UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: March 31, 2019
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from ___________ to ______________

COMMISSION FILE NUMBER: 000-55937

GEOSPATIAL CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA	870554463
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

229 Howes Run Road, Sarver, PA
16055 (Address of principal executive
offices)

(724) 353-3400
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the issuer (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 emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

The number of $0.001 par value common shares outstanding at May 17, 2019: 355,471,562.

FORWARD-LOOKING STATEMENT NOTICE

The statements set forth in this report which are not historical constitute "Forward-Looking Statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder, including statements regarding our expectations, beliefs, intentions or strategies for the future. When used in this report, the terms "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to our business or our subsidiaries or our management, are intended to identify Forward-Looking Statements. These Forward-Looking Statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance. Forward-Looking Statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the Forward-Looking Statements.

Because our common stock is considered to be a "penny stock", the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to such Forward-Looking Statements.

Our business involves various risks, including, but not limited to, our ability to implement our business strategies as planned in a timely manner or at all; our lack of operating history; our ability to protect our proprietary technologies; our ability to obtain financing sufficient to meet our capital needs; our inability to use historical financial data to evaluate our financial performance; and the other risk factors identified in our filings with the Securities and Exchange Commission.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed or implied in any Forward-Looking Statements made by us or on our behalf, readers of this report should not place undue reliance on any Forward-Looking Statement. Further, any Forward-Looking Statement speaks only as of the date on which it is made, and we undertake no obligations to update any Forward-Looking Statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of future events or developments. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any Forward-Looking Statements.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States and the rules of the SEC, and should be read in conjunction with the audited financial statements and notes thereto contained in our Annual Report on Form 10-Q for the fiscal year ended December 31, 2018, which we filed with the Securities and Exchange Commission ("SEC") on April 16, 2019. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the periods presented have been reflected herein. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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Geospatial Corporation and Subsidiaries
Consolidated Balance Sheets

	March 31, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 188,399	$ 7,117
Accounts receivable	78,600	115,913
Prepaid expenses and other current assets	67,666	80,664
Total current assets	334,665	203,694
Property and equipment:		
Field equipment	357,070	357,070
Field vehicles	43,285	43,285
Total property and equipment	400,355	400,355
Less: accumulated depreciation	(399,562)	(398,063)
Net property and equipment	793	2,292
Total assets	$ 335,458	$ 205,986
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 195,869	$ 198,716
Accrued expenses	1,377,943	1,323,586
Notes payable	2,194,519	2,042,672
Accrued registration payment arrangement	76,337	76,337
Total current liabilities	3,844,668	3,641,311
Stockholders' deficit:		
Preferred stock: Undesignated, $0.001 par value; 20,000,000 shares authorized at March 31, 2019 and December 31, 2018; no shares issued and outstanding at March 31, 2019 and December 31, 2018	-	-
Series B Convertible Preferred Stock, $0.001 par value; 5,000,000 shares authorized at March 31, 2019 and December 31, 2018; no shares issued and outstanding at		

March 31, 2019 and December 31, 2018	-	-
Series C Convertible Preferred Stock, $0.001 par value; 10,000,000 shares authorized at March 31, 2019 and December 31, 2018; 3,644,578 shares issued and outstanding at March 31, 2019 and December 31, 2018	3,645	3,645
Common stock, $0.001 par value; 750,000,000 shares authorized at March 31, 2019 and December 31, 2018; 344,160,452 and 325,077,118 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	344,160	325,077
Additional paid-in capital	40,716,525	40,438,183
Additional paid-in capital, warrants	126,163	122,963
Accumulated deficit	(44,699,703)	(44,325,193)
Total stockholders' deficit	(3,509,210)	(3,435,325)
Total liabilities and stockholders' deficit	$ 335,458	$ 205,986

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

Geospatial Corporation and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31, 2019	2018
Sales	$ 66,100	$ 177,814
Cost of sales	20,909	42,639
Gross profit	45,191	135,175
Selling, general and administrative expenses	339,127	463,145
Net loss from operations	(293,936)	(327,970)
Other income (expense):		
Interest expense	(80,625)	(110,749)
Other income	-	1,711
Gain on foreign currency exchange	51	-
Total other income (expense)	(80,574)	(109,038)
Net loss before income taxes	(374,510)	(437,008)
Provision for income taxes	-	-
Net loss	$ (374,510)	$ (437,008)
Basic and fully-diluted net loss per share of common stock	$ 0.00	$ 0.00

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

Geospatial Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Three Months Ended March 31, 2019
(Unaudited)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital
Balance, December 31, 2018	3,644,578	$ 3,645	325,077,118	$ 325,077	$ 40,438,183
Sale of common stock, net of issuance costs	-	-	18,333,334	18,333	253,467
Issuance of common stock for services	-	-	750,000	750	10,500
Issuance of convertible securities with beneficial conversion features	-	-	-	-	14,375
Net loss for the three months ended March 31, 2019	-	-	-	-	-
Balance, March 31, 2019	3,644,578	$ 3,645	344,160,452	$ 344,160	$ 40,716,525

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

Geospatial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31, 2019	2018
Cash flows from operating activities:		
Net loss	$ (374,510)	$ (437,008)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,499	3,030
Amortization of deferred debt issue costs	-	55,839
Amortization of discount on notes payable	14,375	10,782
Accrued interest payable	65,894	43,380
Issuance of common stock for services	11,250	-
Changes in operating assets and liablities:		
Accounts receivable	37,313	(48,814)
Prepaid expenses and other current assets	12,998	13,076
Accounts payable	(2,847)	24,857
Accrued expenses	54,157	139,799
Net cash used in operating activities	(179,871)	(195,059)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	100,000	-
Principal payments on notes payable	(13,847)	(7,500)
Proceeds from sale of common stock, net of offering costs	275,000	95,000
Proceeds from exercise of warrants to purchase common stock	-	100,000
Net cash provided by financing activities	361,153	187,500
Net change in cash and cash equivalents	181,282	(7,559)
Cash and cash equivalents at beginning of period	7,117	8,357
Cash and cash equivalents at end of period	$ 188,399	$ 798
Supplemental disclosures:		
Cash paid during period for interest	$ 356	$ 748
Cash paid during period for income taxes	-	-
Non-cash transactions:		
Issuance of common stock for services	11,250	-
Issuance of convertible securities with beneficial conversion features	14,375	10,782

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

Geospatial Corporation and Subsidiaries
Notes to Unaudited Financial Statements
March 31, 2019

Note 1 – Basis of Presentation

The Unaudited Consolidated Financial Statements included herein have been prepared by Geospatial Corporation (the "Company") in accordance with accounting principles generally accepted in the United States of America for interim financial information and regulations issued pursuant to the Securities Exchange Act of 1934, as amended. Accordingly, the accompanying Unaudited Consolidated Financial Statements do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying Unaudited Consolidated Financial Statements as of and for the three months ended March 31, 2019 should be read in conjunction with the Company's Financial Statements as of and for the year ended December 31, 2018. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of the accompanying Unaudited Consolidated Financial Statements have been included, and all adjustments, unless otherwise discussed in the Notes to the Unaudited Consolidated Financial Statements, are of a normal and recurring nature. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019, or any other interim periods, or any future year or period.

The use of accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, Geospatial Mapping Systems, Inc. and Utility Services and Consulting Corporation, which ceased operations in 2011. All intercompany accounts and transactions have been eliminated.

Note 2 – Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2019	December 31, 2018
Payroll and taxes	$ 1,225,100	$ 1,170,091
Accounting	46,754	47,504

Contractors and subcontractors	5,200	5,300
Interest	3,118	2,918
Other	97,771	97,773
Accrued expenses	$ 1,377,943	$ 1,323,586

Note 3 – Related-Party Transactions

The Company leases its headquarters building from Mark A. Smith, the Company's Chairman and Chief Executive Officer. The building has approximately 3,200 square feet of office space, and is used by the Company's corporate, technical, and operations staff. Mr. Smith has agreed to suspend collection of rent effective April 1, 2016. No rent will accrue during the suspension. The lease is cancellable by either party upon 30 days' notice. The Company incurred no lease expense during the three months ended March 31, 2019 and 2018.

Note 4 – Notes Payable

Current notes payable consisted of the following:

Secured Promissory Note, payable to an individual, bearing interest at 20% per annum, due September 15, 2018, net of discount and deferred issuance costs. The note is convertibl
Secured Promissory Note, payable to an individual, bearing interest at 10% per annum, and is secured by substantially all the assets of the Company
Unsecured Convertible Promissory Notes, payable to two individuals, bearing interest at 15% per annum, net of deferred issuance costs. The notes are convertible at the holder's o
Settlement agreements with vendors, bearing no interest.
Notes payable under settlement agreements with former employees, payable monthly with terms of up to twelve months, bearing no interest
Current notes payable

Note 5 – Income Taxes

The Company's provision for (benefit from) income taxes is summarized below:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Current:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred:		
Federal	(90,697)	(82,212)
State	(37,406)	(43,499)
	(128,103)	(125,711)
Total income taxes	(128,103)	(125,711)
Less: valuation allowance	128,103	125,711
Net income taxes	$ -	$ -

The reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Federal statutory rate	21.0%	21.0%
State income taxes (net of federal benefit)	7.9	7.9
Valuation allowance	(28.9)	(28.9)
Effective rate	0.0%	0.0%

Significant components of the Company's deferred tax assets and liabilities are summarized below. A valuation allowance has been established as realization of such assets has not met the more-likely-than-not threshold requirement under FASB ASC 740.

	March 31, 2019	December 31, 2018
Start-up costs	$ 3,853	$ 5,565
Depreciation	(41,094)	(40,499)
Accrued expenses	289,094	274,885
Net operating loss carryforward	12,086,599	12,182,800
Deferred income taxes	12,338,452	12,422,751
Less: valuation allowance	(12,338,452)	(12,422,751)

Net deferred income taxes	$ -	$ -

Note 6 – Net Income (Loss) Per Share of Common Stock

Basic net income (loss) per share of common stock are computed by dividing earnings available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share reflects per share amounts that would have resulted if dilutive potential common stock had been converted to common stock. Dilutive potential common shares are calculated in accordance with the treasury stock method, which assumes that proceeds from the exercise of all warrants and options are used to repurchase common stock at market value. The number of shares remaining after the proceeds are exhausted represents the potentially dilutive effect of the securities.

The following reconciles amounts reported in the financial statements:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net income (loss)	$ (374,510)	$ (437,008)
Weighted average number of shares of common stock outstanding	328,659,526	292,830,452
Dilutive potential shares of common stock	328,659,529	292,830,452
Net loss per share of common stock:		
Basic	$ (0.00)	$ (0.00)
Diluted	$ (0.00)	$ (0.00)

The following securities were not included in the computation of diluted net loss per share, as their effect would have been anti-dilutive:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Series C Convertible Preferred Stock	72,891,560	72,891,560
Options and warrants to purchase common stock	6,674,359	8,220,000
Secured Promissory Note	89,358,700	78,545,475
Unsecured Promissory Note	14,844,467	-
Total	183,769,086	159,657,035

Note 7 – Stock-Based Payments

During the three months ended March 31, 2019, the Company granted warrants to purchase 2,833,332 shares of the Company's common stock to investors in connection with investments in the Company's common stock.

During the three months ended March 31, 2019, the Company granted 750,000 shares of the Company's common stock to a consultant in consideration for services. The Company recorded expense of $11,250, the fair value of the services received.

During the three months ended March 31, 2019, the Company granted stock appreciation rights on 1,000,000 shares of common stock to an eligible employee pursuant to the 2013 Equity Incentive Plan.

Note 8 – Gains on Extinguishment of Debt

Due to significant cash flow problems, the Company has negotiated concessions on the amounts of certain liabilities and extensions of payment terms. The Company accounts for such concessions in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 470-60, *Troubled Debt Restructurings by Debtors*, and ASC 405-20, *Extinguishment of Liabilities*, and recognizes gains to the extent that the carrying value of the liability exceeds the fair value of the restructured payment plan. Such gains are included as "Gains on extinguishment of debt" in "Other income and expenses" on the Company's Consolidated Statement of Operations. In addition, the Company has accounts payable that have aged or are expected to age beyond the statute of limitations. The Company is amortizing those liabilities over the remaining term of the statute of limitations. No gains on extinguishment of debt were recorded during the three months ended March 31, 2019 and 2018.

Note 9 – Registration Payment Arrangements

The Company is contractually obligated to issue shares of its common stock to certain investors for failure to register shares of its common stock under the Securities Act of 1933, as amended (the "Securities Act"). The Company has recorded a liability for the estimated number of shares to be issued at the fair value of the stock to be issued. The Company measures fair value by the price of its common stock at its most recent sale. The Company reviews its estimate of the number of shares to be issued and the fair value of the stock to be issued quarterly. The liability is included on the Consolidated Balance Sheet under the heading "accrued registration payment arrangement," and amounted to $76,337 at March 31, 2019 and December 31, 2018. Gains or losses resulting from changes in the carrying amount of the liability are included in the Consolidated Statement of Operations in other income and expense under the heading "registration payment arrangements". The Company had no gain or loss from registration payment arrangements during the three months ended March 31, 2019 and 2018.

ITEM 2: MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") together with our financial statements and notes thereto as of and for the year ended December 31, 2018, filed with our Annual Report on Form 10-K on April 16, 2019, and our financial statements and notes thereto as of and for the three months ended March 31, 2019, which appear elsewhere in this Quarterly Report on Form 10-Q. The financial statements as of and for the years ended December 31, 2018 and 2017 include a summary of our significant accounting policies and should be read in conjunction with the discussion below. In the opinion of management, all material adjustments necessary to present fairly the consolidated results of operations for such periods have been included in these audited consolidated financial statements. All such adjustments are of a normal recurring nature.

We provide cloud-based geospatial solutions to accurately locate and digitally map underground pipelines and other infrastructure in three dimensions. Our professional staff offers the expertise, ability, and technologies required to design and execute solutions that are delivered in a cloud-based GIS (geographic information system) platform.

We believe that the market for aggregating and maintaining positional data for underground assets is maturing, and that business and governmental entities are beginning to understand the value of such data. We believe that this developing market presents us with an opportunity to deliver long-term value to our shareholders. In order to realize that value, our primary challenge is to raise working capital sufficient to operate our business, and investment capital to hire employees, acquire assets, and expand our business. Management is currently focused on raising capital, and planning to position our business to capitalize on the maturing market for positional data once such capital is in place, including identifying new technologies for aggregating positional data, developing our GeoUnderground software, and planning the strategies and processes for our upcoming marketing campaigns. We use financial and non-financial performance indicators to assess our business, including liquidity measures, revenues, gross margins, operating revenue, and backlog.

Results of Operations

The following discussion should be read in conjunction with our financial statements for the periods ended March 31, 2019 and 2018 and the related notes thereto.

Results of Operations for the Three Months ended March 31, 2019 and 2018

We had sales of $66,100 and $177,814 during the three months ended March 31, 2019 and 2018, respectively. Cost of sales was $20,909 and $42,639 for the three months ended March 31, 2019 and 2018, respectively. Our sales have fluctuated throughout 2019 and 2018 as our ability to market and perform jobs was hampered by our financial condition. We expect sales and cost of sales to continue to fluctuate as our business continues to mature.

Selling, general, and administrative ("SG&A") expenses were $339,127 and $463,145 for the three months ended March 31, 2019 and 2018, respectively. The decrease in SG&A costs was due to decreases in payroll costs due to reductions in sales and technical headcount, and insurance costs due to reduction in insurance.

Other income and expense for the three months ended March 31, 2019 and 2018 were net expense of $80,574 and $109,038, respectively, which included interest expense of $80,625 and gain on foreign currency exchange of $51 during the three months ended March 31, 2019, and which included interest expense of $110,749 and other income of $1,711 during the three months ended March 31, 2018. The decrease in interest expense in 2019 was due to amortization of deferred debt issuance costs on the Truitt Notes that were fully amortized in 2018. The Company had no such amortization expense in 2019.

Gains or expense related to registration payment arrangements result from a series of Stock Subscription Agreements we entered into in 2009 and 2010 (the "Stock Subscription Agreements"). We were required to register the shares of common stock sold pursuant to the Stock Subscription Agreements under the Securities Act. Our failure to timely register the shares of common stock under the Securities Act timely resulted in our obligation to issue additional shares ("Penalty Shares") to investors who purchased shares pursuant to the Stock Subscription Agreements. We recorded a liability on our books for the value of the estimated number of shares to be issued. We incur losses on our registration payment arrangements when the estimated number of Penalty Shares to be issued increases, or when the value of our common stock increases. We record gains on our registration payment arrangements when the estimated number of Penalty Shares to be issued decreases, or when the value of our common stock decreases. We had no gains or losses related to registration payment arrangements during the three months ended March 31, 2019 and 2018. We expect that income or expense related to registration payment arrangements will fluctuate as the price of our common stock and the estimate of the number of Penalty Shares to be issued fluctuate.

We had no benefit from income taxes during the three months ended March 31, 2019 and 2018, as our deferred tax benefit was completely offset by a valuation allowance due to the uncertainty of realization of the benefit.

Liquidity and Capital Resources

At March 31, 2019, we had current assets of $334,665, and current liabilities of $3,844,668.

Our Company has incurred net losses since inception. Our operations and capital requirements have been funded by sales of our common and preferred stock, advances from our chief executive officer, and issuance of notes payable. At March 31, 2019, current liabilities exceeded current assets by $3,510,003, and total liabilities exceeded total assets by $3,509,210. Those factors raise doubts about our ability to continue as a going concern.

On April 2, 2015, we entered into a Note and Warrant Purchase Agreement with David M. Truitt, pursuant to which Mr. Truitt loaned us $1,000,000 pursuant to a Secured Note Payable (as amended, the "Truitt Note") that is secured by substantially all of the Company's assets, and is convertible at the holder's option to shares of the Company's common stock at a discount to our trading value. The Truitt Note was originally due on October 2, 2015. On January 26,

2016, we entered into an Agreement and Amendment with Mr. Truitt (the "January 2016 Amendment"), pursuant to which Mr. Truitt loaned us an additional $250,000, and extended the due date of the Truitt Note to July 31, 2016. We also issued Mr. Truitt warrants to purchase 25.0 million shares of our common stock in connection with the January 2016 Amendment. On August 12, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2016 Amendment"), pursuant to which Mr. Truitt agreed to extend the maturity date of the Truitt Note to January 31, 2017, in consideration for the Company issuing to Mr. Truitt warrants to purchase 12.0 million shares of the Company's common stock. On November 9, 2016, we made a payment of $200,000 of the balance of the Truitt Note. On December 14, 2016, we entered into a Note and Warrant Purchase Agreement (together with the Truitt Note, as amended, the "Truitt Notes") with Mr. Truitt, pursuant to which Mr. Truitt loaned the Company an additional $100,000 subject to the terms of the Truitt Note, and the Company issued to Mr. Truitt warrants to purchase 100,000 shares of the Company's common stock. On August 31, 2017, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2017 Amendment") pursuant to which (i) the maturity date of the Truitt Notes were extended to June 1, 2018; (ii) the price at which the Truitt Notes are convertible to shares of the Company's common stock was amended to institute a floor of $0.02 per share; (iii) the interest rate on the Truitt Notes were amended to 15% per annum effective upon the execution of the August 2017 Amendment; (iv) the events of default under the Truitt Notes were waived; and (v) the Company delivered to Mr. Truitt a warrant to purchase 20.0 million shares of the Company's common stock at a price of $0.01 per share. On June 15, 2018, we entered into an Agreement to Amend Notes and Security Agreements with Mr. Truitt, pursuant to which (i) the due dates on the Truitt Notes were extended to September 15, 2018; (ii) the event of default of June 1, 2018 was waived; (iii) the Company agreed to use a portion of newly-raised capital to repay a portion of the Truitt Notes; (iv) the governing law, jurisdiction, and venue of the Truitt Notes was changed to Fairfax County, Virginia; and (v) increase the interest rate to 20% effective June 1, 2018. We currently do not have the ability to pay the Truitt Notes.

During 2018, we sold approximately 22.1 million shares of common stock for a net consideration of $326,000, and received $100,000 for the exercise of warrants to purchase 10.0 million shares of common stock. In addition, we issued approximately 7.2 million shares of stock for services with a fair value of $107,700, and converted approximately $176,000 of liabilities to notes payable. We also issued $200,000 of unsecured convertible promissory notes.

In 2019 through May 15, we sold approximately 29.0 million shares of common stock for a net consideration of approximately $436,000, and issued approximately 1.4 million shares of common stock for services with a fair value of approximately $20,000. In addition, we converted liabilities with a fair value of approximately $111,000 to approximately 7.4 million shares of common stock. We also issued a $100,000 promissory note to Mr. Truitt for cash (the "2019 Truitt Note"). The 2019 Truitt Note requires us to remit 50% of our collections on accounts receivable to Mr. Truitt until the 2019 Truitt Note and accrued interest are paid in full, and thereafter requires us to remit 25% of our collections on accounts receivable until the Truitt Notes are paid in full.

Management is continuing its efforts to secure funding sufficient for the Company's operating and capital requirements through private sales of common stock and issuance of notes payable, and to negotiate settlements or extensions of existing liabilities. The proceeds of such sales of stock or issuances of notes payable, if any, will be used to repay the Truitt Notes and to fund general working capital needs.

We changed the focus of our company to position us to generate revenue from both data acquisition and data management. We expanded our service offerings to provide data acquisition services utilizing several technologies. We developed new, cloud-based mapping software to be marketed under our existing name GeoUndergound that replaces our previous version of GeoUnderground. We currently utilize GeoUnderground to deliver data to customers. We began to offer GeoUnderground to customers on a test basis during 2018, and intend to begin to offer GeoUnderground as a subscription-based stand-alone product in 2019. We believe that our changes to our operating focus will enable us to begin to generate significant revenue from operations.

We believe that our actions and planned actions will enable us to finance our operations beyond the next twelve months.

We do not believe that inflation and changing prices will have a material impact on our net sales and revenues, or on income from continuing operations.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of March 31, 2019.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Application of Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions which, in our opinion, are significant to the underlying amounts included in the financial statements and for which it would be reasonably possible that future events or information could change those estimates include:

Registration Payment Arrangements. We are contractually obligated to issue shares of our common stock to certain investors for failure to timely register their shares of our common stock under the Securities Act. We have recorded a liability for the estimated number of shares to be issued at the fair value of the stock to be issued. We review on a quarterly basis our estimate of the number of shares to be issued and the fair value of the stock to be issued.

Realization of Deferred Income Tax Assets. We provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between financial reporting and tax accounting methods and any available operating loss or tax credit carryovers. At March 31, 2019, we had a deferred tax asset resulting principally from our net operating loss deduction carryforward available for tax purposes in future years. This deferred tax asset is completely offset by a valuation allowance due to the uncertainty of realization. We evaluate the necessity of the valuation allowance quarterly.

Recent Accounting Pronouncements

Effective January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") 606 — *Revenue from Contracts with Customers*. Under ASC 606, the Company recognizes revenue from the sales of its services by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. For the comparative periods, revenue has not been adjusted and continues to be reported under ASC 605 — *Revenue Recognition*. Under ASC 605, revenue is recognized when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) the performance of service has been rendered to a customer or delivery has occurred; (3) the amount of fee to be paid by a customer is fixed and determinable; and (4) the collectability of the fee is reasonably assured. There was no impact on the Company's financial statements as a result of adopting ASC 606 for the year ended December 31, 2018 and the three months ended March 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of Company management, including the Chief Executive Officer (Principal Executive Officer) and the Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to the Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-15(e) and 15d-15(e). Based upon, and as of the date of this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently involved in any pending or threatened material litigation or other material legal proceedings, nor have we been made aware of any pending or threatened regulatory audits.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 2. RECENT SALES OF UNREGISTERED EQUITY SECURITIES

Between January 8, 2019 and April 1, 2019, the Company sold 20,333,333 shares of its common stock at a price of $0.015 per share and issued warrants to purchase 2,033,332 shares of common stock at an exercise price of $0.04, to four investors, for an aggregate sales price of $305,000. The sales took place in a series of private placement transactions pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchasers are accredited investors, and the Company conducted the private placements without any general solicitation or advertisement, and with a restriction on resale.

On March 11, 2019, the Company sold 1,333,334 shares of its common stock at a price of $0.015 per share and issued warrants to purchase 800,000 shares of common stock at an exercise price of $0.02, to an investor for an aggregate sales price of $20,000. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

Between March 31, 2019 and April 30, 2019, the Company issued 1,350,000 shares of its common stock to a consultant in exchange for services with a fair value of $20,250. Such shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) and/or Section 3(a)(9) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company issued the shares without any general solicitation or advertisement, and with a restriction on resale.

On May 3, 2019, the Company issued 7,377,777 shares of its common stock at a price of $0.015 per share to an investor in settlement of a note payable to the investor with a principal and accrued interest balance of $110,667. Such shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) and/or Section 3(a)(9) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company issued the shares without any general solicitation or advertisement, and with a restriction on resale.

The recipients of the securities in each of the transactions described above represented their intentions to acquire the securities for investment purposes only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company's Secured Promissory Notes, with an aggregate outstanding balance of approximately $1,815,924 at March 31, 2019, were due on September 15, 2018. The Company failed to make payment as required, and consequently incurred an Event of Default. The noteholder has not delivered a notice of default to the Company, and has indicated that he does not intend to do so at this time.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit	Description
31.1	Rule 13a-14(a) Certification of Mark A. Smith
31.2	Rule 13a-14(a) Certification of Thomas R. Oxenreiter
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101 INS*	XBRL Instance Document
101 SCH*	XBRL Taxonomy Schema
101 CAL*	XBRL Taxonomy Extension Calculation Linkbase
101 DEF*	XBRL Taxonomy Extension Definition Linkbase
101 LAB*	XBRL Taxonomy Extension Label Linkbase
101 PRE*	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

Date: May 20, 2019

Geospatial Corporation (Registrant)

By: /S/ MARK A. SMITH

Name: **Mark A. Smith**
Title: **Chief Executive Officer**

By: /S/ THOMAS R. OXENREITER

Name: **Thomas R. Oxenreiter**
Title: **Chief Financial Officer**

EX-31.1 2 gs_ex31z1.htm CERTIFICATION

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark A. Smith, certify that:

1) I have reviewed this Quarterly Report for the quarter ended March 31, 2019 on Form 10-Q of Geospatial Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 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.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2019	By:	/s/ Mark A. Smith
	Name:	Mark A. Smith
	Title:	Chief Executive Officer (principal executive officer)

EX-31.2 3 gs_ex31z2.htm CERTIFICATION

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas R. Oxenreiter, certify that:

1) I have reviewed this Quarterly Report for the quarter ended March 31, 2019 on Form 10-Q of Geospatial Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 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.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2019	By:	/s/ Thomas R. Oxenreiter
	Name:	Thomas R. Oxenreiter
	Title:	Chief Financial Officer (principal financial officer)

EX-32.1 4 gs_ex32z1.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 32.1

CERTIFICATION PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Geospatial Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2019 as filed with the Securities and Exchange Commission (the “Report”), I, Mark A Smith, 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:

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

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

Date: May 20, 2019	By:	/s/ Mark A. Smith
	Name:	Mark A. Smith
	Title:	Chief Executive Officer (principal executive officer)

EX-32.2 5 gs_ex32z2.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 32.2

CERTIFICATION PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Geospatial Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2019 as filed with the Securities and Exchange Commission (the “Report”), I, Thomas R. Oxenreiter, 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:

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

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

Date: May 20, 2019	By:	/s/ Thomas R. Oxenreiter
	Name:	Thomas R. Oxenreiter
	Title:	Chief Financial Officer (principal financial officer)