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

FORM 10-Q

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

For the quarterly period ended June 30, 2016

or

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

For the transition period from to

Commission File Number: 000-55159

CES Synergies, Inc.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**46-0839941**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
39646 Fig Street **P.O. Box 1299** **Crystal Springs, FL**	**33524**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: 813-783-1688

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	**Outstanding as of August 12, 2016**
Common Stock, $0.001 par value	47,190,500

CES SYNERGIES, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CES SYNERGIES, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$ 258,121	$ 229,882
Advances to employees	14,158	13,770
Contracts receivable (net of allow. for bad debt)	3,740,634	4,599,131
Inventory	137,652	133,715
Deferred tax asset- current	86,098	86,098
Prepaids	55,145	-
Cost and estimated earnings in excess of billings on uncompleted contracts	1,003,613	690,553
Total current assets	$ 5,295,421	$ 5,753,149
Property and equipment, net	1,829,331	1,998,158
Goodwill	1,446,855	1,446,855
Deferred tax asset- non-current	632,882	632,882
Other assets	4,731	4,731
TOTAL ASSETS	$ 9,209,220	$ 9,835,775
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,338,637	$ 2,911,780
Accrued payroll and other accrued liabilities	324,200	47,819
Billings in excess of costs and estimated earnings on uncompleted contracts	217,490	301,398
Notes payable	-	1,750,300
Current portion long-term debt		
Related party	-	-
Non-related party	473,844	457,950
Total current liabilities	3,354,171	5,469,247
Long-term debt, net of current portion		
Related party	3,400,697	3,419,098
Non-related party	2,037,458	446,066
Total long-term liabilities	5,438,155	3,865,164
Stockholders' equity		
Common stock, authorized: $0.001 par value, 250,000,000 shares, at June 30, 2016; issued: 47,190,500 shares, at June 30, 2016; 46,880,500 shares, at December 31, 2015	47,191	46,881
Additional paid in capital	1,299,018	1,299,018
Retained earnings	(929,315)	(844,535)
Total stockholders' equity	416,894	501,364
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,209,220	$ 9,835,775

See accompanying Notes to Consolidated Financial Statements

CES SYNERGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months ended		Six Months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenues	$ 3,615,618	$ 5,122,135	$ 7,616,426	$ 8,645,492
Cost of sales	2,962,523	4,263,110	5,648,559	7,113,149
Gross profit	653,095	859,025	1,967,867	1,532,343
General & administrative expenses	1,115,779	1,275,290	2,180,328	2,594,169
Net operating profit/(loss)	(462,684)	(416,265)	(212,461)	(1,061,826)
Other income/ (expenses), net	146,627	(88,227)	127,681	(157,544)
Net profit/(loss)	$ (316,417)	$ (504,492)	$ (84,780)	$ (1,219,370)
Earnings per share				
Basic and diluted	$ (0.007)	$ (0.011)	$ (0.002)	$ (0.026)
Shares used in computing earnings per share				
Basic and diluted	47,190,500	46,755,170	47,190,500	46,755,170
Cash distributions declared per common share	$ -	$ -	$ -	$ -

See accompanying Notes to Consolidated Financial Statements

CES SYNERGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
Operating Activities		
Net Loss	$ (84,780)	$ (1,219,370)
Adjustments to reconcile net loss to cash provided (used) by operating activities		
Depreciation expense	255,832	253,883
(Gain) on disposal of assets	(190,455)	-
Decrease (Increase) in:		
Contracts receivable	858,497	2,957,042
Other assets	(55,533)	753
Inventories	(3,937)	(11,215
Cost & estimated earnings in excess of billings on uncompleted contracts	(313,060)	(935,891
Increase (Decrease) in:		
Accounts payable	(573,143)	(474,389)
Accrued liabilities	276,381	(55,062)
Billings in excess of costs and estimated earnings	(83,908)	(330,283)
Total Adjustments	170,674	1,404,838
Net cash provided (used) by operating activities	$ 85,894	$ 185,468
Investing Activities:		
Purchase of property and equipment	(106,550)	(416,562)
Proceeds from disposal of equipment	210,000	-
Net cash provided (used) by investing activities	103,450	(416,562)
Financing Activities:		
New borrowings	97,670	591,562
Debt reduction	(259,085)	(334,747)
Capital contributed	310	18,100
Net cash provided (used) by financing activities	(161,105)	274,915
Net increase (decrease) in cash	28,239	43,821
Cash at beginning of period	229,882	149,455
Cash at end of period	$ 258,121	$ 193,276
Supplemental Disclosures		
Interest paid	$ 66,364	$ 148,307
Income taxes paid	$ -	$ -

See accompanying Notes to the Consolidated Financial Statements

CES SYNERGIES, INC.
JUNE 30, 2016
(Unaudited)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Company Background

CES Synergies, Inc. (unless otherwise indicated, together with its consolidated subsidiaries, the “Company”) is a Nevada corporation formed on April 26, 2010. The Company is the parent company of Cross Environmental Services, Inc. (“CES”), which was incorporated in 1988 in the state of Florida. The Company acquired CES in a reverse merger transaction that closed on November 1, 2013, and CES is deemed the accounting acquirer under accounting rules. The Company is an asbestos and lead abatement contracting firm specializing in the removal of asbestos and lead from buildings and other structures, and demolition of structures. The Company’s services include removal of asbestos and lead, construction, installation, and repair of ceilings and insulation systems and demolition. Most jobs are located within the state of Florida, but the Company accepts and performs jobs throughout the southeastern United States.

Note 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statements.

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has adopted a year-end of December 31.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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.

Management further acknowledges that it is solely responsible for adopting sound accounting practices consistently applied, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company’s system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Basis of Presentation

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. These include the accounts of Cross Environmental Services, Inc., and its wholly-owned subsidiaries, Cross Demolition, Inc., Cross Insulation, Inc., Cross Remediation, Inc., Cross FRP, Inc., Triple J Trucking, Inc., and Tenpoint Trucking, Inc. All significant intercompany account balances, transactions, profits and losses have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, 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 materially from those estimates.

Fair Value of Financial Instruments

For certain financial instruments, including accounts receivable, accounts payable, accrued expenses and accrued liabilities, and notes payable, the carrying amounts approximate fair value due to their relatively short maturities.

The Company has adopted ASC 820-10, *"Fair Value Measurements and Disclosures."* ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company did not identify any non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC 815, "*Derivatives and Hedging.*"

In February 2007, the FASB issued ASC 825-10 *"Financial Instruments."* ASC 825-10 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. ASC 825-10 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007.

The carrying amounts of cash and current liabilities approximate fair value due to the short maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign exchange, commodity price, or interest rate market risks.

Revenue and Cost Recognition

The Company follows ASC 605-35 "*Revenue Recognition: Construction type contracts*" and recognizes revenues from fixed-price and modified fixed-price construction contracts on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation. Selling, general, and administrative costs are charged to expenses as incurred. Provisions for estimated losses on uncompleted contracts, if any, are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income which are recognized in the period in which the revisions are determined.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed.

The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Contract retentions are included in contracts receivable.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to be all highly liquid deposits with maturities of three months or less. Cash equivalents are carried at cost, which approximates market value.

Concentrations of Credit Risk

The Company maintains cash balances at Centennial Bank located in Central Florida. The cash accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. No single account had a balance greater than $250,000 at June 30, 2016. Accordingly, at that date, the Company’s uninsured cash balances for those accounts was nil.

Special purpose entities

The Company does not have any off-balance sheet financing activities.

Contracts Receivable

Contracts receivable are recorded when invoices are issued and presented in the balance sheet net of the allowance for doubtful accounts. Contract receivables are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the Company's historical average percentage of bad debts in relation to its revenue.

Inventory, Net

Inventories consist primarily of job materials and supplies and are priced at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized. As property and equipment are sold or retired, the applicable cost and accumulated depreciation are removed from the accounts and any resulting gain or loss thereon is recognized as operating expenses.

Depreciation is calculated using the straight-line method over the estimated useful lives or, in the case of leasehold improvements, the term of the related lease, including renewal periods, if shorter. Estimated useful lives are as follows:

Equipment:	3-10 years

The Company reviews property, plant and equipment and all amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability is based on estimated undiscounted cash flows. Measurement of the impairment loss, if any, is based on the difference between the carrying value and fair value.

Impairment of Long-Lived Assets and Amortizable Intangible Assets

The Company follows ASC 360-10, *"Property, Plant, and Equipment,"* which establishes a *"primary asset"* approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. Through June 30, 2016, the Company had not experienced impairment losses on its long-lived assets.

Intangible Assets - Goodwill

Cost of investment in purchased company assets (Simpson & Associates, Inc.) in excess of the underlying fair value of net assets at date of acquisition (March 2001) is recorded as goodwill on the balance sheet. The amount of $1,396,855 was acquired in 2001 and an additional $50,000 was reclassified as goodwill in 2002. Goodwill is not amortized, but instead is assessed for impairment at least annually and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value of goodwill may be impaired. Measurement of the impairment loss, if any, is based on the difference between the carrying value and fair value of the reporting unit. The goodwill impairment test follows a two-step process. In the first step, the fair value of a reporting unit is compared to its carrying value. If the carrying value of a reporting unit exceeds its fair value, the second step of the impairment test is performed for purposes of measuring the impairment. In the second step, the fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit to determine an implied goodwill value. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of goodwill, an impairment loss will be recognized in an amount equal to that excess. There were no material impairments to the carrying value of long-lived assets and intangible assets subject to amortization during the periods ended June 30, 2016 and 2015.

Business segments

ASC 280, *"Segment Reporting"* requires use of the *"management approach"* model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company determined it has three operating segments as of June 30, 2016 and June 30, 2015.

Income Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax would be recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognized since the difference in carrying amount is not significant.

Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with ASC 260-10, *"Earnings Per Share."* The basic net income/(loss) per common share is computed by dividing the net income/(loss) by the weighted average number of common shares outstanding. Diluted net income/(loss) per share gives effect to all dilutive potential common shares outstanding during the period using the *"as if converted"* basis. For the periods ended June 30, 2016 and 2015 there were no potential dilutive securities.

Common Stock

There is currently only one class of common stock. Each share of common stock is entitled to one vote. The authorized number of shares of common stock of CES Synergies, Inc. at June 30, 2016 and 2015 was 250,000,000 shares with a nominal par value per share of $0.001. Authorized shares that have been issued and fully paid amounted to 47,190,500 at June 30 2016 compared to 46,850,500 common shares at June 30, 2015.

Comprehensive Income/(Loss)

Comprehensive income/(loss) represents net income/(loss) plus the change in equity of a business enterprise resulting from transactions and circumstances from non-owner sources. The Company's comprehensive income/(loss) was equal to net income/(loss) for the periods ended June 30, 2016 and 2015.

Note 3 – Recent Accounting Pronouncements

Financial Accounting Standards Board ("FASB") Update No. 2012-02, July 2012, Intangibles—Goodwill and Other (Topic 350): In accordance with the amendments in this update, an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Subtopic 350-30.

FASB Update No. 2012-06, October 2012, Business Combinations (Topic 805): When a reporting entity recognizes an indemnification asset (in accordance with Subtopic 805-20) as a result of a government-assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets).

FASB Update No. 2014-01, January 2014, Balance Sheet (Topic 210): The amendments in this update affect entities that have derivatives accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. Entities with other types of financial assets and financial liabilities subject to a master netting arrangement or similar agreement also are affected because these amendments make them no longer subject to the disclosure requirements in FASB Update 2011-11.

Note 4 – Contracts Receivable

Contracts receivable consist of at:

	June 30,	
	2016	**2015**
Billed		
Completed Contracts	$ 1,869,723	$ 2,289,087
Contracts in Progress	1,440,126	662,870
Retained	630,662	657,275
Allowance for Bad Debts	(199,877)	(201,000)
TOTAL	$ 3,740,634	$ 3,408,232

Note 5 – Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consists of the following:

	June 30,	
	2016	**2015**
Machinery and Equipment	$ 3,883,891	$ 4,137,045
Office furniture and Equipment	172,636	172,635
Transportation and Earth Moving Equipment	8,444,170	8,844,668
Leasehold Improvements	30,189	30,189
Property, Plant and Equipment Gross	12,530,886	13,184,537
Less: Accumulated Depreciation	(10,701,555)	(10,904,641)
Property, Plant and Equipment Net	$ 1,829,331	$ 2,279,896

Depreciation expense for the six months ended June 30, 2016 and 2015 was $255,832 and $253,883 respectively.

Note 6 – Costs and Estimated Earnings on Contracts

For the six months ended June 30, 2016:

	Revenues Earned	Cost of Revenues	Gross Profit (Loss)
Revenue on completed contracts	$ 4,404,036	$ 2,957,147	$ 1,446,889
Revenue on uncompleted contracts	3,212,391	2,691,412	520,979
Total for six months ended June 30, 2016	$ 7,616,427	$ 5,648,559	$ 1,967,868

	As of June 30, 2016
Costs incurred on uncompleted contracts	$ 4,174,019
Estimated earnings on uncompleted contracts	1,156,582
Revenues earned on uncompleted contracts	5,330,601
Billings to date	4,544,478
Total Net Amount	$ 786,123
Amount shown as cost and estimated earnings in excess of billings on uncompleted contracts	$ 1,003,613
Amount shown as billings in excess of costs and estimated earnings on uncompleted contracts	(217,490)
Total Net Amount	$ 786,123

For the six months ended June 30, 2016:

	Revenues Earned	Cost of Revenues	Gross Profit (Loss)
Revenue on completed contracts	$ 5,265,707	$ 3,863,499	$ 1,402,208
Revenue on uncompleted contracts	3,379,785	3,249,649	130,136
Total for six months ended June 30, 2015	$ 8,645,492	$ 7,113,148	$ 1,532,344

	As of June 30, 2015
Costs incurred on uncompleted contracts	$ 6,950,916
Estimated earnings on uncompleted contracts	1,770,479
Revenues earned on uncompleted contracts	8,721,395
Billings to date	7,824,426
Total Net Amount	$ 896,969
Amount shown as cost and estimated earnings in excess of billings on uncompleted contracts	$ 1,165,329
Amount shown as billings in excess of costs and estimated earnings on uncompleted contracts	(268,360)
Total Net Amount	$ 896,969

Note 7 – Long-Term Debt

Long-term debt consists of the following at June 30, 2016 and 2015:

	June 30, 2016	June 30, 2015
Demand loan from shareholder, Clyde Biston, payable in monthly payments of $4,632 deferred until January 2017, interest rate of 4.25%.	$ 233,469	$ 236,927
Demand loan from shareholder, Clyde Biston, quarterly payments of $1,908 deferred until Jan. 2017; interest rate of 4.75%	158,092	-
Demand loan from shareholder, Clyde Biston, quarterly payments of $9,922 deferred until Jan. 2017; interest rate of 4.75%	175,000	-
Demand loan from shareholder, Clyde Biston, quarterly payments of $9,881 deferred until Jan. 2017; interest rate of 4.75%	175,000	-
Line of credit, Centennial Bank, Dade City, FL variable interest of 1.25% over prime, current rate 3.25%, secured by land, improvements, and accounts receivable. Line of credit matures May 5, 2018	1,750,300	1,750,300
Installment loan from shareholder, Clyde Biston. Payable in monthly payments of $23,994, interest rate of 6.15%. Deferred until January 2017	2,656,803	2,636,137
Various installment loans payable in monthly payments, interest rates ranging from 0% to 9.5%, secured by various equipment, vehicles, and property	763,335	1,141,673
Total	5,911,999	5,940,037
Less: Current portion	(473,844)	(2,521,057)
Long-term debt, less current portion	$ 5,438,155	$ 3,418,980

NOTE 8 - Commitments and Contingencies

Principal payments on long-term debt are due as follows:

Year ending December 31,	
2016	$ 473,844
2017	542,258
2018	2,134,706
2019	345,207
2020+	2,415,984
	$ 5,911,999

Contingencies

None.

Note 9 – Loss per Share

	For the six months ended	
	June 30, 2016	**June 30, 2015**
Net Loss	$ (84,780)	$ (1,219,370)
Weighted-average common shares outstanding		
basic:	47,085,005	46,755,170
Weighted-average common stock		
Equivalents	-	-
Stock Options	-	-
Warrants	-	-
Convertible Notes	-	-
Weighted-average common shares outstanding		
Diluted	47,085,005	46,755,170
Loss per share outstanding		
Basic and Diluted	$ (0.002)	$ (0.026)

Note 10 – **Operating Lease Agreements**

In the past, the Company rented certain equipment/office space under month to month operating lease agreements. Lease expenses incurred for the six months ended June 30, 2016 and 2015 under such agreements were $144,463, and $203,394, respectively.

Note 11 – **Related Party Transactions**

For the purposes of these notes to consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Clyde A. Biston, the chairman of board of directors and former CEO of the Company, owns a majority of our shares, meaning he can exert significant influence over corporate decisions and strategy. Related party transactions for the period include the following:

Leased Facilities

The Company operates out of facilities owned by the majority shareholder of the Company. Between June 1995 and October 2013, the Company was allowed to use the facilities rent-free. As of November 1, 2013 the Company entered into a lease agreement with the shareholder for rental of the facilities. Rental expenses incurred for the six months ended June 30, 2016 and 2015 under the lease agreement were $40,125 and $96,300, respectively.

Note 12 – **401K Salary Deferral Plan**

The Company has established a deferred benefit plan for office and managerial staff with one year or more of service. The plan allows employees to contribute through salary withholding. The Company may match the contribution up to 3% of the gross wages of the employee. Amounts contributed by the Company for the three months ended June 30, 2016 and 2015 are $0 and $0, respectively.

Note 13 – Income Tax Provisions

Management of the Company considers the likelihood of changes by tax authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns filed that require recognition or disclosure in the accompanying financial statements. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

For financial reporting purposes, for the six months ending June 30, 2016 and 2015, income before income taxes includes the following components:

	June 30, 2016	June 30, 2015
United States	$ (84,780)	$ (1,219,370)
Foreign	-	-
Total	$ (84,780)	$ (1,219,370)

The expense (benefit) for income taxes consist of:

Current:	2016	2015
Federal	$ -	$ -
State	$ -	$ -
Foreign	$ -	$ -
Total	$ -	$ -
Deferred and other:		
Federal	$ -	$ -
State	$ -	$ -
Foreign	$ -	$ -
	$ -	$ -
Total tax expense	$ -	$ -

Note 14 – Subsequent Events

The Company has performed an evaluation of subsequent events through August 12, 2016, the date the accompanying financial statements were issued, and did not identify any material subsequent transactions that require disclosure other than noted above.

Note 15 - Segment Information

The accounting standards for reporting information about operating segments define operating segments as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company is organized by line of business. While the Chief Executive Officer evaluates results in a number of different ways, the line of business management structure is the primary basis for which the allocation of resources and financial results are assessed. Under the aforementioned criteria, the Company operates in three operating and reporting segments: remediation, demolition and insulation.

Cross Remediation is one segment of the Company that derives its income from mold remediation and abatement services for a broad range of environments. Cross Demolition offers full scale commercial demolition and wrecking down to interior and selective demolition and strip down services. Our third segment, Cross Insulation, derives its revenue from re-insulation and insulation of new and remodeling projects.

The information provided below is obtained from internal information that is provided to the Company's chief operating decision maker for the purpose of corporate management. The Company uses net operating loss to measure segment performance as recorded below:

	For the six months ended	
Remediation Segment	**June 30, 2016**	**June 30, 2015**
Revenue	$ 5,003,719	$ 4,866,699
Cost of Revenues	3,565,407	4,488,735
Gross Profit	1,438,312	377,964
General & Administrative Expense	691,119	797,110
Allocated CES Admin. Expenses	776,730	601,137
Other Expense/(Income)	(4,580)	3,002
Net Loss from Segment	$ (24,957)	(1,023,285)

	For the six months ended	
Demolition Segment	**June 30, 2016**	**June 30, 2015**
Revenue	$ 2,239,908	$ 3,568,362
Cost of Revenues	1,748,508	2,737,227
Gross Profit	491,400	831,135
General & Administrative Expense	353,883	426,521
Allocated CES Admin. Expenses	382,303	528,600
Other Expense/(Income)	(172,327)	23,811
Net Loss from Segment	$ (72,459)	$ (147,797)

	For the six months ended	
Insulation Segment	**June 30, 2016**	**June 30, 2015**
Revenue	$ 372,799	$ 210,431
Cost of Revenues	283,255	181,601
Gross Profit	89,544	28,830
General & Administrative Expense	42,011	44,878
Allocated CES Admin. Expenses	34,897	32,367
Other (Income)	-	(127)
Net Income/(Loss) from Segment	$ 12,636	$ (48,288)

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

Forward-Looking Statements and Associated Risks

This section and other parts of this Form 10-Q contain forward-looking statements. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements also can be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on March 30, 2016 (the "2015 Form 10-K") under the heading "Risk Factors".

The following discussion should be read in conjunction with the 2015 Form 10-K and the consolidated financial statements and notes thereto included elsewhere in this Form 10-Q. All information presented herein is based on the Company's fiscal calendar. Unless otherwise stated, references in this Form 10-Q to particular years, quarters, months or periods refer to the Company's fiscal years ended in December and the associated quarters, months, or periods of those fiscal years. Each of the terms the "Company", "we", "us" or "our" as used herein refers collectively to CES Synergies, Inc. and its wholly-owned subsidiaries, unless otherwise stated. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Overview and Highlights

Since its formation in 1988, Cross Environmental Services, Inc. ("CES"), a wholly-owned subsidiary of the Company, has been providing asbestos abatement, demolition, and mold remediation services to city, state, and federal agencies. Our customers include general contractors, developers, project owners, and industrial and commercial clients. Much of our work has been founded on the removal of hazardous materials from structures ranging from residences to commercial and industrial applications, including secure defense contractor facilities, colleges, hospitals, and mid-rise and high-rise buildings and residential structures. Additionally, our experience working on federal projects, such as the Department of Interior, Bureau of Land Management Promiscuous Dump Clean Up, U.S. Fish and Wildlife Service Midway Atoll Asbestos and Lead Paint Cleanup, and Department of Defense Military Housing Privatization Initiative, gives us the expertise to provide the submittals and mandated government compliance documents for any size federal project.

CES removes regulated and hazardous materials from industrial, commercial and residential spaces. Specifically, we have developed a niche market for our services that was facilitated by the Environmental Protection Agency's National Emission Standards for Hazardous Air Pollutants, or NESHAP, regulations. Under these regulations, if a building or structure is altered, modified or renovated in any way, an environmental survey of the building must be completed and regulated hazardous materials (asbestos) must be removed prior to the alteration or renovation. We provide such services to our clients.

We also provide services related to the asbestos removal process including interior demolition, lead-based paint removal, mold abatement, and full-scale structural demolition. We are also adept at materials handling and we have participated in emergency response activities for multiple hurricanes, including Katrina, Rita, Gene, Francis, Ivan, and many others. We have been able to develop niche markets by maintaining a high level of technical competence coupled with prudent management and an energetic staff. We are willing to go to remote or extreme places to complete projects. Examples of locations at which we perform this type of work include Midway Atoll, Curacao, Guatemala, and remote Bahamian Islands. We also developed niches providing services in connection with various set-asides under federal law, including Service Connected Disabled Veteran Owned Small Business, Economically Disadvantaged Woman Owned Business, HUBZone, Veteran Owned, and Total Small Business. We have strategic alliances relating to all of such set-asides and have utilized these alliances to generate projects.

We have an established operating infrastructure, with numerous long-term contracts, blanket purchase orders, and ongoing relationships with a robust customer base.

Our management and employees are very experienced and expert in their trades. We have nine project managers who have over 100 combined years of experience. All are skilled in project set-up, permitting, submittals, scheduling, and project close-out.

In addition to the tools made available to our project managers, we have a highly skilled staff of field personnel. We have multiple field superintendents and supervisors who have fifteen to twenty years' experience. Many of these people have been with CES since its inception. Our field supervisory staff has, in the aggregate, over 200 man-years of experience. We believe that almost as important as the project personnel and related experience, is having modern late model equipment to work with. We have an extensive late model fleet of service trucks, box trucks, vans, excavators, loaders, dump trucks, semi tractors, and roll off trucks that can be deployed to any project. In addition to the large rolling stock and excavators, we have an extensive inventory of specialty equipment designed to provide demolition and abatement services inside a structure. This equipment includes but is not limited to skid steer loaders equipped with exhaust scrubbers, mini excavators equipped with hydraulic hammers, automated tile removing machines, airless sprayers, and various handheld power tools designed for material removal.

Services Strategy

We offer services in the environmental contracting arena. Our core business includes hazardous material removal (lead and asbestos), interior demolition, full scale demolition, and mold remediation. Historically, our customers have come to us either through a low bid environment or through direct negotiations.

We believe set-aside government contracting is an additional growth opportunity for us. We have participated in this sector of the federal market by teaming with firms that have the various set-aside designations. Additionally, we created our own Service Connected Disabled Veteran Owned Small Business in an effort to capture a portion of the federal market that had been previously off-limits to CES. Success to date with this firm has been limited to two current contracts.

Effects of Seasonality and Economic Uncertainty

We may be subject to seasonal fluctuations and construction cycles at educational institutions, where large projects are typically carried out during summer months when their facilities are unoccupied. Government customers, many of which have fiscal years that do not coincide with ours, typically follow annual procurement cycles and appropriate funds on a fiscal-year basis even though contract performance may take more than one year. Further, government contracting cycles can be affected by the timing of, and delays in, the legislative process related to government programs and incentives that help drive demand for energy efficiency and renewable energy projects. As a result, our revenue and operating income in the third quarter are typically higher, and our revenue and operating income in the first quarter are typically lower, than in other quarters of the year. As a result of such fluctuations, we may occasionally experience declines in revenue or earnings as compared to the immediately preceding quarter, and comparisons of our operating results on a period-to-period basis may not be meaningful.

To manage uncertainties created by business seasonality, we have implemented business processes to give us flexibility to manage overhead and job costs. Those processes allow us to determine when it is most cost effective to use Company-owned assets or to contract out aspects of a project. For example, when the Company was awarded a sizeable post-Hurricane Katrina demolition contract in Louisiana, the processes led it to develop relationships with local subcontractors under Company management and supervision to perform the demolition work rather than moving Company heavy equipment and personnel to Louisiana, thereby preserving margins on the contract.

During the recession that started in 2008, the number of projects available to the Company in Florida fell. To allow the Company to maintain cash reserves necessary to execute the Louisiana contract, management agreed to a 10% reduction in salaries, and did so for a full year, until finances righted themselves in late 2009. No field supervisors or workers were laid off during this period. CES retained its skilled workforce, allowing the contracts in Louisiana to return a 41% gross profit.

Backlog and Awarded Projects

Our sales cycle begins with the initial contact with the customer and ends, when successful, with a signed contract, also referred to as fully-contracted backlog. Historically, our sales cycle typically has averaged 30 days. Awarded backlog is created when a potential customer awards a project to us following a request for proposal. Once a project is awarded but not yet contracted, we typically conduct a detailed review to determine the scope of the project. At this point, we also determine the sub-contractor, and what equipment will be used. Historically, awarded projects typically have taken 45 days to result in a signed contract and thus convert to fully-contracted backlog. This process may take longer, however, depending upon the size and complexity of the project. Further, at times in the past we have experienced periods during which the portion of the sales cycle for converting awarded project to signed contracts has lengthened. Recently, we have been experiencing an unusually sustained lengthening of conversion times. Continued U.S. federal fiscal uncertainty not only has contributed to a lengthening of our sales cycle for U.S. federal projects, but also has adversely affected both municipal and commercial customers across most geographic regions. We have observed among our existing and prospective customer base increased scrutiny of decisions about spending and about incurring debt to finance projects. For example, we have observed increased use of outside consultants and advisors, as well as adoption of additional approval steps, by many of our customers, which has resulted in a lengthening of the sales cycle. We expect this trend to continue in 2016. After the customer agrees to the terms of the contract and the contract is executed, the project moves to fully-contracted backlog. The contracts reflected in our fully-contracted backlog typically have a construction period of 30-45 days and we typically expect to recognize revenue for such contracts over the same period. Fully-contracted backlog begins converting into revenue generated from backlog on a percentage-of-completion basis once construction has commenced.

Financial Operations Overview

Revenue

We derive revenue from the provision of asbestos abatement, demolition, and mold remediation services to city, state, and federal agencies. We also sell services to general contractors, developers, project owners, and industrial and commercial clients. Much of our work has been founded on the removal of hazardous materials from structures ranging from residences to commercial and industrial applications.

While in any particular quarter a single customer may account for more than ten percent of revenue, for the quarter ended June 30, 2016, US Army- Fort Benning, Georgia and the Florida Department of Transportation (“FDOT”), accounted for 20.2% and 10.4% of our total revenue, respectively. For the quarter ended June 30, 2015, the Renu Asset Recovery, the general contractor for the DTE Energy power plant project in Michigan, and the Florida Department of Transportation (“FDOT”), accounted for 44% and 11% of our total revenue, respectively.

Direct Expenses and Gross Margin

Direct expenses include the cost of labor, materials, equipment, subcontracting and outside engineering that are required for the execution our contracts, as well as preconstruction costs, sales incentives, associated travel, inventory obsolescence charges, and amortization of intangible assets related to customer contracts. A majority of our contracts have fixed price terms; however, in some cases we negotiate protections, such as a cost-plus structure, to mitigate the risk of rising prices for materials, services and equipment.

Gross margin, which is gross profit as a percent of revenue, is affected by a number of factors, including the type of services performed and the geographic region in which the sale is made. Geographic location impacts the cost of disposal, lodging, and fuel. We sometimes find ourselves bidding against local contractors. In these instances, we may be willing to accept a lower profit margin in order to establish ourselves with a new client, or in a new geographic location.

Rising fuel costs affect us in several ways. Fuel in our trucks and equipment has an immediate cost impact. Increases in petroleum prices increase the costs for remediation due because petroleum products are used to make all poly, bags, etc. that we use for contaminated materials containment.

In addition, gross margin frequently varies across the period of a project. Our expected gross margin on, and expected revenue for, a project are based on budgeted costs. From time to time, a portion of the contingencies reflected in budgeted costs are not incurred due to strong execution performance. In that case, and generally at project completion, we recognize revenue for which there is no further corresponding direct expense. As a result, gross margin tends to be back-loaded for projects with strong execution performance; this explains the gross margin improvement that occurs from time to time at project closeout. We refer to this gross margin improvement at the time of project completion as a project closeout.

Operating Expenses

Operating expenses consist of salaries and benefits, project development costs, and general, administrative and other expenses.

Salaries and benefits. Salaries and benefits consist primarily of expenses for personnel not directly engaged in specific revenue generating activity. These expenses include the time of executive management, legal, finance, accounting, human resources, information technology and other staff not utilized in a particular project. We employ a comprehensive time card system which creates a contemporaneous record of the actual time by employees on project activity.

Project development costs. Project development costs consist primarily of sales, engineering, legal, finance and third-party expenses directly related to the development of a specific customer opportunity. This also includes associated travel and marketing expenses.

General, administrative and other expenses. These expenses consist primarily of rents and occupancy, professional services, insurance, unallocated travel expenses, telecommunications, and office expenses. Professional services consist principally of recruiting costs, external legal, audit, tax and other consulting services.

Other expenses, net. Other expenses, net consists primarily of interest income on cash balances, interest expense on borrowings, and gains and losses on the disposal of surplus assets. Interest expense will vary periodically depending on prevailing short-term interest rates.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles (“GAAP”) and the Company’s discussion and analysis of its financial condition and operating results require the Company’s management to make judgments, assumptions, and estimates that affect the amounts reported in its consolidated financial statements and accompanying notes. Note 1, “Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements in Part II, Item 8 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 describes the significant accounting policies and methods used in the preparation of the Company’s consolidated financial statements. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The Company’s senior management has reviewed these critical accounting policies and related disclosures with the Company’s Board of Directors (the “Board”). The impact and any associated risks related to these policies on our business operations are discussed throughout this section where such policies affect our reported and expected financial results. Our preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenues and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates and such differences may be material.

Cash and Cash Equivalents

We consider all highly liquid debt instruments and other short-term investments with maturity of three months or less to be cash equivalents.

Contracts Receivable

Contracts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade contracts receivable. Management has determined that an allowance of $199,877 for doubtful accounts was required at June 30, 2016 ($201,000 at June 30, 2015).

Contracts receivable will generally be due within 30 to 45 days and collateral is not required.

Cost and Estimated Earnings in Excess of Billings on Uncompleted Contracts

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed.

The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Recoverability of Long-Lived Assets

We review the recoverability of long-lived assets on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on our ability to recover the carrying value of our long-lived assets from expected future cash flows from our operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fixed assets to be disposed of by sale are carried at the lower of the then current carrying value or fair value less estimated costs to sell.

Fair Value of Financial Instruments

The carrying amount reported in the balance sheets for cash and cash equivalents, contracts receivable, accounts payable, and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. We do not utilize derivative instruments.

Revenue and Cost Recognition

The Company recognizes revenues from fixed-price and modified fixed-price construction contracts on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation. Selling, general, and administrative costs are charged to expenses as incurred.

Provisions for estimated losses on uncompleted contracts, if any, are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed.

The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Contract retentions are included in contract receivables.

Net Earnings (Loss) Per Share of Common Stock

The basic net earnings (loss) per common share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding. Diluted net earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the period using the "as if converted" basis.

Uncertainty in Income Taxes

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

We follow ASC 740-10, Accounting for Uncertainty in Income Taxes ("ASC 740-10"). This interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. ASC 740-10 is effective for fiscal years beginning after December 15, 2006. Management has adopted ASC 740-10 and evaluates our tax positions on an annual basis.

Prior to November 1, 2013, CES had elected by unanimous consent of its shareholders to be taxed under the provisions of subchapter S of the Internal Revenue Code. Under those provisions, CES did not pay federal or state corporate income taxes on its taxable income. Instead, the shareholders of CES were liable for individual federal income taxes on their respective shares of CES's taxable income. Since the closing of the Merger on November 1, 2013, the Company is responsible for paying corporate income tax.

Advertising (in thousands, except percentages)

Advertising costs are expensed when incurred. Advertising costs for the six months ended June 30, 2016 and June 30, 2015 were $7 and $8, respectively. Historically, the Company has not relied on advertising and marketing to generate business.

Results of Operations (in thousands, except percentages)

Quarter Ended June 30, 2016 Compared to Quarter Ended June 30, 2015

Net sales fell 29%, or $1,507, during the quarter ended June 30, 2016 compared to the quarter ended June 30, 2015. Revenues in the Demolition segment decreased by $1,230, or 57%, during the quarter ended June 30, 2016 compared to the quarter ended June 30, 2015. Revenues in the Remediation segment decreased by $393, or 14%, during the quarter ended June 30, 2016 compared to the quarter ended June 30, 2015. The Insulation segment experienced a $117 increase in revenue, or 96%, during the quarter ended June 30, 2016 compared to the quarter ended June 30, 2015.

The decrease in Demolition segment revenues was primarily attributable to the near completion of the larger St Bernard Parish projects in Louisiana, and the completion of two major contracts in Florida. At June 30, 2016, 16 Demolition segment contracts valued in excess of $2,000 were in progress. Remediation segment sales decreased in the second quarter of 2016, primarily because of the completion of a very large project in Michigan and two major projects in Florida. The increase in Insulation segment revenue was due primarily to higher maintenance spending by a large supermarket chain in the southeastern United States.

Management continues to believe that the Company will grow revenues by expanding into new geographic areas in the southern and eastern U.S. in 2016. During the quarter ended June 30, 2016, approximately $0 of revenues were derived from contracts in Louisiana, $2,800 from contracts in Florida and $800 from contracts in Georgia (compared to $450, $4,640 and $30 respectively in the quarter ended June 30, 2015).

Sales Data

The following table shows net sales by operating segment and net sales by service during the quarters ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net Sales by Operating Segment:			
Remediation	$ 2,440	(14)%	$ 2,833
Demolition	938	(57)%	2,168
Insulation	238	96%	121
Total net sales	$ 3,616	(29)%	$ 5,122

Segment Operating Performance (in thousands, except percentages)

The Company manages its business on a functional basis. Accordingly, the Company has determined its reportable operating segments, which are generally based on the types of services it provides, to be Remediation, Demolition and Insulation. Remediation derives its income from mold remediation and abatement services for a broad range of environments. Demolition offers full scale commercial demolition and wrecking. Insulation derives its revenue from re-insulation and insulation of new and remodeling projects.

Further information regarding the Company's operating segments may be found in Note 15, "Segment Information."

Remediation

Remediation segment services are comprised of asbestos abatement, lead removal, mold remediation, indoor air quality/duct cleaning, removal of contaminated soil, animal waste removal, manual selective and complete interior demolition including removal of floor covering, and adhesive removal. These services are primarily performed for commercial, retail, governmental, industrial, and military customers, as well as public and private schools.

The following table presents Remediation segment net sales information for the quarters ended June 30, 2016 and 2015 (dollars in thousands):

	2016	Change	2015
Net sales	$ 2,440	$ (393)	$ 2,833
Percentage of total net sales	67%	12%	55%

The decrease in the Remediation segment net sales during the quarter ended June 30, 2016 was caused by typical business fluctuations. Remediation is usually the first activity performed in a contract and therefore the first part to be completed. In larger projects it is not unusual to perform work in stages over the course of several months. The total number of Remediation segment jobs in progress at June 30, 2016 was 46 (valued at $6,636), compared to 54 (valued at $9,569) on the same date in 2015. The Company has no control over the amount of work available to bid from year to year. It is the nature of the Remediation business to experience broad fluctuations in results of operations.

Demolition

Demolition segment services are comprised of partial, phased and complete demolition of commercial, retail, private, governmental, industrial, and military sites, as well as public and private schools. Demolition activities include building separations, concrete breaking and saw-cutting, using the Company's own man-lifts, bobcats, roll-off containers and roll-off trucks for hauling and disposal of construction debris. The Company also provides full-scale commercial demolition and wrecking, as well as underground and above ground storage tank removal, and full-scale site clearing including underground pipe removal and installation.

Hurricanes and natural disasters are the biggest factor in the creation of large scale demolition opportunities for the Company. As a result, the source of projects for the Demolition segment is unpredictable and can cause its results of operations to fluctuate broadly and seasonally. Demolition contracts range widely in price from $30 to $20,000. Demolition contracts last anywhere from two weeks (to demolish a one-story masonry commercial building such as a home improvement store) to two years or more to demolish concrete slabs left by a hurricane such as Katrina.

The following table presents Demolition segment net sales information for the quarters ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net sales	$ 938	$ (1,230)	$ 2,168
Percentage of total net sales	26%	(16)%	42%

The decrease in net sales for the Demolition segment during the quarter ended June 30, 2016 was caused primarily by the lower number of demolition contracts put out for bids in 2016 compared to 2015. The Company saw more renovation opportunities than demolition projects year over year. During the second quarter of 2016, however, the Company did win four contracts in Florida valued at $1,404 that are expected to commence in the third quarter of 2016. Two of these contracts are worth $1,300. At the end of the second quarter of 2016, the Company had total Demolition segment contracts valued at $1,954 in backlog, including the four contracts in Florida.

Insulation

Our Insulation segment derives its revenue from re-insulation and insulation of new and remodeling projects. The segment typically does not typically experience large changes in revenues year over year. The amount of sales is typically driven by the amount of remodeling or maintenance work required by a large supermarket chain, with which the Company has an ongoing service contract.

The following table presents Insulation segment net sales information for the quarters ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net sales	$ 238	$ 117	$ 121
Percentage of total net sales	7%	4%	3%

The decrease in the Insulation segment net sales between the quarters ended June 30, 2016 and 2015 was caused primarily by a reduction in work provided to the aforementioned supermarket chain.

Gross Margin

Gross margin for the quarters ended June 30, 2016 and 2015 are as follows (in thousands, except gross margin percentages). Differences between net sales and cost of sales in the table below, on one hand, and the Company's Consolidated Statements of Operations, on the other, are caused by an adjustment to sales and billing that takes place within consolidated reports rather than within the applicable segments.

	2016	2015
Net sales	$ 3,616	$ 5,122
Cost of sales	2,963	4,263
Gross margin	653	859
Gross margin percentage	18%	17%

The decrease in year-over-year cost of sales was caused by decreased use of materials, decreased job site and other indirect costs, and decreases in dump fees and fuel costs, all the result of the decrease in net sales. The improvement in gross margin percentage in the quarter ended June 30, 2016 by 1 percentage point over the quarter ended June 30, 2015 reflects the fact that the Company had a higher percentage of Remediation and Insulation jobs, which have lower non-labor costs. Remediation contracts are typically self-performed, without the need for subcontractors or expensive rental equipment. We believe our profit margin will continue to benefit from the fact that we are bidding on larger projects with an increased margin. We are also encountering fewer bidders qualified to bid these types of jobs.

The Company anticipates that gross margin for the full-year 2016 will be between 28% and 30%. In general, gross margins and margins on services will remain under pressure due to a variety of factors, including continued industry-wide pricing pressures and increased competition. In response to competitive pressures, the Company may have to take service pricing actions, which could adversely affect gross margins. Gross margins could also be affected by the Company's ability to manage costs effectively and to stimulate demand for certain of its products. To counteract the pressure on margins, the Company is working to improve its budget management processes for contracts, in particular to improve its ability to track and charge for change orders as they occur. The Company may also decline to bid on contracts where gross margins fall below acceptable levels.

Operating Expenses

Operating expenses for the quarters ended June 30, 2016 and 2015 are as follows (in thousands, except for percentages):

	2016	Change	2015
General and administrative	$ 1,116	$ (159)	$ 1,275
Percentage of total net sales	31%	6%	25%

General and Administrative ("G&A") Expense

The decrease in G&A expense during the quarter ended June 30, 2016 when compared to the quarter ended June 30, 2015 was caused by a number of factors, including a reduction in compensation costs (lower by $128, primarily due to a $100 reduction of his annual salary by Clyde A. Biston, President, a reduction of $115 (34%) in salaries paid to sales employees, and a reduction in overall headcount in the second quarter of 2016 compared to 2015), lower administrative indirect costs (down $85 or 51%, reflecting lower workmen's compensation insurance premiums allocated to this category), lower rents associated with a reduction in rent charged by Mr. Biston on the Crystal Springs leases (decreased by $11), lower group health insurance costs, caused by deferment until August of premiums, and lower office supplies (down by $16 or 660%, reflecting budget constraints imposed on office spending). These decreases were offset by higher other insurance costs (up by $26 or 885%), reflecting increases in premiums charged to the Company for its Directors and Officer's policy), higher office expense (up by $19 or 39%), higher professional fees (up by $16 or 34%, reflecting increased legal fees), higher bank service charges, which rose by $13 or 43% for closing costs on the line of credit renewal and late-payment fees on various notes, and increased costs for licenses and permits (up by $11 or 110%, reflecting the increased number of permits required for Florida DOT contracts, and increased education and training costs (up by $5 or 58%, reflecting the need to train new employees).

The total number of employees at June 30, 2016 was 153, compared to 117 at June 30, 2015.

Other Income/(Expense)

Other income/(expense) for the quarters ended June 30, 2016 and 2015 are as follows (in thousands, except percentages):

	2016	Change	2015
Other income/ (expense)	$ 2	$ -	$ 2
Interest income/ (expense)	(30)	60	(90)
Gain on asset sale	175	175	-
Total other income/ (expense), net	$ 147	235	$ (88)

The year-over-year increase in other income during the quarter ended June 30, 2016 was due primarily to lower interest costs resulting from the deferment in 2016 of interest payments on debt owed to Clyde A. Biston, President, and the gain recorded on the sale of a second portable crushing plant, which had been used for crushing concrete to produce road base and which was no longer in use.

Provision for Income Taxes

Prior to November 1, 2013, CES elected to be taxed under the provisions of subchapter S of the Internal Revenue Code. Under those provisions, during and prior to 2013, CES did not pay federal or state corporate income taxes on its taxable income. Instead, its shareholders were liable for individual federal income taxes on their respective shares of CES's taxable income. Therefore, no provision or liability for federal income taxes was included in our 2013 financial statements.

Provision for income taxes and effective tax rates for the quarters ended June 30, 2016 and 2015 was as follows (dollars in thousands):

	2016	2015
Provision for income taxes	$ -	$ -
Effective tax rate	-	-

The Company's effective tax rate for the quarter ended June 30, 2016 was nil because of the loss in the quarter, together with the losses carried forward from prior periods.

Net losses are due primarily to the increases in our sales staff and purchases of more sophisticated IT equipment and software without the benefit of any investment funds. To further impact the loss in 2016, sales actually decreased during the first quarter of 2016.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015 (in thousands, except percentages)

Net sales fell 12%, or $1,029, during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Revenues in the Demolition segment decreased by $1,328, or 37%, during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Revenues in the Remediation segment increased by $137, or 3%, during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. The Insulation segment experienced a $162 increase in revenue, or 77%, during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

The decrease in Demolition segment revenues was primarily attributable to the near completion of the larger St Bernard Parish projects in Louisiana, and the completion of two major contracts in Florida. At June 30, 2016 16 Demolition segment contracts valued in excess of $2,900 were in progress. Remediation segment sales increased in the first six months of 2016, primarily because of the continuation of remediation contracts in Florida and with Ft Benning and Ft Stewart DTE and the commencement of other large scale projects valued in excess of $6,600 in the aggregate in Florida, Georgia and Louisiana. The increase in Insulation segment revenue was due primarily to higher maintenance spending by a large supermarket chain in the southeastern United States.

During the six months ended June 30, 2016, approximately $179 of revenues were derived from contracts in Louisiana, $5,552 from contracts in Florida and $1,885 from contracts in Georgia (compared to $986, $7,645 and $14 respectively in the six months ended June 30, 2015).

Sales Data

The following table shows net sales by operating segment and net sales by service during the six months ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net Sales by Operating Segment:			
Remediation	$ 5,004	3%	$ 4,867
Demolition	2,240	(37)%	3,568
Insulation	373	77	210
Total net sales	$ 7,616	(12)%	$ 8,645

Segment Operating Performance (in thousands, except percentages)

The Company manages its business on a functional basis. Accordingly, the Company has determined its reportable operating segments, which are generally based on the types of services it provides, to be Remediation, Demolition and Insulation. Remediation derives its income from mold remediation and abatement services for a broad range of environments. Demolition offers full scale commercial demolition and wrecking. Insulation derives its revenue from re-insulation and insulation of new and remodeling projects.

Further information regarding the Company's operating segments may be found in Note 15, "Segment Information."

Remediation

Remediation segment services are comprised of asbestos abatement, lead removal, mold remediation, indoor air quality/duct cleaning, removal of contaminated soil, animal waste removal, manual selective and complete interior demolition including removal of floor covering, and adhesive removal. These services are primarily performed for commercial, retail, governmental, industrial, and military customers, as well as public and private schools.

The following table presents Remediation segment net sales information for the six months ended June 30, 2016 and 2015 (dollars in thousands):

	2016	Change	2015
Net sales	$ 5,004	$ 137	$ 4,867
Percentage of total net sales	66%	10%	56%

The increase in the Remediation segment net sales during the six months ended June 30, 2016 was caused by typical business fluctuations. Remediation is usually the first activity performed in a contract and therefore the first part to be completed. In larger projects it is not unusual to perform work in stages over the course of several months. The Company has no control over the amount of work available to bid from year to year. It is the nature of the Remediation business to experience broad fluctuations in results of operations.

Demolition

Demolition segment services are comprised of partial, phased and complete demolition of commercial, retail, private, governmental, industrial, and military sites, as well as public and private schools. Demolition activities include building separations, concrete breaking and saw-cutting, using the Company's own man-lifts, bobcats, roll-off containers and roll-off trucks for hauling and disposal of construction debris. The Company also provides full-scale commercial demolition and wrecking, as well as underground and above ground storage tank removal, and full-scale site clearing including underground pipe removal and installation.

Hurricanes and natural disasters are the biggest factor in the creation of large scale demolition opportunities for the Company. As a result, the source of projects for the Demolition segment is unpredictable and can cause its results of operations to fluctuate broadly and seasonally. Demolition contracts range widely in price from $30 to $20,000. Demolition contracts last anywhere from two weeks (to demolish a one-story masonry commercial building such as a home improvement store) to two years or more to demolish concrete slabs left by a hurricane such as Katrina.

The following table presents Demolition segment net sales information for the six months ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net sales	$ 2,240	$ (1,328)	$ 3,568
Percentage of total net sales	29%	(12)%	41%

The decrease in net sales for the Demolition segment during the six months ended June 30, 2016 was caused primarily by the lower number of demolition contracts put out for bids in 2016 compared to 2015. The Company saw more renovation opportunities than demolition projects year over year. During the second quarter of 2016, however, the Company did win four contracts in Florida valued at $1,404 that are expected to commence in the third quarter of 2016. Two of these contracts are worth $1,300At the end of the second quarter of 2016, the Company had total Demolition segment contracts valued at $1,954 in backlog, including the four contracts in Florida.

Insulation

Our Insulation segment derives its revenue from re-insulation and insulation of new and remodeling projects. The segment typically does not typically experience large changes in revenues year over year. The amount of sales is typically driven by the amount of remodeling or maintenance work required by a large supermarket chain, with which the Company has an ongoing service contract.

The following table presents Insulation segment net sales information for the six months ended June 30, 2016 and 2015 (in thousands, except percentages):

	2016	Change	2015
Net sales	$ 373	$ 162	$ 210
Percentage of total net sales	5%	2%	3%

The increase in the Insulation segment net sales between the six months ended June 30, 2016 and 2015 was caused primarily by a reduction in work provided to the aforementioned supermarket chain.

Gross Margin

Gross margin for the six months ended June 30, 2016 and 2015 are as follows (in thousands, except gross margin percentages). Differences between net sales and cost of sales in the table below, on one hand, and the Company's Consolidated Statements of Operations, on the other, are caused by an adjustment to sales and billing that takes place within consolidated reports rather than within the applicable segments.

	2016	2015
Net sales	$ 7,616	$ 8,645
Cost of sales	5,648	7,113
Gross margin	1,968	1,532
Gross margin percentage	26%	18%

The decrease in year-over-year cost of sales was caused by decreased use of materials, decreased job site and other indirect costs, and decreases in dump fees and fuel costs, all the result of the decrease in net sales. The increase in gross margin percentage in the six months ended June 30, 2016 by eight percentage points over the six months ended June 30, 2015 was the result of both bidding with higher margins and lower materials and labor costs in our contracts. We believe our profit margin will increase as we continue to bid larger projects with an increased margin. We are also encountering fewer bidders qualified to bid these types of jobs.

Operating Expenses

Operating expenses for the six months ended June 30, 2016 and 2015 are as follows (in thousands, except for percentages):

	2016	Change	2015
General and administrative	$ 2,180	$ (414)	$ 2,594
Percentage of total net sales	29%	(1)%	30%

General and Administrative ("G&A") Expense

The decrease in G&A expense during the six months ended June 30, 2016 when compared to the six months ended June 30, 2015 was caused by a number of factors, including a reduction in compensation costs (lower by $272, due to a $100 reduction of his annual salary by Clyde A. Biston, President, and a reduction of $223 (34%) in salaries paid to sales employees due to an overall headcount in the first half of 2016 compared to 2015), lower administrative indirect costs (down $30 or 13%, reflecting lower workmen's compensation insurance premiums allocated to this category), lower rents associated with a reduction in rent charged by Mr. Biston on the Crystal Springs leases (decreased by $59), lower group health insurance costs, which fell 29% ($76), and lower taxes (decreased by $10 or 75%).

These decreases were offset by higher other insurance costs (up by $35 or 565%), reflecting increases in premiums charged to the Company for its Directors and Officer's policy), higher office expense (up by $5 or 6, higher professional fees (up by $16 or 34%, reflecting increased legal fees), higher bank service charges, which rose by $12 or 15% due to closing costs on the line of credit ($6) and fees for late payments on notes ($6), and increased costs for licenses and permits (up by $21 or 97%, reflecting the increased number of permits required for Florida DOT contracts), and increased outside payroll service costs (up by $6 or 32%, reflecting the need to hire contract labor services due to the large volume of work starting at the same time in the quarter).

Other Income/Expense

Other income/ (expense) for the six months ended June 30, 2016 and 2015 are as follows (in thousands, except percentages):

	2016	Change	2015
Other income/ (expense)	$ 4	$ 13	$ (9)
Interest income/ (expense)	(66)	83	(149)
Gain on asset sale	190	190	-
Total other income/ (expense), net	128	286	(158)

The year-over-year increase in other income during the quarter ended June 30, 2016 was due primarily to lower interest costs resulting from the deferment in 2016 of interest payments on debt owed to a shareholder, and the gain recorded on sales of assets.

Provision for Income Taxes

Prior to November 1, 2013, CES elected to be taxed under the provisions of subchapter S of the Internal Revenue Code. Under those provisions, during and prior to 2013, CES did not pay federal or state corporate income taxes on its taxable income. Instead, its shareholders were liable for individual federal income taxes on their respective shares of CES's taxable income. Therefore, no provision or liability for federal income taxes was included in our 2013 financial statements.

Provision for income taxes and effective tax rates for the six months ended June 30, 2016 and 2015 was as follows (dollars in thousands):

	2016	2015
Provision for income taxes	$ -	$ -
Effective tax rate	-	-

The Company's effective tax rate for the six months ended June 30, 2016 was nil because of the loss in the six months, together with the losses carried forward from prior periods.

Net losses are due primarily to the increases in our sales staff and purchases of more sophisticated IT equipment and software without the benefit of any investment funds. To further impact the loss in 2016, sales actually decreased during the first quarter of 2016.

Liquidity and Capital Resources (in thousands, except percentages)

The Company believes its existing balances of cash, cash equivalents and marketable securities will be sufficient to satisfy its working capital needs, capital asset purchases, outstanding commitments, and other liquidity requirements associated with its existing operations over the next 12 months. The Company will seek, however, to raise up to $5,000 in additional capital in 2016 There can be no assurance that the Company will be able to raise such additional capital on terms that are acceptable to the Company or at all.

The Company's cash, cash equivalents and marketable securities were generally held in bank accounts.

The following table presents selected financial information and statistics as of June 30, 2016 and December 31, 2015 (dollars in thousands):

	June 30, 2016	June 30, 2015
Cash, cash equivalents and marketable securities	$ 258	$ 193
Property, plant and equipment, net	$ 1,829	$ 2,280
Long-term debt	$ 3,401	$ 3,419
Working capital	$ 1,941	$ 284

The following table presents selected financial information and statistics about the Company's sources and uses of cash during the first six months of 2016 and 2015 (in $ thousands):

	Six months Ended	
	June 30, 2016	June 30, 2015
Cash generated by/ (used in) operating activities	$ 86	$ 185
Cash generated by/ (used in) investing activities	$ 103	$ (417)
Cash generated by/ (used in) financing activities	$ (161)	$ 275

During the six months ended June 30, 2016, the cash generated by operating activities of $86 was a result of $(85) of net loss, non-cash adjustments to net loss of $65 and a net change in operating assets and liabilities of $105. The Company generated $103 of cash from investing activities during the six months ended June 30, 2016, the excess of proceeds of disposals of equipment ($210) over the purchase of additional property and equipment ($107). The $161 of cash used by financing activities during the six months ended June 30, 2016 came primarily from new borrowing of $98 under installment loans payable, offset by debt repayments of $259, including $20 repaid to Clyde A. Biston. No distributions were paid in the first six months of 2016.

During the six months ended June 30, 2015, the cash generated by operating activities of $185 was a result of $(1,219) of net loss, non-cash adjustments to net loss of $254 and a net change in operating assets and liabilities of $1,151. The Company used $(417) of cash for investing activities during the six months ended June 30, 2015 to purchase property and equipment. There were no disposals of equipment in the six months ended June 30, 2015. The $275 of cash generated by financing activities during the six months ended June 30, 2015 came primarily from new borrowing from the chairman of the Board, Clyde A. Biston, and Centennial Bank. No distributions were paid in the first six months of 2015.

Capital Assets

The Company's capital expenditures were $107 during the six months ended June 30, 2016, consisting primarily of purchases of machinery. The new equipment was acquired to replace aging equipment, and to add to our fleet of equipment to prepare for new Remediation and Demolition segment projects at Marco Island and at military bases in Georgia and the Florida Panhandle.

Long-Term Debt (in thousands, except percentages)

To date, the Company has financed its operations through internally generated revenue from operations, the sale of common stock, the issuance of notes, and loans from shareholders. The following debt was outstanding at June 30, 2016:

(i) Demand loan from shareholder and the chairman of our Board, Clyde A. Biston, with a monthly payment of $5 which has been deferred to January 2017, bearing annual interest at 4.25%. At June 30, 2016, $233 was outstanding under the loan. In the three months ended June 30, 2016, the Company repaid $3 of principal under the loan.

(ii) Demand loan from shareholder and the chairman of our Board, Clyde A. Biston, with a monthly payment of $2 which has been deferred to January 2017, bearing annual interest at 4.75%. At June 30, 2016, $158 was outstanding under the loan. In the three months ended June 30, 2016, the Company made no repayments of principal under the loan.

(iii) Demand loan from shareholder and the chairman of our Board, Clyde A. Biston, with a monthly payment of $10 which has been deferred to January 2017, bearing annual interest at 4.75%. At June 30, 2016, $175 was outstanding under the loan. In the three months ended June 30, 2016, the Company made no repayments of principal under the loan.

(iv) Demand loan from shareholder and the chairman of our Board, Clyde A. Biston, with a monthly payment of $10 which has been deferred to January 2017, bearing annual interest at 4.75%. At June 30, 2016, $175 was outstanding under the loan. In the three months ended June 30, 2016, the Company made no repayments of principal under the loan.

(v) Installment loan from shareholder and the chairman of our Board, Clyde A. Biston, with a monthly payment of $24, bearing annual interest at 6.15%. At June 30, 2016, $2,657 was outstanding under the loan. In the three months ended June 30, 2016, the Company the Company made no repayments of principal under the loan.

(vi) A line of credit from Centennial Bank, Dade City, Florida, bearing variable interest of 1.25% over prime, secured by land, improvements, and accounts receivable. The line of credit matures on May 5, 2018. At June 30, 2016, $1,750 was outstanding under the line. In the three months ended June 30, 2016, the Company made no repayments of principal under the line, and borrowed no additional principal.

(vii) Various installment loans payable in monthly payments, with interest rates ranging from 0% to 9.5%, secured by equipment and property. At June 30, 2016, $763 was outstanding under the loans. In the three months ended June 30, 2016, the Company repaid $40 of principal under the loans.

At June 30, 2016, a total of $5,912 was outstanding under all loans and the line of credit. $474 of that amount is due and payable in the 12 months following that date.

Dividend Program

As a privately-owned company prior to November 1, 2013, CES was owned by Clyde A. Biston. Mr. Biston elected to receive part of his compensation in the form of distributions paid to himself as the sole shareholder. No dividends have been paid to Mr. Biston or any other shareholder since 2013.

The Company does not expect to pay any dividends or make any distributions to shareholders in 2016.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Indemnification

On occasion, the Company indemnifies its customers against legal claims arising from services it provides. The Company has not been required to make any significant payments resulting from such services.

The Company has entered into indemnification agreements with its directors and executive officers. Under these agreements, the Company has agreed to indemnify such individuals to the fullest extent permitted by law against liabilities that arise by reason of their status as directors or officers and to advance expenses incurred by such individuals in connection with related legal proceedings. It is not possible to determine the maximum potential amount of payments the Company could be required to make under these agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each claim. However, the Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations, and payments made under these agreements historically have not been material.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report such that the information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2016, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On or about March 16, 2016, SiteTech, Inc., filed suit against CES. In this suit, SiteTech alleges negligence by CES for failing to remove asbestos-containing materials in a timely manner alleging damages in excess of $75,000. CES denies any liability and has countersued for amounts due it on the project.

ITEM 1A. RISK FACTORS.

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On May 26, 2016, 300,000 shares of common stock were issued by the Company to a consultant that provides investor relations services at a price per share of [.001].

The above shares were issued in reliance on the exemption under Section 4(2) of the Securities Act. These shares of our common stock qualified for exemption under Section 4(2) since the issuance of these shares by us did not involve a public offering. The offering was not a "public offering" as defined in Section 4(2) due to the insubstantial number of persons involved in the transactions, manner of the issuance and number of shares issued. We did not undertake an offering in which we sold a high number of shares to a high number of investors. In addition, the investor had the necessary investment intent as required by Section 4(2) since they agreed to and received a share certificate bearing a legend stating that such shares are restricted pursuant to Rule 144 of the Act. This restriction ensures that these shares would not be immediately redistributed into the market and therefore not be part of a "public offering." Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act for this transaction.

No purchases of common stock of the Company were made by the Company during the quarter ended June 30, 2016.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

On August 11, 2016, Luisa Ingargiola, a member of our Board, notified the other members of the Board that she was resigning, effective immediately. Ms. Ingargiola's resignation was not the result of any disagreement with the Company regarding its operations, policies, or practices.

ITEM 6. EXHIBITS

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

EXHIBIT NUMBER	DESCRIPTION
31.1	Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a)
31.2	Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a)
32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
EX-101.LAB	XBRL TAXONOMY EXTENSION LABELS LINKBASE
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

* In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

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

	CES Synergies, Inc.
Date: August 12, 2016	By: /s/ John Tostanoski John Tostanoski Chief Executive Officer (Principal Executive Officer)
Date: August 12, 2016	By: /s/ Sharon Rosenbauer Sharon Rosenbauer Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, John Tostanoski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CES Synergies, Inc.;

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

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

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

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

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: August 12, 2016

By: /s/ John Tostanoski
John Tostanoski
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Sharon Rosenbauer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CES Synergies, Inc.;

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

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

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

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

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: August 12, 2016

By: /s/ Sharon Rosenbauer
Sharon Rosenbauer
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CES Synergies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Tostanoski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 12, 2016

By: /s/ John Tostanoski
John Tostanoski
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CES Synergies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon Rosenbauer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 12, 2016

By: /s/ Sharon Rosenbauer
Sharon Rosenbauer
Chief Financial Officer