excess of revenue on uncompleted contracts	(863,500)	502,900
Customer deposits	21,600	—
Deferred revenue	(54,600)	800
Payroll taxes payable	4,400	22,800
Net cash used in operating activities	(2,786,300)	(747,800)
Cash flows from investing activities:		
Purchase of property and equipment	(199,800)	(163,700)
Proceeds from sale of discontinued operations, net of costs	2,510,900	—
Proceeds from the sale of property and equipment	74,300	—
Insurance proceeds	—	59,000
Purchase of intangible assets	(18,600)	(45,100)
Distributions for notes receivable	(300,000)	—
Net cash used in investing activities	2,066,800	(149,800)
Cash flows from financing activities:		
Principal payments of notes and capital lease obligations	(1,468,000)	(863,600)
Payments of related party notes payable and accrued interest	—	(20,000)
Proceeds from issuance of convertible and short-term debt	1,275,000	1,155,000
Proceeds from issuance of capital leases	88,800	—
Proceeds from the extension of warrants	155,500	—
Proceeds from the sale of common stock and warrants, net of expenses	—	454,900
Net cash provided by financing activities	51.300	726,300
Net cash flows from discontinued operations	489,100	173,900
Net decrease in cash	(179,100)	2,600
Cash at the beginning of year	233,200	230,600
Cash at the end of year	$ 54,100	$ 233,200

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS – Continued

Supplemental disclosures of cash flow information:		
Cash paid for income taxes	—	—
Cash paid for interest	$ 211,600	$ 257,500
Supplemental disclosure of noncash financing and investing activities:		
Financed equipment	$ 88,400	$ —
Financing of insurance premiums	$ 438,300	$ 278,600
Discount on convertible debt	$ —	$ 97,100
Offset accounts receivable with note payable	$ —	$ 68,000

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND FINANCIAL CONDITION

Organization and Going Concern

Strategic Environmental & Energy Resources, Inc. ("SEER," "we," or the "Company"), a Nevada corporation, is a provider of next-generation clean-technologies, waste management innovations and related services. SEER has three wholly-owned operating subsidiaries and two majority-owned subsidiaries; all of which together provide technology solutions and services to companies primarily in the oil and gas, refining, landfill, food, beverage & agriculture and renewable fuel industries. The three wholly-owned subsidiaries include: 1) REGS, LLC (d/b/a Resource Environmental Group Services ("REGS")) provides industrial and proprietary cleaning services to refineries, oil fields and other private and governmental entities; 2) MV, LLC (d/b/a MV Technologies) ("MV"), designs and builds biogas conditioning solutions for the production of renewable natural gas, odor control systems and natural gas vapor capture primarily for landfill operations, waste-water treatment facilities, oil and gas fields, refineries, municipalities and food, beverage & agriculture operations throughout the U.S.; 3) Strategic Environmental Materials, LLC,("SEM"), a materials technology company focused on development of cost-effective chemical absorbents.

The two majority-owned subsidiaries include; 1) Paragon Waste Solutions, LLC ("PWS") and 2) ReaCH4Biogas ("Reach"). PWS is currently owned 54% by SEER (see Note 7) and Reach is owned 85% by SEER.

PWS is developing specific opportunities to deploy and commercialize patented technologies for a non-thermal plasma-assisted oxidation process that makes possible the clean and efficient destruction of solid hazardous chemical and biological waste (*i.e*., regulated medical waste, chemicals, pharmaceuticals and refinery tank waste, *etc*.) without landfilling or traditional incineration and without harmful emissions. Additionally, PWS' technology "cleans" and conditions emissions and gaseous waste streams (*i.e*., volatile organic compounds and other greenhouse gases) generated from diverse sources such as refineries, oil fields, and many others.

Reach (the trade name for BeneFuels, LLC), is currently owned 85% by SEER and focuses specifically on treating biogas for conversion to pipeline quality gas and/or compressed natural gas ("CNG") for fleet vehicle fuel. Reach had minimal operations for the year ended December 31, 2017 and 2016.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of SEER, its wholly-owned subsidiaries, REGS, MV and SEM and its majority-owned subsidiaries PWS and Reach, since their respective acquisition or formation dates. All material intercompany accounts, transactions, and profits have been eliminated in consolidation. The Company has non-controlling interest in joint ventures, which are reported on the equity method.

Going Concern

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately $21.5 million as of December 31, 2017, and $19.2 million as of December 31, 2016. For the years ended December 31, 2017, and 2016, we incurred net losses from continuing operations of approximately $6.1 million and $5.0 million, respectively. The Company had a working capital deficit of approximately $5.2 million at December 31, 2017, an increase of $1.4 million in the working capital deficit of $3.8 million at December 31, 2016. Effective April 1, 2016, REGS, a wholly owned subsidiary, was notified that it would no longer be providing routine maintenance services to its largest customer but would still be eligible to provide other industrial cleaning services. The loss of revenue from this customer was approximately $2.5 million in 2016. These factors raise substantial doubt about the ability of the Company to continue to operate as a going concern.

NOTE 1 - ORGANIZATION AND FINANCIAL CONDITION, continued

Going Concern, continued

Realization of a major portion of our assets as of December 31, 2017, is dependent upon our continued operations. The Company is dependent on generating additional revenue or obtaining adequate capital to fund operating losses until it becomes profitable. For the year ended December 31, 2017 we raised $2,510,900 from the sale of rail operations, $155,500 from the extension of common stock warrants and $1,275,000 from the issuance of short term notes, offset by payments of principal on five short term notes of $1,024,000. In addition, we have undertaken a number of specific steps to continue to operate as a going concern. We continue to focus on developing organic growth in our operating companies and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions. Critical to achieving profitability will be our ability to license and or sell, permit and operate though our joint ventures and licensees our CoronaLux™ waste destruction units. We have increased our business development efforts to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. In addition, the Company is evaluating various forms of financing which may be available to it. There can be no assurance that the Company will secure additional financing for working capital, increase revenues and achieve the desired result of net income and positive cash flow from operations in future years. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to report on a going concern basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Certain reclassifications have been made in the 2016 consolidated financial statements to conform to the 2017 presentation. These reclassifications have no effect on net income for 2016.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the cash flows used in the impairment testing of definite lived tangible and intangible assets; valuation allowances and reserves for receivables; revenue recognition related to contracts accounted for under the percentage of completion method; revenue recognition method for perpetual technology license agreements; share-based compensation; discontinued operations; future consideration; and carry amounts of equity investments. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid debt investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Periodically, we maintain deposits in financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2017 and 2016, we did not hold any assets that would be deemed to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are recorded at the invoiced amounts less an allowance for doubtful accounts. The allowance for doubtful accounts is based on our estimate of the amount of probable credit losses in our accounts receivable. We determine the allowance for doubtful accounts based upon an aging of accounts receivable, historical experience and management judgment. Accounts receivable balances are periodically reviewed for collectability, and balances are charged off against the allowance when we determine that the potential for recovery is remote. An allowance for doubtful accounts of approximately $460,100 and $235,500 had been reserved as of December 31, 2017 and 2016, respectively.

We are exposed to credit risk in the normal course of business, primarily related to accounts receivable. Our customers operate primarily in the oil production and refining, rail transport, biogas generating landfill and wastewater treatment industries in the United States. Accordingly, we are affected by the economic conditions in these industries as well as general economic conditions in the United States. To limit credit risk, management periodically reviews and evaluates the financial condition of its customers and maintains an allowance for doubtful accounts. As of December 31, 2016, we do not believe that we have significant credit risk.

As of December 31, 2017 we had four customers who comprised 10% or more of our accounts receivable and their combined accounts receivable equaled approximately $564,000. As of December 31, 2016, we had one customer who comprised 10% of our accounts receivable.

For the year ended December 31, 2017 we had no customer with sales in excess of 10% of our revenue. For the year ended December 31, 2016, we had one customer with sales in excess of 10% of our revenue and they represented approximately 17% of total revenues for the years ended December 31, 2016. The loss of this 2016 customer had a material adverse effect on our business, our results of operations and our working capital. In early 2016 we were notified by this significant customer that effective April 1, 2016 we would no longer be providing routine maintenance services but still be eligible to provide other industrial cleaning services. During 2016, the loss of revenue from this customer was approximately $2.5 million.

Inventories

Inventories are stated at the lower of cost or market and maintained on a first in, first out basis.

Vendor Concentration

The Company does not have any purchases from any one vendor comprising more that 10% of total purchases for 2017 and 2016. The Company does not believe it is substantially dependent upon nor exposed to any significant concentration risk related to purchases from any single vendor.

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including accounts receivable and accounts payable, are carried at cost, which approximates their fair value due to their short-term maturities. We believe that the carrying value of notes payable with third parties, including their current portion, approximate their fair value, as those instruments carry market interest rates based on our current financial condition and liquidity. We believe the amounts due to related parties also approximate their fair value, as their carried interest rates are consistent with those of our notes payable with third parties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value

As defined in authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (“exit price”). To estimate fair value, the Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1” measurements) and the lowest priority to unobservable inputs (“Level 3” measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Other inputs that are observable, directly or indirectly, such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

In instances in which multiple levels of inputs are used to measure fair value, hierarchy classification is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Expenditures for replacements, renewals and betterments are capitalized. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of generally five to seven years for equipment, five to ten years for vehicles and three years for computer related assets. Assets are depreciated starting at the time they are placed into service. A portion of depreciation expense is charged to cost of product revenue on the consolidated statement of operations.

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term (including reasonably assured renewal periods), which range from three to seven years, or their estimated useful life.

Intangible Assets

Intangible assets with estimable useful lives are amortized using the straight-line method over their respective estimated useful lives verses their estimated residual values, and are reviewed for impairment annually, or whenever events or circumstances indicate their carrying amount may not be recoverable. We conduct our annual impairment test on December 31 of each year. The Company has evaluated its intangibles for impairment and has determined that no impairment was necessary as of December 31, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Impairment of Long-lived Assets

We evaluate the carrying value of long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Further testing of specific assets or grouping of assets is required when undiscounted future cash flows associated with the assets is less than their carrying amounts. An asset is considered to be impaired when the anticipated undiscounted future cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. We recorded impairment to three CoronaLux ™ units of approximately $354,000 and to five CoronaLux ™ units of $809,000 incurred due to lack of sale or license of the units for a period of more than 12 months since completion of the units for the years ended December 31, 2017 and 2016, respectively.

Revenue Recognition

We recognize revenue related to contract projects and services when all of the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. Our revenue is primarily comprised of services related to industrial cleaning and mobile railcar cleaning, which we recognize as services are rendered.

Product revenue generated from projects, which include the manufacturing of products, for removal and treatment of hazardous vapor and gasses is accounted for under the percentage-of-completion method for projects with durations in excess of three months and the completed-contract method for all other projects. Total estimated revenue includes all of the following: (1) the basic contract price, (2) contract options, and (3) change orders. Once contract performance is underway, we may experience changes in conditions, client requirements, specifications, designs, materials and expectations regarding the period of performance. Such changes are “change orders” and may be initiated by us or by our clients. In many cases, agreement with the client as to the terms of change orders is reached prior to work commencing; however, sometimes circumstances require that work progress without obtaining client agreement. Revenue related to change orders is recognized as costs are incurred if it is probable that costs will be recovered by changing the contract price. The Company does not incur pre-contract costs. Under the percentage-of-completion method, we recognize revenue primarily based on the ratio of costs incurred to date to total estimated contract costs. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses are identified and included as additional loss. Provisions for estimated losses on contracts are shown separately as liabilities on the balance sheet, if significant, except in circumstances in which related costs are accumulated on the balance sheet, in which case the provisions are deducted from the accumulated costs. A provision as a liability is reported as a current liability.

For contracts accounted for under the percentage-of-completion method, we include in current assets and current liabilities amounts related to construction contracts realizable and payable. Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits recognized to date over billings to date, and are recognized as a current asset. Billings in excess of costs and estimated earnings on uncompleted contracts represents the excess of billings to date over the amount of contract costs and profits recognized to date, and are recognized as a current liability.

The Company’s revenues from waste destruction licensing agreements are recognized as a single accounting unit over the term of the license. In accordance with Accounting Standards Codification (“ASC”) 605, for revenues which contain multiple deliverables, the Company separates the deliverables into separate accounting units if they meet the following criteria: (i) the delivered items have a stand-alone value to the customer; (ii) the fair value of any undelivered items can be reliably determined; and (iii) if the arrangement includes a general right of return, delivery of the undelivered items is probable and substantially controlled by the seller. Deliverables that do not meet these criteria are combined with one or more other deliverables into one accounting unit. Revenue from each accounting unit is recognized based on the applicable accounting literature, primarily ASC 605.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Company has five-year agreements with two companies in which the Company amortizes various fees on a straight-line basis over the initial five-year term of the agreement.

Stock-based Compensation

We account for stock-based awards at fair value on the date of grant, and recognize compensation over the service period that they are expected to vest. We estimate the fair value of stock options and stock purchase warrants using the Black-Scholes option pricing model. The estimated value of the portion of a stock-based award that is ultimately expected to vest, taking into consideration estimated forfeitures, is recognized as expense over the requisite service periods. The estimate of stock awards that will ultimately vest requires judgment, and to the extent that actual forfeitures differ from estimated forfeitures, such differences are accounted for using the simplified method to estimate the expected term of the option and recorded in the period that estimates are revised.

Research and Development

Research and development (“R&D”) costs are charged to expense as incurred and are included in selling, general and administrative costs in the accompanying consolidated statement of operations. R&D expenses consist primarily of salaries, project materials, contract labor and other costs associated with ongoing product development and enhancement efforts. R&D expenses were $5,600 and $192,400 for the years ended December 31, 2017 and 2016, respectively. R & D expenses are included in general and administrative expenses.

Income Taxes

The Company accounts for income taxes pursuant to *Accounting Standards Codification* (“ASC”) 740, *Income Taxes,* which utilizes the asset and liability method of computing deferred income taxes. The objective of this method is to establish deferred tax assets and liabilities for any temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

ASC 740 also provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a “more-likely-than-not” recognition threshold at the effective date to be recognized. During the years ended December 31, 2017 and 2016 the Company recognized no adjustments for uncertain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were recognized at December 31, 2017 and 2016. The Company expects no material changes to unrecognized tax positions within the next twelve months.

The Company has filed federal and state tax returns through December 31, 2016. The tax periods for the years ending December 31, 2010 through 2016 are open to examination by federal and state authorities.

Recently issued accounting pronouncements

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU’s) to the FASB’s Accounting Standards Codification. The Company considers the applicability and impact of all new or revised ASU’s.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance creating Accounting Standards Codification (“ASC”) Section 606, “Revenue from Contracts with Customers”. The new section will replace Section 605, “Revenue Recognition” and creates modifications to various other revenue accounting standards for specialized transactions and industries. The section is intended to conform revenue accounting principles with a concurrently issued International Financial Reporting Standards with previously differing treatment between United States practice and those of much of the rest of the world, as well as, to enhance disclosures related to disaggregated revenue information. The updated guidance was effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. On July 9, 2015, the FASB approved a one year delay of the effective date. The Company will now adopt the new provisions of this accounting standard at the beginning of fiscal year 2018. The adoption of this ASC is not expected to have any impact on the Company’s consolidated financial position, liquidity, or results of operations

In February 2016, the FASB issued new guidance related to leases that outlines a comprehensive lease accounting model and supersedes the current lease guidance. The new guidance requires lessees to recognize lease liabilities and corresponding right-of-use assets for all leases with lease terms of great than 12 months. It also changes the definition of a lease and expands the disclosure requirements of lease arrangements. The new guidance must be adopted using the modified retrospective approach and will be effective for the Company starting in the first quarter of fiscal 2019. Early adoption is permitted. The Company is in the process of determining the effects the adoption will have on its consolidated financial statements as well as whether to adopt the new guidance early.

In May 2017, the FASB issued Accounting Standards Update 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting. The new guidance clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. ASU 2017-09 is effective for public entities for annual reporting periods beginning after December 15, 2017, and interim periods within that reporting period. The Company is in the process of determining the effects the adoption will have on its consolidated financial statements

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following:

	December 31, 2017	December 31, 2016
Field and shop equipment	$ 2,213,200	$ 1,907,500
Vehicles	690,000	690,000
Waste destruction equipment, placed in service	627,800	1,299,500
Waste destruction equipment, not placed in service	—	712,100
Furniture and office equipment	311,000	319,700
Leasehold improvements	10,000	10,000
Building and improvements	21,200	21,200
Land	162,900	162,900
	4,036,100	5,122,900
Less: accumulated depreciation and amortization	(2,739,700)	(2,317,800)
Property and equipment, net	$ 1,296,400	$ 2,805,100

Depreciation expense for the years ended December 31, 2017 and 2016 was $641,300 and $647,000, respectively. For the year ended December 31, 2017 depreciation expense included in cost of goods sold and selling, general and administrative expenses was $551,400 and $89,900, respectively. For the year ended December 31, 2016 depreciation expense included in cost of goods sold and selling, general and administrative expenses was $548,900 and $98,100, respectively.

Depreciation expense on leased CoronaLux™ units included in accumulated depreciation and amortization above is $70,100 and $136,100 for the years ended December 31, 2017 and 2016, respectively.

Property and equipment includes the following amounts for leases that have been capitalized at December 31:

	2017	2016
Field and shop equipment	$ 407,100	$ 318,300
Less: accumulated amortization	(232,200)	(153,800)
	$ 174,900	$ 164,500

The capitalized leases have a security interest held by the lessor in their respective equipment.

The Company has evaluated its fixed assets and has determined that an impairment charge was required to two idle and one licensed CoronaLux™ units and five idle CoronaLux™ units of approximately $354,000 and $809,000 for the years ended December 31, 2017 and 2016, respectively.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets were comprised of the following:

	December 31, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying value
Goodwill	$ 277,800	—	$ 277,800
Customer list	42,500	(42,500)	—
Technology	1,090,500	(745,200)	345,300
Trade name	54,900	(54,900)	—
	$ 1,465,700	$ (842,600)	$ 623,100

	December 31, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying value
Goodwill	$ 277,800	—	$ 277,800
Customer list	42,500	(42,500)	—
Technology	1,069,500	(609,300)	460,200
Trade name	57,300	(57,300)	—
	$ 1,447,100	$ (709,100)	$ 738,000

The estimated useful lives of the intangible assets range from seven to ten years. Amortization expense, included in selling, general and administrative expenses in the accompanying consolidated statements of operations, was $133,500 and $93,700 for the years ended December 31, 2017 and 2016, respectively.

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities were comprised of the following:

	December 31,	
	2017	2016
Accrued compensation and related taxes	$ 608,000	$ 644,800
Accrued interest	105,700	58,900
Accrued settlement/litigation claims	150,000	277,500
Warranty and defect claims	71,700	35,700
Other	372,200	364,100
Total Accrued Liabilities	$ 1,307,600	$ 1,381,000

NOTE 6 - UNCOMPLETED CONTRACTS

Costs, estimated earnings and billings on uncompleted contracts are as follows:

	December 31, 2017	December 31, 2016
Revenue Recognized	$ —	$ 324,500
Less: Billings to date	—	(310,900)
Costs and estimated earnings in excess of billings on uncompleted contracts	$ —	$ 13,600
Billings to date	$ 2,875,500	$ 3,063,500
Revenue recognized	(2,648,200)	(1,972,700)
Billings in excess of costs and estimated earnings on uncompleted contracts	$ 227,300	$ 1,090,800

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC

In 2010, the Company and Black Stone Management Services, LLC ("Black Stone") formed PWS, whereby a total of 1,000,000 membership units were issued, 600,000 membership units to the Company and 400,000 membership units to Black Stone. Fortunato Villamagna, who serves as President of our PWS subsidiary, is a managing member and Chairman of Black Stone. In June 2012, the Company and Blackstone each allocated 10% of their respective membership units in PWS to Mr. J John Combs III, an officer and shareholder of the Company and Mr. Michael Cardillo, a shareholder of the Company and an officer of a subsidiary. There was no value attributable to the units at the time of the allocation. At December 31, 2017 and 2016 the Company owned 54% of the membership units, Black Stone owned 26% of the membership units, an outside third party 10% of the membership units and two related parties (as noted above), each owned 5% of the membership units.

In August, 2011, we acquired certain intellectual property in regards to waste destruction technology (the "IP") from Black Stone in exchange for 1,000,000 shares of our common stock valued at $100,000. We estimated the useful life of the IP at ten years, which was consistent with the useful life of other technology included in our intangible assets, and management's initial assessment of the potential marketability of the IP. In March 2012, the Company entered into an Irrevocable License & Royalty Agreement with PWS that grants PWS an irrevocable world-wide license to the IP in exchange for a 5% royalty on all revenues from PWS and its affiliates. The term commenced as of the date of the Agreement and shall continue for a period not to exceed the life of the patent or patents filed by the Company. PWS may sub license the IP and any revenue derived from sub licensing shall be included in the calculation of Gross Revenue for purposes of determining royalty payments due the Company. Royalty payments are due 30 days after the end of each calendar quarter. PWS generated licensing revenues of approximately $161,500 and $156,500 for the years ended December 31, 2017 and 2016, respectively, as such, royalties of $25,300 and $17,225 were due at December 31, 2017 and 2016, respectively.

Since its inception through December 31, 2017, we have provided approximately $6.1 million in funding to PWS for working capital and the further development and construction of various prototypes and commercial waste destruction units. No members of PWS have made capital contributions or other funding to PWS other than SEER. The intent of the operating agreement is that we will provide the funding as an advance against future earnings distributions made by PWS.

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC, continued

Licensing Agreements

In 2014, Sterall ordered a total of six CoronaLux™ units, of which one unit was delivered during the year ending December 31, 2014, and five units have been pending delivery since that time. Sterall paid a non-refundable placement fee of $236,300 for the unit delivered in 2014 which the Company has been recognizing over the term of the agreement. Sterall also paid a deposit of $330,000 for the five units ordered leaving a balance of $851,500 still owed. The Company fully reserved the amount owed. In July 2017, the Company and Sterall signed a Settlement Agreement and Mutual Release which allows Sterall to keep the one unit delivered in 2014 and another unit also on site, in exchange for the Company's retention of the $330,000 deposit paid by Sterall and the issuance of 300,000 shares of restricted common stock valued at $174,000. The two units written off by the Company related to this settlement agreement had a net book value of $290,100. In addition, a third unit located on the Sterall site was abandoned by the Company during 2017 and the Company recorded a full impairment of that unit's net book value at December 31, 2017 equal to $120,900. As part of the settlement agreement, Sterall also forfeits all rights to operate the CoronoLux technology anywhere in the U.S. territories, but is granted an exclusive right to operate the systems in the limited and sole territory of Haiti for a period of 10 years in exchange for a 5% royalty payable to the Company on gross revenue derived from any source arising out of or related to the operation of the CoronoLux technology.

On February 22, 2014, SEER and PWS entered into an Agreement with Daniel McAteer & Associates ("DMA") to develop, permit and exploit the PWS waste destruction technology in Ireland and United Kingdom ("Limited Territory"). The Agreement called for the formation of a Joint Venture to be owned 50% by SEER and 50% by DMA. In accordance with the agreement, DMA was to pay a one-time license fee of $350,000 for an exclusive license for the limited purpose of medical waste destruction in the Limited Territory. On June 10, 2014 Paragon Waste (UK) Ltd ("Paragon UK", "UK Joint Venture"), was formed in accordance with the laws of Northern Ireland. A total of 300,100 shares were issued upon formation, 100 Ordinary A voting shares were issued, of which PWS received 50 Ordinary A shares and 300,000 Ordinary B non-voting shares were issued. In 2015, the Agreement with DMA was amended to where Paragon UK purchased the CoronaLux™ unit from PWS for $350,000. Operations to date of the Paragon UK Joint Venture have been limited to formation, the delivery of a CoronaLux™ unit with a third party in the United Kingdom and application and permitting efforts with regulatory entities. As of December 31, 2017, a balance of $176,000 is still owed and has been fully reserved by the Company.

On March 4, 2014, PWS entered into a Licensing and Equipment Lease Agreement with eCycling International of South Carolina, LLC ("eCycling"). The License Agreement grants to eCycling the use of the PWS Technology and the CoronaLux™ waste destruction units for an initial term of five years and requires a payment of $176,875 as a non-refundable initial licensing fee and distributions of 50% of net operating profits, as defined in the agreement, in lieu of continuing royalty payments for the use of the licensed technology. eCycling originally paid the $176,875 placement fee to PWS and an additional $176,875 per the amended agreement during the year ended December 31, 2016 and the revenue is being recognized over the term of the Agreement. eCycling is still in the process of permitting the unit, and therefore, has not yet generated any NOP. During the year ending December 31, 2017, the Company recorded an impairment of this unit of approximately $75,000.

On November 17, 2014, PWS entered into an Exclusive Licensing and Equipment Lease Agreement, for a limited license territory, with Medical Waste Services, LLC ("MWS"). The License Agreement grants to MWS the use of the PWS Technology and the CoronaLux™ waste destruction units for an initial term of seven years and requires a payment of $225,000 as a non-refundable initial licensing fee and distributions of 50% of net operating profits, as defined in the agreement, in lieu of continuing royalty payments for the use of the licensed technology. PWS and Medical Waste Services, LLC ("MWS") formed a contractual joint venture to exploit the PWS medical waste destruction technology. MWS has received approval from the California Department of Public Health and a restricted permit from the South Coast Air Quality Management District ("SCAQMD") to operate the CoronaLux™ unit licensed by MWS at its facility in Southern California. Operations to date have included the destruction of medical waste under a temporary operating permit issued by SCAQMD since May 2015 and efforts to obtain a full operating permit from SCAQMD were successful and SCAQMD issued a 'Notice of Intent to Issue Permit to Operate' in March 2017. In November 2017, the full operating permit was issued by SCAQMD.

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC, continued

In February 2015, PWS entered into a License Agreement with Particle Science Tech of Environmental Protection, Inc (“Particle”) a US subsidiary of Xinhua Energy Environmental Technology Co., Ltd (“Xinhua”), a large multi-national environmental company based in China. The agreement provides for the exclusive rights to distribute PWS’s patented technology in China, Hong Kong, Macau and the Taiwan territories (“Territory”). The grant was for both the medical waste, as well as the refinery vertical markets within the Territory. The Agreement calls for, among other things, the formation of a U.S. joint venture company, (“P&P Company”, to be owned 50/50 by PWS and Particle) and an obligation by Xinhua to fund all necessary and reasonable capital requirements to permit and roll out the PWS technology in the Territory as well as staff and manage the JV Entity’s operations. In 2015, PWS sold a CoronaLux™ unit to Xinhua for $430,500.

In December 2017, PWS and GulfWest Waste Solutions, LLC ("GWWS") formed Paragon Southwest Medical Waste, LLC (“PSMW”) to exploit the PWS medical waste destruction technology. PSMW will have an exclusive license to the CoronaLux™ technology in a six-state area of the Southern United States. In addition to the equity position, PWS will be the operating partner for the business and sell a number of additional systems to the joint venture over the next five years. In 2017, PSMW purchased and installed three CoronaLux™ units for $600,000. PWS incurred costs of $525,700 to prepare the three units for sale. Operations in the form of medical waste destruction began in the first quarter of 2018.

Upon the occurrence of certain events and timely performance by Xinhua, a second placement fee of $350,000 is required to be paid and, upon that second payment, it will then be granted exclusive manufacturing rights to produce the units to be deployed in the Territory.

Payments received for non-refundable licensing and placement fees have been recorded as deferred revenue in the accompanying consolidated balance sheets at December 31, 2017 and 2016 and are recognized as revenue ratably over the term of the contract.

NOTE 8 – INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The Company has a non-controlling interest in several joint ventures, currently six primarily for licensing and operating PWS CoronaLux™ waste destruction units and one for development of hybrid scrubber systems. One joint venture had limited activity in 2017 while two joint ventures have limited their activity to formation only. No other operations have commenced. The following is summary information on the joint ventures that have had some activity in 2017 and 2016. The Company has no fixed commitment to fund any losses of the operating joint ventures and has no investment basis in any of the joint ventures therefore the Company has suspended the recognition of losses under the equity method of accounting.

	December 31,	
	2017	2016
PWS-MWS Joint Venture		
Revenues	$ 224,000	$ 197,800
Operating cost	184,400	152,000
Net income	39,600	45,800
Company’s share of net income	$ 13,600	$ 15,700
Paragon UK Joint Venture		
Assets	$ 355,800	$ 555,500
Liabilities	121,600	261,700
Net Assets	234,200	293,800
Net loss	85,700	—
Company’s share of net loss	$ —	$ —
Advances to joint venture	—	—
Equity in net assets	—	—
PWS-Paragon Southwest Joint Venture		
Revenues	$ —	$ —
Operating cost	—	—
Net income	—	—
Company's share of net income	$ —	$ —
Assets purchased by JV	$ 600,000	$ —
Cost to Company to make assets sold ready for sale	(525,700)	—
Net proceeds to Company	$ 74,300	$ —

NOTE 9 - PAYROLL TAXES PAYABLE

In 2009 and 2010, REGS, a subsidiary of the Company, became delinquent for unpaid federal employer and employee payroll taxes, accrued interest and penalties were incurred related to these unpaid payroll taxes.

In or around 2010, REGS retained Washington D.C.-based legal counsel specializing in resolving federal tax matters. REGS has been represented by this firm throughout all phases of this tax matter and related proceedings. In September 2011, REGS received approval from the Internal Revenue Service ("IRS") to begin paying the outstanding federal payroll tax liability plus the related incurred interest and penalties totaling approximately $971,000 in installments (the "Installment Plan"). Under the Installment Plan, REGS was required to pay minimum monthly installments of $12,500 commencing September 2011, which increased to $25,000 per month in September 2012, until the liability was paid in full. Through the duration of the Installment Plan, the IRS continues to charge penalties and interest at statutory rates. If the conditions of the Installment Plan were not met, the IRS could cancel the installment plan and could demand the outstanding liability to be repaid through traditional enforcement proceedings available to the IRS. Additionally, the IRS has filed a notice of federal tax lien against certain of REGS assets in order to secure the obligation. The IRS is to release this lien if and when we pay the full amount due.

Two of the officers of REGS also have liability exposure for a portion of the taxes if REGS does not pay them.

In May 2013, REGS filed an Offer in Compromise ("OIC") with the IRS. While the OIC was under review by the IRS, the requirement to pay $25,000 a month under the Installment Plan was suspended. REGS was informed by its legal counsel that the IRS had accepted REGS' OIC. However by a letter dated March 27, 2014, REGS was notified that the OIC had been rejected. REGS then appealed that rejections decision. However that appeal has been denied. As a result, the Installment Plan is terminated. In June 2014, REGS received notices of intent to levy property or rights to property from the IRS for the amounts owed for the past due payroll taxes, penalty and interest. The IRS has not taken any current action against REGS and REGS continues to be represented by its legal counsel.

As of December 31, 2017 and 2016, the outstanding balance due to the IRS was $997,700, and $993,300, respectively.

Other than this outstanding payroll tax matter arising in 2009 and 2010, all state and federal taxes have been paid by REGS in a timely manner.

NOTE 10 – DEBT

In June 2011, we issued an unsecured promissory note to a third party in the amount of $40,000 (the "June 2011 Note") bearing interest at a rate of 10% per annum and a three year warrant to purchase 13,000 shares of our common stock at an exercise price of $1.00 per share. In addition, a second note payable, to the same third party, in the amount of $25,000 plus $3,000 of accrued interest was also converted into the June 2011 Note, resulting in a new principal balance of $68,000. Principal payments were due beginning November 2011 and the June 2011 Note and accrued interest was paid in full during August 2016 through an offset to trade accounts receivable from the note holder.

NOTE 10 – DEBT, continued

Debt as of December 31, 2017 and 2016 was comprised of the following:

	2017	2016
June 2011 Note - paid in full during 2016	$ —	$ —
Convertible notes payable, interest at 8% per annum, unpaid principal and interest maturing 3 years from note date between August 2018 and October 2019, convertible into common stock at the option of the lenders at a rate of $0.70 per share; one convertible note for $250,000 has a personal guarantee of an officer of the Company.	1,605,000	1,605,000
Debt discount (see Note 13)	(7,200)	(14,900)
Secured short term note payable dated October 24, 2016 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $10,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,000 shall be due and owing accruing on the first day of the week. The total one time fee paid was $16,000. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding past the original maturity for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding beginning in month 7 until paid in full. The note is secured by specific customer accounts receivables and a personal guarantee of an officer of the Company. This note was paid in full in April 2017. The penalty period for shares to be issued was reached and the Company issued 350,000 shares of its common stock under the terms of this agreement during 2017. The shares were valued at $245,000 recorded as interest expense.	—	200,000
Secured short term note payable dated December 1, 2016 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $10,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,000 shall be due and owing accruing on the first day of the week. The total one time fee paid was $16,000. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity beginning in month 7 until paid in full. The note is secured by specific customer accounts receivables and a personal guarantee of an officer of the Company. This note was paid in full in August 2017. The penalty period for shares to be issued was reached and the Company issued 800,000 shares of its common stock under the terms of this agreement during 2017. The shares were valued at $531,000 recorded as interest expense.	—	200,000
Secured short term note payable dated January 23, 2017 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $10,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,000 shall be due and owing accruing on the first day of the week. The total one time fee paid was $16,000. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity beginning in month 7 until paid in full. The note is secured by specific customer accounts receivables and a personal guarantee of an officer of the Company. This note was paid in full in August 2017. The penalty period for shares to be issued was reached and the Company issued 150,000 shares of its common stock under revised terms of the agreement during 2017. The shares were valued at $105,000 recorded as interest expense. No additional shares will be issued by the Company.	—	—

Secured short term note payable dated March 20, 2017 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $10,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,000 shall be due and owing accruing on the first day of the week. The total one time fee paid was $16,000. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding past the original maturity date for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity beginning in month 7 until paid in full. The note is secured by specific customer accounts receivables and a personal guarantee of an officer of the Company. This note was paid in full in August 2017. The penalty period for shares to be issued was reached and the Company recorded 200,000 shares of its common stock under the terms of this agreement during 2017. The shares were valued at $128,000 recorded as interest expense. No additional shares will be issued by the Company under the terms of the agreement.	—	—
Secured short term note payable dated September 13, 2017 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $15,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,500 shall be due and owing accruing on the first day of the week. The total one time fee paid was $24,000. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding past the original maturity date for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity date beginning in month 7 until paid in full. The note is secured by the future sale of CoronaLux units and a personal guarantee of an officer of the Company. The penalty period for shares to be issued has been reached and for the year ended December 31, 2017, the Company recorded 150,000 shares of its common stock as issuable under the terms of this agreement. The shares were valued at $100,000 recorded as interest expense. Additional shares will be issued by the Company under the terms of the agreement (see Note 22).	300,000	—
Secured short term note payable dated October 13, 2017 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $4,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $400 shall be due and owing accruing on the first day of the week. The total one time fee paid was $6,400. A fee of 40,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding past the original maturity date for months 3 through 6, and a fee of 80,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity date beginning in month 7 until paid in full. The note is secured by the future sale of CoronaLux units and a personal guarantee of an officer of the Company. The penalty period for shares to be issued has been reached and for the year ended December 31, 2017, the Company recorded 40,000 shares of its common stock as issuable under the terms of this agreement. The shares were valued at $30,000 recorded as interest expense. Additional shares will be issued by the Company under the terms of the agreement (see Note 22).	100,000	—

Secured short term note payable dated November 6, 2017 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $5,000 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $400 shall be due and owing accruing on the first day of the week. The total one time fee paid was $7,400. A fee of 50,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding past the original maturity date for months 3 through 6, and a fee of 100,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding past the original maturity date beginning in month 7 until paid in full. The note is secured by the future sale of CoronaLux units and a personal guarantee of an officer of the Company. The penalty period for shares to be issued had not been reached as of December 31, 2017. Shares will be issued by the Company under the terms of the agreement (see Note 22).	125,000	—
Note payable dated November 20, 2017, interest at 30% per annum, principal and accrued interest due on or before February 28, 2018. Unpaid interest at December 31, 2017 is approximately $11,800. The note is unsecured. During 2018, a verbal agreement was made to allow month-to-month extension of the due date as long as interest payments were made monthly.	300,000	—
Note payable dated October 13, 2015, interest at 8% per annum, payable in 24 monthly installments of principal and interest $4,523, due October 1, 2017. Secured by certain assets of SEM and guaranteed by SEER and MV. This note was paid in full in October 2017.	—	43,600
Note payable dated October 13, 2015, interest at 8% per annum, payable in 60 monthly installments of principal and interest $4,562, due October 1, 2020. Secured by real estate and other assets of SEM and guaranteed by SEER and MV.	137,900	180,000
Capital lease obligations, secured by certain assets, maturing through Nov 2020	109,900	109,600
Total notes payable and capital lease obligations	2,670,600	2,323,300
Less: current portion	(2,166,300)	(571,800)
Notes payable and capital lease obligations, long-term, including debt discount	$ 504,300	$ 1,751,500

Debt maturities as of December 31, 2017 are as follows:

Year:	
2018	$ 2,116,800
2019	393,100
2020	49,100
2021	1,700
	$ 2,560,700

The Company issued two notes in the amount of $200,000 each in May and August of 2016 which were paid in full in 2016.

Future minimum lease payments under capital leases, which include bargain purchase options, are as follows at December 31, 2017:

2018	$ 60,100
2019	37,100
2020	28,500
Total minimum lease payments	125,700
Amount representing interest	(15,800)
Present value of lease payments	109,900
Less current portion	(49,500)
Non-current portion	$ 60,400

In connection with the issuance of convertible debt in 2016 noted above, the Company issued 71,000 warrants as an inducement to enter into the transactions. The 2016 warrants exercisable for 3 years at $0.85 per share were valued at $4,900 using the Black Scholes valuation method at the date of issuance. During 2016, the 2015 convertible debt agreements were modified to more closely reflect the convertible debt transactions made in 2016, including adjusting the conversion price from $1.10 per share to $0.70 per share and the warrant exercise price from $1.25 to $0.85. The value of the convertible debt amendments will be recognized prospectively by the Company.

NOTE 11 – RELATED PARTY TRANSACTIONS NOT DISCLOSED ELSEWHERE

Notes payable, related parties

Notes payable, related parties and accrued interest due to certain related parties as of December 31, 2017 and 2016 are as follows:

	2017	2016
Accrued interest	11,800	11,800
	$ 11,800	$ 11,800

We believe the stated interest rates on the related party notes payable represent reasonable market rates based on the note payable arrangements we have executed with third parties.

In March 2012, the Company entered into an Irrevocable License & Royalty Agreement with PWS that grants PWS an irrevocable world-wide license to the IP in exchange for a 5% royalty on all revenues from PWS and its affiliates. The term shall commence as of the date of this Agreement and shall continue for a period not to exceed the life of the patent or patents filed by the Company. PWS may sub license the IP and any revenue derived from sub licensing shall be included in the calculation of Gross Revenue for purposes of determining royalty payments due the Company. Royalty payments are due 30 days after the end of each calendar quarter. PWS generated licensing revenues of approximately $161,500 and $156,500 for the years ended December 31, 2017 and 2016, respectively, as such, royalties of $25,300 and $17,225 were due for 2017 and 2016, respectively.

In September 2014, the Company entered into an Equity Purchase Agreement (“Equity Agreement”) with a third party (“Seller”) whereby the Company issued 1,200,000 shares of the Company’s common stock, valued at $1,212,000, in exchange for 22.5 membership interest units, representing 15% ownership interest in Sterall, LLC, a Delaware corporation. In March 2015 the Company and the Seller entered into a revised agreement whereby the 1,200,000 shares issued by the Company would be held by the Seller until the completion of an independent third party valuation. Based on the fair market value of the Purchased Units from the valuation obtained by the Company, an amount of Consideration Shares will be returned to the Company to the extent that the fair market value of the Consideration Shares issued (see below) are greater than the fair market value of the Purchased Units. In no event shall the Company be obligated to issue additional shares as consideration for the Purchased Units. For purposes of this amendment, the fair market value of each Consideration Share will be $0.83333. In the event the parties are unwilling to accept the fair market value of the Purchased Units, as determined by the independent valuation specialist, on or before the Closing Date this Agreement, the transaction covered by this Agreement (the “Contemplated Transaction”) may be rescinded by either Party in writing.

In December 2014, PWS, Sterall, Inc and Sterall LLC entered into a Successor-In-Interest Agreement. The Successor-In-Interest Agreement states that Sterall Inc and Sterall LLC are in the process of consolidating their business under Sterall LLC and all agreements between PWS and Sterall Inc shall be binding in all regards Sterall LLC.

In October 2014, PWS and Medical Waste Services, LLC ("MWS") formed a contractual joint venture to exploit the PWS medical waste destruction technology. In 2015, MWS licensed and installed a CoronaLux unit at an MWS facility, and subsequently received a limited permit to operate. Operations to date have included the destruction of medical waste. For the year ended December 31, 2017, PWS has recorded $19,800 in income which represents their 50% interest in the net income of the joint venture. In addition, for the year ended December 31, 2017, PWS billed the joint venture approximately $57,000 in costs incurred on behalf of the joint venture.

Due to the ability of the Company to rescind the shares issued at the commencement of the transaction the shares were considered contingently issuable shares and as such the 1,200,000 share not considered issued and outstanding at December 31, 2015. The 15% ownership interest in Sterall was considered contingently held until the conclusion of this transaction.

As of December 31, 2015, an independent appraisal was not performed and the Amended Equity Agreement expired by its terms. The 1,200,000 shares subject to the original Equity Agreement and the Amended Equity Agreement became unrestricted in 2016 and are considered issued and outstanding. The shares were valued at $720,000 and were originally recorded as a long term other asset pending resolution of claims by the parties involved related to the Sterall licensing agreement from September 2013, Sterall equipment deposits of $330,000 from 2014 and the equity purchase agreement noted above. As of December 31, 2016, a settlement was not reached by the parties and an impairment of the long term asset in the amount of $720,000 was recorded by the Company. In July 2017, the Company and Sterall signed a Settlement Agreement and Mutual Release which allows Sterall to retain the one unit delivered in 2014 and another unit also on site, in exchange for the Company's retention of the $330,000 deposit paid by Sterall and the issuance of 300,000 shares of restricted common stock. For the year ended December 31, 2017, the Company recorded an additional cost of $120,900 related to the Settlement Agreement and Mutual Release (see Note 7).

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Future commitments under non-cancellable operating leases with terms longer than one year for office and warehouse space as of December 31, 2017 are as follows:

Year		
2018	$	242,600
2019		139,800
2020		48,900
2021 and after		—
Total	$	431,300

For the years ended December 31, 2017 and 2016, rent expense was $317,000 and $244,800, respectively.

NOTE 13 – ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

During the third quarter of 2017, we sold our fixed railcar cleaning division which includes substantially all assets and liabilities of Tactical (except for cash) as well as three locations in REGS including Illinois, Maryland and Pennsylvania for a sales price of $2.4 million of proceeds received at the close on July 31, 2017, subject to an adjustment for working capital changes, and guaranteed payments of $1.1 million over the next three years. In addition, the Company is entitled to receive another $1.5 million based on the performance of the fixed railcar cleaning locations, also over the next three years. Accordingly, the carrying value of the assets and liabilities associated with the railcar cleaning locations are presented as "Assets held for sale" and "Liabilities held for sale" on our consolidated balance sheet as of December 31, 2016, and "Discontinued operations" on our consolidated statement of operations for the year ending December 31, 2017 and 2016, and on our consolidated statement of cash flows for the years ending December 31, 2017 and 2016. The sale was completed on July 31, 2017. For the years ended December 31, 2017 and 2016 we recorded net income from discontinued operations equal to $694,300 and $423,300, respectively. For the year ended December 31, 2017 we recorded a gain on the sale of rail operations of $2,695,300.

In December 2017, the Company and the buyer signed Amendment No. 1 to the Asset Purchase Agreement which modified certain terms in the original asset purchase agreement providing for a reduction to the first guaranteed payment in the amount of $276,000 in exchange for immediate release of certain liabilities arising from the collection by the Company of certain trade receivables included in the sale.

Assets and liabilities held for sale were comprised of the following:

	December 31, 2017	December 31, 2016
Accounts receivable, net	$ —	$ 841,800
Property and equipment, net	—	156,200
Other	—	26,600
Total Assets held for sale	$ —	$ 1,024,600
Accounts payable	$ —	$ 513,500
Accrued expenses and other	—	89,600
Total Liabilities held for sale	$ —	$ 603,100

Major classes of line items constituting pretax loss on discontinued operations:

	For the year ending December 31, 2017	2016
Services revenue	$ 4,082,200	$ 4,029,700
Services costs	3,070,200	3,146,500
General and administrative expenses	117,800	203,200
Salaries and related expenses	208,900	253,300
Other (income) expense	(9,000)	3,400
Total expenses	3,387,900	3,606,400
Operating income	694,300	423,300
Income tax benefit	—	—
Total income from discontinued operations	$ 694,300	$ 423,300

Total gain on disposal of rail operations:

	July 31, 2017
Consideration from sale	$ 2,641,000
Net present value of future consideration	824,000
Carrying value of net assets*	(653,600)
Gross gain on disposal	2,811,400
Closing costs	(116,100)
Total gain on sale of rail operations	$ 2,695,300
*Carrying value of net assets	
Accounts receivable, net	$ 1,130,500
Property and equipment, net	177,200
Other	60,200
Total Assets	$ 1,367,900
Accounts payable	$ 678,600
Accrued expenses and other	35,700
Total Liabilities	$ 642,900
Carrying value of net assets	$ 653,600

NOTE 14 – EQUITY TRANSACTIONS

Common Stock – Authorized common stock of the Company consists of 70,000,000 shares of $.001 par value, of which 56,528,575 shares were issued or issuable and outstanding at December 31, 2017.

Preferred Stock – Authorized preferred stock consists of 5,000,000 shares of preferred stock, $.001 par value, no shares of preferred stock are issued and outstanding.

2017 Common Stock Transactions

In 2017 the Company issued 13,496 shares of $.001 par value common stock in connection with the cashless exercise of 166,666 options.

NOTE 14 – EQUITY TRANSACTIONS, continued

In 2017, the Company issued 300,000 shares of $.001 par value common stock valued at $174,000 in connection with a settlement agreement. (See Note 11)

In 2017, the Company issued 1,500,000 shares of $.001 par value common stock valued at $1,009,000 in connection with the late payment penalty due on short-term notes. (See Note 10)

In 2017, the Company recorded 190,000 shares of $.001 par value common stock valued at $130,000 as issuable to short-term note holders as required under their respective agreements. (See Note 10)

In 2017, the Company issued an option to purchase 1,000,000 shares of its $.001 par value common stock at a strike price of $1.00 to Richard Robertson in connection with his employment agreement dated January 9, 2017. At the date of issuance 100,000 shares vested immediately and the remaining 900,000 options vest over a period of four years in a series of 16 successive equal quarterly vesting of 56,250 options commencing March 31, 2017 and ending December 31, 2020. The Company used the Black Scholes option pricing model to estimate the fair value of the options granted at $102,354. The assumptions used in calculating such value include a risk-free interest rate of 1.89%, expected volatility of 36.87%, an expected life of 5.5 years and a dividend rate of 0.

In 2017, the Company issued an option to purchase 1,000,000 shares of its $.001 par value common stock at a strike price of $0.70 to Don Moorhead in connection with his consulting agreement dated May 1, 2017. The options vest over a period of two years in a series of 8 successive equal quarterly installments of 125,000 commencing July 1, 2017 and ending April 1, 2019. The Company used the Black Scholes option pricing model to estimate the fair value of the options granted at $231,514. The assumptions used in calculating such value include a risk-free interest rate of 1.84%, expected volatility of 39.17%, an expected life of 4.5 years and a dividend rate of 0.

<u>2016 Common Stock Transactions</u>

In 2016, we issued 600,000 shares of common stock for $300,000 of proceeds.

In 2016, we issued 250,000 shares of common stock upon exercise of common stock warrants, receiving proceeds of $125,000.

In 2016, we received $29,900 in proceeds for the extension of common stock warrants.

In 2016, we issued 100,000 shares of common stock in consideration of a $25,000 common stock subscription payment.

<u>Warrants</u>

In 2017, we received $155,500 in proceeds for the extension of common stock warrants. A balance of $5,300 is owed by warrant holders for the extension of their warrants. Certain warrant holders were offered the extensions at no additional cost to the warrant holder and the Company recorded stock based compensation expense of $83,677 for those warrant holders granted extensions without compensation to the Company.

In connection with services provided to the Company in 2017, the Company issued warrants to acquire 200,000 shares of common stock. The warrants exercisable for five years at $0.70 per share were valued at $31,300 using the Black Scholes valuation method. The assumptions used in the valuation of the warrants were; common stock price $0.63, expected life 5 years, volatility 28.72% and discount rate 1.92%.

In connection with the 2016 issuance of a $200,000 secured short term note payable that we issued a warrant was issued to purchase 500,000 shares of our common stock at $0.50 per share, exercisable over four years. The warrant was valued at $97,181 using a Black Scholes valuation and was charged to interest over the sixty days term of the note. The assumptions used in the valuation of the warrant were; common stock price $0.62, expected life 2 year, volatility 37.89% and discount rate 1.25%. The note was paid in full in 2016.

In connection with the issuance of convertible debt in 2016 noted above, the Company issued warrants to acquire 71,000 shares of common stock as an inducement to enter into the transaction. The warrants exercisable for five years at $0.85 per share were valued at $4,900 using the Black Scholes valuation method. The assumptions used in the valuation of the warrants were; common stock price $0.60, expected life 2.5 years, volatility 36.71% and discount rate 1.14%.

A summary of warrant activity for the years ended December 31, 2017 and December 31, 2016 is presented as follows:

	Number of Warrants	Exercise Price
Warrants Outstanding at January 1, 2016	9,839,430	$.50 to $1.25
Issued	571,000	$.50 to $.85
Exercised	(250,000)	$.50
Forfeited/expired/canceled	(495,000)	$.70
Warrants Outstanding at January 1, 2017	9,665,430	$.50 to $1.25
Issued	200,000	$.70
Exercised	—	—
Forfeited/expired/canceled	(1,848,989)	$.50 to $1.00
Warrants Outstanding at December 31, 2017	8,016,441	$.50 to $1.25

NOTE 15 – STOCK-BASED COMPENSATION AND EMPLOYEE BENEFIT PLAN

Except as noted below, we do not have a qualified stock option plan, but have issued stock purchase warrants and stock options on a discretionary basis to employees, directors, service providers, private placement participants and outside consultants.

The Company utilizes ASC 718, *Stock Compensation,* related to accounting for share-based payments and, accordingly, records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards. The Black Scholes option pricing model was used to estimate the fair value of the options granted. This option pricing model requires a number of assumptions, of which the most significant are: expected stock price volatility, the expected pre-vesting forfeiture rate, and the expected option term (the amount of time from the grant date until the options are exercised or expire). The Company estimated a volatility factor utilizing a weighted average of comparable published volatilities. The Company applied the simplified method to determine the expected term of grants. The risk free interest rate is based on or approximates the U.S. Treasury yield curve in effect at the time of the grant.

Stock compensation expense for stock options is recognized on a straight-line basis over the vesting period of the award. The Company accounts for stock options as equity awards.

Share-based compensation expense recognized in the statements of operations is based on awards ultimately expected to vest, which considers estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company recognizes the expense or benefit from the effect of adjusting the estimated forfeiture rate in the period that the forfeiture estimate changes.

The weighted average estimated fair value of stock option grants and the weighted average assumptions that were used in calculating such values for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Risk-free interest rate	1.84-1.89%	1.64%
Expected volatility	36.87-39.17%	37.07%
Expected life (in years)	4.5-5.5	3.25-4.00
Dividend rate	0	0
Weighted-average estimated fair value per award	$ .17	$ .20

For the years ended December 31, 2017 and 2016, we recorded stock-based compensation awarded to employees of $131,600 and $64,600, respectively, which is included in selling, general and administrative expense in our consolidated statements of operations.

A summary of stock option activity for the year ended December 31, 2017 is presented as follows:

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	865,000	$ .89	2.7 years	$ .40
Granted	2,000,000	$ .85		$ .17
Exercised	(200,000)	$ .72		$ .23
Forfeited/expired/canceled	(530,000)	$ .98		$ .49
Outstanding at December 31, 2017	2,135,000	$ .85	8.3 years	$ .17
Vested and exercisable at December 31, 2017	687,500	$ .86	.38 years	$ .18

A summary of stock option activity for the year ended December 31, 2016 is presented as follows:

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2016	1,035,000	$ .91	3.3 years	$ .40
Granted	80,000	$ .67		$ .20
Exercised	—	—		—
Forfeited/expired/canceled	(250,000)	$ .92		$ .36
Outstanding at December 31, 2016	865,000	$ .89	2.7 years	$ .40
Vested and exercisable at December 31, 2016	767,825	$ .89	0 years	$ .40

As of December 31, 2017, there was approximately $87,900 of total unrecognized compensation cost related to non-vested stock options that is expected to be recognized over a weighted-average period of approximately three years. The intrinsic value of vested options outstanding as of December 31, 2017 was $23,375.

Employee Benefit Plan

We have a defined contribution 401(k) plan that covers substantially all employees. Additionally, at the discretion of management, we may make contributions to eligible participants, as defined. During the years ended December 31, 2017 and 2016, we made contributions of $0 each.

NOTE 16 – NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding plus the number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares. Potentially dilutive securities are excluded from the calculation when their effect would be anti-dilutive. For all years presented in the consolidated financial statements, all potentially dilutive securities have been excluded from the diluted share calculations as they were anti-dilutive as a result of the net losses incurred for the respective years. Accordingly, basic shares equal diluted shares for all years presented.

Potentially dilutive securities were comprised of the following:

	December 31,	
	2017	2016
Warrants	8,016,441	9,665,430
Options	2,135,000	865,000
Convertible notes payable, including accrued interest	2,375,099	2,342,857
Issuable shares, short term debt penalty	190,000	—
	12,716,540	12,873,287

NOTE 17 - SEGMENT INFORMATION AND MAJOR SEGMENT CUSTOMERS

The Company currently has identified four segments as follows:

REGS	Industrial Cleaning
MV & SEM	Environmental Solutions
PWS	Solid Waste

Reach is not currently operating but when operations commence would be part of the Environmental Solutions segment.

The composition of our reportable segments is consistent with that used by our chief operating decision maker to evaluate performance and allocate resources. All of our operations are located in the U.S. We have not allocated corporate selling, general and administrative expenses, interest expense, depreciation and amortization and stock-based compensation to the segments. All intercompany transactions have been eliminated.

Segment information as of December 31, 2017 and 2016 and for the years then ended is as follows:

2017	Industrial Cleaning (2)	Environmental Solutions	Solid Waste	Corporate	Total (3)
Revenue	$ 2,254,200	$ 5,256,300	$ 917,500	$ —	$ 8,428,000
Depreciation and amortization (1)	356,300	189,900	136,300	86,200	768,700
Interest expense	23,800	15,200	100	1,386,400	1,425,500
Stock-based compensation	—	—	—	246,600	246,600
Net income (loss)	(1,307,700)	247,200	(1,329,600)	(3,743,500)	(6,133,600)
Capital expenditures (cash and noncash)	189,900	2,900	—	95,400	288,200
Goodwill	—	227,800	—	—	227,800
Total assets	$ 814,500	$ 1,339,600	$ 613,500	$ 983,300	$ 3,750,900

2016	Industrial Cleaning (2)	Environmental Solutions	Solid Waste	Corporate	Total (3)
Revenue	$ 2,929,000	$ 4,494,700	$ 230,200	$ —	$ 7,653,900
Depreciation and amortization (1)	350,600	162,600	136,300	91,200	740,700
Interest expense	28,400	23,300	500	272,000	324,200
Stock-based compensation	—	—	—	91,500	91,500
Net income (loss)	(740,400)	(138,000)	(1,638,000)	(2,562,500)	(5,078,900)
Capital expenditures (cash and noncash)	134,500	3,900	22,800	2,500	163,700
Goodwill	—	227,800	—	—	227,800
Total assets	$ 1,128,900	$ 2,457,900	$ 1,811,000	$ 115,100	$ 5,512,900

(1) Includes depreciation of property, equipment and leasehold improvement and amortization of intangibles
(2) Includes mobile rail car cleaning and excludes locations classified as discontinued operations
(3) Excludes discontinued operations

Customer Concentrations by Segment

Industrial Cleaning

For the year ended December 31, 2017, we had two customers with sales in excess of 10% of industrial cleaning segment revenue and combined were 21% of segment revenues. For the year ended December 31, 2016 we had one customer with sales in excess of 10% of industrial cleaning segment revenue and combined were 52% of segment revenues.

Environmental Solutions

For the year end December 31, 2017 we had one customer with sales in excess of 10% of environmental solutions segment revenue for a total of 16% of segment revenues. For the year end December 31, 2016 we had one customer with sales in excess of 10% of environmental solutions segment revenue.

NOTE 18 - INCOME TAXES

As of December 31, 2017, we estimate we will have net operating loss carryforwards available to offset future federal income tax of approximately $12 million. These carryforwards will expire between the years 2029 through 2033. Under the Tax Reform Act of 1986, the amount of and the benefit from net operating losses that can be carried forward may be limited in certain circumstances. Events that may cause changes in the our tax carryovers include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. Therefore, the amount available to offset future taxable income may be limited. We carry a deferred tax valuation allowance equal to 100% of total deferred assets. In recording this allowance, we have considered a number of factors, but chiefly, our operating losses from inception. We have concluded that a valuation allowance is required for 100% of the total deferred tax assets as it is more likely than not that the deferred tax assets will not be realized.

Deferred tax assets were comprised of the following as of December 31, 2017 and 2016:

	2017	2016
Allowance for doubtful accounts	$ 118,000	$ 96,800
Accrued expenses	99,000	146,200
Current deferred tax asset	217,000	243,000
Intangible and fixed assets	141,000	(447,000)
NOL carryforward	3,162,000	4,330,000
Long-term deferred tax asset	3,303,000	3,883,000
Total deferred tax asset	3,520,000	4,126,000
Less valuation allowance	(3,520,000)	(4,126,000)
Net deferred tax asset	$ —	$ —

The benefit for income taxes differed from the amount computed using the U.S. federal income tax rate of 34% for December 31, 2017 and 2016 as follows:

	2017	2016
Income tax benefit	$ 1,060,000	$ 1,304,000
Non-deductible items	(93,000)	(784,000)
State and other benefits included in valuation	41,000	82,000
Provisional impact of the TCJA	(1,614,000)	—
Change in valuation allowance	606,000	(602,000)
Income tax benefit	$ —	$ —

The Company has reflected the change in its deferred tax assets and the accompanying valuation allowance provisionally based on its judgement of the effects of the Tax Cuts and Jobs Act which was enacted on December 22, 2017.

NOTE 19 – ENVIRONMENTAL COMPLIANCE

Significant federal environmental laws affecting us are the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund Act", the Clean Air Act, the Clean Water Act and the Toxic Substances Control Act ("TSCA").

Pursuant to the EPA's authorization of the RCRA equivalent programs, a number of states have regulatory programs governing the operations and permitting of hazardous waste facilities. Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Our facilities are also subject to local siting, zoning and land use restrictions. We believe we are in substantial compliance with all federal, state and local laws regulating our business.

NOTE 20 – LITIGATION

In March 2016, a complaint was filed by a lessor of property leased by REGS, a subsidiary of the Company. The month-to-month lease expired February 29, 2016, when REGS vacated the property. The landlord made certain claims including property damage, and loss of rents, attorney fees and other costs totaling approximately $97,000. REGS engaged defense counsel and zealously opposed the claims. In December 2016, the Company and the lessor reached a settlement of $65,000. At December 31, 2016 $39,000 was outstanding and subsequently paid in 2017 per the terms of the settlement agreement. The case was dismissed with prejudiced and the matter is closed.

In January 2016, an employee of SEM was involved in a vehicle accident while on Company business. Various actions were filed by the claimants in both state and federal courts. In August 2016, an involuntary proceeding was commenced by one of the claimants against SEM under Chapter 7 of the Bankruptcy code. In September 2016, the case was converted to a Chapter 11 under the Bankruptcy code. During the pendency of all actions, SEM continued to manage its affairs and operate normally. In the fourth quarter of 2016, the parties reached a settlement concerning the distribution of insurance proceeds and all issues of liability. On March 27, 2017 the Bankruptcy Courts confirmed the dismissal of the SEM Chapter 11 case. As part of the bankruptcy proceedings, the Company reached a settlement with claimants and recorded an accrued litigation expense of $212,500 at December 31, 2016. It was agreed among the parties that all pending state and/or federal claims will be dismissed with prejudice. The accrued litigation outstanding at December 31, 2017 was $133,333.

NOTE 21– INVESTMENT IN BIOCHAR NOW, LLC

In September 2017, the Company entered into loan and equity purchase agreement with BioChar Now, LLC ("BioChar") which provided for an initial loan of $300,000 by the Company to BioChar and a subsequent loan of up to $7.7 million made or arranged by the Company. In exchange for these loans, the Company is entitled to repayment of all loaned capital and up to a 20% equity interest in BioChar, obtained as the loans are made in proportion to the amounts the individual loans represent of the full $8 million proposed loan. The Company has no fixed commitment to fund any losses of BioChar and has no investment basis in BioChar, therefore the Company has suspended the recognition of losses under the equity method of accounting.

The Company made the initial $300,000 loan on September 14, 2017 which bears interest of 6% per annum and is repayable out of sales of product gross sale proceeds from BioChar's Berthoud, Colorado facility beginning six months after receipt of the loan. If the loan is not repaid in full after 18 months, the interest rate will increase to 12%. As of December 31, 2017, the Company impaired the full amount of the $300,000 note receivable due to the absence of necessary gross profit from BioChar's Berthoud facility to commence monthly installments are required under the note.

NOTE 22 - SUBSEQUENT EVENTS

On January 23, 2018, the Company entered into a short-term loan agreement and received loan proceeds of $250,000 with principal and interest due 60 days from issuance. The note requires a one-time fee in the amount of $12,500 to compensate for the first two weeks of the term and each week thereafter (weeks 3-8) a fee of $1,250 shall be due and owing accruing on the first day of the week. A fee of 100,000 shares of restricted common stock shall be issued as a penalty for each month or prorated for any two-week portion of any month the note is outstanding for months 3 through 6, and a fee of 200,000 shares of restricted common stock shall be issued to lender for each month or prorated for each two-week portion of any month the note is outstanding beginning in month 7 until paid in full.

On February 26, 2018, the Company entered into a short-term loan agreement and received loan proceeds of $100,000. The principal and interest are due and payable on or before May 31, 2018. The note requires a one-time fee in the amount of $25,000 shall be paid as interest. In the event the note and interest are not paid on or before June 1, 2018, a fee of $5,000 shall be due and owing accruing on the first day of each month commencing June 1, 2018. The note is secured by all of the proceeds from the sale of SEM's BioActive Media paid to or received by SEM or MV.

During March 2018, the Company issued 250,000 shares of $.001 par value common stock for proceeds of $120,000.

During April 2018, the Company issued 75,000 shares of $.001 par value common stock for services provided and to be provided through May 31, 2018 totaling approximately $58,000.

As of April 15, 2018, the Company's three short term notes for which the penalty period for shares to be issued has been reached. The Company has recorded 665,000 shares of its common stock as issuable under the terms of those agreements. The shares were valued at $306,900 and are recorded as interest expense. Additional shares will be issued by the Company under the terms of the agreements.