

FULLNET COMMUNICATIONS INC
Form 10-Q
November 16, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

- 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: 000-27031

FULLNET COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

OKLAHOMA

73-1473361

**(State or other jurisdiction of
incorporation or organization)**

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

201 Robert S. Kerr Avenue, Suite 210

Oklahoma City, Oklahoma 73102

(Address of principal executive offices)

(405) 236-8200

(Registrant's telephone number)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer 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

As of November 16, 2015, 9,118,161 shares of the registrant's common stock, \$0.00001 par value, were outstanding.

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Exhibit 31.1

Exhibit 31.2

Exhibit 32.1

Exhibit 32.2

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Table of Contents**FullNet Communications, Inc. and Subsidiaries****CONDENSED CONSOLIDATED BALANCE SHEETS**

	SEPTEMBER 30, 2015 (Unaudited)	DECEMBER 31, 2014
ASSETS		
CURRENT ASSETS	\$	\$
Cash	14,208	14,614
Accounts receivable, net	12,594	12,389
Prepaid expenses and other current assets	9,130	9,377
Total current assets	35,932	36,380
PROPERTY AND EQUIPMENT, net	100,901	109,288
OTHER ASSETS AND INTANGIBLE ASSETS	7,463	8,661
	\$	\$
TOTAL ASSETS	144,296	154,329
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES	\$	\$
Accounts payable	192,755	214,917
Accrued and other liabilities	569,941	486,961
Convertible notes payable, related party - current portion	46,811	46,811
Deferred revenue	368,634	354,967
Total current liabilities	1,178,141	1,103,656
CONVERTIBLE NOTES PAYABLE, related party - less current portion	175,984	199,063
Total liabilities	1,354,125	1,302,719
STOCKHOLDERS' DEFICIT		
Preferred stock — \$.001 par value; authorized, 10,000,000 shares; Series A convertible; issued and outstanding, 987,102 shares in 2015 and 2014	531,253	490,905
Common stock — \$.00001 par value; authorized, 40,000,000 shares; issued and outstanding, 9,118,161 shares in 2015 and 2014	91	91
Additional paid-in capital	8,653,017	8,678,869

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Accumulated deficit	(10,394,190)	(10,318,255)
Total stockholders' deficit	(1,209,829)	(1,148,390)
	\$	\$
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	144,296	154,329

See accompanying notes to unaudited condensed consolidated financial statements.

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	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
REVENUES	\$	\$	\$	\$
Access service revenues	18,750	22,705	58,115	65,773
Co-location and other revenues	449,846	393,357	1,327,998	1,231,799
Total revenues	468,596	416,062	1,386,113	1,297,572
OPERATING COSTS AND EXPENSES				
Cost of access service revenues	24,622	24,563	67,516	76,180
Cost of co-location and other revenues	77,976	87,458	226,974	259,953
Selling, general and administrative expenses	370,955	357,411	1,130,403	1,059,405
Depreciation and amortization	5,938	10,597	25,127	29,427
Total operating costs and expenses	479,491	480,029	1,450,020	1,424,965
LOSS FROM OPERATIONS	(10,895)	(63,967)	(63,907)	(127,393)