

COOL TECHNOLOGIES, INC.
Form 10-Q/A
August 30, 2016

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

Form 10-Q/A

(Mark One)

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

For the quarterly period ended June 30, 2016

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: 000-53443

COOL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Nevada

75-3076597

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(State or other jurisdiction of incorporation
or organization)

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

8875 Hidden River Parkway, Suite 300
Tampa, FL

(Address of principal executive offices)

33637

(Zip Code)

Registrant's telephone number, including area code: **(813) 975-7467**

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 x 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 x No "

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

Large accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a 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 x

As of August 25, 2016, there were 106,623,656 shares of common stock, \$0.001 par value, issued and outstanding.

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-Q/A to amend and restate in their entirety the following items of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 as originally filed with the Securities and Exchange Commission on August 22, 2016 (the "Original Form 10-Q"): (i) Item 1 of Part I "Financial Information," (ii) Item 2 of Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations,". The subsequent events footnote to the financial statements has been updated to reflect events that occurred after the filing date of the Quarterly Report. This Form 10-Q/A includes Exhibits 31.1, 31.2, 32.1 and 32.2, new certifications by the company's principal executive officer and principal financial officer as required by Rule 12b-15.

We have determined that our previously reported results for the quarter ended June 30, 2016 did not properly represent two derivative liabilities. The first was the result of a review by our independent audit firm of an amendment to a convertible note which determined that the amendment qualified for debt extinguishment. The second was a convertible note's liquidated damages which were calculated by using an annual interest rate instead of the correct monthly interest rate. Despite a financial impact of only \$72,652 (which would normally be considered non-material for a company of our size, particularly as non-cash items), an amended filing is necessary because derivative liability calculations flow through every financial statement. We have made necessary conforming changes in the "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

COOL TECHNOLOGIES, INC.

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as "anticipate," "believe," "estimate," "intend," "could," "should," "would," "may," "seek," "plan," "might," "will," "expect," "anticipate," "predict," "project," "forecast," "potential," "continue" negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Quarterly Report on Form 10-Q and include information concerning possible or assumed future results of our operations, including statements about potential sales and revenues; acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements concerning other matters addressed in this Quarterly Report on Form 10-Q and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Quarterly Report on Form 10-Q.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

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Cool Technologies, Inc. and subsidiary
Condensed Consolidated Balance Sheets

	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash	\$ 2,764	\$ 10,882
Prepaid expenses	2,701	95,175
Total current assets	5,465	106,057
Intangibles	161,170	153,434
Equipment, net	84,632	97,600
Total assets	\$ 251,267	\$ 357,091
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 1,405,694	\$ 1,278,307
Accrued liabilities – related party	484,745	591,870
Customer deposits – related party	400,000	400,000
Accrued payroll taxes	93,512	33,737
Debt, current portion	993,892	697,903
Derivative liability	490,838	356,554
Total current liabilities	3,868,681	3,358,371
Debt, long-term portion, net of debt discount	49,031	77,803
Total liabilities	3,917,712	3,436,174
Commitments and contingencies (Note 5)	--	--
Stockholders' equity (deficit):		
Preferred stock, \$.001 par value; 15,000,000 shares authorized; 122 and 136 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	--	--
Common stock, \$.001 par value; 140,000,000 shares authorized; 90,308,150 and 66,600,367 shares issued and outstanding at June 30, 2016 and December	76,345	65,929

31, 2015, respectively

Additional paid-in capital	38,772,493	36,038,551
Common stock issuable	85,500	180,900
Common stock held in escrow	8,441	8,441
Accumulated deficit	(42,574,820)	(39,344,245)
Total deficit	(3,632,041)	(3,050,424)
Noncontrolling interest in subsidiary	(34,404)	(28,659)
Total stockholders' deficit	(3,666,445)	(3,079,083)
Total liabilities and stockholders' deficit	\$ 251,267	\$ 357,091

See accompanying notes to condensed consolidated financial statements

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Cool Technologies, Inc. and subsidiary
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30	
	2016	2015	2016	2015
Revenues	\$ --	\$ --	\$ --	\$ --
Cost of revenues	--	--	--	--
Gross profit	--	--	--	--
Operating expenses				
Payroll and related expenses	190,348	198,613	410,652	413,538
Consulting	152,651	636,230	1,365,541	766,653
Professional fees	97,031	266,817	208,375	414,677
Research and development	6,484	267,945	19,253	567,590
General and administrative	135,338	462,043	598,291	951,320
Total operating expenses	581,852	1,813,648	2,602,112	3,113,778
Operating loss	(581,852)	(1,813,648)	(2,602,112)	(3,113,778)
Other income (expense):				
Interest expense, net	(445,488)	(2,617)	(816,731)	(4,575)
Legal Settlement – replacement warrants	--	(1,119,450)	--	(1,119,450)
Change in fair value of derivative liability	901,689	--	754,812	--
Loss on extinguishment of debt	(572,289)	--	(572,289)	--
Net loss	(697,940)	(2,953,715)	(3,236,320)	(4,237,803)
Less: Noncontrolling interest in net loss	(2,165)	(3,711)	(5,745)	(9,363)
Net loss to shareholders	\$ (695,775)	\$ (2,950,004)	\$ (3,230,575)	\$ (4,228,440)
Net loss per common share:				
Basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.07)
Weighted average common shares outstanding:				
Basic and diluted	82,148,475	64,093,846	88,558,027	62,845,402

See accompanying notes to condensed consolidated financial statements

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Cool Technologies, Inc. and subsidiary
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended	
	June 30,	
	2016	2015
Operating Activities:		
Net loss	\$ (3,236,320)	\$ (4,237,803)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for services	282,090	571,207
Warrants issued for services	1,182,548	31,887
Legal Settlement – replacement warrants	--	1,119,450
Loss on extinguishment of debt	572,289	--
Employee stock options	327,000	654,000
Non-cash interest expense	290,495	--
Change in fair value of derivative liability	(754,812)	--
Amortization of debt discount	491,348	--
Depreciation expense	12,968	12,885
Changes in operating assets and liabilities:		
Prepaid expenses	92,474	(63,559)
Accounts payable	127,387	554,696
Accrued liabilities – related party	(107,125)	61,872
Accrued payroll liabilities	59,775	11,550
Net cash used in operating activities	(659,883)	(1,283,815)
Investing Activities:		
Intangible assets	(7,736)	(186)
Equipment purchase	--	(5,000)
Net cash used in investing activities	(7,736)	(5,186)
Financing Activities:		
Proceeds from sale of common stock	400,000	1,015,000
Proceeds from debt	267,037	250,000
Payments on debt	(7,536)	(8,532)
Net cash provided by financing activities	659,501	1,256,468
Net (decrease) increase in cash	(8,118)	(32,533)
Cash, beginning of period	10,882	171,871
Cash, end of period	\$ 2,764	\$ 139,338

Cash paid for:

Interest	\$	15,263	\$	2,766
Income taxes		--		--

Non-cash transaction:

Derivative liability offset by debt discount	\$	281,329	\$	--
Reduction of stock issuable by issuing common stock		465,400		410,950
Debt and interest settled for common stock		434,410		--

See accompanying notes to condensed consolidated financial statements

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Cool Technologies, Inc. and subsidiary

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business

Cool Technologies, Inc. and subsidiary, (we, us, our, the "Company" or "Cool Technologies") was incorporated in the State of Nevada in July 2002. In April 2014, the Company formed Ultimate Power Truck, LLC ("Ultimate Power Truck" or "UPT"), of which the Company owns 95% and a shareholder of Cool Technologies owns 5%. The Company was formerly known as Bibb Corporation, as Z3 Enterprises, and as HPEV Inc. On August 20, 2015, the Company changed its name to Cool Technologies, Inc.

Basis of Presentation

The accompanying condensed consolidated balance sheet as of December 31, 2015, has been derived from audited financial statements. The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual audited financial statements and in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. In the opinion of management, such unaudited information includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of this interim information. All intercompany transactions have been eliminated in consolidation. Noncontrolling interest represents the 5% third party ownership of our subsidiary, UPT. Operating results and cash flows for interim periods are not necessarily indicative of results that can be expected for the entire year. The information included in this report should be read in conjunction with our audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net losses of \$42,574,820 since inception and have not fully commenced operations, raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise capital, generate revenue, achieve profitable operations and repay our obligations when they come due. The Company will have to obtain additional debt and / or equity financing; however, the Company cannot provide investors with assurance that the Company will be able to raise sufficient capital to fund our operations. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty. As of the filing date of this Quarterly Report on Form 10-Q, management is negotiating additional funding arrangements to support completion of the commercialization phases of our business plan: to license its thermal technologies and applications, including submersible dry-pit applications; and to license and sell mobile generation retrofit kits (our Ultimate Power Truck business) as well as retrofitted vehicles that incorporate our proprietary gearing system. There can be no assurance, however, that the Company will be successful in raising additional financing and accomplishing these objectives.

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Recently Issued Accounting Pronouncements

Financial Accounting Standards Board, or FASB, Accounting Standards Update, or FASB ASU 2016-09 "Compensation – Stock Compensation (Topic 718)" – In March 2016, the FASB issued ASU 2016-09, which includes multiple provisions intended to simplify various aspects of accounting for share-based payments. While aimed at reducing the cost and complexity of the accounting for share-based payments, the amendments are expected to significantly impact net income, earnings per share, and the statement of cash flows. Implementation and administration may present challenge