REFLECT SCIENTIFIC INC
Form 10-K
March 31, 2015

U. S. Securities and Exchange Commission

Washington, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. - 000-31377

REFLECT SCIENTIFIC, INC.

(Name of Registrant in its Charter)

Utah	87-0642556
(State or Other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1266 South 1380 West

Orem, Utah 84058

(Address of Principal Executive Offices)

Issuer s Telephone Number: (801) 226-4100

Securities registered under Section 12(b) of the Act: None

Name of Each Exchange on Which Registered: None

Securities registered under Section 12(g) of the Act:

$0.01 par value common stock

Title of Class

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes [ ] No [X]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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. (1) Yes [X] No [ ] (2) Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 [X]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K 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.

Large Accelerated filer ¨

Accelerated filer ¨

Non-accelerated filer ¨

Smaller reporting company x

Indicate by check mark whether the Issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

State Issuer s revenues for its most recent fiscal year: December 31, 2014 - $1,527,927.

Aggregate Market Value of Non-Voting Common Stock Held by Non-Affiliates

There are approximately 26,280,917 shares of common voting stock of the Registrant held by non-affiliates, and based upon the average bid and asked prices of our common stock on June 30, 2014 of $0.06, as reported by the OTC Bulletin Board of the National Association of Securities Dealers, Inc., the aggregate market value of our common stock held by non-affiliates was approximately $1,576,855.

Applicable Only to Registrants Involved in Bankruptcy Proceedings During the Past Five Years

None; not applicable.

Outstanding Shares

As of March 31, 2015, the Registrant had 56,702,501 shares of common stock outstanding.

Documents Incorporated by Reference

A description of Documents Incorporated by Reference is contained in Part IV, Item 15, of this Annual Report.

INDEX

PART I

Item 1.	Business	4
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	10
Item 2.	Properties	10
Item 3.	Legal Proceedings	10
Item 4.	Mine Safety Disclosure	10

PART II

Item 5.	Market for Registrant s Common Equity, Related Stockholder Matters And Issuer Purchases of Equity Securities	11
Item 6.	Selected Financial Data	12
Item 7.	Management s Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	15
Item 8.	Financial Statements and Supplementary Data	15
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	15
Item 9A.	Controls and Procedures	15
Item 9B.	Other Information	16

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	16
Item 11.	Executive Compensation	18
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	19
Item 13.	Certain Relationships and Related Transactions, and Director Independence	20
Item 14.	Principal Accounting Fees and Services	21

PART IV

Item 15.	Exhibits, Financial Statement Schedules	22

Forward-Looking Statements

When used in this Annual Report on Form 10-K, the words or phrases would be, will allow, intends to, will like result, are expected to, will continue, is anticipated, estimate, project or similar expressions are intended to forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements specifically include, but are not limited to, our expectations regarding strategic business initiatives, our intentions to defend our intellectual property rights, continue our research and development, seek regulatory approvals and plans regarding sales and marketing.

We caution readers not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report, are based on certain assumptions and expectations which may or may not be valid or actually occur and which involve various risks and uncertainties, including but not limited to competitive products and pricing, difficulties in product development, commercialization and technology, changes in the regulation of life science products, or other necessary approvals to sell future products and other risk described elsewhere herein. If and when sales of our new product lines commence, sales may not reach the levels anticipated. As a result, our actual results for future periods could differ materially from those anticipated or projected. All forward-looking statements reflect our present expectation of future events and are subject to a number of important factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

Unless otherwise required by applicable law, we do not undertake, and specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

PART I

Item 1. Description of Business

Business Development

History

Reflect Scientific, Inc., a Utah corporation (the Company, we, our, us and words of similar import), was organi under the laws of the State of Utah on November 3, 1999, under the name Cole, Inc. On December 31, 2003, we acquired Reflect Scientific, Inc., a California corporation. We changed our name to Reflect Scientific, Inc. and

succeeded to the business operations of our wholly-owned subsidiary, that involved the manufacture and distribution of unique laboratory consumables and disposables such as filtration and purification products, customized sample handling vials, electronic wiring assemblies, high temperature silicone, graphite and vespel/graphite sealing components for use by original equipment manufacturers (OEM) in the chemical analysis industries, primarily in the field of gas/liquid chromatography. See our 8-K Current Report dated December 31, 2003, which was filed with the Securities and Exchange Commission on January 15, 2004, and is incorporated herein by reference. See Part IV, Item 15.

On November 29, 2005, we announced the execution of a Letter of Intent to acquire Cryomastor Corporation, a California corporation (Cryomastor [sometimes called Cryometrix, its amended name]).

Effective as of April 4, 2006, we entered into a Purchase Agreement (the JMST Agreement) with JM SciTech, LLC, a limited liability company organized under the laws of the State of Colorado, and doing business as JMST Systems (JMST); David Carver, an individual (Carver); and Julie Martin, an individual (Martin) (JMST, Carver and Martin are sometimes hereinafter referred to collectively as Sellers). Pursuant to the JMST Agreement, we purchased and JMST sold all right, title and interest in and to the JMST Technology (the JMST Technology), as described in the JMST Agreement; and Carver conveyed and assigned any rights he had in and to certain patents (the Carver Patents) and related intellectual assets as described in the JMST Agreement (collectively, including the Carver Patents, referred to herein as the Carver Technology). JMST had created a line of chemical detection instruments that are used in the pharmaceutical, biotechnology and homeland security markets. The patented technology allows researchers to accurately analyze chemical formulations for their composition and identity. See our 8-K Current Report dated April 4, 2006, which was filed with the Securities and Exchange Commission on April 7, 2006, and is incorporated herein by reference. See Part IV, Item 15.

On June 27, 2006, we completed the acquisition of Cryomastor pursuant to an Agreement and Plan of Merger (the Cryomastor Merger Agreement), which became our wholly-owned subsidiary; changed its name to Cryometrix, Inc. ; and succeeded to its business operations, which involved the manufacture and sale of ultra low temperature freezer systems powered by liquid nitrogen for use in bio-repositories associated with the biotech and pharmaceutical industries, as well as government facilities, universities and many other diverse applications that require a large number of reliable and energy efficient freezers. See our 8-K Current Report dated June 27,

2006, which was filed with the Securities and Exchange Commission on June 30, 2006, and is incorporated herein by reference. See Part IV, Item 15.

On November 15, 2006, we entered into an Agreement and Plan of Merger (the Image Labs Merger Agreement) between Image Acquisition Corp., a Georgia corporation and our wholly-owned subsidiary (Merger Subsidiary); Smithgall & Associates, Inc., dba Image Labs International, a Georgia corporation (Image Labs); and Brian Smithgall (Smithgall), the sole shareholder of Image Labs (the Image Labs Shareholder). Established in 1993 and located in Bozeman, Montana, Image Labs is a manufacturer and developer of factory automation equipment. The primary product lines focus in the areas of automated inspection, measurement and material handling. See our 8-K Current Report dated November 15, 2006, which was filed with the Securities and Exchange Commission on November 21, 2006, and is incorporated herein by reference. See Part IV, Item 15. In February 2010, management made the decision to divest this business.

On November 17, 2006, we entered into an Agreement and Plan of Merger (the The All Temp Merger Agreement) between our wholly-owned subsidiary, Cryometrix, Inc. (Merger Subsidiary); All Temp Engineering Inc., a California corporation (All Temp); J F Dain & E L Dain CO-TTEES Dain Family Revocable Trust U/A Dated 12/17/2001 (the Dain Trust) and Nicholas J. Henneman (Henneman), the sole All Temp Shareholders (collectively, the All Temp Shareholders); and John F. Dain, individually (Dain). All Temp was located in San Jose, California and had been providing engineered solutions and services to the cryogenics industry for over 24 years. All Temp served numerous companies in business sectors such as biotech, pharmaceutical, medical devices, research, universities, semiconductor, aerospace, military, and industrial food processing. See our 8-K Current Report dated November 17, 2006, which was filed with the Securities and Exchange Commission on November 22, 2006, and is incorporated herein by reference. See Part IV, Item 15.

On June 29, 2007, we completed the sale of $2,500,000 of debentures. See our 8-K Current Report dated July 2, 2008, and is incorporated herein by reference. See Part IV, Item 15.

On October 31, 2009, the Company completed the contract obligations of All Temp and moved its Cryometrix subsidiary to Montana. The consolidation of the manufacturing operations was made to bring greater efficiencies while at the same time provide cost savings.

On March 2, 2010, the Company sold the assets and certain liabilities of Image Labs and Miralogix to an employee. The time line from the point at which the Company made the decision to sell to the accepting of the offer and closing of the transaction was less than two weeks. The sale was structured such that the Company received no cash from the transaction, while the acquirer took possession of all the assets and assumed all of the liabilities of Image Labs and Miralogix except for those related to accrued payroll and related personnel expenses. Management s decision to divest this subsidiary was based on its strategic plan to refocus its product lines and sales efforts to its proprietary green technologies. A history of operating losses at Image Labs and Miralogix, the potential necessity of additional capital expenditures, and the soft market for its products due to economic conditions, were additional considerations in making that determination. The Company recorded a loss of $947,941 all of which is reported in the year ended December 31, 2010. In conjunction with the disposal of this business entity, $99,100 in cash was transferred to the

new owners. With the sale of operations in Montana, the Cryometrix subsidiary was moved to and consolidated with the Reflect Scientific operations in Utah.

In June 2012, management reached agreement with all but one of the debenture holders on a plan to settle the debentures held by them that are in default. The settlement agreement was contingent upon the Company making a cash payment to them in the amount of $75,000 in full satisfaction of the indebtedness. In exchange for the $75,000 payment, the debenture holder would cancel the debentures, penalty, interest and warrants. The Company made the agreed upon payment on July 10, 2012. Under the terms of the agreement all indebtedness was extinguished, which included the principal amount of $1,750,000, default penalties of $525,000 and accrued interest of $1,204,875. The related warrants were also extinguished by the settlement agreement. The Company recognized a gain on extinguishment of debt of $3,428,875 on the settlement agreement. All remaining unexercised warrants expired on June 29, 2012.

Business

Overview

Reflect Scientific is engaged in the manufacture and distribution of innovative products targeted at the life science market. Our customers include hospitals and diagnostic laboratories, pharmaceutical and biotech companies, universities, government and private sector research facilities, and chemical and industrial companies.

Our goal is to provide our customers with the best solution for their needs. This philosophy extends into our business strategies and acquisition plans. Through a series of strategic acquisitions, we acquired technology that has enabled us to expand our line of products

that take advantage of market needs. Our growing product portfolio includes ultra low temperature freezers and chemical detectors, in addition to supplying OEM products to the life science industry.

Our Visacon brand chemical detectors provide our OEM customers a cost effective detection product that allows them to extend their markets. Detectors use patented optical detection technologies that can be tailored for pharmaceutical, biotechnology or other life science applications. We launched our next generation detector in late 2013 and expected detector sales would grow significantly in 2014. While 2014 detector sales were 2% higher than 2013, the increase was less than had been expected.

Our Cryometrix brand ultra low temperature freezers innovative design enables our customers to save substantially on energy costs related to cryogenic storage. Ultra low temperature freezers are used world-wide for the storage of vaccines, DNA, RNA, proteins and many other biological and chemical samples. There is a growing need for energy efficient, reliable ultra low temperature storage units. Our Cryometrix freezers are targeted to expand into this growing market. The application of this technology for use in refrigerated trailers (commonly called reefers) used to transport goods which need to be maintained in a cold environment significantly broadens the market for this technology. The utilization of this technology in reefers eliminates the current method of cooling, which utilize engines run on hydrocarbon fuels. The Cryometrix technology is pollutant free and is more cost effective and efficient than the technologies currently used.

Products

Reflect Scientific designs, develops and sells scientific equipment for the Life Science and Manufacturing industries. Since our wholly owned subsidiary Reflect Scientific s organization in 1991, our focus is and has been on providing value added products, analytic testing supplies and equipment, and stand alone products for the life science and industrial market place. Reflect Scientific s products range from non-mechanical Cyrometrix freezers, state of the art detectors, and products and parts for the life science industry to tools and analytical services for industrial manufacturing.

All of Reflect Scientific s products and services are developed with one key factor in mind: Providing a superior cost/benefit to the customer than do competitive products in the same market space. With years of experience in the life science and industrial manufacturing markets, Reflect Scientific has been able to develop not only unique patentable products, but products that we believe offer immediate advantages and cost savings over any other competing and existing products in the market.

We have developed a business model with a focus on intellectual expertise in the design and development of products and solutions for life science and industrial manufacturing industries. We outsource the majority of our manufacturing, allowing us to maintain the flexibility to develop products across multiple lines and industries. Our strength is in developing and providing products which we believe offer immediate and verifiable cost saving solutions.

We have found a number of companies that can manufacture products to our specification, allowing us to focus on our core competencies of development and design, and maintain a flexible corporate structure capable of taking advantage of new opportunities without the large capital investment required to acquire tooling and manufacturing equipment. Our focus on the intellectual expertise, as opposed to manufacturing of products, allows us to develop products along multiple industry lines and to tailor our products to specific needs in a variety of industrial settings. Our products are sold in the biotechnology, pharmaceutical and medical industries, as well as the manufacturing industries, such as automotive.

Cryometrix Freezers

Our Cryometrix ultra low temperature freezers are, we believe, a technological breakthrough that provides energy savings and other critically important benefits to cryo-storage customers in the Life Science related industries. Ultra low temperature freezers are used in multiple industries for the storage of everything from blood to cancer vaccines. These types of freezers are used by hospitals and biotechnology research facilities.

The only ultra low temperature freezers currently available are produced by a limited number of companies and rely on a mechanical process for cooling. Because of inadequacies in the mechanical process, we believe there is wastage of inventory each year because of the problems of proper cooling inherent in the mechanical freezers.

Our freezers incorporate a disruptive technology, as they are based on a complete divergence from the technology currently used in ultra low temperature freezers. Through the advantages of our technology, we believe our freezers solve the current inadequacies and provide immediate cost savings for our clients. Current cryogenic storage equipment falls short of customer expectations in a variety of key performance criteria.

§

High energy usage a growing problem with rising energy costs

§

Inflexible temperature range existing units cannot be easily modified for colder requirements (colder temperatures are an industry trend)

§

Sample inventory is at risk in the event of a power failure

§

Poor temperature uniformity samples in different areas of the freezer can experience wide variations in temperatures which is undesirable from a regulatory standpoint.

Our Cryometrix ultra low temperature freezer uses a patented design and technology which is powered by liquid nitrogen. Through the use of a liquid nitrogen powered freezer system we are able to address the market need for:

§

Low energy requirements

§

Flexible temperature control wide range of usable temperatures

§

Power failures have little effect - uses passive liquid nitrogen technology rather than electrically powered compressors.

§

Uniform temperatures throughout freezer more usable storage volume

§

Much larger storage volume per area of floor space occupied reduced facilities cost

§

Reliable and essentially maintenance free, further lowering cost of ownership

§

Environmental issues related to pollution using the current refrigerated trailer (reefer) technology

We believe existing mechanical freezers are outdated and our freezers to be the desired technology to which the industry will move, providing us the opportunity to gain a significant market share in this large market.

The adaptation of the freezer technology to reefers for transporting perishable items opens a significant new market. Trailers can easily be retrofit with the Cryogenix unit, which operates pollutant free, more efficiently, and at a cost savings compared to the diesel powered units currently used. The reefer market is a $1 billion market. The non-polluting Cryogenix unit provides significant benefits over any other unit currently marketed.

Detectors

Our chemical detector products serve the analytical instrumentation sector of the Life Sciences market. These optically based chemical detection instruments provide a cost-effective, high-performance alternative for original equipment manufacturers (OEM). One major use for these detectors is the analysis of whole blood for metabolic diseases.

Companies that manufacture beneficial chemicals or biotechnology products are often required to develop a methodology to detect their presence in the environment or in living tissue. Recent market trends have been toward the creation of a dedicated system that is specific for a particular chemical. As the market expands for dedicated instrumentation, certain critical issues arise.

§

Lack of high quality, high performance OEM instrumentation - large instrument manufacturers sell the service/instrument combination only under their own brand name

§

High price points - instrument company structure does not allow value pricing

Our products provide the building blocks to create such a system. Patented technology provides an array of benefits to the OEM customer:

§

High performance instrumentation - meets or exceeds industry standards for chemical detection

§

Technological breakthroughs provide cost-effective detection instrument solutions

§

Versatile configurations allow tailoring to specific customer need without the necessity for expensive custom engineering

§

Certified by various regulatory agencies for sale worldwide

With the expanding focus on the need for detectors we designed a base system that can be tooled for multiple uses, offering flexibility to our customers. We intend to further penetrate the dedicated OEM instrument market through new product development and continued cost reductions in manufacturing to meet price points.

Reflect Scientific is also poised to provide consumables to the same group of customers that purchase detectors. This one stop shopping is very attractive to customers and is unique in the OEM supply industry, further making Reflect Scientific the choice for OEMs.

Competition

The environment for our products and services is intensely competitive. Although the complexity of the products we produce limits the number of companies we compete with, the companies with competing technology are generally larger and often subsidiaries or divisions of very large multinational companies. Our competitor s size and association with large multinational companies gives them advantages over us in the ability to access potential customers. Many potential customers already purchase products either directly from our competitors or from another subsidiary of these large multinational companies, creating natural inroads to sales that we do not possess.

Given our relative size versus our competitors, we are often required to seek niche markets for our products or focus on selling components to be used in our competitors larger detection units. We believe, however, that our technology and experience in the ultra low freezers and detectors allows us to be competitive in those markets. As our ultra low freezer products are new to the marketplace, the products long term commercial acceptance is still unknown. Most of our products compete against multiple competitors, with our refrigeration products competing primarily against Thermo Fisher Scientific and Sanyo Corporation.

Growth Plan

While we will continue to evaluate acquisitions of businesses and technologies to enhance our revenues in the Life Science and green technology markets, our primary focus is on growing our own product lines through increasing market share and the addition of new products to our current offerings.

We seek to expand the applications for our products and equipment into additional markets as we develop brand recognition. We hope to be able to obtain market leverage from our existing products and name recognition as we use our existing offerings and product strengths to position us as a key supplier of automation equipment, inspection equipment and cryogenic storage solutions. This strategic plan will also enable us to further diversify our customer base.

Manufacturing, Supplies, and Quality Control

Many of our products are manufactured by third party manufactures. By outsourcing our manufacturing we are able to reduce the overall cost of our products. We self manufacture lower volume products that are less labor and parts intensive in our facility in Orem, Utah.

Regulation and Environmental Compliance

Presently, none of our products are in highly regulated industries.

Sources and Availability of Raw Materials and Names of Principal Suppliers

Sources and availability of key materials and intermediates continue to remain stable. Where supply is considered a critical success factor for our business, we have certified primary vendors in place and have identified secondary vendors.

Dependence on One or a Few Major Customers

We are not dependent on any large customer.

Need for any Governmental Approval of Principal Products or Services

No products presently being manufactured or sold by us are subject to prior governmental approvals.

Effect of Existing or Probable Governmental Regulations on the Business

We are subject to the Sarbanes-Oxley Act of 2002. This Act creates a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members appointment, compensation and oversight of the work of public companies auditors; prohibits certain insider trading during pension fund blackout periods; and establishes a federal crime of securities fraud, among other provisions.

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the Securities and Exchange Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of our Company at a special or annual meeting thereof or pursuant to a written consent will require our Company to provide our stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Securities and Exchange Commission at least 10 days prior to the date that definitive copies of this information are forwarded to our stockholders.

We are also required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the Securities Exchange Commission on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; changes in executive officers and directors; and bankruptcy) in a Current Report on Form 8-K.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, including Duration

All patents and trademarks relating to acquired technologies have been assigned to us. Where appropriate, we seek patent protection for inventions and developments made by our personnel and incorporated into our products or otherwise falling within our fields of interest.

We protect some of our technology as trade secrets and, where appropriate, we use trademarks or register trademarks used in connection with our products.

Patents have been issued covering the following products:

JMST chemical detectors 4 patents issued

Cryomastor ultra low temperature freezers 2 patents issued

PATENT INFORMATION

Patent number	Title	Issue	Filing	Expiration
7,621,148	Ultra-low temperature bio-sample storage system	Nov. 24, 2009	Aug. 7, 2007	Nov. 24, 2027
6,804,976		Oct 19, 2004	Dec 12, 2003	Dec 12, 2023

	High reliability multi-tube thermal exchange structure			
6,530,286	Method and apparatus for measuring fluid flow	Mar 11, 2003	May 9, 2000	May 9, 2020
5,969,812	Spectrophotometer apparatus with dual concentric beams and fiber optic beam splitter	Oct 19, 1999	Oct 18, 1995	Oct, 18, 2015
5,699,156	Spectrophotometer apparatus with dual light sources and optical paths, fiber optic pick-up and sample cell therefore	Dec 16, 1997	Nov 23, 1994	Dec 16, 2014 (1)
5,694,215	Optical array and processing electronics and method therefore for use in spectroscopy	Dec 2, 1997	Mar 4, 1996	Mar 4, 2016

(1) Filings are being made to extend the life of this patent. As of the date of this report there has been no determination as to

Royalty agreements were executed with JMST and Cryometrix as a condition of the companies acquisition of the patents and technology related to the detectors. Under the terms of the royalty agreements:

JMST David Carver will receive a royalty payment on gross revenues related to revenues derived from the Carver Patents or Carver Technology. Such payments are due on revenue in excess of $500,000 derived from products under the Carver Patents or Carver Technology. The royalty payment is 2.5% on the revenue in excess of $500,000 and is payable quarterly. Payments are to be made in the common stock of Reflect Scientific, not to exceed 500,000 shares in total. New products developed from the Carver Technology are subject to a royalty of 3% of gross revenues in excess of $100,000, with an additional 2% if gross

revenues exceed $600,000. Royalties will also be paid in our common stock annually. Common stock will be valued at $3.00 per share for these purposes. Royalty payments are only due for years where there are valid Carver Patents. To date no royalties have been earned or paid under this agreement.

Research and Development Costs During the Last Two Fiscal Years

During the year ended December 31, 2014, we expended $22,135 for research and development. During the year ended December 31, 2013, we expended $37,160 for research and development. The majority of the research and development on our products is performed by independent contractors who have been enhancing technologies, primarily on the reefer unit and the detectors. We expect research and development cost to increase in the future with the development work required to commercialize our Cryometrix freezers.

Employees

As of March 31, 2015, subsequent to the balance sheet date, we had 8 full-time employees. None of our employees are represented under a collective bargaining agreement. We believe our relations with our employees to be good.

Reports to Security Holders

You may read and copy any materials that we file with the Securities and Exchange Commission at the Securities and Exchange Commissions Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the Securities and Exchange Commission at their Internet site www.sec.gov.

Item 1A. Risk Factors

Not applicable for Registrant.

Item 1B. Unresolved Staff Comments

None. Not applicable.

Item 2. Description of Property

Reflect Scientific conducts all of its business operations from one facility, located in Orem, UT. This is a combination warehouse, manufacturing and office facility with 6,000 square feet of space; we lease this facility at $3,100 per month to the end of the lease term on November 30, 2017.

Item 3. Legal Proceedings

On October 16, 2009, the Company filed a complaint in the Third District Court in the State of Utah in which it seeks the return of the stock issued for the acquisition of Cryomastor. The action alleges misrepresentation and, in addition to the return of the stock, seeks monetary damages.

In December 2011 the case was submitted to arbitration and a settlement agreement was reached. As a part of the settlement two patents were assigned to the Company, the royalty agreement was terminated and agreement was reached on the return of stock issued as a part of the acquisition of Cryomastor. The defendant assigned the patents but did not submit the stock agreed upon until the 4th quarter of 2013. In December 2013 the 1,130,000 shares were returned and cancelled.

Item 4. Mine Safety Disclosure

Not applicable.

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PART II

Item 5. Market for Common Equity and Related Stockholder Matters and Registrant Purchases of Equity Securities.

Market Information

Since July 6, 2005, our common stock has been listed under the symbol RSCF on the OTCBB. Prior to July 6, 2005, our stock traded under the symbol COLH since its initial listing on May 24, 2001. The following table represents the high and low per share bid information for our common stock for each quarterly period in fiscal 2014, 2013 and 2012. Such high and low bid information reflects inter-dealer quotes, without retail mark-up, mark-down or commissions and may not represent actual transactions.

	2014		2013		2012	
	High	Low	High	Low	High	Low
Quarter ended December 31	$ 0.45	$ 0.11	$ 0.08	$ 0.05	$ 0.09	$ 0.07
Quarter ended September 30	$ 0.11	$ 0.06	$ 0.08	$ 0.06	$ 0.10	$ 0.06
Quarter ended June 30	$ 0.10	$ 0.06	$ 0.07	$ 0.04	$ 0.08	$ 0.07
Quarter ended March 31	$ 0.10	$ 0.05	$ 0.08	$ 0.06	$ 0.09	$ 0.06

As of March 31, 2015, there were 56,702,501 shares of our common stock outstanding. On March 26, 2015, the high and low bid price for our common stock was $0.13 and $0.11 respectively.

Holders

The number of record holders of our common stock as of March 31, 2015, was approximately 146; this number does not include an indeterminate number of stockholders whose shares may be held by brokers in street name.

Dividends

We have not declared any cash dividends with respect to our common stock, and do not intend to declare dividends in the foreseeable future. Our future dividend policy cannot be ascertained with any certainty. There are no material

restrictions limiting, or that are likely to limit, our ability to pay dividends on our securities.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	-	-	12,000,000
Equity compensation plans not approved by security holders	-	-	None
Total	-	-	12,000,000

Recent Sales of Unregistered Securities

We issued all of these securities to persons who were accredited investors or sophisticated investors as those terms are defined in Regulation D of the Securities and Exchange Commission; and each such investor had prior access to all material information about us. We believe that the offer and sale of these securities were exempt from the registration requirements of the Securities Act, pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission. Sales to accredited investors are preempted from state regulation.

In October 2014, the board approved the issuance of 2,975,334 shares of restricted common stock. Of the total shares issued, 1,375,534 shares were issued to consultants for services and 1,600,000 were issued as compensation to the Chief Executive Officer.

During the year ended December 31, 2013 we retired 1,130,000 shares of common stock returned as part of an arbitration agreement. In December 2013, the board approved the issuance of 7,643,333 shares of restricted common stock. Of the amounts approved for issue, 3,668,333 shares were issued to consultants, and 3,975,000 shares were issued as compensation to the Chief Executive Officer.

Use of Proceeds of Registered Securities

There were no proceeds received during the calendar year ended December 31, 2014, from the sale of registered securities.

Purchases of Equity Securities by Us and Affiliated Purchasers

In October 2014, the Board of Directors authorized the issuance of 1,600,000 shares of restricted common stock to its Chief Executive Officer as compensation.

In December 2013, the Board of Directors authorized the issuance of 3,975,000 shares of restricted common stock as compensation to its Chief Executive Officer, as referenced in Recent Sales of Unregistered Securities above.

Item 6. Select Financial Data

We are not required to provide information under this item.

Item 7. Management s Discussion and Analysis or Plan of Operation

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the Plan of Operations provided below, including information regarding the Company s financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, and the plans and objectives of management. The statements made as part of the Plan of Operations that are not historical facts are hereby identified as "forward-looking statements."

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read in conjunction with the financial statements and notes included in this report as Part II, Item 8.

Critical Accounting Policies and Estimates

Reflect Scientific s accounting policies are more fully described in Note 2 of the consolidated financial statements. As discussed in Note 2, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. Reflect Scientific believes that the following addresses Reflect Scientific s most critical accounting policies. There have been no significant changes during the year ended December 31, 2014.

REVENUE RECOGNITION: We recognize revenue when the following criteria have been met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectability is reasonably assured.

Product revenues are recognized when persuasive evidence of an arrangement exists, risk of loss and title has transferred to our customers, the fee is fixed or determinable and collection is probable. Rights of return for manufactured product are dependent upon the agreement.

ALLOWANCE FOR DOUBTFUL ACCOUNTS: Our allowance for doubtful accounts is maintained to provide for losses arising from customers inability to make required payments. If there is deterioration of our customers credit worthiness and/or there is an increase in the length of time that the receivables are past due greater than the historical assumptions used, additional allowances may be required.

INCOME TAXES: We account for income taxes in accordance with Statement of Financial Accounting Standards Board Accounting Codification (ASC) 740, Income Taxes . Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized.

Overview

During the year ended December 31, 2014 revenue increased by 18.72% compared to the year ended December 31, 2013. The increase resulted from the sale of our ultra-cold freezers. While there can be no assurance that freezer sales will continue, it is encouraging that the marketplace has embraced our disruptive technology, enabling a number of units to be put into service. Historically, significant portions of our revenue came from the manufacture and sale of capital equipment, such as freezers and detectors, purchased by our customers. The past few years, economic uncertainty has caused many of these customers to defer, significantly reduce, or eliminate altogether their capital budget spending. Capital markets have remained tight, with the result that we have been unable to secure sufficient funding with which to retire all of our debentures which matured June 30, 2009, and we remain in default on $650,000 of that indebtedness. Due to our net losses of the past years and the default status on our debentures, our accountants have expressed substantial doubt about our ability to continue as a going concern.

The Company focused its resources during 2014 to the marketing of our new line of detectors and the continuation of work on the ultra-cold freezers and the cooling unit for refrigerated trucks. Our next generation detector was successfully introduced into the marketplace in late 2013. In late 2013 we also completed our first prototype refrigerated truck unit and began road tests with that unit. Commercialization of both of these products will provide opportunity for the Company to expand its share of the detector market and make entry into the refrigerated truck market

The Company has been proactive in making those business decisions which it believes will enable it to carry out its business plan. Significant cost reduction measures have been implemented, unprofitable subsidiaries divested, facilities consolidated and personnel reductions made. However, we are still generating operating losses and we cannot assure that financing will be made available at acceptable rates to allow the execution of our business plan.

Financial Position

The table below presents a summary of our consolidated balance sheets at December 31, 2014 and 2013:

SUMMARY OF BALANCE SHEET INFORMATION

	Year ended Dec. 31, 2014	Year ended Dec 31, 2013	Increase (Decrease)
Cash	$ 271,053	$ 251,463	$ 19,590
Total current assets	746,281	720,238	26,043
Total assets	843,424	857,748	(14,324)
Total current liabilities	1,409,953	1,357,107	52,846
Accumulated deficit	(20,268,736)	(19,427,928)	(840,809)
Total stockholders equity (deficit)	$ (566,529)	$ (499,359)	$ (67,170)

We had $271,053 in cash as of December 31, 2014, an increase of $19,590 from December 31, 2013. We had a working capital deficit of $663,672 at December 31, 2014, compared to working capital deficit of $636,869 at December 31, 2013.

Contractual Obligations

The Company leases office/warehouse space in Utah. In addition, it has a lease on a vehicle. The following summarizes future minimum lease payments under the operating leases at December 31, 2014:

Year Ending December 31,	Minimum Lease Payments Building	Automobile	Total
2015	$ 37,200	$ 7,488	$ 44,688
2016	37,200	7,488	44,688
2017	34,100	4,368	38,468
	$ 108,500	$ 19,344	$ 127,844

Results of Operations

December 31, 2014 and 2013

The following table summarizes revenue, cost of goods sold, and operating expenses for the years ended December 31, 2014 and 2013:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Increase (Decrease)
Revenue	$ 1,527,927	$ 1,287,023	$ 240,904
Cost of Goods Sold	678,297	618,043	60,254
Gross Profit	849,630	668,980	180,650
Salaries and wages	827,394	638,310	189,084
Rent expense	34,215	38,352	(4,137)
Research and development expense	22,135	37,160	(15,025)
General and administrative expense	684,482	638,644	45,838
Impairment on goodwill	-	265,895	(265,895)
(Gain) loss on sale of equipment	-	(50,700)	50,700
Total operating expenses	1,568,226	1,567,661	565
Loss from operations	(718,596)	(898,681)	180,085
Net loss	$ (840,809)	$ (1,013,198)	$ 172,389

Total revenue in 2014 increased 18.7% to $1,527,927 from revenue of $1,287,023 in 2013. Revenue of $231,775 from ultra-low temperature freezers accounts for the revenue increase. We continue to work to increase our catalog sales and to find new distributors to expand our distribution channels.

Our cost of goods sold increased in the period ending December 31, 2014, as compared to December 31, 2013, due primarily to the cost of the freezers built and sold. The gross margin percentage was 55% for 2014 compared to 52% for 2013. Our gross margin percent is also influenced by the sales mix, with the detectors and detector supplies carrying higher gross margins than the more generic lab supplies. We are working to increase gross margins through working with current vendors to obtain more favorable costing or identifying and qualifying new vendors who offer more favorable pricing without compromising quality.

Salaries and wages increased by $189,084 in 2014 as compared to 2013 due to the non-cash compensation charge taken for the issuance of stock to the Chief Executive Officer. Our plan is to continue to use outside contractors where practical to enable us to maintain our employee level.

General and administrative expenses were $45,838 higher for 2014 as compared to 2013. The 2014 increase is mainly attributable to the increase in consulting fees. Expense levels going forward are expected to increase from the 2014 levels, as increased marketing and advertising costs to promote the sale of our products will be required.

Our evaluation showed no impairment charge was required in 2014. At the end of 2013 we performed an evaluation of our intangible assets and goodwill for impairment. Our evaluation determined that the intangible assets were carried on the financial statements at a value which exceeded fair value at December 2013. An impairment charge of $265,895 was recorded in order to write off the carrying amount of goodwill, as determined by the impairment analysis conducted at December 31, 2013.

We had a net loss of $840,809 in 2014, an improvement of $172,389 over the net loss in 2013.

Seasonality and Cyclicality

We do not believe our business is cyclical.

Liquidity and Capital Resources

Our cash resources at December 31, 2014, were $271,053, with accounts receivable of $256,170 and inventory of $215,958, net of reserve. Our working capital deficit at December 31, 2014 was $663,672. This compares to negative working capital of $636,869 at December 31, 2013. We remain in default on the remaining debentures and will require additional financing to enable the retirement of that debt.

In 2014, net cash provided to fund operating activities was $109,841 as compared to net cash required to fund operations of $55,625 in 2013. We anticipate that in 2015, with the benefit of continued cost reductions and increased revenue, we will continue to generate positive cash from operating activities.

We will continue to focus our efforts on our core business activities while pursuing capital resources and evaluating potential future acquisitions which fit within and enhance our core business.

Off-Balance Sheet Arrangements

We lease office and warehouse space under a non-cancelable operating lease in Utah, which expires November 30, 2017. Future minimum lease payments under the operating lease at December 31, 2014 are $108,500 for this facility. In addition, at December 31, 2014 we have one automobile lease with future minimum lease payments of $19,344.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to Registrant.

Item 8. Financial Statements

The financial statements of the Company are set forth immediately following the signature page to this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

We had no disagreements on accounting and financial disclosures with our accounting firm during the reporting periods covered by this Annual Report.

Item 9A. Controls and Procedures

As of the end of the period covered by this Annual Report, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief/Principal Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that information required to be disclosed is recorded, processed, summarized and reported within the specified periods and is accumulated and communicated to management, including our President and Principal Financial Officer, to allow for timely decisions regarding required disclosure of material information required to be included in our periodic Securities and Exchange Commission reports. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

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 Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable

15

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Based on this evaluation, our management concluded that, as of December 31, 2014, our internal control over financial reporting was not effective due to the following material weakness:

Inadequate and Ineffective Controls over the Valuation of Equity Transactions:

During the fourth quarter of 2014 we incorrectly valued an equity transaction, using a stock value other than the closing price of the stock on the date of the stock grant. While the equity transaction was corrected, it was initially recorded at a value less than the proper valuation, resulting in an understatement of compensation and consulting expense.

Inherent Limitations over Internal Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Remediation plans to improve internal control over financial reporting.

The Company plans to implement enhanced documentation, review and supervision process and procedures over equity transactions. Implementation of such will provide reasonable assurance that the valuation of equity transactions are properly valued.

Changes in internal control over financial reporting

We have made no change in our internal control over financial reporting during the last fiscal year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management s report in this annual report on Form 10-K.

Item 9B. Other Information

None; not applicable.

PART III

Item 10. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Identification of Directors and Executive Officers

The following table sets forth the names of all of our current directors and executive officers. These persons will serve until the next annual meeting of the stockholders or until their successors are elected or appointed and qualified, or their prior resignation or termination.

Name	Positions Held	Date of Election or Designation	Date of Termination or Resignation

Kim Boyce	President & Director	12/03	*
Tom Tait	Vice President, Secretary and Director	01/05	*
William G. Moon	Director	4/11	*
Keith L. Merrell	Chief Financial Officer & Treasurer	10/09	*

* These persons presently serve in the capacities indicated.

Business Experience

Kim Boyce - CEO, Director

Mr. Boyce, 60, is the founder of Reflect Scientific and serves as President, Chief Executive Officer and Chairman of our Board of Directors. Mr. Boyce has over thirty years of experience in manufacturing, sales, distribution and management of scientific products related to companies in the chemical analysis, semiconductor fabrication and optics industries. His responsibilities have included serving as a Western Regional Sales Manager, OEM Special Accounts Manager, Plant Operations Manager and various other senior management positions within these industries.

Thomas Tait - Vice President, Secretary, Director

Mr. Tait, 58, serves as Vice President. Mr. Tait brings experience with accelerated product development, lean process management tools, strategic market analysis, and acquisition integration. Mr. Tait joined us from Danaher Company where he was a Business Manager over a $120 million in sales product line. Prior assignments have included General Manager of HyperQuan Inc., Product Manager J&W Scientific and Project Manager Varian Inc. He also co-founded ChiraTech Inc, a high technology Company that was sold to Thermo Electron Corporation. Mr. Tait holds an MBA in Technology Management from the University of Phoenix and a BS in Chemistry from Clarkson University. He also holds patents in Optics and MEMS technologies.

William G. Moon, Director

Mr. Moon, 65, has over 30 years experience in startup and engineering related companies. His leadership experience includes assisting in the formation of what became the world s largest disk drive company, Quantum Corporation, with over 10,000 employees. He was Principal Engineer and Vice President of Engineering for over twenty years, during which time he co-designed numerous standard-setting disk drives. During that time, he was a co-founder of a wholly owned Quantum subsidiary, Plus Development, and was key in the invention of the Hardcard, the first hard drive on a plug-in card. He helped create a partnership with Panasonic for the world s first totally automated disk drive assembly plant in Japan, producing over 100 million disk drives. Prior to that, Mr. Moon designed memory products at Hewlett Packard Labs in their Disk Memory Division. Over the past five years Mr. Moon has served as technical advisor to several companies and has sat on several boards.

Keith Merrell - Chief Financial Officer / Treasurer

Mr. Merrell, 69, serves as our Chief Financial Officer, Treasurer and General Manager. Mr. Merrell draws on over 30 years of accounting experience to manage all of our accounting functions and to interface with our independent public accountants. He spent two years in the field of public accounting, and served as Chief Financial Officer or Controller of five companies prior to joining us. His business career also includes extensive experience in management, sales and marketing, consulting, and merger and acquisition work. He graduated from Arizona State University with a B.S. degree in Accounting.

We believe that, based on education and experience all of our directors are qualified to serve.

Significant Employees

There are no employees who are not executive officers who are expected to make a significant contribution to our Company s business.

Family Relationships

There are no family relationships between our officers and directors.

Involvement in Certain Legal Proceedings

During the past five years, no director, person nominated to become a director, executive officer, promoter or control person of our Company:

(1) was a general partner or executive officer of any business against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;

(2) was convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or

banking activities; or

(4) was found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires that our executive officers and directors and persons who beneficially own more than 10% of our common stock, file initial reports of stock ownership and reports of changes in stock ownership with the Securities and Exchange Commission. Officers, directors, and greater than 10% owners are required by applicable regulations to furnish our Company with copies of all Section 16(a) forms that they file.

Based solely on a review of the copies of such forms furnished to us or written representations from certain persons, we believe that during our calendar year ended December 31, 2014, all filing requirements applicable to our officers, directors and 10% stockholders were met by such persons.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors and executive officers serving in any capacity for our Company, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, which Code of Ethics was attached to our Form 10-K annual Report for the year ended December 31, 2003. See Part IV, Item 15.

Nominating Committee

We have not established a Nominating and Corporate Governance Committee because we believe that the three members currently comprising our Board of Directors are able to effectively manage the issues normally considered by a Nominating and Corporate Governance Committee.

Audit Committee

Due to the size and status of our Company we have no Audit Committee, and are not required to have an audit committee. We do not believe the lack of an Audit Committee will have any adverse effect on our financial statements, based upon our current operations. We will assess whether an audit committee may be necessary in the future.

Item 11. Executive Compensation

The following table sets forth the aggregate compensation paid by us for services rendered during the periods indicated:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Com-pensation($)	Nonqualified Deferred Compensation ($)	All Other Compensation($)	Total Earnings ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	12/31/14	$ 99,996	-	416,000	-	-	-	-	$515,996
Kim Boyce	12/31/13	$ 99,996	-	248,437	-	-	-	-	$348,433
CEO & Director	12/31/12	$101,921	-	-	-	-	-	-	$101,921
	12/31/14	$54,610	-	-	-	-	-	-	$54,610
Tom Tait	12/31/13	$54,610	-	-	-	-	-	-	$54,610
VP & Director	12/31/12	$60,379	-	-	-	-	-	-	$60,379
	12/31/14	$16,500	-	-	-	-	-	-	$16,500
Keith Merrell,	12/31/13	$24,292	-	-	-	-	-	-	$24,292
CFO	12/31/12	$35,333	-	-	-	-	-	-	$35,333

Outstanding Equity Awards

At December 31, 2014, there are no outstanding equity awards.

Compensation of Directors

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
None	None	None	None	None	None	None	None

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Beneficial Owners

The following table sets forth, as of March 31, 2015, the names, addresses and number of shares of common stock beneficially owned by all persons known to the management of Reflect Scientific to be beneficial owners of more than 5% of the outstanding shares of common stock, and the names and number of shares beneficially owned by all directors of Reflect Scientific and all executive officers and directors of Reflect Scientific as a group (except as indicated, each beneficial owner listed exercises sole voting power and sole dispositive power over the shares beneficially owned).

For purposes of this table, information as to the beneficial ownership of shares of common stock is determined in accordance with the rules of the Securities and Exchange Commission and includes general voting power and/or investment power with respect to securities. Except as otherwise indicated, all shares of our common stock are beneficially owned, and sole investment and voting power is held, by the person named. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock, which such person has the right to acquire within 60 days after the date hereof. The inclusion herein of such shares listed beneficially owned does not constitute an admission of beneficial ownership.

All percentages are calculated based upon a total number of 56,702,501 shares of common stock outstanding as of March 31, 2015, plus, in the case of the individual or entity for which the calculation is made, that number of options or warrants owned by such individual or entity that are currently exercisable or exercisable within 60 days.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percentage of Outstanding Common stock
	Principal Shareholders		
Common Stock	Kim Boyce	29,643,250	52.28%
	1270 South 1380 West		
	Orem, Utah 84058		
	Officers and Directors		
Common Stock	Kim Boyce	29,643,250	52.28%
Common Stock	Tom Tait	361,000	0.64%
Common Stock	Keith Merrell	124,000	0.22%
Common Stock	William Moon.	250,000	0 .44%
	All directors and executive officers of the Company as a group (Five individuals)	30,378,250	53.58%
		========	======

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Changes in Control

There are no current or planned transactions that would or are expected to result in a change of control of our Company.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
	(a)	(b)	(c)

Equity compensation plans approved by security holders	-	-	12,000,000
Equity compensation plans not approved by security holders	-	-	None
Total	-	-	12,000,000

Item 13. Certain Relationships and Related Transactions

Transactions with Related Persons

At January 1, 2014, the sons of the Company president had advanced $80,000 in funding in the form of interest bearing notes to the Company. Of the advances, $40,000 was received in 2013 and $40,000 in 2012. The advances made during the year ended December 31, 2013 bear interest at the rate of 6.00% per annum with the interest paid monthly. The advances made during the year ended December 31, 2012 bear interest at the rate of 7.75% per annum with the interest paid monthly. The notes are demand notes, with the principal and any unpaid interest payable upon seven days written notice from the note holder. During the 4th Quarter of 2014 the principal and all accrued interest on the notes was paid and the notes were retired.

Parents of the Issuer

None; however Kim Boyce, our President and a director, may be deemed to be our Parent by virtue of his substantial shareholdings in our Company.

Transactions with Promoters and Control Persons

There were no material transactions, or series of similar transactions, during our Company s last five fiscal years, or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party, in which the amount involved exceeded $120,000 and in which any promoter or founder of ours or any member of the immediate family of any of the foregoing persons, had an interest.

Item 14. Principal Accounting Fees and Services

The following is a summary of the fees billed to us by our principal accountants during the fiscal years ended December 31, 2014 and 2013:

Fee Category		2014		2013
Audit Fees	$	39,000	$	37,200
Audit-related Fees	$	0	$	0
Tax Fees	$	0	$	0
All Other Fees	$	0	$	0
Total Fees	$	39,000	$	37,200

Audit Fees - Consists of fees for professional services rendered by our principal accountants for the audit of our annual financial statements and review of the financial statements included in our Forms 10-Q or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related Fees - Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported under Audit fees.

Tax Fees - Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All Other Fees - Consists of fees for products and services provided by our principal accountants, other than the services reported under Audit fees, Audit-related fees, and Tax fees above.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

We do not have an Audit Committee; therefore, there is no Audit Committee policy in this regard. However, we do require approval in advance of the performance of professional services to be provided to us by our principal accountant. Additionally, all services rendered by our principal accountant are performed pursuant to a written engagement letter between us and the principal accountant.

The Board of Directors has received from Mantyla McReynolds the matters required to be discussed by PCAOB Auditing Standard No. 16 (Communications with Audit Committees).

Item 15. Exhibits

Exhibits

Exhibit No.	Title of Document	Location if other than attached hereto
3.1	Articles of Incorporation	10-SB Registration Statement*
3.2	Articles of Amendment to Articles of Incorporation	10-SB Registration Statement*
3.3	By-Laws	10-SB Registration Statement*
3.4	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.5	Articles of Amendment to Articles of Incorporation	8-K Current Report dated December 31, 2003*
3.6	Articles of Amendment	September 30, 2004 10-QSB Quarterly Report*
3.7	By-Laws Amendment	September 30, 2004 10-QSB Quarterly Report*
4.1	Debenture	8-K Current Report dated June 29, 2008*
4.2	Form of Purchasers Warrant	8-K Current Report dated June 29, 2008*
4.3	Registration Rights Agreement	8-K Current Report dated June 29, 2008*
4.4	Form of Placement Agreement	8-K Current Report dated June 29, 2008*
10.1	Securities Purchase Agreement	8-K Current Report dated June 29, 2008*
10.2	Placement Agent Agreement	8-K Current Report dated June 29, 2008*
10.3	JMST Purchase Agreement	8-k Current Report dated April 4, 2006*
10.4	Cryomastor Merger Agreement	8-K Current Report dated April 19, 2006*
10.5	Image Labs Merger Agreement	8-K Current Report dated November 15, 2006*
10.6	All Temp Merger Agreement	8-K Current Report dated November 17, 2006*
	Debenture Settlement	8-K Current Report dated August 17, 2010
14	Code of Ethics	December 31, 2003 10-K Annual Report*
21	Subsidiaries of the Company	December 31, 2006 10-K Annual Report*
31.1	302 Certification of Kim Boyce	This Filing
31.2	302 Certification of Keith Merrell	This Filing
32	906 Certifications	This Filing

* Previously filed with the Securities and Exchange Commission in the form indicated and incorporated by reference

Additional Exhibits Incorporated by Reference

*	Reflect California Reorganization	8-K Current Report dated December 31, 2003
*	JMST Acquisition	8-K Current Report dated April 4, 2006
*	Cryomastor Reorganization	8-K Current Report dated June 27, 2006
*	Image Labs Merger Agreement Signing	8-K Current Report dated November 15, 2006
*	All Temp Merger Agreement Signing	8-K Current Report dated November 17, 2006
*	All Temp Merger Agreement Closing	8-KA Current Report dated November 17, 2006
*	Image Labs Merger Agreement Closing	8-KA Current Report dated November 15, 2006
*	Debenture Placement	8-K Current Reported dated June 29, 2007

* Previously filed and incorporated by reference.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the Company caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

REFLECT SCIENTIFIC, INC.

Date:	*03/31/2015*	*By:*	*/s/Kim Boyce* *Kim Boyce, Chief Executive Officer and Director*
Date:	*03/31/2015*	*By:*	*/s/Keith Merrell* *Keith Merrell, Chief Financial Officer (Principal Accounting Officer)*

In accordance with the Securities Exchange Act, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

REFLECT SCIENTIFIC, INC.

Date:	*03/31/2015*	*By:*	*/s/Kim Boyce* *Kim Boyce, CEO and Director*
Date:	*03/31/2015*	*By:*	*/s/Tom Tait* *Tom Tait, Vice President and Director*
Date:	*03/31/2015*	*By:*	*/s/William Moon* *William Moon, Director*

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

24

C O N T E N T S

Report of Independent Registered Public Accounting Firm

26

Consolidated Balance Sheets

27 - 28

Consolidated Statements of Operations

29

Consolidated Statements of Shareholders Equity (Deficit)

30

Consolidated Statements of Cash Flows

31

Notes to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of

Reflect Scientific, Inc. and Subsidiaries

Orem, Utah

We have audited the accompanying consolidated balance sheets of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, shareholders equity (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reflect Scientific, Inc. and Subsidiaries as of December 31, 2014 and 2013, 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has experienced recurring losses from operations and has negative working capital. The Company is also in default on its debentures. These factors raise substantial doubt about its ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ *Mantyla McReynolds, LLC*

Mantyla McReynolds, LLC

Salt Lake City, Utah

March 31, 2015

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

ASSETS

	December 31, 2014	December 31, 2013
CURRENT ASSETS		
Cash	$ 271,053	$ 251,463
Accounts receivable, net	256,170	152,583
Inventory, net	215,958	313,092
Prepaid assets	3,100	3,100
Total Current Assets	746,281	720,238
FIXED ASSETS, NET	-	1,226
OTHER ASSETS		
Intangible assets, net	34,043	73,184
Goodwill	60,000	60,000
Deposits	3,100	3,100
Total Other Assets	97,143	136,284
TOTAL ASSETS	$ 843,424	$ 857,748

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

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)

	December 31, 2014	December 31, 2013
CURRENT LIABILITIES		
Accounts payable	$ 59,401	$ 43,430
Short-term lines of credit	20,275	30,526
Convertible debenture	650,000	650,000
Interest payable	646,875	529,875
Customer deposits	18,838	1,060
Accrued expenses	14,464	22,116
Loan from related party	-	80,000
Income taxes payable	100	100
Total Current Liabilities	1,409,953	1,357,107
Total Liabilities	1,409,953	1,357,107
SHAREHOLDERS EQUITY (DEFICIT)		
Preferred stock, $0.01 par value, authorized 5,000,000 shares; no shares issued and outstanding	-	-
Common stock, $0.01 par value, authorized 100,000,000 shares; 56,702,501 and 53,726,967 shares issued and outstanding, respectively	567,024	537,269
Additional paid in capital	19,135,183	18,391,300
Accumulated deficit	(20,268,736)	(19,427,928)
Total Shareholders Equity (Deficit)	(566,529)	(499,359)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)	$ 843,424	$ 857,748

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

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

		For the Years Ended December 31, 2014	2013
REVENUES	$	1,527,927	$ 1,287,023
COST OF GOODS SOLD		678,297	618,043
GROSS PROFIT		849,630	668,980
OPERATING EXPENSES			
Salaries and wages		827,394	638,310
Rent expense		34,215	38,352
Research and development expense		22,135	37,160
General and administrative expense		684,482	638,644
Impairment on goodwill		-	265,895
Gain on sale of fixed asset		-	(50,700)
Total Operating Expenses		1,568,226	1,567,661
OPERATING LOSS		(718,596)	(898,681)
OTHER INCOME (EXPENSE)			
Other income		974	3,554
Interest expense		(123,187)	(118,071)
Total Other Income (Expenses)		(122,213)	(114,517)
NET LOSS BEFORE INCOME TAX EXPENSE		(840,809)	(1,013,198)
Income tax expense		-	-
NET LOSS	$	(840,809)	$ (1,013,198)
NET LOSS PER SHARE BASIC AND DILUTED	$	(0.02)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING BASIC AND DILUTED		54,232,400	46,918,794

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

REFLECT SCIENIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders Equity (Deficit)

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance, December 31, 2012	47,213,634	$ 472,136	$17,978,725	$(18,414,730)	$ 36,131
Common stock returned pursuant to agreement	(1,130,000)	(11,300)	11,300	-	-
Common stock issued to employee	3,975,000	39,750	208,687	-	248,437
Common stock issued for consulting services	3,668,333	36,683	192,588	-	229,271
Net loss for the year ended December 31, 2013	-	-	-	(1,013,198)	(1,013,198)
Balance, December 31, 2013	53,726,967	537,269	18,391,300	(19,427,928)	(499,358)
Common stock issued to employee	1,600,000	16,000	400,000	-	416,000
Common stock issued for consulting services	1,375,534	13,755	343,883	-	357,638
Net loss for the year ended December 31, 2014	-	-	-	(840,809)	(840,809)
Balance, December 31, 2014	56,702,501	$ 567,024	$19,135,183	$(20,268,736)	$(566,529)

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

30

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Years Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (840,809)	$ (1,013,198)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	1,226	8,419
Amortization	39,141	39,142
Stock based compensation	416,000	248,437
Common stock issued for services/interest	357,638	229,271
(Gain) Loss on sale of assets	-	(50,700)
Impairment of goodwill	-	265,895
Changes in operating assets and liabilities:		
(Increase) / decrease in accounts receivable	(103,587)	(12,651)
(Increase) / decrease in inventory	97,134	52,302
(Increase) / decrease in prepaid asset	-	102,667
Increase / (decrease) in accounts payable and accrued expenses	26,097	(35,459)
Increase / (decrease) in interest payable	117,000	110,250
Net Cash from Operating Activities	109,840	(55,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	-	50,700
Net Cash from Investing Activities	-	50,700
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	-	4,794
Payments made against lines of credit	(10,250)	(48,981)
Proceeds from Related Party Note	-	40,000
Payments made against Related Party Note	(80,000)	-
Net Cash from Financing Activities	(90,250)	(4,187)
NET INCREASE (DECREASE) IN CASH	19,590	(9,112)
CASH AT BEGINNING OF PERIOD	251,463	260,575
CASH AT END OF PERIOD	$ 271,053	$ 251,463
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid For:		

Interest	$	6,187	$	7,853
Income taxes	$	-	$	-

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

REFLECT SCIENTIFIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Cole, Inc. (the Company) was incorporated under the laws of the State of Utah on November 3, 1999. The Company was organized to engage in any lawful activity for which corporations may be organized under the Utah Revised Business Corporation Act. On December 30, 2003 the Company changed its name to Reflect Scientific, Inc.

Reflect Scientific

Reflect Scientific designs, develops and sells scientific equipment for the Life Science and Manufacturing industries. Our business activities include the manufacture and distribution of unique laboratory consumables and disposables such as filtration and purification products, customized sample handling vials, electronic wiring assemblies, high temperature silicone, graphite and vespel/graphite sealing components for use by original equipment manufacturers (OEM) in the chemical analysis industries, primarily in the field of gas/liquid chromatography.

The Company s chemical detector products serve the analytical instrumentation sector of the Life Sciences market. These optically based chemical detection instruments provide a cost-effective, high-performance alternative for original equipment manufacturers (OEM). One major use for these detectors is the analysis of whole blood for metabolic diseases.

Cryometrix

The Company s Cryometrix ultra low temperature freezers have technologies that provide energy savings and other critically important benefits to cryo-storage customers in the Life Science related industries. Ultra low temperature freezers are used in multiple industries for the storage of everything from blood to cancer vaccines. These types of freezers are used by companies such as hospitals and biotechnology research facilities. The adaptation of the freezer technology to refrigeration systems used on trailers (reefers) for transporting perishable items opens a significant new market. Trailers can easily be retrofit with the Cryogenix unit, which provides pollutant free and more efficient operations at a cost savings compared to the diesel powered units currently used.

Julie Martin Scientific Technology (JMST)

The Company manufactures and sells a line of chemical detectors which have broad application in research facilities and laboratories. The detectors have a price advantage over competitive products, making them affordable for use in laboratories at educational institutions. The sale of chemical detectors also generates follow on sales of consumable supplies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Method

The Company s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

b. Revenue Recognition

Revenue is only recognized on product sales once the product has been shipped to the customers, persuasive evidence of an agreement exists, the price is fixed or determinable, and collectability is reasonably assured.

c. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

d. Cash

The Company considers all deposit accounts and investment accounts with an original maturity of 90 days or less to be cash equivalents.

e. Accounts Receivable

The Company writes off trade receivables when deemed uncollectible. The Company estimates allowance for doubtful accounts based on the aged receivable balances and historical losses. The Company charges off uncollectible accounts when management determines there is no possibility of collecting the related receivable. The Company considers accounts receivable to be past due or delinquent based on contractual terms, which is generally net 30 days.

The Company charged $0 to bad debt expense for the years ended December 31, 2014 and 2013. An analysis of the allowance for doubtful accounts balance at December 31, 2014 determined that no change was required from the $18,714 reserve at December 31, 2013.

f. Fixed Assets

Fixed assets are stated at cost. Expenditure for minor repairs, maintenance, and replacement parts which do not increase the useful lives of the assets are charged to expense as incurred. All major additions and improvements are capitalized. Depreciation is computed using the straight-line method. The lives over which the fixed assets are depreciated range from 5 to 7 years, except for computer equipment, which is depreciated over a 3 year life.

g. Inventory

Inventories are stated at the lower of cost or market value based upon the average cost inventory method. The Company s inventory consists of parts for scientific vial kits, refrigerant gases, components for the imaging and inspection systems which it builds, and other scientific items.

h. Advertising Expense

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company recognized $17,097 and $16,321 of advertising expense during the years ended December 31, 2014, and 2013, respectively.

i. Newly Issued Accounting Pronouncements

In May 2014, the FASB issued a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The five-step model includes (1) identifying the contract, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations and (5) recognizing revenue when each performance obligation has been satisfied. The standard also requires expanded disclosures surrounding revenue recognition. The standard is effective for fiscal periods beginning after December 15, 2016, which will be the Company s first quarter of fiscal 2017, and allows for either full retrospective or modified retrospective adoption. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15 Preparation of Financial Statements Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern. Under GAAP, continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity s liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. If and when an entity s liquidation becomes imminent, financial statements should be prepared under the liquidation basis of accounting in accordance with Subtopic 205-30, Presentation of Financial Statements Liquidation Basis of Accounting. Even when an entity s liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity s ability to continue as a going concern. In those situations, financial statements should continue to be prepared under the going concern basis of accounting, but the amendments in this Update should be followed to determine whether to disclose information about the relevant conditions and events. The amendments in this

Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company has implemented this standard and believes its adoption will have no impact on its consolidated financial statements.

The Company has reviewed all other FASB-issued ASU accounting pronouncements and interpretations thereof that have effective dates during the period reported and in future periods. The Company has carefully considered the new pronouncements that alter previous GAAP and does not believe that any new or modified principles will have a material impact on the company s reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of the Company s financial management and certain standards are under consideration.

j. Earnings per Share

The computation of basic earnings per share of common stock is based on the weighted average number of shares outstanding during the period of the consolidated financial statements as follows:

		For the Years Ended December 31,	
		2014	2013
Net loss (numerator)	$	(840,809)$	(1,013,198)
Shares (denominator)		54,232,400	46,918,794
Net loss per share amount	$	(0.02)$	(0.02)

As of December 31, 2014 and December 31, 2013 the Company had no shares of outstanding common stock equivalents, as the warrants attached to the outstanding and unpaid debentures expired in 2012.

k. Shipping and Handling Fees and Costs

The Company records all shipping and handling cost in cost of goods sold.

l. Income Taxes

Deferred taxes are provided on an asset and liability approach whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company s policy is to recognize potential interest and penalties accrued related to unrecognized tax benefits within income tax expense. For the years ended December 31, 2014 and 2013, it did not recognize any interest or penalties in its Statement of Operations, nor did it have any interest or penalties accrued in its Balance Sheet at December 31, 2014 and 2013 relating to unrecognized benefits.

m. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, which include Cryometrix (previously Cryomastor). All subsidiaries are wholly owned. All material intercompany accounts and transactions are eliminated in consolidation.

n. Research and development expense

The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board's Accounting Standard Codification Topic 730 Research and Development". Under ASC 730, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company had $22,135 and $37,160 in research and product development for the years ended December 31, 2014 and 2013, respectively.

o. Stock Based Compensation

The Company applies the provisions of FASB ASC Topic 718 Stock Based Compensation which requires companies to measure all employee stock-based compensation awards using a fair value method and record such expense in their financial statements. The Company recorded $416,000 and $259,704 in stock compensation expense for the years ended December 31, 2014 and 2013.

p. Intangible Assets

Intangible assets include trademarks, trade secrets, patents, customer lists and goodwill acquired through acquisition of subsidiaries. The patents have been registered with the United States Patent and Trademarks Office. The costs of obtaining patents are capitalized as incurred. Intangibles, except for goodwill, are amortized over their estimated useful lives. The Company regularly evaluates whether events or circumstances have occurred that indicate possible impairment and relies on a number of factors, including operating results, business plans, economic projections, and anticipated future cash flows. The Company uses an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable. Measurement of the amount of impairment, if any, is based upon the difference between the asset s carrying value and estimated fair value. Fair value is determined through various valuation techniques, including cost-based, market and income approaches as considered necessary. See Note 13 for information regarding the impairment of definite-lived intangibles and long-lived assets during the years ended December 31, 2014 and 2013.

q. Goodwill

Goodwill represents the excess of purchase price of an acquisition over the fair value of net assets acquired. Goodwill is not amortized but instead is tested for impairment, at a reporting unit level, annually and when events and

circumstances warrant an evaluation. The Company evaluates goodwill on an annual basis, as of the end of the fourth quarter, and whenever events and changes in circumstances indicate that there may be a potential impairment. In making this assessment, management relies on a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, business trends and market conditions. See Note 13 for information regarding the impairment of goodwill for the years ended December 31, 2014 and 2013.

NOTE 3 - GOING CONCERN

The Company is currently in default on the remainder of its issued and outstanding debentures. While the Company worked diligently to secure funding to enable it to retire the majority of the debenture obligations, there can be no assurance that funding will be available to retire the remainder of the outstanding debentures and, if funds are available, that the terms will be favorable to the Company. The Company also continues to accumulate significant operating losses and has negative working capital. These factors raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Management has taken a number of actions to reduce expenses. Management is seeking additional funding through the capital markets to facilitate the settlement of the remaining debentures, as well as to provide operating capital for its operations. However, there is no assurance that additional funding will be available on acceptable terms, if at all.

NOTE 4 -FIXED ASSETS

Fixed assets and related depreciation for the period are as follows:

		December 31, 2014		December 31, 2013
Machinery and equipment	$	132,002	$	132,002
Furniture and fixtures		2,697		2,697
Computer and office equipment		2,390		2,390
Leasehold improvements		10,164		10,164
Accumulated depreciation		(147,253)		(146,027)
Total Fixed Assets	$	-	$	1,226

Depreciation expense for the years ended December 31, 2014, and 2013, was $1,226 and $8,419, respectively.

NOTE 5 - INVENTORIES

Inventory consisted of the following at December 31, 2014 and 2013:

		December 31, 2014		December 31, 2013
Raw materials	$	-	$	47,464
Finished goods, net		246,740		265,628
Gross Total Inventory	$	246,740	$	313,092

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Operating Lease Obligations

The Company leases its office and warehouse space under a non-cancelable lease agreement accounted for as operating leases. The Company also leases an automobile under a similar non-cancelable lease agreement, which is

also accounted for as an operating lease.

Building Lease - Orem, Utah: The Company leases a manufacturing and office facility with 6,000 square feet of space. We lease this facility at $3,100 per month on a lease with an expiration date of November 30, 2017.

Rent expense was $34,215 and $38,352 for the years ended December 31, 2014, and 2013, respectively.

Automobile Lease The Company currently leases one vehicle with a monthly lease payment of $624 per month. The automobile lease will expire on August 8, 2017.

Automobile lease expense was $10,106 and $7,860 for the years ended December 31, 2014, and 2013, respectively.

Minimum rental payments under the non-cancelable operating leases are as follows:

Years ending

December 31,		Amount
2015	$	44,688
2016		44,688
2017		38,468
Thereafter		-
	$	127,844

NOTE 7 - PREFERRED STOCK

In November 2004 the Company amended its Articles of Incorporation so as to authorize 5,000,000 shares of preferred stock. Of this total, 750,000 shares have been designated as Series A Convertible Preferred Stock . As of December 31, 2014 and 2013, no shares of the preferred stock are issued and outstanding.

Dividends

The holders of the Series A Preferred Stock would be entitled to dividends at the rate of 8 percent per year of the liquidation preference of $1.00 per share, payable annually, if and when declared by the board of directors. Dividends are not cumulative and the board of directors is under no obligation to declare dividends.

Convertibility

Upon the potential approval by the Board of Directors, Series A Preferred Stock may be convertible into the Company s common stock by dividing $1.00 plus any unpaid dividends by 50% of the five day average closing bid price of the common shares.

NOTE 8 - COMMON STOCK TRANSACTIONS

During the years ended December 31, 2014 and 2013, the following stock transactions occurred:

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In October 2014, the Board of Directors approved the issuance of 2,975,534 shares of restricted common stock. Business consultants were issued 1,375,534 shares valued at $357,638. The remaining 1,600,000 shares, valued at $416,000, were issued to the President.

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In December 2013, 1,130,000 shares of common stock returned to the Company under an arbitration settlement were cancelled and retired.

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In December 2013, the Board approved the issuance of 7,686,666 shares of restricted common stock. Of the total, 3,668,333 shares, valued at $229,271, were issued to business consultants for services rendered and 3,975,000 shares, valued at $248,437, were issued to the President. The stock valuation was calculated based on the closing price as of the measurement date. As the Board authorized this issuance of vested, non-forfeitable common stock on December 30, 2013, the Company has included these shares as outstanding and within the loss per share calculations. The Company issued these certificates subsequent to year end.

NOTE 9 - CONCENTRATIONS OF RISK

Cash in Excess of Federally Insured Amount

The Company, at December 31, 2014 and 2013, and at times during those years, had cash balances that may exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to its cash balances.

Sales and Accounts Receivable

The Company has three major customers who represent a significant portion of revenue. These three customers represented 56% and 59% of total sales revenue for the year ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, accounts receivable balances from these customers represent 81% and 63%, respectively, of the total receivables. The Company has strong relationships with each of these customers and does not believe this concentration poses a significant risk due to those long-term relationships and uniqueness of the products they purchase from the Company.

NOTE 10 - LINE OF CREDIT

The Company has a credit line with a commercial bank of $100,000 secured by its inventory and accounts receivable bearing a variable interest rate, which was 5.50% as of the balance sheet date, and automatically renews so long as the Company is in compliance with the loan covenants. As of December 31, 2014, there was a balance due on the line in the amount of $20,275. The line automatically renews on April 1 of each year.

The Company has an additional credit line with a different commercial bank of $50,000 secured by its inventory and accounts receivable bearing a fixed interest rate, which was 7.75% as of the balance sheet date, and automatically renews so long as the Company is in compliance with the loan covenants. As of December 31, 2014, there was no balance due on that line of credit. The line automatically renews on June 7 of each year.

NOTE 11 CONVERTIBLE DEBENTURES AND WARRANTS

On June 29, 2007, the Company entered into an agreement to sell $2,500,000 in 12% senior convertible debentures with a maturity date of June 29, 2009. The debentures are convertible at $0.65 per share. The agreement provided for the issuance of 1,923,077 A warrants and 1,923,077 B warrants. The warrants are exercisable at a price of $0.80 per share for the A warrants and $1.00 per share for the B warrants. As payment for services provided to bring this transaction to completion, the Company also issued 192,308 Series A warrants and 192,308 Series B. All outstanding unexercised warrants expired June 29, 2012.

At December 31, 2014, the remaining outstanding indebtedness for the debentures and penalty resulting from forfeiture was $650.000. The warrants attached to the debentures, which entitled the debenture holder to convert them to 1,000,000 shares of restricted common stock, expired in 2012. The unpaid debentures bear an 18% interest rate.

NOTE 12 COMMON STOCK OPTIONS

On December 31, 2007, the Company s Board of Directors approved an equity plan. The equity plan known as the 2007 Equity Incentive Plan (the Plan) reserves up to 6,000,000 shares of the Company s authorized common stock for issuance to officers, directors, employees and consultants under the terms of the Plan. On December 31, 2009, the Company s board of directors amended the Plan to authorize 12,000,000 shares. The Plan permits the Board of Directors to issue stock options and restricted stock.

The Company granted options to purchase 5,000,000 shares of common stock to key directors on December 31, 2007. On June 13, 2008, the Company granted options to purchase 66,660 shares of common stock to employees. On December 31, 2009, the Company granted options to purchase 5,176,660 shares of common stock to certain officers, directors and employees. In July 2010 the Company cancelled 5,066,660 options which had been issued prior to December 2009. In April 2011 the Company cancelled the 5,176,000 options which were issued on December 31, 2009. At December 31, 2014, there are no stock options outstanding.

NOTE 13 INTANGIBLE ASSETS AND GOODWILL

INTANGIBLE ASSETS

Definite lived intangible assets are stated at cost and amortized using the straight-line method. The remaining lives over which the intangible assets are amortized range from 2 to 3 years. The weighted average remaining life over which the intangible assets will be amortized is 2.00 years, at which time they will become fully amortized.

For the year ended December 31, 2012, a definite-lived intangibles impairment charge of $2,173,550 was recorded. Specifically, the definite-lived intangibles have been assessed for impairment due to indicators such as discontinuance of current or potential product-lines, reduced or eliminated projected cash flows, and other indicators. Measurement of the amount of impairment was based upon the difference between the asset s carrying value and estimated fair value. Fair value was determined through various valuation techniques, which involved judgments related to future cash flows and the application of the appropriate valuation model.

Intangible assets and related amortization and impairment for the period are as follows:

December 31, 2014

	Cost	Accumulated Amortization	Impairment Charge	Net Book Value
Patents	$ 1,403,045	$ 1,382,803	$ -	$ 20,242
Customer lists	414,532	400,732	-	13,800
Totals	$ 1,817,577	$ 1,783,535	$ -	$ 34,043

December 31, 2013

	Cost	Accumulated Amortization	Impairment Charge	Net Book Value
Patents	$ 1,403,045	$ 1,354,013	$ -	$ 49,032
Customer lists	414,532	390,380	-	24,152
Totals	$ 1,817,577	$ 1,744,393	$ -	$ 73,184

Amortization expense for the years ended December 31, 2014, and 2013, was $39,141 and $39,142, respectively.

The following is a listing of the estimated amortization expense for the next five years:

Amortization of:	2015	2016	2017	2018	2019
Patents	$ 18,376	$1,866	$ -	$ -	$ -
Customer lists	10,351	3,450	-	-	-
Total amortization	$ 28,727	$5,316	$ -	$ -	$ -

GOODWILL

In regard to goodwill, during the fourth quarter of each year, and when events and circumstances warrant an evaluation, the Company performs an annual impairment assessment of goodwill, which requires the use of a fair-value based analysis. The Company compared the implied fair value of the reporting unit s goodwill, determined in the same manner as the amount of goodwill recognized in a business combination, with the carrying amount of such goodwill. Based on this analysis, the carrying amount of the reporting unit s goodwill exceeded the implied fair value of goodwill, and impairment losses of $-0- and $265,895 were recognized for the years ended December 31, 2014 and 2013, respectively.

The resultant changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2013 are as follows:

Goodwill:

Balance at December 31, 2012:	
Goodwill	$ 652,149
Accumulated impairment losses	(326,254)
Impairment loss during the year	(265,895)
Balance at December 31, 2013	$ 60,000
Balance at December 31, 2013:	
Goodwill	$ 652,149
Accumulated impairment losses	(592,149)
Impairment loss during the year	-
Balance at December 31, 2014	$ 60,000

NOTE 14 ROYALTIES

A royalty agreement was executed with JMST as a condition of the Company s acquisitions. Terms of the royalty agreement are as follows:

JMST David Carver will receive a royalty payment on gross revenues related to revenues derived from the Carver Patents or Carver Technology. Such payments are due on revenue in excess of $500,000 derived from products under the Carver Patents or Carver Technology. The royalty payment is 2.5% on the revenue in excess of $500,000 and is payable quarterly. Payments are to be made in Reflect Scientific s common stock not to exceed 500,000 shares in total. New products developed from the Carver Technology are subject to a royalty of 3% of gross revenues in excess of $100,000, with an additional 2% if gross revenues exceed $600,000. Royalties will also be paid in our common stock annually. Common stock will be valued at $3.00 per share for these purposes. Royalty payments are only due for years where there are valid Carver Patents.

As sales did not reach or exceed the triggering threshold, no royalty payments were made under the royalty agreement during 2014 and 2013.

NOTE 15 INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2014 and 2013 consist of the following:

	2014	2013
Federal:		
Current	$ -	$ -
Deferred	(19,400)	(173,800)
State:		
Current	-	-
Deferred	(1,700)	(26,400)
Valuation allowance	21,100	200,200
	$ -	$ -

Net deferred tax assets consist of the following components as of December 31, 2014 and 2013:

	2014	2013
Deferred tax assets (liabilities):		
NOL Carryover	$ 2,448,600	$ 2,325,100
Stock Based Compensation	-	-
Depreciation and Amortization	900,200	1,031,600
R&D Tax Credits	39,100	39,100
Debenture Interest Payable	245,800	201,400
Other Reserves	19,600	35,000
Valuation Allowance	(3,653,300)	(3,632,200)
Net deferred tax asset (liability)	$ -	$ -

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the years ended December 31, 2014 and 2013 due to the following.

	2014	2013
Book income (loss)	$ (290,340)	$ (385,015)
Effects of:		
Nondeductible Expenses	4,505	3,047
Stock for Services	289,701	181,529
State Tax Effect, net of Federal Benefit	(16,176)	-
Other, net	(8,790)	-
Change in Valuation Allowance	21,100	200,439
	$ -	$ -

At December 31, 2014, the Company had net operating loss carryforwards of approximately $6,444,000 that may be offset against future income from the year 2015 through 2035.

No tax benefit has been reported in the December 31, 2014 consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

The valuation allowance increased by $21,100 from $3,632,200 as of December 31, 2014.

NOTE 16 RELATED PARTY TRANSACTIONS

Notes Payable

At December 31, 2013, the sons of the Company s president had advanced $80,000 in funding in the form of interest bearing notes to the Company. Of the advances, $40,000 was received in 2013 and $40,000 in 2012. The advances made during the year ended December 31, 2013 bear interest at the rate of 6.00% per annum with the interest paid monthly. The advances made during the year ended December 31, 2012 bear interest at the rate of 7.75% per annum with the interest paid monthly. The notes are demand notes, with the principal and any unpaid interest payable upon seven days written notice from the note holder. During the 4th Quarter of 2014 the principal and all accrued interest was paid to the sons and the notes were retired.