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: **March 31, 2017**

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 No. 001-13984

MERIDIAN WASTE SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

New York	**13-3832215**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

One Glenlake Parkway NE Suite 900
Atlanta, GA 30328
(Address of principal executive offices)

(Previous address of principal executive offices)

(678)-871-7457
(Registrant's telephone number, including area code)

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 past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

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

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

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

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

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

As of May 19, 2017, there were 7,341,609 shares outstanding of the registrant's common stock.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2017 (UNAUDITED)	December 31, 2016 (UNAUDITED)
Assets		
Current assets:		
Cash	$ 1,278,362	$ 823,272
Short-term investments - restricted	1,940,522	1,953,969
Accounts receivable, net	6,080,555	2,540,657
Prepaid expenses	1,452,497	746,776
Other current assets	496,275	39,895
Total current assets	11,248,211	6,104,569
Property, plant and equipment, at cost net of accumulated depreciation	30,780,604	16,797,015
Landfill assets, net of accumulated amortization	30,593,023	3,278,817
Assets held for sale	395,000	395,000
Other assets:		
Investment in related party	360,763	360,763
Deposits	151,495	144,793
Contract receivable	175,180	179,067
Goodwill	18,888,503	7,234,420
Trademarks	780,000	-
Customer list, net of accumulated amortization	14,185,754	14,553,629
Non-compete, net of accumulated amortization	104,380	114,680
Website, net of accumulated amortization	38,123	38,819
Total other assets	34,684,198	22,626,171
Total assets	$ 107,701,036	$ 49,201,572
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 4,084,315	$ 3,327,618
Accrued expenses	2,510,747	1,998,531
Notes payable, related parties	356,891	609,891
Deferred compensation	-	769,709
Deferred revenue	4,482,393	3,431,869
Derivative liability	-	3,343,623
Current portion - capital leases payable	534,901	-
Current portion - long term debt	250,752	1,385,380
Total current liabilities	12,219,999	14,866,621
Long term liabilities:		
Asset retirement obligation	7,965,320	5,299
Deferred tax liability	295,095	193,482
Capital leases, payable	6,511,315	-
Long term debt, net of current	77,910,474	41,810,733
Total long term liabilities	92,682,204	42,009,514
Preferred Series C stock redeemable, cumulative, stated value $100 per share, par value $.001, 67,361 shares authorized, 0 and 35,750 shares issued and outstanding, respectively	-	2,644,951
Shareholders' equity (deficit):		
Preferred Series A stock, par value $.001, 51 shares authorized, issued and outstanding	-	-
Preferred Series B stock, par value $.001, 71,210 shares authorized, 0 and 0 issued and outstanding	-	-
Common stock, par value $.025, 75,000,000 shares authorized, 6,944,244 and 1,712,471 shares issued and 6,932,744 and 1,700,971 shares outstanding, respectively	173,318	42,812
Treasury stock, at cost, 11,500 shares	(224,250)	(224,250)
Additional paid in capital	51,292,872	35,353,209
Accumulated deficit	(48,546,137)	(45,491,285)
Total Meridian Waste Solutions, Inc. shareholders' equity (deficit)	2,695,803	(10,319,514)
Noncontrolling Interest	103,030	-
Total equity	2,798,833	(10,319,514)
Total liabilities and shareholders' equity (deficit)	$ 107,701,036	$ 49,201,572

See the notes to the condensed consolidated financial statements.

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended	
	March 31, 2017 (UNAUDITED)	**March 31, 2016 (UNAUDITED)**
Revenue		
Services	$ 10,905,067	$ 7,488,239
Cost and expenses:		
Operating	6,987,386	4,469,898
Bad debt expense	178,488	44,589
Depreciation and amortization	2,998,766	1,707,406
Accretion expense	56,401	45,176
Selling, general and administrative	4,060,146	6,422,339
Total cost and expenses	14,281,187	12,689,408
Loss from operations	(3,376,120)	(5.201,169)
Other income (expenses):		
Miscellaneous income	45,145	6,700
Gain (loss) on disposal of assets	841	(1,451)
Unrealized gain (loss) on change in fair value of derivative liability	(554,112)	180,000
Gain on extinguishment of derivative instrument	2,654,821	-
Loss from proportionate share of equity method investment	-	(2,105)
Unrealized loss on investment	(5,855)	-
Interest income	9,682	2,139
Interest expense	(1,695,479)	(1,410,980)
Total other income (expenses)	455,043	(1,225,697)
Loss before income taxes	(2,921,077)	(6,426,866)
Provision for income taxes	(101,613)	-
Net loss	$ (3,022,690)	$ (6,426,866)
Net loss attributable to noncontrolling interest	$ 32,160	$ -
Net loss attributable to Meridian Waste Solutions, Inc	$ (3,054,850)	$ (6,426,866)
Deemed dividend related to beneficial conversion feature and accretion of a discount on Series C Preferred Stock	$ (2,115,317)	$ -
Net loss attributable to common stockholders	$ (5,170,167)	$ (6,426,866)
Basic and diluted net loss per share	$ (1.00)	$ (5.93)
Weighted average common shares outstanding (Basic and Diluted)	5,167,578	1,084,001

See the notes to the condensed consolidated financial statements.

MERIDIAN WASTE SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	March 31, 2017 (UNAUDITED)	March 31, 2016 (UNAUDITED)
Cash flows from operating activities:		
Net loss	$ (3,022,690)	$ (6,426,866)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,998,766	1,707,406
Interest accretion on landfill liabilities	56,401	45,176
Amortization of capitalized loan fees & debt discount	150,684	413,639
Unrealized (gain) loss on derivatives	554,112	(180,000)
Bad debt expense	178,488	44,589
Stock issued to vendors for services	-	778,985
Deferred tax expense	101,613	-
Stock and Options issued to employees as incentive compensation	27,375	3,545,422
Gain on extinguishment of liability	(2,654,821)	-
Loss from proportionate share of equity investment	-	2,105
Loss on disposal of equipment	(841)	1,451
Changes in working capital items net of acquisitions:		
Accounts receivable, net of allowance	(924,962)	(350,704)
Prepaid expenses and other current assets	(324,244)	(2,291)
Accounts payable and accrued expenses	(1,383,897)	188,546
Deferred compensation	(769,709)	40,250
Deferred revenue	1,050,524	133,671
Net cash used in operating activities	(3,963,201)	(58,621)
Cash flows from investing activities:		
Acquisition of the CFS Group	(3,933,276)	-
Landfill additions	(12,333)	(29,669)
Acquisition of property, plant and equipment	(1,403,896)	(2,436,439)
Purchases of short-term investments	13,447	(1,947,127)
Cash proceeds received from post acquisition settlement	-	245,222
Proceeds from sale of property, plant and equipment	-	46,975
Net cash used in investing activities	(5,336,058)	(4,121,038)
Cash flows from financing activities:		
(Repayments) borrowings on notes due related parties	(253,000)	-
Proceeds from loans	569,212	2,150,000
Proceeds from issuance of common stock, net of fees	10,764,931	1,100,000
Proceeds from issuance of Series C Preferred Stock, net of placement fees of $79,688	-	(33,567)
Principal payments on capital lease	(71,178)	(33,567)
Principal payments on notes payable	(1,259,503)	-
Proceeds from Direct Financing lease payments	3,887	-
Net cash provided from financing activities	9,754,349	3,182,866
Net change in cash	455,090	(996,793)
Beginning cash	823,272	2,729,795
Ending cash	$ 1,278,362	$ 1,733,002
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 1,497,429	$ 272,840
Supplemental Non-Cash Investing and Financing Information:		
Note payable incurred for acquisition	$ 34,100,000	$ -
Capital lease incurred for property, plant and equipment	$ 195,646	$ -
Common stock issued for consideration in an acquisition	$ 1,390,000	$ -
Retirement of Preferred Stock C and related top off provision through the issuance of Common Stock (and related derivative liability)	$ 2,644,951	$ -

See the notes to the condensed consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND ORGANIZATION

The Company is primarily in the business of residential and commercial waste disposal and hauling, transfer, and landfill disposal and recycling services. The Company has contracts with various cities and municipalities. The majority of the Company's customers are located in the St. Louis metropolitan and surrounding areas and throughout central Virginia.

In 2014, HTSMWD purchased the assets of a large solid waste disposal company in the St. Louis, MO market. This acquisition is considered the platform company for future acquisitions in the solid waste disposal industry.

Basis of Presentation

The accompanying condensed consolidated financial statements of Meridian Waste Solutions, Inc. and its subsidiaries (collectively called the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The unaudited condensed consolidated financial statements do not include all of the information and footnotes required by US Generally Accepted Accounting Principles ("GAAP") for complete financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes for the year ended December 31, 2016 included in our Annual Report on Form 10-K for the Company as filed with the SEC. The consolidated balance sheet at December 31, 2016 contained herein was derived from audited financial statements, but does not include all disclosures included in the Form 10-K for Meridian Waste Solutions, Inc., and applicable under accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in our annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America, but not required for interim reporting purposes, have been omitted or condensed.

In the opinion of management, all adjustments (consisting of normal recurring items) necessary for a fair presentation of the unaudited condensed financial statements as of March 31, 2017, and the results of operations and cash flows for the three months ended March 31, 2017 have been made. The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for a full year.

Basis of Consolidation

The condensed consolidated financial statements for the three months ended March 31, 2017 include the operations of the Company and its wholly-owned subsidiaries, and a Variable Interest Entity ("VIE") owned 20% by the Company.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Liquidity and Capital Resources

We have experienced recurring operating losses in recent years. Because of these losses, the Company had negative working capital of approximately $970,000 at March 31, 2017. As of March 31, 2017 the Company had approximately $1,300,000 in cash and $1,900,000 in short-term investments to cover its short term cash requirements. Further, the Company has approximately $10,000,000 of borrowing capacity on its multi-draw term loans and revolving commitments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Short-term Investments

Management determines the appropriate classification of short-term investments at the time of purchase and evaluates such designation as of each balance sheet date. All short-term investments to date have been classified as held-to-maturity and carried at amortized costs, which approximates fair market value, on our condensed consolidated Balance Sheets. Our short-term investments' contractual maturities occurred before March 31, 2017. The short-term investment of $1,940,522 is currently restricted as this amount is collateralizing a letter of credit needed for our performance bond. Subsequent to March 31, 2017 the restriction has been lifted and the cash is unrestricted.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, account payable, accrued expenses, derivative liabilities and notes payable. The carrying amount of these financial instruments approximates fair value due to length of maturity of these instruments.

Derivative Instruments

The Company enters into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounts for these arrangements in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities ("ASC 815") as well as related interpretations of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering of the rights and obligations of each instrument.

The Company estimates fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, the Company considers, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, the Company generally use the Black Scholes model, adjusted for the effect of dilution, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, dilution and risk free rates) necessary to fair value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques (such as Black-Scholes model) are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes. Under the terms of this accounting standard, increases in the trading price of the Company's common stock and increases in fair value during a given financial quarter result in the application of non-cash derivative loss. Conversely, decreases in the trading price of the Company's common stock and decreases in trading fair value during a given financial quarter result in the application of non-cash derivative gain.

See Note 6 and 7 for a description and valuation of the Company's derivative instruments.

Income Taxes

The Company accounts for income taxes pursuant to the provisions of ASC 740-10, "Accounting for Income Taxes," which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized. The Company does have deferred tax liabilities related to its intangible assets, which were approximately $295,000 as of March 31, 2017.

The Company follows the provisions of the ASC 740 -10 related to, Accounting for Uncertain Income Tax Positions. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company analyzes its tax positions by utilizing ASC 740-10-25 Definition of Settlement, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. As of March 31, 2017, tax years ended December 31, 2015, 2014, and 2013 are still potentially subject to audit by the taxing authorities.

Use of Estimates

Management estimates and judgments are an integral part of consolidated financial statements prepared in accordance with GAAP. We believe that the critical accounting policies described in this section address the more significant estimates required of management when preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Reclassification

Certain reclassifications have been made to previously reported amounts to conform to 2017 amounts. These reclassifications had no impact on previously reported results of operations or stockholders' equity (deficit). The statement of operations has been reformatted in such a way that there is no longer a caption showing gross profit.

Accounts Receivable

Accounts receivable are recorded at management's estimate of net realizable value. At March 31, 2017, and December 31, 2016 the Company had approximately $6,700,000 and $3,000,000 of gross trade receivables, respectively.

Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy and adjust our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. However, if the financial condition of our customers were to deteriorate, additional allowances may be required. At March 31, 2017 and December 31, 2016 the Company had approximately $640,000 and $500,000 recorded for the allowance for doubtful accounts, respectively.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The Company has intangible assets related to its purchase of Meridian Waste Services, LLC, Christian Disposal LLC, Eagle Ridge Landfill, LLC and the CFS Group, LLC; the CFS Group Disposal & Recycling Services, LLC; and RWG5, LLC, collectively "The CFS Group".

Goodwill

Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the impairment of long lived assets section above, we assess our goodwill for impairment at least annually.

Landfill Accounting

Capitalized landfill costs

Cost basis of landfill assets — We capitalize various costs that we incur to make a landfill ready to accept waste. These costs generally include expenditures for land (including the landfill footprint and required landfill buffer property); permitting; excavation; liner material and installation; landfill leachate collection systems; landfill gas collection systems; environmental monitoring equipment for groundwater and landfill gas; and directly related engineering, capitalized interest, on-site road construction and other capital infrastructure costs. The cost basis of our landfill assets also includes asset retirement costs, which represent estimates of future costs associated with landfill final capping, closure and post-closure activities. These costs are discussed below.

Final capping, closure and post-closure costs — Following is a description of our asset retirement activities and our related accounting:

- Final capping — Involves the installation of flexible membrane liners and geosynthetic clay liners, drainage and compacted soil layers and topsoil over areas of a landfill where total airspace capacity has been consumed. Final capping asset retirement obligations are recorded on a units-of-consumption basis as airspace is consumed related to the specific final capping event with a corresponding increase in the landfill asset. The final capping is accounted for as a discrete obligation and recorded as an asset and a liability based on estimates of the discounted cash flows and capacity associated with the final capping.

- Closure — Includes the construction of the final portion of methane gas collection systems (when required), demobilization and routine maintenance costs. These are costs incurred after the site ceases to accept waste, but before the landfill is certified as closed by the applicable state regulatory agency. These costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing closure activities.

- Post-closure — Involves the maintenance and monitoring of a landfill site that has been certified closed by the applicable regulatory agency. Generally, we are required to maintain and monitor landfill sites for a 30-year period. These maintenance and monitoring costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Post-closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing post-closure activities.

We develop our estimates of these obligations using input from our operations personnel, engineers and accountants. Our estimates are based on our interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value. Absent quoted market prices, the estimate of fair value is based on the best available information, including the results of present value techniques. In many cases, we contract with third parties to fulfill our obligations for final capping, closure and post closure. We use historical experience, professional engineering judgment and quoted and actual prices paid for similar work to determine the fair value of these obligations. We are required to recognize these obligations at market prices whether we plan to contract with third parties or perform the work ourselves. In those instances where we perform the work with internal resources, the incremental profit margin realized is recognized as a component of operating income when the work is performed.

Once we have determined the final capping, closure and post-closure costs, we inflate those costs to the expected time of payment and discount those expected future costs back to present value. During the three months ended March 31, 2017 we inflated these costs in current dollars until the expected time of payment using an inflation rate of 1.78%. We discounted these costs to present value using the credit-adjusted, risk-free rate effective at the time an obligation is incurred, consistent with the expected cash flow approach. Any changes in expectations that result in an upward revision to the estimated cash flows are treated as a new liability and discounted at the current rate while downward revisions are discounted at the historical weighted average rate of the recorded obligation. As a result, the credit adjusted, risk-free discount rate used to calculate the present value of an obligation is specific to each individual asset retirement obligation. The weighted average rate applicable to our long-term asset retirement obligations at March 31, 2017 is approximately 9%.

We record the estimated fair value of final capping, closure and post-closure liabilities for our landfill based on the capacity consumed through the current period. The fair value of final capping obligations is developed based on our estimates of the airspace consumed to date for the final capping. The fair value of closure and post-closure obligations is developed based on our estimates of the airspace consumed to date for the entire landfill and the expected timing of each closure and post-closure activity. Because these obligations are measured at estimated fair value using present value techniques, changes in the estimated cost or timing of future final capping, closure and post-closure activities could result in a material change in these liabilities, related assets and results of operations. We assess the appropriateness of the estimates used to develop our recorded balances annually, or more often if significant facts change.

Changes in inflation rates or the estimated costs, timing or extent of future final capping, closure and post-closure activities typically result in both (i) a current adjustment to the recorded liability and landfill asset and (ii) a change in liability and asset amounts to be recorded prospectively over either the remaining capacity of the related discrete final capping or the remaining permitted and expansion airspace (as defined below) of the landfill. Any changes related to the capitalized and future cost of the landfill assets are then recognized in accordance with our amortization policy, which would generally result in amortization expense being recognized prospectively over the remaining capacity of the final capping or the remaining permitted and expansion airspace of the landfill, as appropriate. Changes in such estimates associated with airspace that has been fully utilized result in an adjustment to the recorded liability and landfill assets with an immediate corresponding adjustment to landfill airspace amortization expense.

Interest accretion on final capping, closure and post-closure liabilities is recorded using the effective interest method and is recorded as final capping, closure and post-closure expense, which is included in "operating" expenses within our Consolidated Statements of Operations
Amortization of Landfill Assets - The amortizable basis of a landfill includes (i) amounts previously expended and capitalized; (ii) capitalized landfill final capping, closure and post-closure costs, (iii) projections of future purchase and development costs required to develop the landfill site to its remaining permitted and expansion capacity and (iv) projected asset retirement costs related to landfill final capping, closure and post-closure activities.

Amortization is recorded on a units-of-consumption basis, applying expense as a rate per ton. The rate per ton is calculated by dividing each component of the amortizable basis of a landfill by the number of tons needed to fill the corresponding asset's airspace.

- Remaining permitted airspace — Our management team, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is used to compare the existing landfill topography to the expected final landfill topography.

- Expansion airspace — We also include currently unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. First, to include airspace associated with an expansion effort, we must generally expect the initial expansion permit application to be submitted within one year and the final expansion permit to be received within five years. Second, we must believe that obtaining the expansion permit is likely, considering the following criteria:

    - Personnel are actively working on the expansion of an existing landfill, including efforts to obtain land use and local, state or provincial approvals;

    - We have a legal right to use or obtain land to be included in the expansion plan;

    - There are no significant known technical, legal, community, business, or political restrictions or similar issues that could negatively affect the success of such expansion; and

    - Financial analysis has been completed based on conceptual design, and the results demonstrate that the expansion meets the Company's criteria for investment.

For unpermitted airspace to be initially included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. Once the unpermitted airspace is included, our policy provides that airspace may continue to be included in remaining permitted and expansion airspace even if certain of these criteria are no longer met as long as we continue to believe we will ultimately obtain the permit, based on the facts and circumstances of a specific landfill.

When we include the expansion airspace in our calculations of remaining permitted and expansion airspace, we also include the projected costs for development, as well as the projected asset retirement costs related to the final capping, closure and post-closure of the expansion in the amortization basis of the landfill.

Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor ("AUF") is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys and is then adjusted to account for future settlement. The amount of settlement that is forecasted will take into account several site-specific factors including current and projected mix of waste type, initial and projected waste density, estimated number of years of life remaining, depth of underlying waste, anticipated access to moisture through precipitation or recirculation of landfill leachate, and operating practices. In addition, the initial selection of the AUF is subject to a subsequent multi-level review by our engineering group, and the AUF used is reviewed on a periodic basis and revised as necessary. Our historical experience generally indicates that the impact of settlement at a landfill is greater later in the life of the landfill when the waste placed at the landfill approaches its highest point under the permit requirements.

After determining the costs and remaining permitted and expansion capacity at each of our landfill, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for the landfill for assets associated with each final capping, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future. These rates per ton are updated annually, or more often, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that expansion capacity should no longer be considered in calculating the recoverability of a landfill asset, we may be required to recognize an asset impairment or incur significantly higher amortization expense. If at any time management makes the decision to abandon the expansion effort, the capitalized costs related to the expansion effort are expensed immediately.

As part of its acquisition of The CFS Group, the Company now owns and operates two landfills in the state of Virginia: Tri-City Regional Landfill in Petersburg, Virginia and Lunenburg Landfill in Lunenburg, Virginia. Information on both landfills has been included in the Company's tables of landfill assets and liabilities.

The Company operations related to its landfill assets and liability are presented in the tables below:

	Three Months Ended March 31, 2017
Landfill Assets	
Beginning Balance	$ 3,278,817
Assets acquired	27,566,000
Capital Additions	401,388
Amortization of landfill assets	(653,182)
Asset retirement adjustments	-
	$ 30,593,023
Landfill Asset Retirement Obligation	
Beginning Balance	$ 5,299
Liabilities assumed in acquisition	7,922,420
Interest accretion	37,601
Revisions in estimates and interest rate assumption	-
	$ 7,965,320

Revenue Recognition

The Company recognizes revenue when persuasive evidence of arrangement exists, services have been provided, the seller's price to the buyer is fixed or determinable, and collection is reasonably assured. The majority of the Company's revenues are generated from the fees charged for waste collection, transfer, disposal and recycling. The fees charged for our services are generally defined in service agreements and vary based on contract-specific terms such as frequency of service, weight, volume and the general market factors influencing a region's rate. For example, revenue typically is recognized as waste is collected, or tons are received at our landfills and transfer stations.

Deferred Revenue

The Company records deferred revenue for customers that were billed in advance of services. The balance in deferred revenue represents amounts billed in January, February and March for services that will be provided during April, May and June.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. At March 31, 2017 the Company had outstanding stock warrants and options for 3,112,871 and 12,250 common shares, respectively.

At March 31, 2017, the Company had warrants and stock options outstanding that could be converted into approximately, 3,125,000 common shares. At December 31, 2016 the Company had a series of convertible notes, warrants and stock options outstanding that could be converted into approximately, 600,000 common shares. These are not presented in the consolidated statements of operations as the effect of these shares is anti- dilutive.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718.

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also require measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the service period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

The Company recorded stock based compensation expense of approximately $27,000 and $3,500,000 during the three months ended March 31, 2017 and 2016, respectively, which is included in compensation and related expense on the statement of operations.

Recent Accounting Pronouncements

ASU 2016-09 "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The amended guidance is effective for the Company on January 1, 2017. The adoption of this amended guidance did not have a material impact on our consolidated financial statements.

ASU 2016-18 “Statement of Cash Flows” - In August 2016, the FASB issued amended authoritative guidance associated with the classification of certain cash receipts and cash payments on the statement of cash flows. The amended guidance addresses specific cash flow issues with the objective of reducing existing diversity in practice. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on our consolidated financial statements.

ASU 2014-09 “Revenue Recognition” - In May 2014, the FASB issued amended authoritative guidance associated with revenue recognition. The amended guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the amendments will require enhanced qualitative and quantitative disclosures regarding customer contracts. The amended guidance associated with revenue recognition is effective for the Company on January 1, 2018. The amended guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the amended guidance recognized at the date of initial adoption.

Based on our work to date to assess the impact of this standard, we believe we have identified all material contract types and costs that may be impacted by this amended guidance related to the midwest segment. We are actively reviewing the material contract types and costs of the newly acquired Mid-Atlantic Segment (CFS Acquisition). We expect to quantify and disclose the expected impact, if any, of adopting this amended guidance in the third quarter Form 10-Q. While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on operating revenues.

ASU 2017-01 “Business Combinations” – In January 2017, the FASB issued amended authoritative guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this standard provide a screen to determine when a set of inputs and processes are not a business. The screen requires that when substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the amendments in this standard require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. This guidance will become effective for the Company on January 1, 2018. While we are still evaluating the impact of this amended guidance, its impact will be limited to the evaluation of future acquisitions post effectiveness of this standard and will not have an effect on the current financial statements and acquisitions.

NOTE 3 – ACQUISITIONS

The CFS Group Acquisition

On February 15, 2017, the Company, in order to expand its geographical footprint to new markets outside of the state of Missouri, acquired 100% of the membership interests of The CFS Group, LLC, The CFS Group Disposal & Recycling Services, LLC and RWG5, LLC ("The CFS Group") pursuant to that certain Membership Interest Purchase Agreement, dated February 15, 2017. This acquisition was consummated to define the Company's growth strategy of targeting and expanding within vertically integrated markets and serve as a platform for further growth.

The acquisition was accounted for by the Company using acquisition method under business combination accounting. Under this method, the purchase price paid by the acquirer is allocated to the assets acquired and liabilities assumed as of the acquisition date based on the fair value. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. Certain amounts below are provisional based on our best estimates using information available as of the reporting date. The Company is waiting for information to become available to finalize its valuation of certain elements of this transaction. Specifically, the assigned values for property, plant and equipment, trade names and trademarks, landfill permits, customer relationships, capital leases payable, mortgage payable, asset retirement obligations and goodwill are provisional in nature and subject to change upon the completion of the final valuation of such elements. All fair value measurements of acquired assets and liabilities assumed are non-recurring in nature and classified as level 3 on the fair value hierarchy.

The aggregate purchase price consisted of the following:

Cash consideration	$ 3,933,000
Cash consideration funded through debt issuance	34,100,000
Restricted stock consideration	1,390,000
Total	$ 39,423,000

Goldman Sachs was a lender to both the Company and CFS at the time of the acquisition. Goldman Sachs novated this debt from CFS to the Company as part of the acquisition. See note 6.

As noted in the table above, the Company issued 500,000 restricted shares of common stock as consideration which was valued at market at the date of the closing, fair value of approximately $1,390,000.

The following table summarizes the estimated fair value of The CFS Group assets acquired and liabilities assumed at the date of acquisition:

Accounts receivable	2,793,000
Prepaid expenses and other current assets	845,000
Property, plant and equipment (provisional)	14,179,000
Trade names and trademarks (provisional)	780,000
Landfill permits (provisional)	27,566,000
Customer relationships (provisional)	560,000
Accounts payable and accrued liabilities	(2,654,000)
Capital leases payable (provisional)	(6,896,000)
Mortgage payable (provisional)	(1,429,000)
Asset retirement obligations (provisional)	(7,904,000)
Non-controlling interest (provisional)	(71,000)
Goodwill (provisional)	11,654,000
Total	$ 39,423,000

Revenue and net loss included in the three months ended March 31, 2017 financial statements attributable to the CFS Group is $2,725,000 and $966,000, respectively. Transaction costs related to this acquisition were approximately $207,000 and were expensed within selling, general, and administrative expense on the consolidated statement of operations.

The following unaudited pro forma information below presents the consolidated results operations data as if the acquisition of the CFS Group took place on January 1, 2016:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Total Revenue	$ 13,361,038	$ 12,501,682
Net Loss	$ (5,889,139)	$ (7,036,425)
Basic Net Loss Per Share	$ (1.14)	$ (6.49)

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant, and equipment—at cost, less accumulated depreciation:

	March 31, 2017	December 31, 2016
Land	$ 3,294,000	$ 1,550,000
Buildings & Building Improvements	1,492,072	777,822
Furniture & office equipment	535,378	406,419
Containers	9,544,706	5,969,677
Trucks, Machinery, & Equipment	23,380,966	14,190,871
Total cost	38,247,122	22,894,789
Less accumulated depreciation	(7,466,518)	(6,097,774)
Net property and Equipment	$ 30,780,604	$ 16,797,015

As of March 31, 2017, the Company has $395,000 of land and building which are held for sale and included in amounts noted above. These amounts are included in our midwest segment. These held for sale assets were not depreciated during the three months ended March 31, 2017. Depreciation expense for the three months ended March 31, 2017 and 2016 was approximately $1,385,000 and $780,000, respectively.

NOTE 5 – INTANGIBLE ASSETS

At March 31, 2017, customer lists include the intangible assets related to customer relationships acquired through the acquisition of Christian Disposal, Eagle Ridge and the CFS Group. The customer list intangible assets are amortized over their useful life which range from 5 to 20 years. Amortization expense, excluding amortization of landfill assets of approximately $166,000 and $52,000, amounted to approximately $875,000 and $875,000 for the three months ended March 31, 2017 and 2016, respectively.

The following tables set forth the intangible assets, both acquired and developed, including accumulated amortization as of March 31, 2017:

	March 31, 2017			
	Remaining Useful Life	Cost	Accumulated Amortization	Net Carrying Value
Customer lists	9.55 years	$ 23,433,452	$ 9,247,698	$ 14,185,754
Non-compete agreement	2.95 years	206,000	101,620	104,380
Website	3.75 years	44,619	6,496	38,123
		$ 23,684,071	$ 9,355,814	$ 14,328,257

NOTE 6 – NOTES PAYABLE AND CONVERTIBLE NOTES

The Company had the following long-term debt:

	March 31, 2017	December 31, 2016
Goldman Sachs - Tranche A Term Loan - LIBOR Interest on loan date plus 8%, 9% at March 31, 2017	$ 65,500,000	$ 40,000,000
Goldman Sachs – Revolver- LIBOR Interest on loan date plus 8%, 9.338% at March 31, 2017	4,864,212	3,195,000
Goldman Sachs – Tranche B Term Loan - Interest 11% annually	8,600,000	-
Convertible Notes Payable	-	1,250,000
Mortgage note payable to a bank, secured by real estate and guarantee of Company, bearing interest at 4.6%, due in monthly installments of $9,934, maturing May 2020	1,295,427	-
Notes payable, secured by equipment, bearing interest at 0%, due in monthly installments of approximately $8,000 through October 2016, then approximately $4,600 monthly thereafter until March 2019	109,294	-
Equipment loans	203,447	282,791
Notes payable to seller of Meridian, subordinated debt	1,475,000	1,475,000
Less: debt issuance cost/fees	(2,166,789)	(1,195,797)
Less: debt discount	(1,719,365)	(1,810,881)
Total debt	78,161,226	43,196,113
Less: current portion	(250,752)	(1,385,380)
Long term debt less current portion	$ 77,910,474	$ 41,810,733

Goldman Sachs Credit Agreement

On February 15, 2017, the Company closed an Amended and Restated Credit and Guaranty Agreement (the " Credit Agreement"). The Credit Agreement amended and restated the Credit and Guaranty Agreement entered into as of December 22, 2015 "Prior Credit Agreement").

Pursuant to the Credit Agreement, certain credit facilities to the Companies, in an aggregate amount not to exceed $89,100,000, consisting of $65,500,000 aggregate principal amount of Tranche A Term Loans (the " Tranche A Term Loans "), $8,600,000 aggregate principal amount of Tranche B Term Loans (the "Tranche B Term Loans"), $10,000,000 aggregate principal amount of MDTL Term Loans (the "MDTL Term Loans"), and up to $5,000,000 aggregate principal amount of Revolving Commitments (the "Revolving Commitments"). The principal amount of the Tranche A Term Loans in the Credit Agreement is $25,500,000 greater than the principal amount provided in the Prior Credit Agreement; the Tranche B Term Loans were not contemplated in the Prior Credit Agreement; and the principal amount of the MDTL Term Loans and Revolving Credit Agreements in the Credit Agreement are the same as provided in the Prior Credit Agreement. The proceeds of the Tranche A Term Loans made on the Closing Date were used to pay a portion of the purchase price for the acquisitions made in connection with the closing of the Prior Credit Agreement, to refinance existing indebtedness, to fund consolidated capital expenditures, and for other purposes permitted. The proceeds of the Tranche A Term Loans and Tranche B Term Loans made on the Restatement Date shall be applied by Companies to (i) partially fund the Restatement Date Acquisition, (ii) refinance existing indebtedness of the Companies, (iii) pay fees and expenses in connection with the transactions contemplated by the Credit Agreement, and (iv) for working capital and other general corporate purposes.

The proceeds of the Revolving Loans will be used for working capital and general corporate purposes. The proceeds of the MDTL Term Loans may be used for Permitted Acquisitions (as defined in the Credit Agreement). The Loans are evidenced, respectively, by that certain Tranche A Term Loan Note, Tranche B Term Loan Note, MDTL Note and Revolving Loan Note, all issued on February 15, 2017 (collectively, the "Notes"). Payment obligations under the Loans are subject to certain prepayment premiums, in addition to acceleration upon the occurrence of events of default under the Credit Agreement.

The amounts borrowed pursuant to the Loans are secured by a first position security interest in substantially all of the Company's and subsidiaries assets.

In December of 2015 the Company incurred $1,446,515 of issuance cost related to obtaining the notes. In February 2017, the Company incurred an additional $1,057,950 of issuance costs related to the amendment and restatement of these notes. These costs are being amortized over the life of the notes using the effective interest rate method. At March 31, 2017 and December 31, 2016, the unamortized balance of the costs was $2,166,789 and $1,195,797, respectively.

As of March 31, 2017 the Company is in compliance with all of its financial covenants related to the Credit agreement.

In addition, in connection with the prior credit agreement, the Company issued warrants to Goldman, Sachs & Co. ("GS") for the purchase of shares of the Company equal to 6.5% of the total common stock outstanding and common stock equivalents at a purchase price equal to $449,553, exercisable on or before December 22, 2023. The warrants grant the holder certain other rights, including registration rights, preemptive rights for certain capital raises, board observation rights and indemnification.

Due to the put feature contained in the agreement, the warrant was recorded as a derivative liability at December 31, 2016.

In January of 2017, the Company entered into an Amended and Restated Warrant Cancellation and Stock Issuance Agreement (the "Warrant Cancellation Agreement"). Pursuant to the Warrant Cancellation Agreement, upon the closing of a "Qualified Offering" as defined in the Warrant Cancellation Agreement, the Amended and Restated Warrant was cancelled and the Company issued to GS restricted shares of common stock in the amount equal to a 6.5% ownership interest in the Company calculated on a fully-diluted basis, which includes the shares of common stock issued pursuant to this offering, but excludes all warrants issued pursuant to such Qualified Offering and all shares underlying such warrants, pursuant to the terms and conditions of the Warrant Cancellation Agreement. A "Qualified Offering" is defined as an underwritten offering by the Company pursuant to which (1) the Company receives aggregate gross proceeds of at least $10,000,000 and (2) the Common Stock becomes listed on The Nasdaq Capital Market, or the New York Stock Exchange. As a result the Company issued GS 421,326 shares of common stock, with a fair value of $1,243,000 on January 30, 2017 for the warrant cancellation. The warrant liability fair value and carrying value at January 30, 2017 was $960,000 accordingly a loss on extinguishment of liability of $283,000 was recognized. Pursuant to the Warrant Cancellation Agreement, GS entered into a lock-up agreement, prohibiting the offer for sale, issue, sale, contract for sale, pledge or other disposition of any of the Company's common stock or securities convertible into common stock for a period of 180 days after the date of the Qualified Offering, and no registration statement for any of our common stock owned by GS can be filed during such lock-up period.

The liability is revalued at each reporting period and changes in fair value are recognized currently in the consolidated statement of operations. Upon the initial recording of the derivative warrant at fair value the instrument was bifurcated and the Company recorded a debt discount of $2,160,000. This debt discount is being amortized as interest expense using the effective interest rate method over the life of the note, which is 5 years. At March 31, 2017 and December 31, 2016 the balance of the debt discount is $1,719,365 and $1,810,881, respectively.

The key inputs used in the March 31, 2016, December 31, 2016 and January 30, 2017 fair value calculations were as follows:

	January 30, 2017	**December 31, 2016**	**March 31, 2016**
Purchase Price	$ 450,000	$ 450,000	$ 450,000
Time to expiration	12/22/2023	12/22/2023	12/23/2023
Risk-free interest rate	1.41%	1.42%	1.60%
Estimated volatility	60%	60%	45%
Dividend	0%	0%	0%
Stock price	$ 2.95	$ 10.34	$ 36.00
Expected forfeiture rate	0%	0%	0%

The change in the market value for the period ending March 31, 2017 is as follows:

Fair value of warrants @ December 31, 2016	$ 1,250,000
Unrealized gain on derivative liability	(290,000)
Extinguishment of warrant liability	(960,000)
Fair value of warrants @ March 31, 2017	$ -

The change in the market value for the period ending March 31, 2016 was as follows:

Fair value of warrants @ December 31, 2015	$ 2,820,000
Unrealized gain on derivative liability	(180,000)
Fair value of warrants @ March 31, 2016	$ 2,640,000

Convertible Notes Payable

In 2015, as part of the purchase price consideration of the Christian Disposal acquisition, the Company issued a convertible promissory note to the seller in the amount of $1,250,000. The note bears interest at 8% and matures on December 31, 2020. The seller may convert all or any part of the outstanding and unpaid amount of this note into fully paid and non-assessable common stock in accordance with the agreement. The conversion price shall equal the volume weighted average prices of the Company's common stock in the 10 trading days immediately prior to the date upon which the note is converted.

In February of 2017 the convertible promissory note issued to the seller of Christian Disposal was paid in full, including all accrued interest.

Notes Payable, related parties

At December 31, 2014 the Company had a short term, non-interest bearing note payable of $150,000 which was incurred in connection with the Membership Interest Purchase Agreement. The Company also had a loan from Here to Serve Holding Corp. due to expenses paid by Here to Serve on behalf of the Company prior to the recapitalization. This loan totaled $376,585 bringing total notes payable to $526,585. In 2015, the short term, non-interest bearing note was paid off, and at December 31, 2016, the Company's loan from Here to Serve Holding Corp. was $359,891, and is included in current liabilities on the consolidated balance sheet. Also included in current liabilities on the consolidated balance sheet is a short-term loan received from an officer of the Company in December 2016 of $250,000. This loan was paid back, by the Company, in full, including interest of $20,000 on January 30, 2017. Also in February of 2017 the Company paid back $3,000 to Here to Serve Holding Corp, which reduced the loan to $356,891, and is included in current liabilities on the condensed consolidated balance sheet.

Total interest expense for the three months ended March 31, 2017 and March 31, 2016 was approximately $1,695,000 and $1,659,000, respectively. Amortization of debt discount was approximately $90,000 and $100,000, respectively. Amortization of capitalized loan fees was approximately $60,000 and $54,000, respectively. Interest expense on debt was approximately $1,545,000 and $1,500,000, respectively.

NOTE 7 – SHAREHOLDERS' EQUITY

Preferred Stock

The Company has authorized 5,000,000 shares of Preferred Stock, for which three classes have been designated to date. Series A has 51 and 51 shares issued and outstanding, Series B has 0 and 0 shares issued and outstanding and series C has 0 and 35,750 shares issued and outstanding, as of March 31, 2017 and December 31, 2016, respectively.

Each share of Series A Preferred Stock has no conversion rights, is senior to any other class or series of capital stock of the Company and has special voting rights. Each one (1) share of Series A Preferred Stock shall have voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator.

Series C

The Company has authorized for issuance up to 67,361 shares of Series C Preferred Stock ("Series C"). Each share of Series C: (a) has a stated value of equal to $100 per share; (b) has a par value of $0.001 per share; (c) accrues fixed rate dividends at a rate of eight percent per annum; (d) are convertible at the option of the holder into 89.28 shares of common Stock (conversion price of $22.40 per share based off stated value of $100); (e) votes on an 'as converted' basis; (f) has a liquidation privileges of $22.40 per share; and (g) expire 15 months after issuance.

Further, in the event of a Qualified Offering, the shares of Series C Preferred Stock will be automatically converted at the lower of $22.40 per share or the per share price that reflects a 20% discount to the price of the Common Stock pursuant to such Qualified Offering. A "Qualified Offering" is defined as an underwritten offering by the Company pursuant to which (1) the Company receives aggregate gross proceeds of at least $20,000,000 in consideration of the purchase of shares of Common Stock or (2) (a) the Company receives aggregate gross proceeds of at least $15,000,000 amended to reflect gross proceeds of at least $12,000,000, in consideration of the purchase of shares of Common Stock and (b) the Common Stock becomes listed on The Nasdaq Capital Market, the New York Stock Exchange, or the NYSE MKT.

In addition, if after six months from the date of the issuance until the expiration date, the holder voluntarily converts a Series C security to common stock and sells such common stock for total proceeds that do not equal or exceed such holder's purchase price, the Company is obligated to issue additional shares of common stock in an amount sufficient such that, when sold and the net proceeds are added to the net proceeds of the initial sale, the holder shall have received funds equal to that of the holder's initial purchase price ("Shortfall Provision").

The Company evaluated the Series C in accordance with ASC 815 – Derivatives and Hedging, to discern whether any feature(s) required bifurcation and derivative accounting. The Company noted the Shortfall Provision has variable settlement based upon an item (initial purchase price) that is not an input into a fixed for fixed price model, thus such provision is not considered indexed to the Company's stock. Accordingly, the Shortfall Provision was bifurcated and accounted for as a derivative liability.

Between July 21, 2016 and August 26, 2016, the Company sold 12,750 shares of Series C for gross proceeds of $1.275 million. These proceeds were allocated between the Shortfall Provision derivative liability ($310,000) and the host Series C instrument ($965,000). After such allocation, the Company noted that the Series C had a beneficial conversion feature of $265,000 which was recognized as a deemed dividend.

On August 26, 2016, the Company issued 23,000 shares of Series C to repurchase the 2,053,573 shares of common stock and related top off provision derivative issued in June 2016. Given the transaction was predominantly the repurchase of common stock that was immediately retired, the Company accounted for this as a treasury stock transaction. The Series C was recorded at a fair value of $2.3 million ($620,000 of which was allocated to the Shortfall Provision), the top off provision (which was $246,000 at the time of exchange) was written off, and a beneficial conversion feature of $373,000 was recognized immediately as a deemed dividend.

Preferred Series C conversion

On January 30, 2017, a Qualified Offering occurred and accordingly at such time all 35,750 shares of Preferred Series C were converted into 1,082,022 shares of common stock. The shares were converted according to the terms in the original agreement at a 20% discount to the public offering price per unit of $4.13 which was $3.30.

The automatic conversion resulted in the extinguishment of the shortfall derivative liability resulting in a gain on the extinguishment of liabilities of approximately $2,937,000. In addition, in accordance with ASC 470, the Company recognized a deemed dividend of approximately $2,100,000 upon conversion which represented the unamortized discount on the Series C that resulted from the beneficial conversion feature

Derivative Footnote

As noted above, the Series C included a Shortfall Provision that required bifurcation and to be accounted for as a derivative liability (until the Series C was converted). Upon the execution of the automatic conversion feature, the Shortfall Provision was no longer in effect and the associated derivative liability was extinguished resulting in a gain on extinguishment of liability. The fair value of the Shortfall Provision was calculated using a Monte Carlo simulated put option Black Scholes Merton Model. The cumulative fair values at respective date of issuances and extinguishment were $930,000 and $2.9 million, respectively. The key assumptions used in the model at inception and at January 30, 2017 (extinguishment) are as follows:

	Inception	**1/30/2017**
Stock Price	$0.00 - $60.00	$0.00 - $6.20
Exercise Price	$22.40	$22.40
Term	.5 years	0.72 to 0.83 years
Risk Free Interest Rate	.39% - .47%	0.81%
Volatility	60%	60%
Dividend Rate	0%	0%

The roll forward of the Shortfall Provision derivative liability is as follows

Balance – December 31, 2016	$ 2,093,623
Fair Value Adjustment	844,112
Extinguishment of Liability	(2,937,735)
Balance – March 31, 2017	$ -

Common Stock Transactions

During the three months ended March 31, 2017, the Company issued 5,222,134 shares of common stock. The fair values of the shares of common stock were based on the quoted trading price on the date of issuance. Of the 5,222,134 shares issued during the three months ended March 31, 2017, the Company:

1. Issued 421,326 of these shares to Goldman Sachs as a result of their warrant agreement see note 6 Notes Payable and Convertible Notes;

2. Issued 212,654 of these shares to an officer, see note 13 Equity and Incentive Plans;

3. Issued 3,000,000 of these shares as part of the January 2017 offering, see below "Underwriting Agreement;"

4 Issued 1,082,022 of these shares due to the conversion of Series C preferred stock, see above "Preferred Series C conversion;"

5. Issued 500,000 of restricted shares to Waste Services Industries, LLC, as a result of the CFS Group Acquisition, see note 3;

6. Issued 6,132 of these shares to the outside members of our Board of Directors for services for a total expense of $22,500.

Underwriting Agreement

On January 24, 2017, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Joseph Gunnar & Co., LLC, as representative of the several underwriters listed therein (the "Underwriters"), with respect to the issuance and sale in an underwritten public offering (the "Offering") by the Company of an aggregate 3,000,000 shares of the Company's common stock, par value $0.025 per share ("Shares") and warrants to purchase up to an aggregate of 3,000,000 shares of common stock (the "Warrants"), at a combined public offering price of $4.13 per unit comprised of one Share and one Warrant. The Offering closed on January 30, 2017, upon satisfaction of customary closing conditions. The Company received approximately $11,000,000 in net proceeds from the Offering after deducting the underwriting discount and other estimated offering expenses payable by the Company.

Warrants

The 3,000,000 warrants issued in the Offering are exercisable for five years from issuance and have an exercise price equal to $5.16. The Warrants are listed on The Nasdaq Capital Market under the symbol "MRDNW."

In addition, pursuant to the underwriting agreement, the Company granted the underwriters a 45-day option to purchase up to an additional 450,000 shares and/or 450,000 warrants. The underwriters elected to purchase 112,871 warrants under this option for net proceeds of approximately $1,200.

A summary of the status of the Company's outstanding stock warrants for the period ended March 31, 2017 is as follows:

	Number of Shares	Average Exercise Price	If exercised	Expiration Date
Outstanding - December 31, 2016	148,777	$ 3.02		
Granted	3,112,871	5.16		January 31, 2022
Exercised	148,777			
Outstanding, March 31, 2017	3,112,871	$ 5.16		
Warrants exercisable at March 31, 2017	3,112,871			

Stock Options

A summary of the Company's stock options as of and for the three months ended March 31, 2017 are as follows:

	Number of Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (1)
Outstanding at December 31, 2016	12,250	$ 19.35	$ 4.78	4.84	-
For the three months ended March 31, 2017					
Granted	-	-	-	-	
Exercised	-	-	-	-	
Expired	-	-	-	-	
Outstanding at March 31, 2017	12,250	$ 19.35	$ 4.78	4.59	-
Outstanding and Exercisable at March 31, 2017	1,701	$ 19.35	$ 4.78	4.59	-

(1) The aggregate intrinsic value is based on the $3.89 closing price as of March 31, 2017 for the Company's Common Stock.

The following information applies to options outstanding at March 31, 2017:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Underlying Options	Weighted Average Remaining Contractual Life	Number Exercisable	Exercise Price
$12.00	1,000	4.59	139	$ 12.00
$20.00	11,250	4.59	1,562	$ 20.00
	12,250	4.59	1,701	

At March 31, 2017 there was $50,375 of unrecognized compensation cost related to stock options, with expense expected to be recognized ratably over the next 3 years.

NOTE 8 – FAIR VALUE MEASUREMENT

ASC Topic 820 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data and requires disclosures for assets and liabilities measured at fair value based on their level in the hierarchy. Also, ASC Topic 820 provides clarification that in circumstances, in which a quoted price in an active market for the identical liabilities is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update.

The standard describes a fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted prices in active markets for identical assets and liabilities.
Level 2 - Input other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets of liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.
Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company had no instruments recorded on the March 31, 2017 balance sheet that are measured at fair value on a recurring basis.

The following table sets forth the liabilities at December 31, 2016 which were recorded on the balance sheet at fair value on a recurring basis by level within the fair value hierarchy. As required, these are classified based on the lowest level of input that is significant to the fair value measurement:

		Fair Value Measurements at Reporting Date Using		
	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability – stock warrants	$ 1,250,000	-	-	$ 1,250,000
Derivative liability – Series C Preferred Stock	2,093,623	-	-	2,093,623
	$ 3,343,623	-	-	$ 3,343,623

NOTE 9 – LEASES

The Company is obligated under capital leases for buildings and vehicles that expire at various dates through 2043. Property and equipment and related accumulated amortization recorded under capital leases consists of the following:

March 31,	**2017**
Gross asset value	**$ 5,028,147**
Less accumulated amortization	**(86,252)**
Net book value	**$ 4,941,895**

Amortization expense of approximately $86,000 for assets held under capital lease obligations is included in depreciation and amortization for the quarter ended March 31, 2017.

Future minimum capital lease payments were as follows at March 31, 2017:

March 31, 2018	$ 887,428
March 31, 2019	855,694
March 31, 2020	847,522
March 31, 2021	822,180
March 31, 2022	822,368
Thereafter	6,804,627
Total payments	11,039,819
Less interest	(3,993,603)
	7,046,216
Less current	(534,901)
	$ 6,511,315

NOTE 10 – DEFINED CONTRIBUTION 401(k) PLANS

The Company implemented a 401(k) plan in October of 2016. Eligible employees contribute to the 401(k) plan. Employees become eligible after attaining age 21 and after 3 months of employment with the Company. The employee may become a participant of the 401(k) plan on the first day of the month following the completion of the eligibility requirements. Effective October 2016 the Company implemented a discretionary employer match to the plan (the "Contribution"). The Contributions are subject to a vesting schedule and become fully vested after one year of service, retirement, death or disability, whichever occurs first. The Company made contributions of $0 for the three months ended March 31, 2017 and 2016.

One of the Company's wholly owned subsidiary also sponsors a 401(k) employee savings plan. The plan allows eligible employees to contribute a portion of their compensation on a pretax basis through plan contributions. CFS matches 4% of eligible compensation. Total contributions to this plan were $12,000 for the three months ended March 31, 2017.

NOTE 11 – BONDING

For the three months ended March 31, 2017, the Company had approximately $136,000 of expenses related to this performance bond and for the three months ended March 31, 2016, the Company had approximately $29,000 of expenses related to this performance bond.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Landfill Host Agreements

The Company has host agreements with the City of Petersburg (the "City") and the County of Lunenburg (the "County"), collectively (the "Municipalities") related to the operation of its landfills.

Key aspects of the agreements include the following:

- The Company is required to pay the Municipalities a host fee of $1 per ton for each ton of waste disposed of in its landfills or its transfer station, regardless of where the waste is actually deposited, The host fee related for the Lunenburg Landfill is guaranteed to be at least $150,000 per year to the County for the life of the agreement whether or not such volume has been received in the landfill.

- As part of the host agreement, The CFS Group has also agreed to accept municipal solid waste generated by the Municipalities themselves and by curbside collection within the Municipalities.

- The Company is also required to pay the Municipalities fifty percent of all net revenues generated from the sale of recyclable materials and methane gas from the landfills.

- The Company is required to reimburse each Municipality up to a maximum of $55,000 per year to defray costs and expenses of employing a landfill liaison.

- The Company is required to make an annual contribution of $50,000 each Municipality to be used for a specific expenditure to be jointly agreed upon on an annual basis.

- If the Tri-City Regional Landfill is sold to an entity not affiliated with The CFS Group at any time before August 31, 2019, the Company is required to remit 5% of the sales price to the City, and any purchaser must also agree to be bound under the terms of the host agreement.

In addition, the Company is required to maintain a Performance Bond as approved by Lunenburg County which would be used to pay for mitigation and remediation as may be necessary as a result of the operation of the Lunenburg landfill. As an alternative to the Performance Bond, the County has permitted the Company to establish a cash Mitigation Fund. The Company is required to deposit $50,000 per year into the Mitigation Fund until the fund reaches $1,500,000.

Environmental Risks

We are subject to liability for environmental damage that our solid waste facilities may cause, including damage to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, including damage resulting from conditions existing prior to the acquisition of such facilities. Pollutants or hazardous substances whose transportation, treatment or disposal was arranged by us or our predecessors, may also subject us to liability for any off-site environmental contamination caused by these pollutants or hazardous substances.

Any substantial liability for environmental damage incurred by us could have a material adverse effect on our financial condition, results of operations or cash flows. As of the date of these condensed consolidated financial statements, we estimate the range of reasonably possible losses related to environmental matters to be insignificant and are not aware of any such environmental liabilities that would be material to our operations or financial condition.

General Legal Proceedings

The Company evaluates potential loss contingencies in accordance with ASC 450 – Contingencies ("ASC 450"). ASC 450 requires the Company to evaluate the likeliness of material loss to determine whether any specific accounting or disclosure is required. If the likelihood of loss is deemed probable and the cost is estimable, the Company accrues the estimated loss in its financial statements and discloses the nature of the matter. If the probable loss cannot be estimated, the Company discloses the nature of the matter noting the likelihood of loss. If the likelihood of loss is deemed reasonably possible, the Company will disclose such matter including an estimate of loss if the loss is estimable. If the loss is not estimable, such fact will be disclosed. If the likelihood of loss is considered remote, no accrual or disclosure is made.

In the normal course of our business and as a result of the extensive governmental regulation of the solid waste industry, we may periodically become subject to various judicial and administrative proceedings involving federal, state or local agencies. In these proceedings, an agency may seek to impose fines on us or revoke or deny renewal of an operating permit or license that is required for our operations. From time to time, we may also be subject to actions brought by adjacent landowners or residents in connection with the permitting and licensing of transfer stations and landfills or allegations related to environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we may become party to various claims and suits for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of a waste management business. No provision has been made in the condensed consolidated financial statements for such matters. We do not currently believe that the possible losses in respect of outstanding litigation matters would have a material adverse impact on our business, financial condition, results of operations or cash flows.

NOTE 13 – EQUITY AND INCENTIVE PLANS

Effective March 10, 2016, the Board of Directors (the "Board") of the Company approved, authorized and adopted the 2016 Equity and Incentive Plan (the "Plan") and certain forms of ancillary agreements to be used in connection with the issuance of stock and/or options pursuant to the Plan (the "Plan Agreements"). The Plan provides for the issuance of up to 375,000 shares of common stock, par value $.025 per share (the "Common Stock"), of the Company through the grant of nonqualified options (the "Non-qualified options"), incentive options (the "Incentive Options" and together with the Non-qualified Options, the "Options") and restricted stock (the "Restricted Stock") to directors, officers, consultants, attorneys, advisors and employees.

On March 11, 2016, the Company entered into a restricted stock agreement with Mr. Jeff Cosman, CEO, (the "Cosman Restricted Stock Agreement"), pursuant to which 212,654 shares of the Company's common stock, subject to certain restrictions set forth in the Cosman Restricted Stock Agreement, were issued to Mr. Cosman pursuant to the Cosman Employment Agreement and the Plan.

The entire 212,654 shares fully cliff vested on January 1, 2017. The expense related to this award totaled $2,764,502 which was recognized ratably over the service period through December 31, 2016. Accordingly the stock based compensation related to this award for the three months ended March 31, 2017 was nil.

The restricted stock roll forward is as follows:

	Shares	Fair Value
Unvested Restricted Stock balance, December 31, 2016	212,654	$ 13.00
Vested	(212,654)	$ 13.00
Unvested, March 31, 2017	-	$ -

Unrecognized compensation cost at March 31, 2017 was nil.

NOTE 14 – VARIABLE INTEREST ENTITY

The CFS Group owns 20% of the Tri-City Recycling Center, ("TCR"), which has been treated as a variable interest entity in these condensed consolidated financial statements. TCR leases a facility to the Company used in the operation of the Tri-City Regional Landfill in Petersburg. The sole source of TCR's revenues is lease payments from the Company. While the creditors of TCR do not have general recourse to the assets of the Company, there is an obligation to perform by the Company under the leases which collateralize mortgage obligations. The terms of the lease are for a period of 20 years with a 10 year renewal option. The lease includes an annual escalation in rent payments of 1.5%. The equity, income and any contributions or distributions of equity are reported under non-controlling interest in the combined and consolidated financial statements of the Company. Total assets, liabilities, income and expenses of TCR in the condensed consolidated financial statements at March 31, 2017 are $1,461,000, $1,295,000, $71,000 and $31,000, respectively.

At March 31, 2017, total liabilities include the mortgage obligations of TCR in the aggregate of approximately $1,295,000, collateralized by the net book value of the facilities under lease by the Company of approximately $1,447,000.

NOTE 15 – SEGMENT AND RELATED INFORMATION

Historically, the Company had one operating segment. However, with the acquisition of The Mid-Atlantic segment during the three months ended March 31, 2017, the Company's operations are now managed through two operating segments: Mid-Atlantic and Midwest regions. These two operating segments and corporate are presented below as its reportable segments. The historical results, discussion and presentation of the Company's reportable segments are the result of its integrated waste management services consisting of collection, transfer, recycling and disposal of non-hazardous solid waste. Summarized financial information concerning our reportable segments for the three months ended March 31, 2017 is shown in the following table:

	Service Revenues	Net Income (loss)	Depreciation and Amortization	Capital Expenditures	Total Assets
Mid-Atlantic	$ 2,725,000	$ (966,000)	$ 937,000	$ 500,000	$ 58,800,000
Midwest	8,180,000	(585,000)	2,042,000	900,000	47,900,000
Corporate	-	(1,472,000)	20,000	-	1,000,000
Total	$ 10,905,000	$ (3,023,000)	$ 2,999,000	$ 1,400,000	$ 107,700,000

NOTE 16 – SUBSEQUENT EVENTS

On April 21, 2017, the Company entered into a share exchange agreement (the "Share Exchange Agreement") with Mobile Science Technologies, Inc., a Georgia corporation ("MSTI") and its shareholders. Pursuant to the Share Exchange Agreement, the Company purchased 28,333,333 shares of MSTI in exchange for 1,083,017 shares of the Company's common stock (the "Purchase Shares"), valued at $2.90 per share, to be paid to MSTI selling shareholders (the "MSTI Selling Shareholders"). In accordance with the payment schedule contained in the Share Exchange Agreement, 403,864 of the Purchase Shares were issued as of the closing date, with the remaining 679,153 Purchase Shares to be issued upon certain milestones; however, if the milestones are not attained, such Purchase Shares will be issued on April 21, 2018. The Selling Shareholders included Walter H. Hall, Jr., the Company's President, Chief Operating Officer and a director, and four limited liability companies managed by Jeffrey Cosman, the Company's Chief Executive Officer and Chairman. Upon closing of the Share Exchange Agreement, the Company assumed all financial and contractual obligations of MSTI incurred both prior to and after the closing. Prior to its entering into the Share Exchange Agreement, the Company owned 5,000,000 shares of MSTI, or 15% of the issued and outstanding stock of MSTI; as a result of the closing of the Share Exchange Agreement the Company became the owner of 100% of the shares of MSTI.

Prior to the approval of the Share Exchange Agreement by the Company's Board of Directors and prior to the Company's entry into the Share Exchange Agreement, the Company obtained a fairness opinion from a third party investment bank opining that the consideration to be paid by the Company in the Share Exchange Agreement is fair from a financial point of view.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We intend for this discussion to provide information that will assist in understanding our condensed consolidated financial statements, the changes in certain key items in those condensed consolidated financial statements, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our condensed consolidated financial statements. This discussion should be read in conjunction with our consolidated financial statements and accompanying notes for the three months ended March 31, 2017, included elsewhere in this report.

Plan of Operation

The platform operation of the Company is our subsidiary Here To Serve Missouri Waste Division, LLC ("HTS Waste"). HTS Waste is in the business of non-hazardous solid waste collection. Our revenue is generated primarily by collection services provided to residential customers, as well as commercial and temporary roll-off customers. The Company's agreement with Goldman Sachs Specialty Lending Group, has allowed the Company to focus on pursuing waste solutions opportunities in the Midwest, in order to differentiate itself from its larger competitors. With respect to our platform operation in St. Louis, the Company is focused on building in and around this initial marketplace. We are continuing to evaluate our infrastructure needs, placing importance on revenue and cash-flow growth. The Company is specifically focused on bidding for municipal contracts in the St. Louis market, as well as acquisitions throughout the Midwest to drive this plan. The Company plans to remain vigilant in identifying the many solutions in the waste industry and adapting to the changing landscape in order to maximize the returns of its capital in the marketplace. The Company has executed its first step with its agreement with Goldman Sachs Specialty Lending Group to build the capital structure needed to execute its forward strategy.

The CFS Group, LLC; The CFS Disposal & Recycling Services, LLC; RWG5, LLC

On February 15, 2017, the Company consummated the closing of the Membership Interest Purchase Agreement by and between the Company and Waste Services Industries, LLC, pursuant to which the Company purchased from Waste Services Industries, LLC 100% of the membership interests of The CFS Group, LLC, The CFS Disposal & Recycling Services, LLC, RWG5, LLC (collectively, the "CFS Companies"), in exchange for the following: (i) $40,000,000 in cash and assumption of certain capital leases, subject to a working capital adjustment in accordance with Section 2.6 of the such purchase agreement and (ii) 500,000 shares of the Company's common stock.

Collectively, the CFS Companies are non-hazardous solid waste management companies providing collection and transfer services for more than 30,000 commercial, industrial and residential customers in Virginia, with main facilities in Petersburg, Virginia and satellite facilities in Lunenberg, Virginia and Prince George, Virginia. Along with collection operations in Petersburg, the CFS Companies operate a transfer station, in Lunenberg, and own two landfills, in Petersburg and Lunenberg. Our acquisition of the CFS Companies is a key element of our strategy to create the vertically integrated infrastructure needed to expand our operations.

Executive Overview

General Overview of Our Business

The following table reflects the total revenue of the Company for the three months ending March 31, 2017, 2016 and 2015 (dollars in thousands):

	March 31, 2017		2016		2015
	$	% Increase	$	% increase	$
Revenue	10,905	46%	7,488	147%	3,036

Our revenue for the three months ended March 31, 2017 has grown significantly over the comparable 2016 period primarily due to the acquisition of the CFS group, LLC. As our revenues continue to grow in our existing markets, we plan to increase the rate of this growth by increasing our presence in the commercial and "roll-off" business. Roll-off service is the hauling and disposal of large waste containers (typically between 10 and 40 cubic yards) that are loaded on to and off of the collection vehicle. Management also expects continued growth through additional mergers and acquisitions. The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the related notes thereto.

Results of Operations

Summary of Statements of Operations for the Three Months Ended March 31, 2017 and 2016:

	Three Months Ended	
	March 31, 2017	March 31, 2016
Revenue	$ 10,905,067	$ 7,488,239
Operating expenses	$ 6,987,386	$ 4,469,898
Selling, general and administrative	$ 4,060,146	$ 6,422,339
Depreciation and amortization	$ 2,998,766	$ 1,707,406
Other income (expenses), net	$ 455,043	$ (1,270,873)
Net loss attributable to common stockholders	$ 5,170,167	$ 6,426,866
Basic net loss per share	$ 1.00	$ 5.93

Historically, the Company had one operating segment. However, with the acquisition of The CFS Group during the three months ended March 31, 2017, the Company's operations are now managed through two operating segments: Mid-Atlantic and Midwest regions. These two operating segments and corporate are presented below as its reportable segments.

	Service Revenues	Net Income (loss)	Depreciation and Amortization	Capital Expenditures	Total Assets
Mid-Atlantic	$ 2,725,000	$ (966,000)	$ 937,000	$ 500,000	$ 58,800,000
Midwest	8,180,000	(585,000)	2,042,000	900,000	47,900,000
Corporate	-	(1,472,000)	20,000	-	1,000,000
Total	$ 10,905,000	$ (3,023,000)	$ 2,999,000	$ 1,400,000	$ 107,700,000

Revenue

The Company's revenue for the three months ended March 31, 2017 was $10,905,067, a 46% increase over the three months ended March 31, 2016 of $7,488,239. This increase is primarily driven by the acquisition of the CFS Group on February 15, 2017. The CFS Group added approximately $2,725,000 in revenue for the three months ended March 31, 2017. The continued organic growth of HTS Waste and the continued organic growth of Christian Disposal and Eagle Ridge, acquired on December 22, 2015 also contributed to the revenue increase.

Operating Expenses

Operating expenses were $6,987,386 or 64% of revenue, for the three months ended March 31, 2017 as compared to $4,469,898, or 60% of revenue, for the three months ended March 31, 2016. This is an increase of 4% from the three months ended March 31, 2016. The increase is the result of the acquisition of CFS. CFS's operating expenses are currently significantly higher than that of the other operating subsidiaries. For the three months ended March 31, 2017 CFS's operating expenses were approximately 74% of revenue, while the midwest segment's operating expenses were approximately 61% of revenue.

Selling, general and administrative

The high level of selling, general and administrative expenses for the 3 months ended March 31, 2017 and 2016 is due to recurring expenses, including professional fees, compensation, insurance and rental expense. Selling, general and administrative expenses were $4,060,146 or approximately 36% of revenue, for the three months ended March 31, 2017 as compared to $6,422,339 or approximately 86% of revenue, for the three months ended March 31, 2016. This is a decrease of 50% from the three months ended March 31, 2016. This decrease is the result of a $3,500,000 decrease in stock based compensation which was partially offset by approximately $700,000 of additional selling, general and administrative expenses of CFS.

Depreciation and amortization

Depreciation and amortization was $2,998,766, for the three months ended March 31, 2017, a 76% increase over the three months ended March 31, 2016 of $1,707,406. This increase is primarily driven by two factors; the acquisition of CFS on February 15, 2017 and the approximate $4,000,000 increase in depreciable assets at March 31, 2017.

Other income (expenses), net

Other income (expense), net for the three months ended March 31, 2017, was $455,043, as compared to ($1,225,697) for the three months ended March 31, 2016. The change is attributable to an approximate increase in interest expense of $230,000 and an increase in unrealized loss on change in fair value of derivative liability of approximately $730,000. Offset by an increase in gain on extinguishment of liability of approximately $2,600,000.

Net loss attributable to common stockholders

Net loss attributable to common stockholders for three months ended March 31, 2017, was $5,068,554 or loss per share of $0.98, as compared to $6,426,866 or loss per share of $5.93, for the three months ended March 31, 2016. Included in net loss attributable to common stockholders for the three months ended March 31, 2017 is a deemed dividend related to beneficial conversion feature and accretion of a discount on Series C Preferred Stock of $2,115,317.

Segment Information

Historically, the Company had one operating segment. However with the acquisition of the CFS Group in this quarter, the Company's operations are now managed through two operating segments: Mid-Atlantic and Midwest regions.

Liquidity and Capital Resources

The following table summarizes total current assets, current liabilities and working capital at March 31, 2017, compared to December 31, 2016:

	March 31, 2017	December 31, 2016	Increase/ Decrease
Current Assets	$ 11,248,211	$ 6,104,569	$ 5,143,642
Current Liabilities	$ 12,219,999	$ 14,866,621	$ (2,646,622)
Working capital (Deficit)	$ (971,788)	$ (8,762,052)	$ 7,790,264

The change in working capital (deficit) is due primarily to the following changes to current assets and current liabilities. The increase in cash of approximately $450,000. Accounts Receivable and prepaid expenses increased by approximately $4,200,000. Which was predominately driven by the CFS acquisition, which contributed approximately $4,000,000 of accounts receivable and prepaid expenses as of March 31, 2017. The derivative liability decreased by approximately $3,300,000 and deferred compensation decreased by approximately $770,000.

At March 31, 2017, we had a working capital deficit of $971,788, as compared to a working capital deficit of $8,762,052, at December 31, 2016, a decrease of $7,790,264. For the three months ended March 31, 2017, cash used in operating activities, was approximately $4,000,000. In addition, as of March 31, 2017, the Company had approximately $1,300,000 in cash and cash equivalents and $1,941,000 in short-term investments to cover its short term cash requirements. Further, the Company has approximately $10,000,000 of borrowing capacity on its multi-draw term loans and revolving commitments with Goldman Sachs as discussed below. For the three months ended March 31, 2017, cash used in investing activities, was approximately $5,300,000. Approximately $4,000,000 was used for the acquisition of CFS and approximately $1,400,000 for the purchase of equipment. For the three months ended March 31, 2017, cash provided from financing activities, was approximately $9,700,000. Approximately $10,700,000 was net proceeds from the issuance of common stock offset by repayments of debt.

The Company purchased the CFS Group for total value of approximately $39,000,000 and purchased approximately $1,400,000 of equipment while increasing long term debt by approximately $35,000,000 during the three months ended March 31, 2017. The increase in debt was due to the Company borrowing on its revolving commitments with Goldman Sachs as discussed below. Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis.

Our primary uses of cash have been for acquisitions and working capital purposes to support our operations and our efforts to become a reporting company with the SEC. All funds received have been expended in the furtherance of growing our business operations, establishing our brand and making sure our work is completed with efficiency and of the highest quality. The following trends are reasonably likely to result in a material decrease in our liquidity over the near to long term:

- An increase in working capital requirements to finance additional marketing efforts,
- Increases in advertising, public relations and sales promotions for existing customers and to attract new customers as the company expands, and
- The cost of being a public company.

We are not aware of any known trends or any known demands, commitments or events that will result in our liquidity increasing or decreasing in any material way. We are not aware of any matters that would have an impact on future operations.

We currently have no material commitments for capital expenditures. In order to fund future growth and expansion through acquisitions and capital expenditures, the Company may be required to raise capital through the sale of its securities.

In order to fund future expansion through acquisitions and capital expenditures, the Company may be required to raise capital through the sale of its securities on the public market.

Goldman Sachs Credit Agreement

On December 22, 2015, in connection with the closing of acquisitions of Christian Disposal, LLC and certain assets of Eagle Ridge Landfill, LLC, the Company was extended certain credit facilities by certain lenders, consisting of $40,000,000 aggregate principal amount of Tranche A Term Loans, $10,000,000 aggregate principal amount of commitments to make Multi-Draw Term Loans and up to $5,000,000 aggregate principal amount of Revolving Commitments. The loans are secured by liens on substantially all of the assets of the Company and its subsidiaries. The debt has a maturity date of December 22, 2020 with interest paid monthly at an annual rate of approximately 9% (subject to variation based on changes in LIBOR or another underlying reference rate). In addition, there is a commitment fee paid monthly on the unused Multi-Draw Term Loan commitments and Revolving Commitments at an annual rate of 0.5%.

The proceeds of the loans were used to partially fund the acquisitions referenced above and refinance existing debt with Praesidian, among other things. The Company re-paid in full and terminated its agreements with Praesidian which effected the cancellation of certain warrants that the Company issued to Fund III for the purchase of 46,592 shares of the Company's common stock and to Fund III-A for the purchase of 18,060 shares of the Company's common stock. In consideration for the cancellation of the Praesidian Warrants, the Company issued to Praesidian Capital Opportunity Fund III, LP, 57,653 shares of common stock and issued to Praesidian Capital Opportunity Fund III-A, LP, 22,348 shares of common stock. Due to the early termination of the notes and cancellation of the warrants, the Company recorded a loss on extinguishment of debt of $1,899,161 in the year ended December 31, 2015.

In addition, in connection with the credit agreement, the Company issued warrants to Goldman, Sachs & Co. for the purchase of shares of the Company's common stock equivalent to a 6.5% Percentage Interest (as defined therein) at a purchase price equal to $449,553, exercisable on or before December 22, 2023. The warrants grant the holder certain other rights, including registration rights, preemptive rights for certain capital raises, board observation rights and indemnification.

The parties to the Credit Agreement have entered into certain amendments to the Credit Agreement, described in the Recent Developments section herein, which provided, among other things, limited waivers by the lenders of certain failures of the Company and its affiliates to deliver certain financial statements and related deliverables and to comply with certain financial covenants under the Credit Agreement, and which amended the terms of the Credit Agreement to address such failures. Failures included maintaining certain EBITDA amounts and leverage ratios.

Amended and Restated Credit and Guaranty Agreement

On February 15, 2017, the Company closed an Amended and Restated Credit and Guaranty Agreement (the "Credit Agreement"). The Credit Agreement amended and restated the Credit and Guaranty Agreement entered into as of December 22, 2015 "Prior Credit Agreement").

Pursuant to the Credit Agreement, certain credit facilities to the Companies, in an aggregate amount not to exceed $89,100,000, consisting of $65,500,000 aggregate principal amount of Tranche A Term Loans (the "Tranche A Term Loans"), $8,600,000 aggregate principal amount of Tranche B Term Loans (the "Tranche B Term Loans"), $10,000,000 aggregate principal amount of MDTL Term Loans (the "MDTL Term Loans"), and up to $5,000,000 aggregate principal amount of Revolving Commitments (the "Revolving Commitments", and the MDTL Term Loans, the "Loans"). The principal amount of the Tranche A Term Loans in the Credit Agreement is $25,500,000 greater than the principal amount provided in the Prior Credit Agreement; the Tranche B Term Loans were not contemplated in the Prior Credit Agreement; and the principal amount of the MDTL Term Loans and Revolving Credit Agreements in the Credit Agreement are the same as provided in the Prior Credit Agreement. The proceeds of the Tranche A Term Loans made on the Closing Date were used to pay a portion of the purchase price for the acquisitions made in connection with the closing of the Prior Credit Agreement, to refinance existing indebtedness, to fund consolidated capital expenditures, and for other purposes permitted. The proceeds of the Tranche A Term Loans and Tranche B Term Loans made on the Restatement Date shall be applied by Companies to (i) partially fund the Restatement Date Acquisition (as defined below), (ii) refinance existing indebtedness of the Companies, (iii) pay fees and expenses in connection with the transactions contemplated by the Credit Agreement, and (iv) for working capital and other general corporate purposes.

The proceeds of the Revolving Loans will be used for working capital and general corporate purposes. The proceeds of the MDTL Term Loans may be used for Permitted Acquisitions (as defined in the Credit Agreement). The Loans are evidenced, respectively, by that certain Tranche A Term Loan Note, Tranche B Term Loan Note, MDTL Note and Revolving Loan Note, all issued on February 15, 2017 (collectively, the "Notes"). Payment obligations under the Loans are subject to certain prepayment premiums, in addition to acceleration upon the occurrence of events of default under the Credit Agreement.

The amounts borrowed pursuant to the Loans are secured by a first position security interest in substantially all of the Company's and the Companies' assets. As of March 31, 2017 the balance of the Tranche A Term Loan was $65,500,000, the balance of the revolver was $4,864,212 and the balance of the Tranche B term Loan was $8,600,000.

The amended and restated credit and guaranty agreement which among other things provides for the Company to deliver certain financial statements and related deliverables and to comply with certain financial covenants under the amended and restated credit and guaranty agreement.

Inflation and Seasonality

Based on our industry and our historic trends, we expect our operations to vary seasonally. Typically, revenue will be highest in the second and third calendar quarters and lowest in the first and fourth calendar quarters. These seasonal variations result in fluctuations in waste volumes due to weather conditions and general economic activity. We also expect that our operating expenses may be higher during the winter months due to periodic adverse weather conditions that can slow the collection of waste, resulting in higher labor and operational costs.

Critical Accounting Policies

Basis of Consolidation

The condensed consolidated financial statements for the three months ended March 31, 2017 include the operations of the Company and its wholly-owned subsidiaries, and a VIE owned 20% by the Company

All significant intercompany accounts and transactions have been eliminated in consolidation.

Impairment of long-lived assets

The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less that the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Use of Estimates

Management estimates and judgments are an integral part of consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We believe that the critical accounting policies described in this section address the more significant estimates required of management when preparing our consolidated financial statements in accordance with GAAP. We consider an accounting estimate critical if changes in the estimate may have a material impact on our financial condition or results of operations. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustment to these balances in future periods.

Accounts Receivable

Accounts receivable are recorded at management's estimate of net realizable value. Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy and adjust our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. However, if the financial condition of our customers were to deteriorate, additional allowances may be required.

Revenue Recognition

The Company follows the guidance of ASC 605 for revenue recognition. In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable and collectability is reasonably assured.

We generally provide services under contracts with municipalities or individual customers. Municipal and commercial contracts are generally long-term and often have renewal options. Advance billings are recorded as deferred revenue, and revenue is recognized over the period services are provided. We recognize revenue when all four of the following criteria are met:

- Persuasive evidence of an arrangement exists such as a service agreement with a municipality, a hauling customer or a disposal customer;
- Services have been performed such as the collection and hauling of waste;
- The price of the services provided to the customer is fixed or determinable. And
- Collectability is reasonably assured.

Business Combinations

The acquisition was accounted for by the Company using acquisition method under business combination accounting. Under this method, the purchase price paid by the acquirer is allocated to the assets acquired and liabilities assumed as of the acquisition date based on the fair value. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. Certain amounts below are provisional based on our best estimates using information available as of the reporting date. The Company is waiting for information to become available to finalize its valuation of certain elements of this transaction. Specifically, the assigned values for property, plant and equipment, trade names and trademarks, landfill permits, customer relationships, capital leases payable, mortgage payable, asset retirement obligations and goodwill are provisional in nature and subject to change upon the completion of the final valuation of such elements. All fair value measurements of acquired assets and liabilities assumed are non-recurring in nature and classified as level 3 on the fair value hierarchy.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

Goodwill

Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the Asset Impairments section below, we assess our goodwill for impairment at least annually.

Landfill Accounting

Capitalized landfill costs

Cost basis of landfill assets — We capitalize various costs that we incur to make a landfill ready to accept waste. These costs generally include expenditures for land (including the landfill footprint and required landfill buffer property); permitting; excavation; liner material and installation; landfill leachate collection systems; landfill gas collection systems; environmental monitoring equipment for groundwater and landfill gas; and directly related engineering, capitalized interest, on-site road construction and other capital infrastructure costs. The cost basis of our landfill assets also includes asset retirement costs, which represent estimates of future costs associated with landfill final capping, closure and post-closure activities. These costs are discussed below.

Final capping, closure and post-closure costs — Following is a description of our asset retirement activities and our related accounting:

- Final capping — Involves the installation of flexible membrane liners and geosynthetic clay liners, drainage and compacted soil layers and topsoil over areas of a landfill where total airspace capacity has been consumed. Final capping asset retirement obligations are recorded on a units-of-consumption basis as airspace is consumed related to the specific final capping event with a corresponding increase in the landfill asset. The final capping is accounted for as a discrete obligation and recorded as an asset and a liability based on estimates of the discounted cash flows and capacity associated with the final capping.

- Closure — Includes the construction of the final portion of methane gas collection systems (when required), demobilization and routine maintenance costs. These are costs incurred after the site ceases to accept waste, but before the landfill is certified as closed by the applicable state regulatory agency. These costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing closure activities.

- Post-closure — Involves the maintenance and monitoring of a landfill site that has been certified closed by the applicable regulatory agency. Generally, we are required to maintain and monitor landfill sites for a 30-year period. These maintenance and monitoring costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Post-closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing post-closure activities.

We develop our estimates of these obligations using input from our operations personnel, engineers and accountants. Our estimates are based on our interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value. Absent quoted market prices, the estimate of fair value is based on the best available information, including the results of present value techniques. In many cases, we contract with third parties to fulfill our obligations for final capping, closure and post closure. We use historical experience, professional engineering judgment and quoted and actual prices paid for similar work to determine the fair value of these obligations. We are required to recognize these obligations at market prices whether we plan to contract with third parties or perform the work ourselves. In those instances where we perform the work with internal resources, the incremental profit margin realized is recognized as a component of operating income when the work is performed.

Once we have determined the final capping, closure and post-closure costs, we inflate those costs to the expected time of payment and discount those expected future costs back to present value. During the year ended December 31, 2015 we inflated these costs in current dollars until the expected time of payment using an inflation rate of 2.5%. We discounted these costs to present value using the credit-adjusted, risk-free rate effective at the time an obligation is incurred, consistent with the expected cash flow approach. Any changes in expectations that result in an upward revision to the estimated cash flows are treated as a new liability and discounted at the current rate while downward revisions are discounted at the historical weighted average rate of the recorded obligation. As a result, the credit-adjusted, risk-free discount rate used to calculate the present value of an obligation is specific to each individual asset retirement obligation. The weighted average rate applicable to our long-term asset retirement obligations at December 31, 2015 is approximately 8.5%.

We record the estimated fair value of final capping, closure and post-closure liabilities for our landfills based on the capacity consumed through the current period. The fair value of final capping obligations is developed based on our estimates of the airspace consumed to date for the final capping. The fair value of closure and post-closure obligations is developed based on our estimates of the airspace consumed to date for the entire landfill and the expected timing of each closure and post-closure activity. Because these obligations are measured at estimated fair value using present value techniques, changes in the estimated cost or timing of future final capping, closure and post-closure activities could result in a material change in these liabilities, related assets and results of operations. We assess the appropriateness of the estimates used to develop our recorded balances annually, or more often if significant facts change.

Changes in inflation rates or the estimated costs, timing or extent of future final capping, closure and post-closure activities typically result in both (i) a current adjustment to the recorded liability and landfill asset and (ii) a change in liability and asset amounts to be recorded prospectively over either the remaining capacity of the related discrete final capping or the remaining permitted and expansion airspace (as defined below) of the landfill. Any changes related to the capitalized and future cost of the landfill assets are then recognized in accordance with our amortization policy, which would generally result in amortization expense being recognized prospectively over the remaining capacity of the final capping or the remaining permitted and expansion airspace of the landfill, as appropriate. Changes in such estimates associated with airspace that has been fully utilized result in an adjustment to the recorded liability and landfill assets with an immediate corresponding adjustment to landfill airspace amortization expense.

- Remaining permitted airspace — Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is used to compare the existing landfill topography to the expected final landfill topography.

- Expansion airspace — We also include currently unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. First, to include airspace associated with an expansion effort, we must generally expect the initial expansion permit application to be submitted within one year and the final expansion permit to be received within five years. Second, we must believe that obtaining the expansion permit is likely, considering the following criteria:

  - Personnel are actively working on the expansion of an existing landfill, including efforts to obtain land use and local, state or provincial approvals;

  - We have a legal right to use or obtain land to be included in the expansion plan;

  - There are no significant known technical, legal, community, business, or political restrictions or similar issues that could negatively affect the success of such expansion; and

  - Financial analysis has been completed based on conceptual design, and the results demonstrate that the expansion meets the Company’s criteria for investment.

For unpermitted airspace to be initially included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. Once the unpermitted airspace is included, our policy provides that airspace may continue to be included in remaining permitted and expansion airspace even if certain of these criteria are no longer met as long as we continue to believe we will ultimately obtain the permit, based on the facts and circumstances of a specific landfill.

When we include the expansion airspace in our calculations of remaining permitted and expansion airspace, we also include the projected costs for development, as well as the projected asset retirement costs related to the final capping, closure and post-closure of the expansion in the amortization basis of the landfill.

Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (“AUF”) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys and is then adjusted to account for future settlement. The amount of settlement that is forecasted will take into account several site-specific factors including current and projected mix of waste type, initial and projected waste density, estimated number of years of life remaining, depth of underlying waste, anticipated access to moisture through precipitation or recirculation of landfill leachate, and operating practices. In addition, the initial selection of the AUF is subject to a subsequent multi-level review by our engineering group, and the AUF used is reviewed on a periodic basis and revised as necessary. Our historical experience generally indicates that the impact of settlement at a landfill is greater later in the life of the landfill when the waste placed at the landfill approaches its highest point under the permit requirements.

After determining the costs and remaining permitted and expansion capacity at our landfill, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for the landfill for assets associated with each final capping, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future. These rates per ton are updated annually, or more often, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that expansion capacity should no longer be considered in calculating the recoverability of a landfill asset, we may be required to recognize an asset impairment or incur significantly higher amortization expense. If at any time management makes the decision to abandon the expansion effort, the capitalized costs related to the expansion effort are expensed immediately.

Derivative Instruments

The Company enters into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounts for these arrangements in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities ("ASC 815") as well as related interpretations of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering of the rights and obligations of each instrument.

The Company estimates fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, the Company considers, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, the Company generally use the Black Scholes model, adjusted for the effect of dilution, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, dilution and risk free rates) necessary to fair value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques (such as Black-Scholes model) are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes. Under the terms of this accounting standard, increases in the trading price of the Company's common stock and increases in fair value during a given financial quarter result in the application of non-cash derivative loss. Conversely, decreases in the trading price of the Company's common stock and decreases in trading fair value during a given financial quarter result in the application of non-cash derivative gain.

Deferred Revenue

The Company records deferred revenue for customers that were billed in advance of services. The balance in deferred revenue represents amounts billed in January, February and March for services that will be provided during April, May and June.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718.

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also require measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the service period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

The Company recorded stock based compensation expense of approximately $27,000 and $3,500,000 during the three months ended March 31, 2017 and 2016, respectively, which is included in compensation and related expense on the statement of operations.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the quarter ended September 30, 2016 and 2015 that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our interests.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Our chief executive officer and chief financial officer, with the participation of management, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) and determined that our disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weakness in internal control over financial reporting as described below.

Material Weakness in Internal Control over Financial Reporting

As described in Management's Report On Internal Control Over Financial Reporting in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2016, we determined that we did not maintain effective internal control over the accounting including: (1) lack of an audit committee; (2) lack of form authorization and timely approval with related parties and for significant corporate transactions; (3) lack of segregation of duties; and (4) lack of review and disclosure controls.

Although we have made progress in the remediation of these issues, as indicated below, sufficient time needs to pass before we can conclude that newly implemented controls are operating effectively and that the material weaknesses have been adequately remediated. Notwithstanding the material weaknesses in our internal control over financial reporting, we have concluded that the interim condensed consolidated financial statements and other financial information included in this Quarterly Report on Form 10-Q, fairly present in all material respects our financial condition, results of operations and cash flows as of, and for, the periods presented.

Remediation of Material Weakness in Internal Control over Financial Reporting

As noted in the Form 10-K for the year ended December 31, 2016, an audit committee has been established. The Company is also actively evaluating its internal control structure to identify the need for additional resources to ensure appropriate segregation of duties. We expect to make additional improvements and enhancements during the remainder of 2017. When fully implemented and operational, we believe the enhanced procedures will remediate the material weaknesses we have identified and generally strengthen our internal control over financial reporting. The material weaknesses will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Our goal is to remediate this material weakness by the end of fiscal 2017, subject to there being sufficient opportunities to conclude, through testing, that the enhanced control is operating effectively.

(b) Changes in Internal Control over Financial Reporting.

As part of the acquisition of CFS the Company acquired additional accounting personnel. In addition the Company created a director of SEC compliance position to amongst other things oversee the internal control over the financial reporting process. There have been no other changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our annual report on Form 10-K for the year ended December 31, 2016, filed with the SEC on April 17, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On January 25, 2017, 212,654 restricted shares of Common Stock were issued to Jeffrey Cosman, the Company's Chief Executive Officer, pursuant to the Company's 2016 Equity and Incentive Plan, in accordance with the employment agreement between Mr. Cosman and the Company.

On January 30, 2017, 421,326 restricted shares of Common Stock were issued to Goldman Sachs & Co. pursuant to the Amended and Restated Warrant Cancellation and Stock Issuance Agreement between Goldman Sachs & Co. and the Company upon the Company's completion of a Qualified Offering as defined in such agreement.

On January 30, 2017, 1,082,022 restricted shares of Common Stock were issuable, in the aggregate, to the holders of Series C Preferred Stock upon the Company's completion of a Qualified Offering as defined in the Certificate of Designations for such class of preferred stock, as amended by letter agreements delivered to the Company by each of the holders of such class of preferred stock.

On February 15, 2017, 500,000 restricted shares of Common Stock were issued to Waste Services Industries, LLC as a portion of the consideration in connection with the Company's acquisition of the CFS Companies.

On March 31, 2017, 2,044 restricted shares of Common Stock were issued to each of Joseph Ardagna, Thomas Cowee and Jackson Davis, pursuant to their respective Director Agreements.

Item 3. Defaults Upon Senior Securities.

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

There is no other information required to be disclosed under this item which was not previously disclosed.

Item 6. Exhibits.

Exhibit No.	Description
1.1	Underwriting Agreement dated January 24, 2017, by and among Meridian Waste Solutions, Inc. and Joseph Gunnar & Co., LLC as representative of the several underwriters named therein (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on January 26, 2017)
4.1	Waiver and Consent Letter, dated as of January 9, 2017, entered into by and among Here to Serve – Missouri Waste Division, LLC, Here to Serve – Georgia Waste Division, LLC, Brooklyn Cheesecake & Desserts Acquisition Corp., Meridian Land Company, LLC, Christian Disposal, LLC, and FWCD, LLC, Meridian Waste Solutions, Inc. and certain subsidiaries of the Company, as Guarantors, the Lenders party hereto from time to time and Goldman Sachs Specialty Lending Group, L.P., as Administrative Agent, Collateral Agent, and Lead Arranger (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on January 13, 2017)
4.2	Warrant Agency Agreement by and between Meridian Waste Solutions, Inc. and Issuer Direct Corporation, including the form of Warrant (incorporated herein by reference to Exhibit 4.20 to Meridian Waste Solutions, Inc. Amendment No. 1 to the Registration Statement on Form S-1 filed with the SEC on November 18, 2016)
4.3	Amended and Restated Credit and Guaranty Agreement, dated as of February 15, 2017, among Here to Serve – Missouri Waste Division, LLC, Here to Serve – Georgia Waste Division, LLC, Meridian Waste Operations, Inc., Meridian Land Company, LLC, Christian Disposal, LLC, FWCD, LLC, The CFS Group, LLC, The CFS Group Disposal and Recycling Services, LLC, RWG5, LLC, Meridian Waste Missouri, LLC, and Meridian Innovations, LLC, as Companies, Meridian Waste Solutions, Inc., as Holdings, the Lenders party thereto from time to time and Goldman Sachs Specialty Lending Group, L.P., as Administrative Agent, Collateral Agent, and Lead Arranger (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
4.4	Amended and Restated Tranche A Term Loan Note, issued in favor of Goldman Sachs Specialty Lending Holdings, Inc., in the principal amount of $65,500,000, dated February 15, 2017 (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
4.5	Tranche B Term Loan Note, issued in favor of Goldman Sachs Specialty Lending Holdings, Inc., in the principal amount of $8,600,000, dated February 15, 2017 (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
4.6	Amended and Restated MDTL Note, issued in favor of Goldman Sachs Specialty Lending Holdings, Inc., in the principal amount of $10,000,000, dated February 15, 2017 (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
4.7	Amended and Restated Revolving Loan Note, issued in favor of Goldman Sachs Specialty Lending Holdings, Inc., in the principal amount of $5,000,000, dated February 15, 2017 (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
4.8	Amended and Restated Pledge and Security Agreement between the grantors party thereto and Goldman Sachs Specialty Lending Group, L.P., dated February 15, 2017 (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
10.1	Amended and Restated Warrant Cancellation and Stock Issuance Agreement (incorporated by reference to Exhibit 4.25 to the Meridian Waste Solutions, Inc. Amendment No. 5 to the Registration Statement on Form S-1 filed with the SEC on January 11, 2017)
10.2	Registration Rights Agreement dated as of January 30, 2017, entered into by and between Meridian Waste Solutions, Inc., and Goldman, Sachs & Co. (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 3, 2017)
10.3	Exclusivity Letter between Meridian Waste Solutions, Inc. and Waste Service Industries, LLC dated January 31, 2017*
10.4	Membership Interest Purchase Agreement made and entered into as of February 15, 2017, by and between Meridian Waste Solutions, Inc. and the Waste Services Industries, LLC (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on February 15, 2017)
10.5	Employment Agreement, dated April 18, 2017, by and between Meridian Waste Solutions, Inc. and Chris Diaz. (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on April 24, 2017)

Exhibit No.	Description
10.6	Employment Agreement, dated April 18, 2017, by and between Meridian Waste Solutions, Inc. and Joseph D'Arelli (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on April 24, 2017)
10.7	Form of Share Exchange Agreement, dated April 21, 2017 by and among Meridian Waste Solutions, Inc., Mobile Science Technologies, Inc. and its shareholders (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on April 27, 2017)
17.1	Letter of resignation from Joseph D'Arelli (incorporated by reference to Meridian Waste Solutions, Inc. Current Report on Form 8-K filed with the SEC on April 24, 2017)
31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by 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 by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith

SIGNATURES

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

MERIDIAN WASTE SOLUTIONS, INC.

Date: May 22, 2017

By: /s/ Jeffrey Cosman
Name: Jeffrey Cosman
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Chris Diaz
Name: Chris Diaz
Title: Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

Exhibit 10.3

EXECUTION VERSION

January 31, 2017

Waste Services Industries, LLC
333-B Industrial Drive,
Petersburg, Virginia 23803
Attn: Charles A. Wilcox
President and CEO

Re: Exclusivity Letter

Dear Charles:

This exclusivity letter (this "Exclusivity Letter") sets forth the intention of the undersigned, Meridian Waste Solutions, Inc., a New York corporation ("Meridian"), and Waste Services Industries, LLC, a Delaware limited liability company ("WSI"), to discuss a potential transaction (the "Transaction") pursuant to which Meridian would purchase, and WSI would sell, all of the issued and outstanding membership interests of The CFS Group, LLC, a Virginia limited liability company ("CFS Group"), The CFS Group Disposal & Recycling Services, LLC, a Virginia limited liability company ("CFS Disposal"), and RWG5, LLC, a Virginia limited liability company ("RWG5" and together with CFS Group and CFS Disposal, the "Companies" and each a "Company").

1. Exclusivity.

(a) In order to allow Meridian sufficient opportunity to negotiate the terms of the Transaction, arrange for its financing, complete its due diligence review and prepare definitive agreements and other definitive documentation relating thereto, Meridian and WSI hereby agree that (i) Meridian will deliver to WSI payment in the amount of One Million Five Hundred Thousand Dollars ($1,500,000) (the "Exclusivity Payment") on the date hereof and (ii) WSI agrees that neither it, nor any of the Companies, or any of their respective affiliates, shareholders, members, partners, officers, directors, managers, employees, agents or representatives, will, directly or indirectly, pursue, solicit, encourage or participate in negotiations, furnish information or enter into any agreement or commitments regarding any transaction involving the Companies by any potential purchaser or investor other than Meridian, or any merger, sale or other transaction resulting in the purchase, transfer, assignment or other conveyance of of all or substantially all of the assets or membership interests of any or all of the Companies during the Exclusivity Period (as defined below). During the Exclusivity Period, WSI will promptly (and in any event, within 24 hours) notify Meridian in writing of any third party offers (written or oral) with respect to the Companies or any assets or securities thereof outside of the ordinary course of business.

(b) The "Exclusivity Period" shall be the period beginning on the date hereof and ending on the Expiration Date. The "Expiration Date" shall be March 21, 2017.

(c) The Exclusivity Payment will be refundable in full to Meridian in the event that (1) (A) WSI does not negotiate with Meridian the terms and conditions of the Transaction in good faith, or (B) WSI does not enter into a Definitive Agreement (as defined below) within the Exclusivity Period or (C) WSI does not consummate the Closing (as defined below) pursuant to and in accordance with the Definitive Agreement and Meridian stands in good faith ready, willing and able to do so; or (2) WSI or any of the Companies, or any of their respective affiliates, shareholders, members, partners, officers, directors, managers, employees, agents or representatives does not comply with the exclusivity terms set forth in subsection (a) of this Section 1 above or commits any other breach of this Exclusivity Letter. If Closing of the Transaction does not occur for any reason other than those set forth in the preceding sentence, the Exclusivity Payment shall be retained by WSI as liquidated damages as WSI's sole and exclusive remedy in such event.

2. Definitive Agreement. Consummation of the Transaction as contemplated hereby will be subject to the negotiation and execution of a mutually satisfactory definitive membership interest purchase agreement by Meridian and WSI (the "Definitive Agreement"), setting forth the specific terms and conditions of the Transaction. The total purchase price for the membership interests in the Companies will be set forth in the Definitive Agreement, but such purchase price will not exceed (i) $40,000,000 in cash and (ii) 500,000 shares of Meridian's common stock (which shares Meridian and WSI agree to have a value of $5,000,000). Such cash portion of the purchase price may be reduced as is necessary to reflect the Companies' liabilities, pro-rations or other adjustments agreed upon in the course of negotiations and due diligence review. The closing of the Transaction pursuant to the Definitive Agreement (the "Closing") shall be subject to the completion by Meridian of a satisfactory review of the legal, financial and business condition of the Companies and the parties' completion of negotiations regarding the specific terms and conditions of the Transaction, including, without limitation, with respect to the Companies' assets, contracts, liabilities and other key terms. The parties will negotiate in good faith such Definitive Agreement. At Closing, the Exclusivity Payment will be credited against the total purchase price for the membership interests in the Companies set forth in the Definitive Agreement.

3. Conduct of Business. Prior to the execution of a Definitive Agreement and the Closing of the Transaction, the Companies will conduct their operations in the ordinary course consistent with past practice and will not make any distributions, dividends or other payments to any affiliate or member outside of the ordinary course of business, except as disclosed in or allowed by the Definitive Agreement or otherwise in connection with Closing the Transaction.

4. Due Diligence; Confidentiality Agreement. Each party and its representatives, officers, employees and advisors, including accountants and legal advisors, as applicable, will provide the other party and its representatives, officers, employees and advisors, including accountants and legal advisors, as applicable, with all information, books, records and property (collectively, "Transaction Information") that such other party reasonably considers necessary or appropriate in connection with its due diligence inquiry. Meridian and WSI are parties to a Non-Disclosure Agreement dated September 12, 2016 which remains in full force and affect, and each of the parties acknowledges and confirms that all Transaction Information shall be governed by and subject to such Non-Disclosure Agreement; provided, however, that nothing contained therein or in this Exclusivity Agreement will limit, restrict or prohibit Meridian from making disclosures as determined to be required under securities laws, in the sole discretion of Meridian and its counsel, nor will any such disclosure be deemed a breach or violation of the confidentiality obligations hereunder or thereunder.

5. No Brokers. Each party represents and warrants to the other that there are no brokers or finders entitled to any compensation with respect to the execution of this Exclusivity Letter, and each agrees to indemnify and hold the other harmless from and against any expenses or damages incurred as a result of a breach of this representation and warranty.

6. Expenses. Each of the parties will be responsible for its own expenses in connection with the Transaction, including fees and expenses of legal, accounting and financial advisors.

7. Choice of Law. This Exclusivity Letter shall be governed by and construed in accordance with the internal substantive laws of the Commonwealth of Virginia, without regard to any principles of conflicts of law and except with respect to service of process methodology. Each of the parties hereby irrevocably consents and agrees that any legal or equitable action or proceeding arising under or in connection with this Exclusivity Letter shall be brought in any federal court located in the Northern District of Georgia or state court located in Fulton County, Georgia and delivery of this Exclusivity Letter, irrevocably submits to and accepts the jurisdiction of said courts, (iii) waives any defense that such court is not a convenient forum, and (iv) consent to any service of process method permitted by Georgia or federal law.

8. Counterparts. This Exclusivity Letter may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Fax or PDF copies of signatures shall be treated as originals for all purposes.

9. Effect. Meridian shall not have any obligation to continue discussions or negotiations relating to any proposed Transaction if Meridian determines (in its sole discretion) that such termination of discussions or negotiations is in Meridian’s best interests. Until the Definitive Agreement is executed and delivered by Meridian and WSI, Meridian shall not have any obligation to consummate the Transaction or any other liabilities to WSI, except as expressly provided in this Exclusivity Letter with respect to the Exclusivity Payment, subject in all respects to Section 1(c) hereof. Accordingly, Meridian may, in its sole discretion, abandon or terminate these discussions or any negotiations relating to a proposed Transaction at any time or for any reason, without liability to WSI for costs or expenses of any sort incurred by WSI in pursuing the proposed Transaction except as expressly provided in this Exclusivity Letter with respect to the Exclusivity Payment, subject in all respects to Section 1(c) hereof. This Exclusivity Letter does not constitute an offer to purchase or an offer to sell, or any purchase or sale of, any securities. This Exclusivity Letter contains the entire agreement by and among the parties to date with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, with respect to such matters.

[-remainder of page intentionally left blank-]

This Exclusivity Letter will terminate at 5:00 p.m. Eastern standard time on February 3, 2017 unless it has been duly executed by or on behalf of the parties prior to such time.

Very truly yours,

MERIDIAN WASTE SOLUTIONS, INC.

By: */s/ Jeffrey Cosman*
Name: Jeffrey Cosman
Title: Chief Executive Officer

Agreed and acknowledged:

WASTE SERVICE INDUSTRIES, LLC

By: */s/ Charles Wilcox*
Name: Charles A. Wilcox
Title: President and CEO

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey Cosman, certify that:

1. I have reviewed this Form 10-Q of Meridian Waste Solutions, 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 13-a-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.

Date: May 22, 2017

By: /s/ *Jeffrey Cosman*
Jeffrey Cosman
Principal Executive Officer
Meridian Waste Solutions, Inc.

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Chris Diaz, certify that:

1. I have reviewed this Form 10-Q of Meridian Waste Solutions, 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 13-a-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.

Date: May 22, 2017

By: /s/ *Chris Diaz*
Chris Diaz
Principal Financial Officer
Meridian Waste Solutions, Inc.

Exhibit 32.1

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

In connection with this Quarterly Report of Meridian Waste Solutions, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Jeffrey Cosman, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2017, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2017, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 22, 2017

By: /s/ *Jeffrey Cosman*
Jeffrey Cosman
Principal Executive Officer
Meridian Waste Solutions, Inc.

Exhibit 32.2

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

In connection with this Quarterly Report of Meridian Waste Solutions, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Chris Diaz, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2017, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2017, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 22, 2017

By: /s/ *Chris Diaz*
Chris Diaz
Principal Financial Officer
Meridian Waste Solutions, Inc.