

Exhibit B

DOCUMENT SECURITY SYSTEMS INC

Form: 10-Q

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Corporate Issuer CIK: 771999

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

FORM 10-Q

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

For the quarterly period ended September 30, 2017

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

For the transition period from _____ to _____.

001-32146

Commission file number



DOCUMENT SECURITY SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other Jurisdiction of
incorporation- or Organization)

16-1229730

(IRS Employer
Identification No.)

200 Canal View Boulevard, Suite 300
Rochester, NY 14623

(Address of principal executive offices)

(585) 325-3610

(Registrant's telephone number, including area code)

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

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

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

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

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

As of November 14, 2017, there were 16,439,327 shares of the registrant's common stock, \$0.02 par value, outstanding.

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ITEM 1 - FINANCIAL STATEMENTS

DOCUMENT SECURITY SYSTEMS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

As of

	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 4,223,005	\$ 5,871,738
Restricted cash	336,172	177,609
Accounts receivable, net of \$50,000 allowance for uncollectible accounts	1,799,005	1,890,981
Inventory	1,913,111	1,206,377
Prepaid expenses and other current assets	308,223	350,289
Total current assets	8,579,516	9,496,994
Property, plant and equipment, net	4,484,284	4,573,841
Investment	484,930	-
Other assets	45,821	45,821
Goodwill	2,453,597	2,453,349
Other intangible assets, net	1,387,039	1,896,018
Total assets	\$ 17,435,187	\$ 18,466,023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,706,607	\$ 2,212,653
Accrued expenses and deferred revenue	1,012,719	1,290,593
Other current liabilities	2,957,033	2,996,310
Short-term debt	3,611,560	-
Current portion of long-term debt, net	752,180	1,202,335
Total current liabilities	10,040,099	7,701,891
Long-term debt, net	1,607,752	5,249,569
Other long-term liabilities	1,624,500	2,184,843
Deferred tax liability, net	59,830	45,619
Commitments and contingencies (Note 7)		
Stockholders' equity		
Common stock, \$.02 par value; 200,000,000 shares authorized, 15,939,327 shares issued and outstanding (13,502,653 on December 31, 2016)	318,787	270,053
Additional paid-in capital	106,123,997	104,338,002
Subscriptions receivable from related party	(300,000)	-
Accumulated other comprehensive loss	(35,551)	(45,343)
Accumulated deficit	(102,004,227)	(101,278,611)
Total stockholders' equity	4,103,006	3,284,101
Total liabilities and stockholders' equity	\$ 17,435,187	\$ 18,466,023

See accompanying notes to the condensed consolidated financial statements.

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