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

FORM 10-Q

Quarterly Report under Section 13 or 15 (d) of Securities Exchange Act of 1934

For the Period ended September 30, 2017

Commission File Number 000-53204

Envision Solar International, Inc.
(Exact name of Registrant as specified in its charter)

Nevada	**26-1342810**
(State of Incorporation)	(IRS Employer ID Number)

5660 Eastgate Dr.
San Diego, California 92121
(858) 799-4583
(Address and telephone number of principal executive offices)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company under Rule 12b-2 of the Exchange Act. (Check one.)

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	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 ☒

The number of registrant's shares of common stock, $0.001 par value, issuable and outstanding as of November 8, 2017 was 133,314,835.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

Envision Solar International, Inc. and Subsidiary
Condensed Consolidated Balance Sheets

	September 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current Assets		
Cash	$ 131,508	$ 8,568
Accounts Receivable, net	137,851	1,161,064
Prepaid and Other Current Assets	185,278	94,167
Inventory, net	1,218,631	271,802
Total Current Assets	1,673,268	1,535,601
Property and Equipment, net	230,976	293,041
Other Assets		
Debt Issue Costs, net	–	800
Patents, net	74,876	73,370
Deposits	156,588	154,778
Total Other Assets	231,464	228,948
Total Assets	$ 2,135,708	$ 2,057,590
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts Payable	$ 661,783	$ 873,012
Accrued Expenses	579,694	430,433
Sales Tax Payable	–	50,181
Deferred Revenue	90,167	75,323
Line of Credit	–	1,000,000
Convertible Line of Credit, net of discount of $243,223 at September 30, 2017	606,777	–
Convertible Notes Payable -Related Parties	191,116	724,616
Notes Payable	43,033	43,033
Convertible Notes Payable, net of discount amounting to $231,954 and $0 at September 30, 2017 and December 31, 2016 respectively	1,368,046	100,000
Auto Loan - Current Portion	10,618	9,337
Embedded Conversion Option Liability	–	107,081
Total Current Liabilities	3,551,234	3,413,016
Long-term Portion of Auto Loan	22,209	29,678
Total Liabilities	3,573,443	3,442,694
Commitments and Contingencies (Note 10)		
Stockholders' Deficit		
Preferred Stock, $0.001 par value, 10,000,000 shares authorized, 0 shares outstanding at September 30, 2017 and December 31, 2016, respectively	–	–
Common Stock, $0.001 par value, 490,000,000 shares authorized, 127,748,168 and 120,105,418 shares issued or issuable and outstanding at September 30, 2017 and	127,748	120,105

December 31, 2016, respectively		
Additional Paid-in-Capital	35,460,070	33,730,240
Accumulated Deficit	(37,025,553)	(35,235,449)
Total Stockholders' Deficit	(1,437,735)	(1,385,104)
Total Liabilities and Stockholders' Deficit	$ 2,135,708	$ 2,057,590

The accompanying unaudited condensed notes are an integral part of these unaudited Condensed Consolidated Financial Statements

Envision Solar International, Inc. and Subsidiary
Condensed Consolidated Statements of Operations
Unaudited

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 225,524	$ 522,412	$ 1,103,943	$ 1,207,226
Cost of Revenues	234,832	525,944	1,130,211	1,285,858
Gross Loss	(9,308)	(3,532)	(26,268)	(78,632)
Operating Expenses (including stock based expense of $291,812 and $348,721 for the nine months ended September 30, 2017 and 2016, respectively)	489,540	614,586	1,703,821	1,634,861
Loss From Operations	(498,848)	(618,118)	(1,730,089)	(1,713,493)
Other Income (Expense)				
Other Income	245	88	551	272
Gain (loss) on Debt Settlement, net	(2,183)	4,175	172	4,255
Interest Expense	(65,413)	(82,522)	(167,019)	(205,485)
Change in fair value of embedded conversion option liability	–	86,813	107,081	(46,865)
Total Other (Expense) Income	(67,351)	8,554	(59,215)	(247,823)
Loss Before Income Tax	(566,199)	(609,564)	(1,789,304)	(1,961,316)
Income Tax Expense	–	–	800	–
Net Loss	$ (566,199)	$ (609,564)	$ (1,790,104)	$ (1,961,316)
Net Loss Per Share- Basic and Diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted Average Shares Outstanding- Basic and Diluted	127,284,567	115,059,578	125,133,060	110,304,103

The accompanying unaudited condensed notes are an integral part of these unaudited Condensed Consolidated Financial Statements

Envision Solar International, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
Unaudited

	For the Nine Months Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (1,790,104)	$ (1,961,316)
Adjustments to Reconcile Net loss to Net Cash Used in Operating Activities:		
Depreciation and amortization	51,909	84,472
Common Stock issued for services	113,625	285,539
Common stock issued for loan guaranty	57,505	–
Gain on debt settlement	(172)	(4,255)
Compensation expense related to grant of stock options	118,671	63,182
Change in fair value of embedded conversion option liability	(107,081)	46,865
Amortization of debt issue costs	800	83,613
Amortization of debt discount	17,540	–
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,023,213	559,981
Prepaid expenses and other current assets	(102,945)	(57,506)
Inventory, net	(909,165)	(375,915)
Costs and estimated earnings in excess of billings on uncompleted contracts	–	(57,114)
Deposits	(1,810)	(21,168)
Increase (decrease) in:		
Accounts payable	(211,229)	(166,463)
Accrued expenses	255,381	162,112
Convertible note payable issued in lieu of salary - related party	72,500	–
Sales tax payable	(50,181)	(94,566)
Deferred revenue	14,844	13,270
NET CASH USED IN OPERATING ACTIVITIES	(1,446,699)	(1,439,269)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(5,919)	(97,477)
Funding of patent costs	(1,927)	(24,703)
NET CASH USED IN INVESTING ACTIVITIES	(7,846)	(122,180)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	260,000	1,470,000
Payments of offering costs related to sale of common stock	(3,600)	(44,800)
Borrowings on convertible note payable	1,500,000	–
Borrowings on convertible line of credit	850,000	–
Borrowings (Payments) on line of credit, net	(1,000,000)	200,000
Payments of loan offering costs	(16,727)	–
Repayments on convertible notes payable	(6,000)	(9,000)
Repayments of auto loan	(6,188)	(6,507)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,577,485	1,609,693
NET INCREASE IN CASH	122,940	48,244
CASH AT BEGINNING OF PERIOD	8,568	32,451
CASH AT END OF PERIOD	$ 131,508	$ 80,695
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 49,000	$ 33,551
Cash paid for income tax	$ –	$ –

Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Transfer of prepaid asset to inventory	$ 21,168	$ 31,752
Transfer of inventory to property and equipment	$ –	$ 56,677
Depreciation capitalized into inventory	$ 16,496	$ 21,606
Prepaid insurance financed by third party	$ 9,334	$ 9,646
Recording of debt discount	$ 475,990	$ –
Shares issued for debt conversion	$ 704,709	$ –

The accompanying unaudited condensed notes are an integral part of these unaudited Condensed Consolidated Financial Statements

ENVISION SOLAR INTERNATIONAL, INC. AND SUBSIDIARY
CONDENSED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017
(Unaudited)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Envision Solar International Inc. (along with its subsidiary, hereinafter the “Company”, “us”, “we”, “our” or “Envision”), a Nevada corporation, invents, designs, and manufactures solar powered products and proprietary technology solutions targeting three verticals: electric vehicle charging infrastructure, out of home advertising infrastructure, and energy security and disaster preparedness. The Company focuses on creating renewably energized platforms for EV charging, media and branding, and energy security which management believes are attractive, rapidly deployed, and of the highest quality. Management believes that the Company’s chief differentiator is its ability to invent, design, engineer, and manufacture solar products which are a complex integration of our own proprietary technology and other commonly available engineered components. The resulting products are built to have the longest life expectancy in the industry while also delivering valuable amenities and potentially highly attractive revenue opportunities for our customers. Management believes that Envision’s products deliver multiple layers of value such as: impact free renewably energized EV charging; media, branding, and advertising platforms; sustainable and secure energy production; architectural enhancement; reduced carbon footprint; high visibility "green halo" branding; reduction of net operating costs through reduced utility bills; and revenue creation opportunities through the sales of digital out of home (“DOOH”) media.

Basis of Presentation

The interim unaudited condensed consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Company’s management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations and cash flows for the three and nine months ended September 30, 2017 and 2016, and our financial position as of September 30, 2017, have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2016. The December 31, 2016 consolidated balance sheet is derived from those statements.

Principals of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Envision Solar International, Inc. and its wholly-owned subsidiary, Envision Solar Construction Company, Inc. All inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying unaudited condensed consolidated financial statements include the allowance for doubtful accounts receivable, valuation of inventory, depreciable lives of property and equipment, estimates of costs to complete and earnings on uncompleted contracts, estimates of loss contingencies, valuation of derivatives, valuation of beneficial conversion features in convertible debt, valuation of share-based payments, and the valuation allowance on deferred tax assets.

ENVISION SOLAR INTERNATIONAL, INC. AND SUBSIDIARY
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Concentrations

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and revenues.

The Company maintains its cash in banks and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts from inception through September 30, 2017. As of September 30, 2017, there were no amounts greater than the federally insured limits.

Concentration of Accounts Receivable

As of September 30, 2017, customers that each represented more than 10% of the Company's net accounts receivable balance were as follows:

Customer A	96%

Concentration of Revenues

For the nine months ended September 30, 2017, customers that each represented more than 10% of our net revenues were as follows:

Customer A	36%
Customer B	16%
Customer C	12%

Cash and Cash Equivalents

For the purposes of the unaudited condensed consolidated statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at September 30, 2017 and December 31, 2016 respectively.

Fair Value of Financial Instruments

The Company's financial instruments, including cash, accounts receivable, accounts payable, accrued expenses, and short term loans, are carried at historical cost basis. At September 30, 2017, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments. (See Note 6 for further discussion of fair value measurements.)

Accounting for Derivatives

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging". The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liability at the fair value of the instrument on the reclassification date.

ENVISION SOLAR INTERNATIONAL, INC. AND SUBSIDIARY
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Revenue Recognition

Revenues are primarily derived from the direct sales of products. Revenues may also consist of design fees for the design of solar systems and arrays, and revenues from sales of professional services.

Revenues from leases, design services and professional services are recognized as earned.

Revenues from inventoried product sales are recognized upon the final delivery of such product to the customer.

Any deposits received from a customer prior to delivery of the purchased product and additionally, monies received for leases prior to a given lease period, are accounted for as deferred revenue on the balance sheet. At September 30, 2017 and December 31, 2016, deferred revenue amounted to $90,167 and $75,323 respectively. At September 30, 2017, the Company has received a partial deposit for an undelivered EV ARC™ unit and an initial deposit to plan and manufacture two Solar Tree® units.

The Company includes shipping and handling fees billed to customers as revenues, and shipping and handling costs as cost of revenues. The Company generally provides a standard one year warranty on its products for materials and workmanship but will pass on the warranties from its vendors, if any, which generally cover at least such period. In accordance with ASC 450-20-25, the Company accrues for product warranties when the loss is probable and can be reasonably estimated. At September 30, 2017, the Company has no product warranty accrual given the Company’s de minimis historical financial warranty experience.

Patents

The company believes it is in a position to achieve future economic value benefits for its various patents and patent ideas. All administrative costs for obtaining patents are accumulated on the balance sheet as a Patent asset until such time as a patent is issued. The costs of these intangible assets are classified as a long term asset and amortized on a straight line basis over the legal life of such asset, which is typically 20 years. In the event a patent is denied, all accumulated administrative costs will be expensed in the period. Patent amortization expense was $421 in each of the nine month periods ended September 30, 2017 and September 30, 2016.

Stock-Based Compensation

The Company follows ASC 718, “Compensation – Stock Compensation.” ASC 718 requires companies to estimate and recognize the fair value of stock-based awards to employees and directors. The fair value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method.

The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC 505-50 “Equity-Based Payments to Non Employees.”

The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option pricing model.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the periods presented. Diluted net loss per common share is computed using the weighted average number of common shares outstanding for the period, and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, stock warrants, convertible debt instruments or other common stock equivalents. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive.

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Convertible notes payable that are convertible into 17,314,901 common shares, options to purchase 18,827,007 common shares and warrants to purchase 13,020,021 common shares were outstanding at September 30, 2017. These shares were not included in the computation of diluted loss per share for the three and nine months ended September 30, 2017 because the effects would have been anti-dilutive. These options and warrants may dilute future earnings per share.

Segments

The Company follows ASC 280-10 for, "Disclosures about Segments of an Enterprise and Related Information." During 2017 and 2016, the Company only operated in one segment; therefore, segment information has not been presented.

New Accounting Pronouncements

ASU 2017-01

In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-01: *"Business Combinations (Topic 805)***-** 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. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

ASU 2017-04

In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-04: *"Intangibles - Goodwill and Other (Topic 350)"* - to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

ASU 2017-05

In February 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-05: *"Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets(Subtopic 610-20)"* - to clarify the scope of Subtopic 610-20, "Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets", and to add guidance for partial sales of nonfinancial assets. Subtopic 610-20, which was issued in May 2014 as a part of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

ASU 2017-08

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-08: "Receivables – Non-Refundable fees and Other Costs (Subtopic 310-20)" to amend the amortization period for certain purchased callable debt securities held at a premium. The Board is shortening the amortization period for the premium to the earliest call date. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

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ASU 2016-15

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* This guidance addresses eight specific cash flow issues with the objective of reducing diversity in practice regarding how certain cash receipts and cash payments are presented in the statement of cash flows. The standard provides guidance on the classification of the following items: (1) debt prepayment or debt extinguishment costs, (2) settlement of zero-coupon debt instruments, (3) contingent consideration payments made after a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from the settlement of corporate-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) separately identifiable cash flows. The Company is required to adopt ASU 2016-15 for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017 on a retrospective basis. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

ASU 2016-02

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02: “Leases (Topic 842)” whereby lessees will need to recognize almost all leases on their balance sheet as a right of use asset and a lease liability. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018. The Company expects this ASU will increase its current assets and current liabilities, but have no net material impact on its consolidated financial statements.

ASU 2014-09

In May 2014, the Financial Accounting Standards Board issued Update No. 2014-09: “Revenue from Contracts with Customers (Topic 606)” which requires that an entity recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Since the issuance of the original standard, the FASB has issued several updates to the standard which i) clarify the application of the principal versus agent guidance; ii) clarify the guidance relating to performance obligations and licensing; iii) clarify assessment of the collectability criterion, presentation of sales taxes, measurement date for non-cash consideration and completed contracts at transaction; and iv) clarify narrow aspects of ASC 606 or corrects unintended application of the guidance. The new revenue recognition standard, amended by the updates, becomes effective in the first quarter of 2018 and is to be applied retrospectively using one of two prescribed methods. Early adoption is permitted. The Company currently plans to adopt the new standard effective January 1, 2018 and does not believe the adoption of this standard will have a material impact on the amount or timing of its revenues.

2. GOING CONCERN

As reflected in the accompanying unaudited condensed consolidated financial statements for the nine months ended September 30, 2017, the Company had a net loss of $1,790,104. Additionally, at September 30, 2017, the Company had a working capital deficit of $1,877,966, an accumulated deficit of $37,025,553 and a stockholders’ deficit of $1,437,735. It is Management’s opinion that these factors raise substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the filing of this report.

The Company has incurred significant losses from operations, and such losses are expected to continue. In addition, the Company has limited working capital. In the upcoming months, Management's plans include seeking additional operating and working capital through a combination of private and debt financings. There is no guarantee that additional capital or debt financing will be available when and to the extent required, or that if available, it will be on terms acceptable to the Company. Further, the Company continues to seek out sales contracts for new product sales that should provide additional revenues and, in the long term, gross profits. Additionally, Envision intends to renegotiate the debt instruments that are currently due or become due later in 2017. All such actions and funds, if successful, may not be sufficient to cover monthly operating expenses or meet minimum payments with respect to the Company’s liabilities over the next twelve months.

ENVISION SOLAR INTERNATIONAL, INC. AND SUBSIDIARY
CONDENSED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017
(Unaudited)

The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. INVENTORY

Inventories are stated at the lower of cost or net realizable value. Costs are determined using the first in- first out (FIFO) method. Inventory consists approximately of the following:

	September 30, 2017	December 31, 2016
Finished Goods	$ 250,980	$ 22,375
Work in Process	861,924	164,915
Raw Materials	114,328	93,113
Inventory Allowance	(8,601)	(8,601)
Total Inventory	$ 1,218,631	$ 271,802

4. ACCRUED EXPENSES

The major components of accrued expenses are summarized as follows:

	September 30, 2017	December 31, 2016
Accrued vacation	$ 147,783	$ 136,410
Accrued interest	168,657	235,776
Accrued loan guaranty	–	8,333
Accrued rent	77,996	26,091
Accrued commissions	43,004	18,828
Accrued insurance financing	9,334	–
Accrued payroll and other	132,920	4,995
Total accrued expenses	$ 579,694	$ 430,433

5. Term Debt/Line of Credit – Silicon Valley Bank

In October 2015, the Company entered into a one year Loan and Security Agreement (the “LSA”) with Silicon Valley Bank (“Bank”), pursuant to which the Bank agreed to provide the Company with a revolving line of credit in the aggregate principal amount of $1,000,000, bearing interest at a floating per annum rate equal to the greater of three quarters of one percentage point (0.75%) above the Prime Rate (as that term is defined in the LSA) or four percent (4.00%). The line of credit is secured by a second priority perfected security interest in all of the assets of the Company in favor of the Bank. The LSA contains certain restrictions, subject to certain exceptions and qualifications, on the conduct of the Company and its subsidiary, including, among other restrictions: incurring debt other than permitted indebtedness as defined, disposing of certain assets, making investments, creating or suffering liens, completing certain mergers, consolidations and sales of assets, acquisitions, declaring dividends to third parties, redeeming or prepaying other debt, and certain transactions with affiliates.

Under the terms of the LSA, the Bank received a commitment fee of $2,500, reimbursement of Bank expenses for documentation of $10,000, and a reimbursement of filing fees amounting to $1,836. These fees were recorded as Debt Issue Costs on the accompanying balance sheet and were amortized over the initial one year term of the line of credit.

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As a condition to the extension of credit to the Company under the LSA, Keshif Ventures, LLC ("Keshif"), a related party shareholder with more than 10% of the outstanding stock of the Company, agreed to guarantee all of the Company's obligations under the LSA pursuant to a Master Unconditional Limited Guaranty between Bank and Keshif ("Guaranty"). Keshif pledged cash equivalent collateral to the Bank as security for the Guaranty. Keshif also agreed to subordinate to the Bank all of Company's indebtedness and other monetary obligations owing to Keshif pursuant to a Subordination Agreement ("Subordination Agreement"). In consideration for the Guaranty, Envision issued 571,429 shares of its common stock, with a per share value of $0.15 (based on contemporaneous cash sales prices) or $85,714 (the "Shares") to Keshif pursuant to a stock purchase agreement ("SPA"). These shares, along with legal costs associated with the issuance of this guaranty amounting to $11,435, were recorded as Debt Issue Costs and were amortized over the initial one year term of the line of credit. Pursuant to the terms of the SPA, for each six-month period from and after the six-month anniversary of October 29, 2015 (each, a "Measurement Period") that Keshif guarantees Borrower's obligations under the LSA, Keshif will also receive the number of additional shares of Envision's common stock, rounded upward to the nearest whole number, equal to (a) two and one half percent (2.5%) multiplied by the maximum outstanding principal amount of the LSA at any time during such Measurement Period, such amount to be divided by (b) the twenty (20) day average closing price of the Company's common stock, measured for the twenty (20) consecutive trading days immediately prior to such Measurement Period, the quotient of which shall be multiplied by (c) a fraction, the numerator of which is the number of calendar days during the Measurement Period which the Guaranty remained in effect and the denominator of which is the number of calendar days in such Measurement Period. Related to this guaranty, as of October 29, 2016, the Company issued 147,493 shares of its common stock valued at $0.15 per share, or $22,123, and expensed this over the six month Measurement Period of the Guaranty. The Company recorded a gain on debt settlement of $2,877 on this transaction. Additionally, as of April 29, 2017, the Company issued 234,302 shares of its common stock valued at $0.15 per share, or $35,145, and expensed this over the six month Measurement Period of the Guaranty. The Company recorded a gain on debt settlement of $2,355 on this transaction. Additionally, in September 2017, the Company issued 219,555 shares of its common stock valued at $0.15 per share, or $32,933 and expensed this over the final Measurement Period of the Guaranty. The Company recorded a loss of $2,183 on this transaction (See Notes 11 and 13).

Additionally, the Company issued a side letter to Keshif (the "Side Letter"), which in addition to confirming Keshif's entitlement to the Shares, provided certain contractual rights to Keshif in consideration for the Guaranty, including a covenant by the Company to provide financial statements and other periodic reports to Keshif, an agreement to reimburse Keshif for payments made by Keshif to the Bank in accordance with the Guaranty ("Reimbursement Obligation"), and the grant of a security interest, subordinated to the Bank under the Subordination Agreement, to secure the Reimbursement Obligation. Keshif also has the right under the Side Letter to invite one representative to attend all meetings of Envision's Board of Directors and, in the event Envision is unable to meet its obligations under the LSA, Keshif will immediately become entitled to elect one member to Envision's Board of Directors.

Effective March 30, 2017, the Company entered into an additional amendment to the LSA with Silicon Valley Bank as it relates to this debt. The amendment (i) extended the maturity date to March 1, 2020, (ii) increased the loan to an aggregate principal amount of $1,500,000, and (iii) changed the payment terms requiring monthly interest only payments through December 2017, and starting January 1, 2018, the Company shall repay the balance outstanding in twenty-seven equal monthly principal payments in addition to the monthly accrued interest. The additional $500,000 of debt was funded to the Company in April 2017. Related to this amendment, the Company paid $9,655 of fees to the Bank. These fees were recorded as debt discount and netted against the loan balance and amortized to interest expense over the term of the debt facility.

As of September 25, 2017, the Company paid off the LSA in full with the proceeds of the "Lender" note as discussed in Note 7, and the Guaranty and all other contractual rights related to this debt facility were cancelled.

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6. CONVERTIBLE NOTES PAYABLE - RELATED PARTIES AND FAIR VALUE MEASURMENTS

As of September 30, 2017, the following summarizes amounts owed under short-term convertible notes – related parties:

	Amount
Evey Note	$ 68,616
Wheatley Note	122,500
	$ 191,116

Evey Note

Prior to fiscal 2011, the Company was advanced monies by John Evey, our former director, and executed a 10% convertible promissory note with compounding interest which was convertible into shares of common stock at $0.33 per share. There was no beneficial conversion feature at the note date and this note is subordinate to the Gemini Master Funds notes. Through a series of amendments, the conversion price of the convertible note was reduced to $0.20 and the maturity date was extended to December 31, 2017.

Although as of December 31, 2016, Mr. Evey is no longer a director, because he was our Chairman and a related party since 2010, we have continued to classify this note as a Convertible Note Payable - related parties in the accompanying balance sheet. For the nine month period ended September 30, 2017, the Company made principal payments totaling $6,000. The balance of the note as of September 30, 2017 is $68,616 with accrued interest amounting to $58,221 which is included in accrued expenses (See Note 4). The note continues to bear interest at a rate of 10%**.**

Wheatley Note

On October 18, 2016, the Company entered into a five year employment agreement, effective as of January 1, 2016, with Mr. Desmond Wheatley, the Chief Executive Officer, President, and Chairman of the Company (the "Agreement"). Pursuant to the Agreement, Mr. Wheatley will receive an annual deferred salary of $50,000 which Mr. Wheatley will defer until such time as Mr. Wheatley and the Board of Directors agree that payment of the deferred salary and/or cessation of the deferral is appropriate. In certain circumstances upon the Company achieving specified milestones, which are described in the Agreement, Mr. Wheatley can demand payment of all or any portion of the deferred amount, and the Company must comply with such demand. All deferred amounts are evidenced by an unsecured convertible promissory note payable by the Company to Mr. Wheatley, bearing simple interest at the rate of 10% per annum, accruing until paid, convertible into shares of the Company's common stock at $0.15 per share at any time in whole or in part at Mr. Wheatley's discretion, with a maturity date of December 31, 2020. As the conversion price was equivalent to the market price at the time of issuance, there is no beneficial conversion feature to this note.

Additionally, on March 29, 2017 the board of directors granted Mr. Wheatley a $35,000 bonus for which Mr. Wheatley agreed to defer such bonus under the same terms of his salary deferral. The balance of the note as of September 30, 2017, is $122,500 with accrued and unpaid interest amounting to $9,092 which is included in accrued expenses (See Note 4).

Gemini Master Fund Third Amended and Restated Secured Bridge Note – Current Group

At the end of 2010, the Company had a series of outstanding convertible notes to Gemini Master Fund, Ltd. which were due December 31, 2011. These notes bore interest at a rate of 12% per annum and, with the exception of one note, had a conversion feature whereby, the lender, at its option, may at any time convert this loan into common stock at $0.25 per share. Interest under these notes is due on the first business day of each calendar quarter, however, upon three days advance notice, the Company may elect to add such interest to the note principal balance effectively making the interest due at note maturity. With regard to the conversion feature of these notes, the conversion rights contain price protection whereby if the Company sold equity or converted existing instruments to common stock at a price less than the effective conversion price, the conversion price will be adjusted downward to the sale price. Furthermore, if the Company issues new rights, warrants, options or other common stock equivalents at an exercise price that is less than the stated conversion price, then the conversion price shall be adjusted downward to a new price based on a stipulated formula. The holder may not convert the debt if it results in the holder beneficially holding more than 4.9% of the Company's common stock. The note is secured by substantially all assets of the Company and its subsidiary, and is unconditionally guaranteed by the subsidiary.

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Prior to June 30, 2010 all shares underlying the Gemini Master Fund convertible debt were subject to a lock-up agreement, and the shares were not easily convertible to cash thus, the embedded conversion option did not need to be bifurcated and recorded as a fair value derivative due to the price protection provision in the notes. Subsequent to June 30, 2010, such lock-up provisions expired and as such, the Company determined that the embedded conversion option met the definition of a derivative liability and needed to be bifurcated and recorded as a derivative at fair value.

Through a series of amendments, the Company modified terms of all notes so that the terms of these notes became equivalent. Further, the interest rates were reduced to 10%; the conversion prices were reduced to $0.15; and the terms were extended to June 30, 2015 and the beneficial holder ceiling was increased to 9.9%. No other terms of the notes were modified.

In February 2014, Gemini converted $550,000 of principal convertible debt, and all accrued interest through 2013, and further, the accrued interest through the conversion date for the converted debt, totaling $155,161 into 4,701,076 shares of common stock of the Company (3,666,666 shares for principal and 1,034,410 for interest) at the contracted conversion price of $0.15 per share.

In June 2015, Gemini sold a 70.0066819% stake in its' note to Robert Noble, our former Chairman, in a private transaction. The Company issued two replacement notes for their respective ownership values based on this transaction. Each note has the same terms and conditions as existed prior to this transaction and as discussed above. There were no accounting effects for this transaction.

In September 2015, the Company made a payment of $306,624 to pay off the balance of the Gemini note and its accrued interest, and recorded a loss on debt settlement of $2,925.

Additionally, during 2015, the Company made a $100,000 payment to Mr. Noble to pay down the accrued interest on this note.

Effective January 20, 2016, Mr. Noble entered into a Purchase Option Agreement with Greencore Capital LLC ("GreenCore"), a firm affiliated with Jay S. Potter, a director of the Company (the "Optionee"), pursuant to which the Optionee had the right to purchase or arrange for the purchase of the Note from Mr. Noble and all of Mr. Noble's shares in the Company (the "Option"), at any time prior to March 31, 2016, which date was subsequently extended. The Company had consented to the original Purchase Option Agreement. Under a Note Settlement and General Release Agreement, provided that the Option is fully exercised and honored, the Company agreed to grant Mr. Noble the right to acquire, for one dollar, at any time until June 30, 2017, a worldwide, perpetual, irrevocable, nonexclusive, royalty-free license to utilize all of the Company's intellectual property developed prior to January 1, 2011, except for the following: (i) EV ARC™ and (ii) EnvisionTrak™. Further, provided the Option was exercised in full and Mr. Noble complies with it, the Company agreed to extend the expiration date of the 1,138,120 warrants to purchase 1,138,120 shares of the Company's common stock owned by Mr. Noble (the "Warrants") from December 31, 2016 to December 31, 2017, and agreed to reduce the exercise price of such Warrants from $0.24 to $0.20 per share.

During the fourth quarter of 2016, the Company was notified that a transaction, or series of transactions, arranged by GreenCore, had officially closed whereas the convertible note and the "Noble" shares were ultimately obtained by a group of various shareholders, some of which are related parties to the Company. As the note was partially held by a related party shareholder at the end of 2016 and was held by other related party shareholders during its existence, the note was classified as Convertible Notes Payable- Related Parties in the accompanying balance sheets.

Effective as of February 15, 2017, the Company received conversion notices from all the current note holders effecting the conversion of the entire principal balance of the note amounting to $600,000 and accrued and unpaid interest, as of February 15, 2017, amounting to $104,709. The Company issued 4,698,060 shares of common stock at the contracted conversion price of $0.15 per share, to retire the entirety of this convertible note (See Notes 11 and 13).

At September 30, 2017, there is no outstanding balance owed for this convertible note.

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Fair Value Measurements – Derivative liability:

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standard established a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

As of February 15, 2017, the balance of the convertible note payable was converted into common stock and there is no continuing embedded conversion option liability.

The following is a summary of activity of Level 3 liabilities for the nine month period ended September 30, 2017:

Balance December 31, 2016	$	107,081
Change in Fair Value		(107,081)
Balance September 30, 2017	$	–

Changes in fair value of the embedded conversion option liability are included in other income (expense) in the accompanying unaudited condensed consolidated statements of operations.

7. CONVERTIBLE NOTES PAYABLE

As of September 30, 2017, the following summarizes amounts owed under convertible notes payable:

		Amount		Discount		Convertible Notes Payable, net of discount
Pegasus Note	$	100,000	$	–	$	100,000
"Lender" Note		1,500,000		231,954		1,268,046
	$	1,600,000	$	231,954	$	1,368,046

Pegasus Note

On December 19, 2009, the Company entered into a convertible promissory note for $100,000 to a new landlord in lieu of paying rent for one year for new office space. The interest is 10% per annum with the note principal and interest originally due December 18, 2010 and subsequently extended until December 31, 2012. However, if the Company receives greater than $1,000,000 of proceeds from debt or equity financing, 25% of the amount in excess of $1,000,000 shall be used to pay down the note. This note is subordinate to all existing senior indebtedness of the Company. This note is convertible at $0.33 per share and had no beneficial conversion feature at the note date.

Through a series of amendments, the term of the note was extended until December 31, 2016, and waived, through December 31, 2015, the requirement to pay down the note with financing proceeds received by the Company.

As of September 30, 2017, the note is past due and had a balance of $100,000 with accrued and unpaid interest amounting to $77,671 which is included in accrued expenses (See Note 4).

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“Lender” Note

On September 18, 2017, in addition to entering into a revolving convertible line of credit (See Note 8), the Company also entered into a secured convertible promissory note with an unaffiliated lender (the “Lender”). The Note bears simple interest at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 400 basis points (the “Interest Rate”). The Interest Rate will be adjusted on the first day of each calendar month during the term of the Note to reflect any changes in the 12 month LIBOR rate as quoted at on that day, or if that day is not a business day, on the next business day thereafter. Interest will only accrue on outstanding principal. Accrued unpaid interest is payable monthly on the first calendar day of each month for interest accrued during the previous month, with all outstanding principal and accrued unpaid interest payable in full on or before September 17, 2018 to the extent not converted into shares of the Company’s common stock. The Note is secured by a perfected recorded first priority security interest in all of the Company’s assets, as set forth in a certain Security Agreement by and between the Company and the Lender, dated September 18, 2017. At any time until the Maturity Date, and provided Lender gives the Company written notice of Lender’s election to convert prior to any prepayment of this Note by the Company with respect to converting that portion of this Note covered by the prepayment, the Lender has the right to convert all or any portion of the outstanding principal and accrued interest (the “Conversion Amount”), into such number of fully paid and nonassessable shares of the Company’s common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents ($0.15) or (ii) 75% of the Volume Weighted Average Price of the Company’s common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the Lender’s written notice of its election to convert.

As additional consideration for the loan evidenced by the Note, the Company agreed to issue to the Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to $0.15 per share. The number of warrants issuable to the Lender is equal to 25% of the loan Amount divided by fifteen cents ($0.15). As of September 18, 2017, the Company issued 2,500,000 common stock purchase warrants under this provision having a value of $187,142 using the Black-Scholes valuation methodology, and each with a $0.15 exercise price (See Note 12). As a result of this transaction, and including the value of the issued warrants, the Company recorded $232,767 of value of beneficial conversion features, which is recorded as debt discount on the accompanying balance sheet, and will be amortized to interest expense over the term of the note.

During any time when the Note is outstanding, or when the Lender holds any Company stock, or any warrants to acquire Company stock where the combination of both could result in the Lender owning stock with a current value of one million dollars or greater, in the Company, the Lender will have certain review and consulting rights as described in the Note.

As of September 30, 2017, the convertible note had a balance, net of $231,954 of debt discount, amounting to $1,268,046.

8. CONVERTIBLE LINE OF CREDIT

On September 18, 2017, in addition to a convertible “Lender” note (See Note 7), the Company entered into a revolving secured convertible promissory note (the “Revolver”) with an unaffiliated lender (the “Lender”). Pursuant to the Revolver, the Company has the right to make borrowings from the Lender in amounts of up to 70% of the value of any specific purchase order (each a “PO”) received by the Company from a credit worthy customer (each a “Draw Down”), up to a maximum of $3,000,000, commencing on the date of the Revolver and terminating 300 days after the date of the Revolver. The Revolver bears simple interest at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 600 basis points (the “Interest Rate”). The Interest Rate will be adjusted on the first day of each calendar month during the term of this Note to reflect any changes in the 12 month LIBOR rate as quoted on that day, or if that day is not a business day, on the next business day thereafter. The principal and accrued unpaid interest with respect to each Draw Down is due and payable within five (5) business days of receipt from the Customer by the Company of a payment due under the applicable PO (with respect to each Draw Down, the “Maturity Date”). Each Draw Down is secured by a perfected recorded second priority security interest in all of the Company’s assets, as set forth in that certain Security Agreement by and between the Company and the Lender. The Lender will have the right at any time until the Maturity Date of a Draw Down, provided the Lender gives the Company written notice of the Lender's election to convert prior to any prepayment of such Draw Down by the Company with respect to converting that portion of such Draw Down covered by the prepayment, to convert all or any portion of the outstanding principal and accrued unpaid interest (the "Conversion Amount"), into such number of fully paid and nonassessable shares of the Company's common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents ($0.15) or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the Lender's written notice of the Lender's election to convert.

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As additional consideration for any Draw Downs made by the Lender to the Company as evidenced by the Revolver, the Company agreed to issue to the Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to the greater of (i) $0.15 per share or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down. The number of warrants issuable to the Lender will equal 25% of the increase over the highest amount previously drawn down by the Company on the Revolver divided by the greater of (i) fifteen cents ($0.15) or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down which causes the increase over the previous highest amount borrowed.

The Company received funds for an initial Draw Down on September 26, 2017 in the amount of $850,000. As a result of this Draw Down, the Company issued 1,416,667 common stock purchase warrants having a value of $122,992 using the Black-Scholes valuation methodology, and each with a $0.15 exercise price (See Note 12). As a result of this transaction, and including the value of the issued warrants, the Company recorded $243,223 of value of beneficial conversion features, which is recorded as debt discount on the accompanying balance sheet, and will be amortized to interest expense over the term of the note.

As of September 30, 2017, the convertible line of credit had a balance, net of a $243,223 debt discount, amounting to $606,777.

9. NOTE PAYABLE AND AUTO LOAN

Note Payable

The Company has an outstanding Promissory Note with one of its vendors that was entered into in exchange for the vendor cancelling its open invoices to the Company. The original loan amount was for $160,633 and bears interest at 10%. The note can be converted only at the option of the Company, at any time, into common stock with an original conversion price of $0.33 per share. Partial conversions of the note occurred in 2011, 2012 and 2013, and further, through a series of amendments, the note, plus the accrued interest became due and payable on December 31, 2015. No other terms of the note were changed.

Effective December 31, 2015, the Company entered into a further amendment to this note extending the maturity date of the note to June 30, 2016. There was no accounting effect for this extension.

As of September 30, 2017, the note was past due and had a remaining balance due of $43,033 with accrued and unpaid interest amounting to $21,365 which is included in accrued expenses (See Note 4).

Auto Loan

In October 2015, the Company purchased a new vehicle and financed the purchase through a dealer auto loan. The loan has a term of 60 months, requires minimum monthly payments of approximately $950, and bears interest at a rate of 5.99 percent. As of September 30, 2017, the loan has a short-term portion of $10,618 and a long-term portion of $22,209.

10. COMMITMENTS AND CONTINGENCIES

Legal Matters:

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of September 30, 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

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Leases:

In August 2016, the Company entered into a sublease for its current corporate headquarters and manufacturing facility. The sublease expires in August 2020 which is the same term of the master lease for which the Company is the subtenant. Monthly lease payments range from $46,800 per month currently increasing to $50,619 per month for the final year of the lease.

Other Commitments:

The Company enters into various contracts or agreements in the normal course of business whereby such contracts or agreements may contain commitments. Since inception, the Company entered into agreements to act as a reseller for certain vendors; joint development contracts with third parties; referral agreements where the Company would pay a referral fee to the referrer for business generated; sales agent agreements whereby sales agents would receive a fee equal to a percentage of revenues generated by the agent; business development agreements and strategic alliance agreements where both parties agree to cooperate and provide business opportunities to each other and in some instances, provide for a right of first refusal with respect to certain projects of the other parties; agreements with vendors where the vendor may provide marketing, investor relations, public relations, technical consulting or subcontractor services, vendor arrangements with non binding minimum purchasing provisions, and financial advisory agreements where the financial advisor would receive a fee and/or commission for raising capital for the Company. All expenses and liabilities relating to such contracts were recorded in accordance with generally accepted accounting principles during the periods. Although such agreements increase the risk of legal actions against the Company for potential non-compliance, there are no firm commitments in such agreements.

11. COMMON STOCK

Stock Issued in Cash Sales

During the nine months ended September 30, 2017 pursuant to a private placement, the Company issued 1,733,333 shares of common stock for cash with a per share price of $0.15 per share or $260,000 and the Company incurred $3,600 of capital raising fees that were paid in cash and charged to additional paid-in-capital. Additionally, the Company is obligated to issue 15,000 warrants as an offering cost to a third party, each with a 5 year term and a strike price of $0.15 per share, at the close of the private placement offering. There will be no accounting effect for the issuance of these warrants as their fair value will be charged to additional paid-in-capital as an offering cost and offset by a credit to additional paid-in-capital for their fair value when issuing these warrants. (See Note 12 and 14)

Stock Issued for Services

During the nine months ended September 30, 2017, as payment for professional services provided, the Company issued 15,000 shares of the Company's common stock with a per share fair value of $0.15 (based on contemporaneous cash sales prices) or $2,250. These shares were fully earned, and were expensed, upon issuance.

During the nine months ended September 30, 2017, as partial payment for professional services provided by GreenCore, the Company issued 180,000 shares of the Company's common stock with a per share fair value of $0.15 (based on contemporaneous cash sales prices) or $27,000 and expensed the payment at issuance. Jay Potter, our director, is the managing member of GreenCore and the primary individual performing the services (See Note 13).

Stock Issued in Conversion of Convertible Debt

During the nine months ended September 30, 2017, and effective as of February 15, 2017, the Company issued 4,698,060 shares of common stock at the contracted conversion price of $0.15 per share, to retire the entirety of a certain convertible note (See Note 6).

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Director Compensation

During the nine month period ended September 30, 2017, the Company released 562,500 shares of common stock with a per share fair value of $0.15, or $84,375 (based on the market price at the time of the agreement), to three directors for their service as defined in their respective Restricted Stock Grant Agreements. The payments were expensed at issuance (See Note 13). As of September 30, 2017, there were 1,687,500 unreleased shares of common stock representing $253,125 of unrecognized restricted stock grant expense related to these Restricted Stock Grant Agreements.

Stock Issued for Loan Guaranty

During the nine month period ended September 30, 2017, the Company issued 453,857 shares of its common stock valued at $0.15 per share, or $68,079, to Keshif Ventures LLC, a related party, pursuant to a stock purchase agreement. The Company recorded a gain on debt settlement of $172 related to these transactions. These shares were expensed to interest expense over the term of the Guaranty period (see Notes 5 and 13).

12. STOCK OPTIONS AND WARRANTS

Stock Options

There were no stock options issued during the nine months ended September 30, 2017.

During the nine months ended September 30, 2017, the Company recorded stock option based compensation of $118,671 related to prior grants. As of September 30, 2017, there is $73,309 of unrecognized stock option based compensation expense that will be recognized over the next three years.

Warrants

In connection with the funding of a convertible note payable, and as of September 18, 2017, the Company issued 2,500,000 common stock purchase warrants each with a $0.15 exercise price (See Note 7).

In connection with a Draw Down of a convertible line of credit, as of September 26, 2017, the Company issued 1,416,667 common stock purchase warrants each with a $0.15 exercise price (See Note 8).

Pursuant to a private placement, the Company is obligated to issue 15,000 warrants as an offering cost to a third party, each with a 5 year term and a strike price of $0.15 per share, at the close of the private placement offering. There will be no accounting effect for the issuance of these warrants as their fair value will be charged to additional paid-in-capital as an offering cost and offset by a credit to additional paid-in-capital for their fair value when issuing these warrants (See Note 11 and Note 14).

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(Unaudited)

13. RELATED PARTY TRANSACTIONS

In June 2015, Gemini Master Fund Ltd. sold a 70.0066819% stake in its' note to Robert Noble, our former Chairman and former owner of over 10% of our outstanding common stock, in a private transaction. The Company issued two replacement notes for their respective ownership values based on this transaction. In regards to the note for Mr. Noble, he agreed to an extension of his note to March 31, 2016. During the twelve months ended December 31, 2015, the Company made a $100,000 payment to Mr. Noble to pay down the accrued interest on this note. Effective January 20, 2016, Mr. Noble entered into a Purchase Option Agreement with a firm affiliated with Jay S. Potter, a director of the Company (the "Optionee"), pursuant to which the Optionee has the right to purchase or arrange for the purchase of the Note from Mr. Noble and all of Mr. Noble's shares in the Company (the "Option"), at any time until March 31, 2016. This date was subsequently extended. The Company consented to the Purchase Option Agreement. Under a Note Settlement and General Release Agreement, provided that the Option is fully exercised and honored, the Company agreed to grant Mr. Noble the right to acquire, for one dollar, at any time until June 30, 2017, a worldwide, perpetual, irrevocable, nonexclusive, royalty-free license to utilize all of the Company intellectual property developed prior to January 1, 2011, except for the following: (i) EV ARC™ and (ii) EnvisionTrak™. Further, provided the Option was exercised in full and Mr. Noble complied with it, the Company would extend the expiration date of the 1,138,120 warrants to purchase 1,138,120 shares of the Company's common stock owned by Mr. Noble (the "Warrants") from December 31, 2016 to December 31, 2017, and will reduce the exercise price of such Warrants from $0.24 to $0.20 per share (See Note 6). During the fourth quarter of 2016, the Company was notified that a transaction, or series of transactions, arranged by GreenCore, had officially closed whereas the convertible note and the "Noble" shares were ultimately obtained by a group of various shareholders, some of which are related parties to the Company. As the note was partially held by a related party shareholder at the end of 2016 and was held by other related party shareholders during its existence, the note was classified as Convertible Notes Payable- Related Parties in the accompanying balance sheets. Effective as of February 15, 2017, the Company received conversion notices from all the current note holders effecting the conversion of the entire principal balance of the note amounting to $600,000 and accrued and unpaid interest, as of February 15, 2017, amounting to $104,709. The Company issued 4,698,060 shares of common stock at the contracted conversion price of $0.15 per share, to retire the entirety of this convertible note. Of these shares, 2,315,940 shares were issued to Keshif Ventures, LLC, a related party by virtue of owning more than 10% of the Company's stock.

During the nine months ended September 30, 2017, the Company released 562,500 shares of common stock valued at $0.15 per share (based on the share value at the time of their agreements) or $84,375, to three directors under their respective agreements. These payments were expensed at issuance (See Note 11).

As partial payment for professional services provided and during the nine months ended September 30, 2017, the Company made cash payments amounting to $15,000 to Greencore. Further, as of September 30, 2017, $39,000 is recorded in accounts payable for such services. Additionally, the Company issued 180,000 shares of the Company's common stock with a per share fair value of $0.15 (based on contemporaneous cash sales prices) or $27,000 and expensed the payments at issuance. Jay Potter, our director, is the managing member of GreenCore and the primary individual performing the services (See Note 11).

During the nine months ended September 30, 2017 pursuant to a private placement, the Company issued 1,333,333 shares of common stock for cash with a per share price of $0.15 per share or $200,000 to Keshif Ventures, LLC, a related party by virtue of owning over 10% of the Company's outstanding stock.

During the nine months ended September 30, 2017, the Company issued 453,857 shares of its common stock valued at $0.15 per share, or $68,079, to Keshif Ventures LLC, a related party, pursuant to a stock purchase agreement. The Company recorded a gain on debt settlement of $172 related to this transaction. These shares were expensed to interest expense over the term of the Guaranty period (see Notes 5 and 11).

14. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, pursuant to a private placement, the Company issued to six investors a total of 5,566,667 shares of common stock for cash at $0.15 per share or $835,000. The Company incurred $34,800 of capital raising fees that were paid in cash and charged to additional paid-in capital. Related to these sales, the Company is further obligated to issue 145,000 warrants as an offering cost to a third party, each with a 5 year term and a strike price of $0.15 per share, at the close of the private placement offering. There will be no accounting effect for the issuance of these warrants as their fair value will be charged to additional paid-in-capital as an offering cost and offset by a credit to additional paid-in-capital for their fair value when issuing these warrants.

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

This report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Envision Solar International, Inc. (hereinafter, with its subsidiary, "Envision," "Company," "us," "we" or "our"), the industry in which we operate and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as "projects," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "should," "would," "could," "will," "opportunity," "potential" or "may," and variations of such words or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause the Company's actual results to be materially different from any future results expressed or implied by the Company in those statements. The most important factors that could prevent the Company from achieving its stated goals include, but are not limited to, the following:

(a) volatility or decline of the Company's stock price;

(b) potential fluctuation in quarterly results;

(c) failure of the Company to earn revenues or profits;

(d) inadequate capital to continue or expand its business, and inability to raise additional capital or financing to implement its business plans;

(e) unavailability of capital or financing to prospective customers of the Company to enable them to purchase products and services from the Company;

(f) failure to commercialize the Company's technology or to make sales;

(g) reductions in demand for the Company's products and services, whether because of competition, general industry conditions, loss of tax incentives for solar power, technological obsolescence or other reasons;

(h) rapid and significant changes in markets;

(i) inability of the Company to pay its liabilities;

(j) litigation with or legal claims and allegations by outside parties;

(k) insufficient revenues to cover operating costs, resulting in persistent losses; and

(l) potential dilution of the ownership of existing shareholders in the Company due to the issuance of new securities by the Company in the future.

There is no assurance that the Company will be profitable. The Company may not be able to successfully develop, manage, or market its products and services. The Company may not be able to attract or retain qualified executives and other personnel. Intense competition may suppress the prices that the Company can charge for its products and services, hindering profitability or causing losses. The Company may not be able to obtain customers for its products or services. Government regulation may hinder the Company's business. Additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, or the exercise of outstanding warrants and stock options. The Company is exposed to other risks inherent in its businesses.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. The Company cautions you not to place undue reliance on the statements, which speak only as of the date of this unaudited Quarterly Report on Form 10-Q. Forward looking statements and other disclosures in this report speak only as of the date they are made. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-Q, or to reflect the occurrence of unanticipated events.

Overview

We believe Envision differentiates itself from many other companies involved in the solar industry through its use of portable and fixed solar energy production as an enabler of valuable amenities and services through its products in locations where it is either too expensive, difficult, or environmentally impactful to connect to the utility grid. Rather than competing with utilities and other solar companies to produce cheaper electricity, the Company instead creates unique and proprietary products which use solar as a source of energy to enable valuable service and amenities in rapidly growing markets. Envision invents, designs, manufactures, and sells solar powered products and proprietary technology solutions targeting three verticals: electric vehicle charging infrastructure, out of home advertising platforms, and energy security and disaster preparedness. We focus on creating renewably energized platforms for electric vehicle ("EV") charging, media and branding, and energy security which management believes are attractive, rapidly deployable, and of the highest quality. Management believes that a chief differentiator is our ability to invent, design, engineer, and manufacture solar powered products which are a complex integration of our own proprietary technology and other commonly available engineered components. The resulting products are built to have the longest life expectancy in the industry while also delivering valuable amenities and potentially highly attractive revenue opportunities for our customers. Management believes that Envision's products deliver multiple layers of value including: impact free renewably energized EV charging; media, branding, and advertising platforms; sustainable and secure energy production; architectural enhancement; reduced carbon footprint; high visibility "green-halo" branding; reduction of net operating costs through reduced utility bills; and revenue creation opportunities through sales of digital out of home ("DOOH") media. Our products can qualify for various federal, state and local incentives which could significantly reduce final out-of-pocket costs from our selling price for eligible customers.

Products and Technologies

We produce two categories of product: the EV ARC™ product (Electric Vehicle Autonomous Renewable Charger) and the Solar Tree® product. Both product lines incorporate the same underlying technology and value, having a built-in renewable energy source in the form of attached solar panels, along with battery storage capability, but one is in a transportable format and one is in a fixed format.

Envision continues to identify other complimentary product offerings and enhancements to current offerings, and is in the design, engineering, and patenting phase on certain such products.

We strive to produce products integrating only high-quality components. Our production philosophy is to invest in quality design, components, and integration so as to ensure the lowest costs of warranty and service in the industry, while maintaining and growing a brand which we believe is already recognized as one of the leading producers of the highest quality solar products available.

We produce a series of products which management believes offer multiple layers of value to our customers leveraging the same underlying technology and fabrication techniques and infrastructure. This enables us to reach a broad customer base with varied product offerings without maintaining the overhead normally associated with a diverse set of products.

Our current list of products includes:

1. EV ARC™ Electric Vehicle Charger,
2. EV ARC™ Digital Electric Vehicle Charger with Digital advertising screen,
3. EV ARC™ Motorcycle Charger,
4. EV ARC™ Bicycle Charger,
5. ARC Mobility™ Trailer,
6. The Solar Tree® DCFC product, a 70 panel square solar array mounted on a single column with integrated energy storage and the capability to provide a 50kW fast charge to electric vehicles,

7. The Branded Solar Tree® (HVBA) product which includes customized branding, finishes and signage,
8. The Solar Tree® SMP (Sustainable Media Platform) product, which includes static and digital advertising displays,
9. The Solar Tree® HVLC (High Value Low Cost) structure, and
10. The Solar Tree® Socket product, a single space version of the Solar Tree® structure.

All Envision products can be upgraded with the addition of the following:

1. EnvisionTrak™ sun tracking technology (patented),
2. SunCharge™ solar powered EV charging,
3. ARC™ technology energy storage,
4. LED lighting,
5. Media and branding screens,
6. Security cameras, WiFi, sound, and emergency call boxes.

EV ARC™:

Leveraging the structural and technological attributes of its existing products, the Company has developed and patented a product called EV ARC™. We have observed that the EV ARC™ can solve many problems associated with electric vehicle charging infrastructure deployments. Until the introduction of the EV ARC™, the deployment of EV chargers could be hindered by complications in the site acquisition processes caused by the complicated and invasive requirements to fulfill the fixed installation. Each typical competing EV charger requires a pedestal which is typically mounted to a poured concrete foundation requiring excavation. Fixed chargers also typically require a trench run to deliver grid connected electricity, and often require transformers and other local electrical equipment upgrades. Additional entitlements, easements, leases, and other site acquisition requirements can be expensive and may slow, or prevent entirely, the deployment of large numbers of typical fixed format chargers. When an EV charger is deployed successfully, the host may be liable for increased kilowatt hour charges, and at times, more expensive demand charges. Landlords, corporations, venues, and other hosts often do not perceive enough value creation in the deployment of a fixed EV charger, and as such, may not be inclined to grant permission to the service providers who approach them, or to install EV chargers at their own expense for their employees and guests, because the costs and disruption associated with grid tied chargers can be prohibitive.

We believe EV ARC™ changes this paradigm completely because it is entirely self-contained and is delivered to the site ready to operate. It requires no foundation, trenching, concrete, electrical or civil works and can be deployed in minutes. Its high traction ballasted base pad creates a structurally sound platform that supports the rest of the structure. The solar array is connected via our EnvisionTrak™ tracking solution to a column which is mounted to the ballasted pad. An electrical cabinet integrated into the unit houses various components enabling the conversion of sunlight to electricity which is stored in on-board batteries, and delivers that electricity to the EV charging station. Incorporating battery storage means that an EV ARC™ can operate day and night. An EV ARC™ delivers a clean source of power to any model of EV charger that is integrated into the structure. Further, the EV ARC™ can be remotely monitored through a cellular data connection for energy production and the state of health of its vital components. The EV ARC™ has been successfully deployed in California, New York, Pennsylvania, Nevada, Brazil, the Virgin Islands, and Spain and for customers such as Caltrans, Google, New York City, Genentech, Johnson and Johnson, and the Department of Energy.

We have integrated a digital advertising screen onto the EV ARC™ creating the EV ARC™ Digital. This advertising screen is weather, theft, and vandalism resistant and is powered entirely by the EV ARC™. The introduction of an advertising screen creates potential new revenue streams for the owner of the EV ARC™ and we believe that this makes an EV ARC™ a more attractive product for certain prospective customers. During the third quarter of 2017, there was an initial deployment of an EV ARC™ Digital by a customer who will use the digital advertising capabilities to offer businesses a way to promote their brand in a positive and unique way while funding free EV Charging for the consumer. This advancement could lead to multiple other similar uses of our products. Additionally, because the EV ARC™ product delivers valuable services such as solar powered EV charging and a secure energy source which can be used by first responders during grid failures, management believes that it may be eligible for permitting where other advertising platforms would be prohibited.

“Digital Out of Home Advertising” is the third fastest growing advertising medium. Double digit growth with billions of dollars per year in projected national and global spending make outdoor advertising an attractive opportunity for anyone who can make it work. There are, however, significant barriers to making it work. In general, in the United States, it is becoming harder to deploy outdoor advertising in most places where it is of value. Similar to the EV charging vertical, the outdoor advertising industry seeks new solutions to overcome the significant barriers to entry such as planning, entitlement, electrical circuitry, and civil engineering. Industry veterans spend a good deal of time looking for the “new new” in advertising, a solution that is environmentally friendly, cost effective, and most importantly, can make its way through the significant hurdles of permitting and zoning. We believe that our products are ideally suited to reduce many of the barriers to entry for outdoor advertising and as such we believe that significant opportunities may present themselves to us as we continue to address this market.

EV ARC™ products also provide a highly reliable source of energy that is not susceptible to grid interruptions. Because an EV ARC™ has on-board energy storage, it can be used as a disaster preparedness tool. It is a reliable back up source of energy in times of emergency or grid failure caused by hurricanes, terrorism, cascading blackouts or other grid vulnerabilities. EV ARC™ can be configured to allow only a select group, such as first responders, to access the solar generated and stored energy. A fireman or police officer will be able to connect, safely to the EV ARC™ and power any devices that would typically require a gasoline or diesel generator. We believe that the EV ARC™ will be a much more reliable and a cleaner source of energy than the electric grid or other traditional back up energy sources. The EV ARC™ does not require the level of ongoing maintenance that a diesel or gasoline generator requires and there is less chance that it will not be operational in times of emergency since the first responders are not required to start it or fill it with fuel. We believe, and we have been told by our customers and prospects, that the triple use of EV charging, digital outdoor advertising, and emergency energy production make the EV ARC™ an extremely compelling value proposition.

EV ARC™ is designed to address the sizable market of EV charging infrastructure. We believe the current lack of such infrastructure is the single greatest impediment to the adoption of EVs in the US and elsewhere. A standardized, portable, easily deployable EV charger, which is renewably energized rather than relying on carbon based electrical energy, would appear to have significant appeal to those that are interested in the proliferation of EV's and EV charging infrastructure. We believe no competing company has a similar product, so the Company's first-to-market position should create an opportunity for a sizable share in the market interest.

In June 2015, the Department of General Services of the State of California awarded us a one year contract, with options for the State for two one-year extensions, to produce and sell the EV ARC™ to any California state, local, or municipal agency that orders them from us. The State has executed these option years, and the contract has since been extended through June 2018.

In September 2016, New York City released an Invitation to Bid ("ITB") for EV charging infrastructure. The ITB specified Envision Solar's EV ARC™ product. As of March 2017, we were issued a contract from the city allowing government agencies to order our product. Since this contract award, we have received three separate orders totaling approximately $2.4 million including the largest single order in the Company's history. Although there are no guaranties as to sales volumes related to this contract, we believe that this could lead to significant volumes in product sales in upcoming periods.

In the current stage of the production evolution for the EV ARC™ with low production volumes, the Company believes the appropriate selling price point to be lower than the actual costs of production. The Company has been successful in reducing certain direct costs and believes it will continue to be successful in reducing other direct costs as we improve processes and increase volumes. As long as unit sales are sufficient to overcome certain fixed overhead costs shared amongst the produced products in the future, and we are successful in reducing our costs through continued production economies of scale, continued production process improvements, as well as component cost reductions, management believes that gross profits can be obtained on future sales.

Solar Tree:

Our patented Solar Tree® structure has been in deployment and continued improvement for several years. We believe the resulting product has become the standard of quality in larger scale solar powered EV charging, energy security, and media and branding. We understand the Solar Tree® product to be the only single column, tracking, and architectural solar support structure with integrated energy storage potential and media platforms available today. We believe that Solar Tree® products with integrated battery storage will become important contributors to the growing EV charging infrastructure requirements in California and the rest of the world. Because our products do not require a connection to the electrical grid, they can enable EV charging in locations where it would otherwise be impossible. For example, rest areas and park and ride locations which might have sufficient energy for lights and vending machines, but do not have sufficient power for EV charging, can be served by our Solar Tree® products which can be optimized for direct current ("DC") fast charging. The costs and environmental impact associated with delivering a 50kW or greater circuit to a remote rest area may be prohibitive, whereas a Solar Tree® direct current fast charger ("DCFC") can be deployed with minimal site disturbance. Management believes that our relationship with Caltrans and other State of California agencies, which are currently limited to the sale of EV ARC™ systems, can be leveraged to enable sales of our larger Solar Tree® products.

We believe Solar Tree® products with on-board battery storage can provide a highly reliable source of energy to be used in the event of a failure of the grid. We have seen data suggesting grid failures cost businesses in the United States approximately $200 billion per year, and when those failures impact vital services such as hospitals, they have been responsible for loss of life. We believe that a hospital equipped with Solar Tree® energy security products could benefit both economically and from a life safety point of view. We believe that there are many other such instances where the reliable combination of renewable energy and energy storage can deliver value which exceeds simply competing with the utility.

We have invented and incorporated EnvisionTrak™, our patented and proprietary tracking solution, onto all of our products, furthering the unique nature of the product and we believe increasing our technological leadership within the industry. We believe EnvisionTrak™ to be a complex integration of the highest quality gearing, electrical motors, and controls which are combined in a robust, highly engineered, and supremely reliable manner. While there are many tracking solutions available to the solar industry, we believe EnvisionTrak™ is the only tracking solution which causes the solar array to orient itself in alignment with the sun without swinging, rotating, or leaving its lineal alignment with the parking spaces below. We believe this is a vital attribute in solar shaded parking as any swinging or rotating of the arrays could result in impeding the flow of traffic, particularly first responders such as fire trucks, in the drive aisles. It is a violation of many local codes to have restricted overhead clearance in the drive aisles. EnvisionTrak™ has been demonstrated, through data obtained from our past customers, to significantly increase electrical production. An additional value is derived from the high visual appeal created by EV ARC™ or Solar Tree® structures which are tracking the sun in perfect synchronicity. Solar Tree® products incorporate our latest engineering and fabrication improvements.

We also believe that Solar Tree® products optimized for branding can create visually stunning platforms for the delivery of a business' brand message with a less onerous planning and entitlement process than that experienced with traditional signage.

Operations

We are headquartered in San Diego, California in a leased 50,000 square foot building professionally equipped to handle the significant growth possibilities we believe are in front of us. The building houses our corporate operations, sales, design, engineering and product manufacturing.

We no longer install our Solar Tree® products, selling them instead as an engineered kit of parts to be installed by third parties employed by the buyer of the Solar Tree® kit. We will continue to deliver our EV ARC™ product, using the specialized and proprietary ARC Mobility™ trailer, within an approximate 500 mile range of our fabrication facility and use third party transportation solutions for greater distances.

Management believes that the continuation of our strategy to create highly engineered, highly scalable products which are delivered complete or as a kit of parts to the customer site, and which require minimal planning, entitlement, or field labor activities, is further positioning us as a leader in the provision of unique and highly scalable solutions to the three market verticals we target. Our products are complex but standardized, readily deployable and reduce the exposure of the Company and our customers to the risks and inherent margin erosion that are incumbent in field deployments. We are no longer directly involved in the field installation of our Solar Tree® products, instead selling them as a kit to be installed by others. Wherever possible, the components of the Solar Tree® structures are factory integrated and assembled such that complete assemblies are delivered to customer sites so that they may be erected and installed by readily available local labor resources contracted directly to the site host without our involvement. As part of the delivery of the latest units of Solar Tree structures to our customers, our design and engineering team has created a detailed, step by step, installation manual that we believe can be easily used by any competent construction resource to seamlessly erect and install our structures. With this manual, we believe the ease of installation can be directly communicated thus minimizing the trepidation and costs associated with installations thereby reducing sales hurdles and increasing sales.

The EV ARC™ product family requires no field installation work and is typically delivered to the customer site by us or by a third-party transportation company for a fee.

We continue to bring engineering improvements to our products that are designed to increase the level of standardization and reduce the field labor and effort required for product deployment. The EV ARC™ is the embodiment of this strategy in that it requires almost no field activity beyond "parking" it in a space. We have invented and produced the ARC Mobility™ trailer which is a hydraulically enabled delivery trailer that can lower an EV ARC™ product to the ground in its final location in less than two minutes.

Management believes that we benefit through the deliberate continued leveraging of certain outsourced resources. While we develop all intellectual property in-house, product designs are vetted by third-party structural and electrical engineering firms to ensure that the designs meet the local jurisdictional requirements and codes for the deployment locations, as applicable. We believe this further helps dissipate potential liabilities for the structural and electrical elements by involving additionally insured experts with partial responsibility for the designs.

Sales

Historically, we concentrated a sizeable portion of our resources on product development and engineering. Management believes that we now have a reproducible suite of products which address the three market verticals in which we operate (EV charging infrastructure; out of home advertising infrastructure; and renewable energy production and storage). As a result, we have increased our focus on sales and marketing in 2017 and intend to continue this focus. We believe our sales team has created a strong pipeline of prospective customers and has already converted such efforts into contracted sales. We have hired marketing professionals to help drive increased social media and other marketing initiatives to help ensure we capitalize on our first to market presence and achieve increased name recognition within the industry. We have further added a resource to help us and our customers identify and apply for potential grants and other sources of government capital which will help us get more of our products out to market.

Our current sales activities are undertaken in the following manners:

- Direct sales efforts undertaken by our “in-house” sales team,
- Direct sales efforts undertaken by other independent contractors,
- Direct sales efforts as a result of management relationships, and
- Follow on sales to existing customers.

Our marketing efforts are responsible for the generation of many of our sales leads and have consisted of the following:

- Attendance at trade shows and conferences, often with live demonstrations of EV ARC™,
- Deliveries of a “loaner” EV ARC™ unit to potential customer sites so the customer can directly experience the benefits of the product,
- Web Site and limited search engine optimization,
- Direct electronic mailings to prospects within our target markets,
- Social Media outreach on Facebook, Twitter, and LinkedIn,
- Video postings on YouTube and Vimeo,
- Distribution of printed materials promoting our products,
- Industry speaking engagements and SME panel participation across the United States, and
- Media interviews in print, radio and television.

Examples of the audiences we target are:

- Corporations,
- Outdoor advertising companies,
- Automotive related companies,
- Municipalities,
- State and Federal government entities,
- Utilities, and
- Commercial real estate.

Sales and business development team members receive a mixture of base and performance based pay. Most are paid based on a percentage of revenue earned when we actually receive payment from our customers.

We also have independently contracted sales resources that are paid based upon performance. They are paid a percentage of revenue when the Company actually receives payment from our customers. Our team will assist such contractors in the creation of proposal documents when the prospective sale appears to warrant the commitment of resources to such an activity. These contractors are responsible for their own costs except in some instances where the Company’s management pre-approves an expenditure aimed at winning a sales contract.

We continue to explore the use of sales channels to communicate the value of and sell our products. Examples of the types of channels we seek are:

- Upstream vendors such as solar module manufacturers, inverter manufacturers, EVSE manufactures,
- EV charging service providers,
- Outdoor advertising companies,
- General contractors,
- Architects,
- Engineers and consultants.

In the upcoming periods, we plan to continue our progress and leverage our past successes to continue to grow the Company. Our sales team continues to develop national sales strategies and prospects while increasing our sales opportunity base which we believe will result in increasing sales. Leveraging our contract with the State of California, we continue to garner sales and add new state customers. With our contract with the City of New York, we believe we have access to significant potential sales opportunities and have already begun capitalizing on such opportunities. Additionally, we get notable positive feedback during our "Gorilla" marketing road shows. The EV ARC™ is being delivered to corporate campuses and events in major California metropolitan areas such as San Diego, Los Angeles, San Francisco and the Silicon Valley. The feedback from the public has been positive as host companies, their employees, customers, visitors and others have been able to see firsthand the value of highly visible solar powered EV charging and emergency energy provision capabilities, and as a result, we believe, will lead them to buy our products. We believe that this has been a good way to raise awareness about the unique values our products deliver.

For the period ended September 30, 2017, contracted backlog is approximately $2.8 million and management believes that most of this backlog will be executed on and delivered during the year.

We continue to experience long sales cycles for our products. The sales cycle can be prolonged in part because we are educating a set of prospects in new industries in which customers do not have significant experience but also because of our strategic decision to target larger organizations with possible multiple campuses, such as Google or governmental organizations. It is our belief that while the sales cycle is longer for governmental or larger organizations, once won, the potential for sales is far more significant.

Critical Accounting Policies

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying unaudited condensed consolidated financial statements include the allowance for doubtful accounts receivable, valuation of inventory, depreciable lives of property and equipment, estimates of loss contingencies, valuation of derivatives, valuation of beneficial conversion features in convertible debt, valuation of share-based payments, and the valuation allowance on deferred tax assets.

Revenue and Cost Recognition. Revenues are primarily derived from the direct sales of products. Revenues may also consist of design fees for the design of solar systems and arrays, and revenues from sales of professional services.

Revenues from leases, design services and professional services are recognized as earned.

Revenues from inventoried product sales are recognized upon the final delivery of such product to the customer.

Any deposits received from a customer prior to delivery of the purchased product and additionally, monies received for leases prior to a given lease period, are accounted for as deferred revenue on the balance sheet.

The Company includes shipping and handling fees billed to customers as revenues, and shipping and handling costs as cost of revenues. The Company generally provides a standard one year warranty on its products for materials and workmanship and pass on the warranties from its vendors, if any, which generally cover at least such period.

Stock Based Compensation. The Company follows ASC 718, "Compensation – Stock Compensation." ASC 718 requires companies to estimate and recognize the fair value of stock-based awards to employees and directors. The fair value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. We estimate the fair value of each stock option at the grant date by using the Black-Scholes option pricing model. Equity instruments granted to non-employees are accounted for under ASC 505-50 "Equity Based Payments to Non-Employees."

Accounts Receivable. Accounts receivable are customer obligations due under normal trade terms. Management reviews accounts receivable on a periodic basis to determine if any receivables may become uncollectible. Management's evaluation includes several factors including the aging of the accounts receivable balances, a review of significant past due accounts, dialogue with the customer, the financial profile of a customer, our historical write-off experience, net of recoveries, and economic conditions. The Company includes any accounts receivable balances that are determined to be uncollectible in its overall allowance for doubtful accounts. Further, the Company may record a general reserve in its allowance for doubtful accounts to account for future changes that may negatively impact our overall collections. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

Fair Value of Financial Instruments. We measure our financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash, accounts receivable, accounts payable, accrued expenses and short-term loans, the carrying amounts approximate fair value due to their short maturities. Further, amounts recorded as long-term notes payable, net of discount, also approximate fair value because current interest rates for debt that are available to us with similar terms and maturities are substantially the same.

Inventory. Inventories are valued at the lower of cost or net realizable value and consist of certain purchased or manufactured components of our overall product offering. Cost is determined using the first-in, first-out (FIFO) method, and includes material and labor costs. If the Company determines that the carrying value of an item may not be realizable, an impairment reserve is recorded to adjust such items to their realizable value.

Accounting for Derivatives. The Company evaluates its options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging". The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liability at the fair value of the instrument on the reclassification date.

Changes in Accounting Principles. No significant changes in accounting principles were adopted during the three months ended September 30, 2017.

Results of Operations

Results of Operations for the Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016

Revenue. For the three months ended September 30, 2017, our revenues were $225,524 compared to $522,412 for the same period in 2016. For the three months ended September 30, 2017, revenues were primarily derived from the delivery of three EV ARC™ units including a delivery of an EVARC Digital™ unit which was sold to our customer who will use the digital advertising capabilities in their shopping center portfolio to offer businesses a way to promote their brand in a positive and unique way while funding free EV Charging for their consumers. We believe this is a positive model that can lead to many more sales and deployments of our products for similar uses. Additionally, production was reduced during the quarter due to certain financing constraints that the Company has overcame with the securitization of new financing at the end of the period. As of September 30, 2017, our contracted backlog was approximately $2.8 million. A significant portion of this backlog is the result of the contract issued to the company by the New York City allowing city agencies a vehicle from which to order our products. Management believes that with the significant production increases we have experienced subsequent to the period end and directly related to the securitization of new financing at the end of the period, a vast majority of this backlog will be executed on during the remaining months of 2017. For the three-months ended September 30, 2016, revenues were derived primarily from the delivery of eight EV ARC™ units to end customers with additional revenues derived from a project to deliver a Solar Tree® unit.

Gross Loss. For the three months ended September 30, 2017, we had a gross loss of $9,308 compared to a gross loss of $3,532 for the same period in 2016. In 2017, our losses were derived primarily from the costs, including depreciable costs, of our manufacturing environment that were unable to be absorbed by the lower revenues in the period. With the continuing increases in production volumes expected in upcoming periods, we believe that we will see more decreases in per unit labor costs and per unit manufacturing overhead costs which will drive even lower per unit total costs. In 2017, warranty or service costs remained low totaling under three thousand dollars in the period. The gross losses in the 2016 period were primarily due to losses incurred with the production of our first Solar Tree™ unit being delivered as a kit of parts to a customer who had requested delivery delays.

Operating Expenses. Total operating expenses were $489,540, for the three months ended September 30, 2017 compared to $614,586 for the same period in 2016. Administrative labor costs increased in 2017 by approximately $35,000 primarily due to staffing increases coupled with modest pay increases. Stock option expense increased by approximately $38,000 due to prior issued stock options. Administrative rent increased approximately $12,000 in the 2017 period due to the move to our new facility in 2016, but was offset in a reduction of moving expenses of approximately the same value. These increases were offset by a decrease of commissions of approximately $44,000 due to a higher commissionable sale in 2016, and a decrease in consulting expenses of approximately $151,000 primarily related to an investor relations consulting firm and other financial consulting that were not incurred in 2017.

Interest Expense. Interest expense was $65,413 for the three months ended September 30, 2017 compared to $82,522 for the same period in 2016. The decrease in interest in 2017 resulted primarily from the decrease in our convertible debt facility that was entirely converted to common stock prior to the period as well as the amortization of certain non-recurring debt costs in 2016.

Change in Fair Value of Embedded Conversion Option Liability. There was no change with the embedded conversion option liability in the three months ended September 30, 2017 as the debt associated with this liability was converted into equity in a prior period and thus had already been eliminated.

Net Loss. We had a net loss of $566,199 for the three months ended September 30, 2017 compared to net loss of $609,564 for the same period in 2016. Significant elements deriving these losses have been discussed above.

Results of Operations for the Nine Months Ended September 30, 2017 Compared to the Nine Months Ended September 30, 2016

Revenue. For the nine months ended September 30, 2017, our revenues were $1,103,943 compared to $1,207,226 for the same period in 2016. We delivered a few less EV ARC™ units in 2017 but those units had higher average sales prices related to additional purchased features as compared to 2016. The 2016 period also included revenues associated with the sale of a Solar Tree® unit. As discussed above, as of September 30, 2017, our backlog was approximately $2.8 million. Management believes a vast majority of this backlog will be executed on during the remaining months of 2017.

Gross Loss. For the nine months ended September 30, 2017, we had a gross loss of $26,268 compared to a gross loss of $78,632 for the same period in 2016. In 2017, the loss is consistent with costs of the manufacturing environment including tooling and depreciation costs that are unable to be absorbed with our current production volumes, coupled with minimal warranty costs. In 2016, approximately $20,000 of the gross loss was attributable to the delivery of an EV ARC ™ unit to the Virgin Islands that had higher transportation and location specific logistical cost elements because we delivered, for the first time, a transformer ARC ™ unit using a standard cargo container. Further, we experienced nonrecurring costs of $26,000 related to the repair of certain production equipment and the procurement of other small equipment to assist in production coupled with the depreciation of production equipment.

Operating Expenses. Total operating expenses were $1,703,821 for the nine months ended September 30, 2017 compared to $1,634,861 for the same period in 2016. During the 2017 period, labor increased by approximately $79,000 primarily due to increased sales personnel coupled with modest pay increases. Stock option expense increased approximately $55,000 due to options granted the CEO in late 2016. Administrative office rent increased by approximately $52,000 due to the move to our larger corporate facility in August 2016, where we also saw an increase in utilities costs of approximately $48,000. These were offset by a decrease in director's fees of $54,000 in the 2017 period as there were increased costs in 2016 related to the 2015 term of service for certain directors, and a decrease of $122,000 for investor relation and financial consultants in 2017.

Interest Expense. Interest expense was $167,019 for the nine months ended September 30, 2017 compared to $205,485 for the same period in 2016. The decrease related primarily to a decrease in amortization of certain debt related costs from 2016 compared to the 2017 period coupled with the decrease in debt associated with the conversion of 2016 debt to equity in the 2017 period.

Change in Fair Value of Embedded Conversion Option Liability. We recorded a gain of $107,081 during the nine months ended September 30, 2017 compared to a loss of $46,865 during the same period in 2016. These amounts were the result of adjusting the fair value of our derivative liabilities to market. In the nine months ended September 30, 2017, the convertible debt with which this liability was associated was converted to equity and thus the liability was marked down to $0.

Net Loss. We had a net loss of $1,790,104 for the nine months ended September 30, 2017 compared to net loss of $1,961,316 for the same period in 2016. Significant elements deriving these losses have been discussed above.

Liquidity and Capital Resource

At September 30, 2017, we had cash of $131,508. We have historically met our cash needs through a combination of proceeds from private placements of our securities, and from loans. Our cash requirements are generally for operating activities.

Our operating activities resulted in cash used in operations of $1,446,699 for the nine months ended September 30, 2017, compared to cash used in operations of $1,439,269 for the same period in 2016. The principal elements of cash flow for the nine months ended September 30, 2017 include the net loss of the Company offset by depreciation and amortization of $51,909 and other non-cash items including: approximately $113,625 of common stock share value issued in lieu of cash for services of which approximately $84,000 was issued to directors of the Company for their Board service and $27,000 was issued to Greencore Capital LLC for services provided to the Company by a director; approximately $60,000 of stock value issued as a fee for the guaranty of our outstanding loan; $118,671 of stock option expense; and a $107,081 gain related to the change in fair value of the embedded conversion option liability as the debt that was associated with this liability was entirely converted to equity in the period. Further, cash from operations for the period included of a net reduction in accounts receivable of $1,023,213 as the Company collected monies owed to it from the increased level of deliveries made at the end of fiscal 2016; a use of cash of $909,165 used to build inventory as the Company had a significant increase in work in process production as certain financial and component availability constraints hindered our ability to finish product, all of which was resolved at the end of the period and which will help lead to significant deliveries and revenues in the final quarter of 2017; a use of cash of $211,299 related to accounts payable reductions as the Company paid bills with the proceeds of a closed financing; a use of cash amounting to $50,181 related to the payment of sales taxes owed; and a $72,500 generation of cash related to the increase of a convertible note payable associated with the deferral of compensation by our chief executive officer.

Cash used in investing activities was $7,846 and $122,180 for the nine months ended September 30, 2017 and September 30, 2016, respectively. In 2017, the Company purchased some nominal operating equipment while continuing to fund progress toward patent applications. In 2016, in addition to funding patent applications, the Company built an EV ARC™ for Company demonstration purposes and additionally replaced a battery in our electric forklift.

Cash received from our financing activities was $1,577,485 for the nine months ended September 30, 2017 compared to cash received of $1,609,693 in the same period in 2016. In 2016 the cash received was primarily cash invested into the Company through private placements of our common stock with an additional $200,000 borrowed on our then existing line of credit. In the 2017 period, the Company received $260,000 of cash invested through private placements of our common stock, but also received net proceeds (after using certain proceeds to contractually pay off old debt facilities) of $1,350,000 from new credit facilities that closed and funded during the period.

As of September 30, 2017, current liabilities exceeded current assets by $1,877,966. In 2017, current assets increased by approximately $140,000 resulting primarily from the collection of accounts receivable associated with the increased volumes of revenues at the end of 2016 which cash was then used and the decrease offset by increases in inventory. In 2017, current liabilities increased by approximately $140,000 as a result of the conversion of a certain debt facility into equity thus eliminating an embedded conversion option liability coupled with an net increase of approximately $340,000 in other debt facility borrowings.

While the Company has been attempting to grow market awareness and focusing on the generation of sales to get our product out into the marketplace, the Company has not generally earned a gross profit on its sales of products and services. It has been pricing its products and services in an attempt to forge durable long-term customer relationships, to gain market share, and to establish its brand. Management believes that with increased production volumes, efficiencies will continue to improve, and production costs will decrease, thus allowing for consistent gross profits on the EV ARC ™ product in the future. The Company will continue to rely on capital infusions from the private placement of its securities as well as initiating future debt instruments until it achieves positive cash flow from its business, which is predicated on increasing sales volumes and the continuation of production cost reduction measures. Management cannot currently predict when or if it will achieve positive cash flow.

Management believes that evolution in the operations of the Company may allow it to execute on its strategic plan and enable it to experience profitable growth in the future. This evolution is anticipated to include the following continual steps: addition of sales personnel and independent sales channels, continued management of overhead costs, process improvements leading to cost reductions, increased public awareness of the Company and its products, and the maturation of certain long sales cycle opportunities. Management believes that these steps, if successful, may enable the Company to generate sufficient revenue and raise additional growth capital to allow the Company to manage its debt burden appropriately and to continue operations. There is no assurance, however, as to if or when the Company will be able to achieve those investment and operating objectives. The Company does not have sufficient capital to meet its current cash needs, which include the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. The Company is also in the process of seeking additional capital and long and short-term debt financing to attempt to overcome its working capital deficiencies. The Company is currently seeking private financing, but there is no assurance that the Company can raise sufficient capital or obtain sufficient financing to enable it to sustain monthly operations. The Company will attempt to renegotiate the maturity dates of its current debt financings as needed and as it has done successfully in the past, but there is no assurance that these efforts will be successful. In order to address its working capital deficit, the Company is also seeking to increase sales of its existing products and services. There may not be sufficient funds available to the Company to enable it to remain in business and the Company's needs for additional financing are likely to persist.

Going Concern Qualification

As reflected in the accompanying unaudited condensed consolidated financial statements for the nine months ended September 30, 2017, the Company had a net loss of $1,790,104. Additionally, at September 30, 2017, the Company had a working capital deficit of $1,877,966, an accumulated deficit of $37,025,553 and a stockholders' deficit of $1,437,735. It is management's opinion that these factors raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the filing of this report.

The Company has incurred significant losses from operations, and such losses are expected to continue. In addition, the Company has limited working capital. In the upcoming months, management's plans include seeking additional operating and working capital through a combination of private and debt financings. There is no guarantee that additional capital or debt financing will be available when and to the extent required, or that if available, it will be on terms acceptable to the Company. Further, the Company continues to seek sales contracts for new projects and product sales that should provide additional revenues and, in the long term, gross profits. Additionally, Envision intends to renegotiate the debt instruments that are currently due or become due later in 2017. All such actions and funds, if successful, may not be sufficient to cover monthly operating expenses or meet minimum payments with respect to the Company's liabilities over the next twelve months.

The Company's Independent Registered Public Accounting Firm has included a "Going Concern Qualification" in their report for the years ended December 31, 2016 and 2015. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The "Going Concern Qualification" might make it substantially more difficult to raise capital.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements 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 are material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"), and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 15d-15(e) under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

During the period covered by this filing, we conducted a continued evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2017, the disclosure controls and procedures of our Company were not effective in ensuring that the information required to be disclosed in our Exchange Act reports was recorded, processed, summarized and reported on a timely basis.

The Company will look to improve its internal control over financial reporting and improve its disclosure controls and procedures as it is able to add administrative support staff and overcome the financial constraints of the Company as to be able to invest in these areas. Although not a comprehensive listing, as of December 31, 2016, we had identified the following material weaknesses which still exist as of September 30, 2017 and through the date of this report:

- We did not maintain effective controls over the control environment. Specifically, among other things, the Board of Directors does not currently have a director who qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.

- Because of the size of the Company and the Company's administrative staff, as well as other reasons, controls related to the segregation of certain duties, and additionally, controls and processes involving the communication, dissemination and disclosure of information, have not been developed and the Company has not been able to adhere to them.

- We have not formally adopted a written code of business conduct and ethics that governs the Company's employees, officers and directors.

Since these entity level controls have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

Changes in Internal Control Over Financial Reporting

There were no changes in internal controls over financial reporting that occurred during the quarter ended September 30, 2017 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

The Company may be involved in legal actions and claims arising in the ordinary course of business from time to time. As of the date of this report, there are no ongoing or pending legal claims or proceedings of which management is aware.

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

During the three months ended September 30, 2017, the Company issued 187,500 shares of common stock pursuant to Rule 506 (b) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act") with a per share value of $0.15 (based on market price at the time of a restricted stock agreement) and a total value of $28,125 for director services to three directors. The shares were fully vested.

During the three months ended September 30, 2017, pursuant to a private placement made pursuant to Rule 506(b) of Regulation D of the Securities Act, the Company issued a total of 100,000 shares of common stock to one investors for cash with a per share price of $0.15 and total capital of $15,000.

During the three months ended September 30, 2017, pursuant to Rule 506 (b) of Regulation D of the Securities Act, and in consideration for the continued guaranty of the Company's obligations extended under that certain loan and security agreement with Silicon Valley Bank dated October 30, 2015, the Company issued 219,555 shares of common stock with a total contractual value of $30,750, to Keshif Ventures, LLC, a related party, pursuant to that certain related stock purchase agreement dated October 30, 2015.

Subsequent to September 30, 2017, but prior to the date of this report, pursuant to a private placement pursuant to Rule 506(b) of Regulation D of the Securities Act, the Company issued a total of 5,566,667 shares of common stock to six investors for cash with a per share price of $0.15 and total capital of $835,000.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
2.1	Agreement of Merger and Plan of Reorganization, dated February 10, 2010, by and among Casita Enterprises, Inc., ESII Acquisition Corp. and Envision Solar International, Inc. (1)
3.1	Articles of Incorporation (2)
3.2	Bylaws (2)
3.3	Amendment to Bylaws (10)
10.1	2007 Unit Option Plan of Envision Solar, LLC, dated as of July 2007 (1)
10.2	Asset Purchase Agreement, dated as of January, 2008, by and among Envision Solar International, Inc. and Generating Assets, LLC (1)
10.3	Warrant, dated as of January 11, 2008, issued to Squire, Sanders & Dempsey L.L.P. (1)
10.4	Securities Purchase Agreement, dated as of November 12, 2008, by and between Envision Solar International, Inc. and Gemini Master Fund, Ltd.(1)
10.5	Secured Bridge Note, dated November 12, 2008, issued to Gemini Master Fund, Ltd. (1)
10.6	Security Agreement, dated as of November 12, 2008, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC, Gemini Master Fund, Ltd. and Gemini Strategies, LLC (1)
10.7	Intellectual Property Security Agreement, dated as of November 12, 2008, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC Gemini Master Fund, Ltd. and Gemini Strategies, LLC (1)
10.8	Subsidiary Guarantee, dated as of November 12, 2008, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC and Gemini Strategies, LLC (1)
10.9	Forbearance Agreement, dated as of April 11, 2009, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC and Gemini Master Fund, Ltd. (1)
10.10	Subordination Agreement, dated as of October 1, 2009, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC, Jon Evey, Gemini Master Fund, Ltd. and Gemini Strategies, LLC (1)
10.11	Amendment Agreement, dated as of October 30, 2009, by and among Envision Solar International, Inc., Envision Solar Construction, Inc., Envision Solar Residential, Inc., Envision Africa, LLC, Gemini Master Fund, Ltd. and Gemini Strategies, LLC (1)

10.12	Lock-up Agreement, dated as of October 30, 2009, by and between Envision Solar International, Inc. and Robert Noble (1)
10.13	Lease dated as of December 17, 2009 by and between Pegasus KM, LLC and Envision Solar International, Inc. (1)
10.14	10% Subordinated Convertible Promissory Note, dated December 17, 2009, issued to Mark Mandell, William Griffith and Pegasus Enterprises, LP (1)
10.15	Amended and Restated 10% Subordinated Convertible Promissory Note, dated as of December 31, 2010, issued to John Evey (1)
10.16	Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, dated as of February 10, 2010, by and between Casita Enterprises, Inc. and Casita Enterprises Holdings, Inc. (1)
10.17	Stock Purchase Agreement, dated February 10, 2010, by and between Casita Enterprises, Inc. and Jose Cisneros, Marco Martinez, Paco Sanchez, Don Miguel and Lydia Marcos (1)
10.18	Selling Agreement between Envision Solar International, Inc. and Allied Beacon Partners, Inc. (3)
10.19	Letter of Intent with General Motors, LLC. (4)
10.20	Selling Agreement with Allied Beacon Partners, Inc., dated January 8, 2013 (5)
10.21	Consulting Agreement with GreenCore Capital, LLC, dated January 10, 2013 (5)
10.22	Teaming Agreement with Horizon Energy Group signed January 16, 2013 (6)
10.23	No longer in effect. (7)
10.24	Consulting Agreement with Cronus Equity LLC, dated February 21, 2014 (8)
10.25	Fourth Extension and Amendment Agreement between Envision Solar International, Inc. and Gemini Master Fund Ltd and Gemini Strategies LLC dated as of February 28, 2014 with Exhibits (9)
10.26	Consulting Agreement with GreenCore Capital LLC dated March 28, 2014 (9)
10.27	Loan and Security Agreement by and among Silicon Valley Bank, Envision Solar International, Inc., and Envision Construction, Inc., dated October 30, 2015 (11)
10.28	Supplement to Master Unconditional Limited Guarantee for the benefit of Silicon Valley Bank by Keshif Ventures, LLC, dated October 30, 2015 (11)
10.29	Subordination Agreement by and between Keshif Ventures, LLC and Silicon Valley Bank, dated October 30, 2015 (11)
10.30	Stock Purchase Agreement by and between Envision Solar International, Inc. and Keshif Ventures, LLC, dated October 30, 2015 (11)
10.31	Loan Guaranty Side Letter by Envision Solar International, Inc. to Keshif Ventures, LLC, dated October 30, 2015 (11)
10.32	Note Settlement and General Release Agreement, by and between Envision Solar International, Inc. and Robert Noble, dated January 20, 2016 (12)
10.33	Restricted Stock Grant Agreement by and between Envision Solar International, Inc. and Peter Davidson, dated September 8, 2016 (13)
10.34	Employment Agreement by and between Envision Solar International, Inc. and Desmond Wheatley, effective as of January 1, 2016 (14)
10.35	Amendment to Restricted Stock Agreement between the Company and Jay S. Potter, dated December 31, 2016 (15)
10.36	Restricted Stock Agreement between the Company and Jay S. Potter, dated December 31, 2016 (15)
10.37	Amendment to Restricted Stock Agreement between the Company and Anthony Posawatz, dated December 31, 2016 (15)
10.38	Restricted Stock Agreement between the Company and Anthony Posawatz, dated December 31, 2016 (15)
10.39	Amendment to Restricted Stock Agreement between the Company and Peter Davidson, dated December 31, 2016 (15)
10.40	Restricted Stock Agreement between the Company and Peter Davidson, dated December 31, 2016 (15)
10.41	Revolving Convertible Promissory Note, dated September 18, 2017 between the Company and “Lender” (16)
10.42	Convertible Secured Promissory Note, dated September 18, 2017, between the Company and “Lender” (16)
10.43	Security Agreement -Purchase Order Financing, dated September 18, 2017, between the Company and “Lender” (16)
10.44	Security Agreement – Convertible Secured Promissory Note, dated September 18, 2017, between the Company and “Lender” (16)

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

(1) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated February 12, 2010.

(2) Incorporated by reference to the Form SB-2 Registration Statement filed with the Securities and Exchange Commission dated November 2, 2007.

(3) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated September 9, 2011.

(4) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, filed on March 28, 2012.

(5) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 11, 2013.

(6) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 16, 2013.

(7) Previously incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 28, 2014.

(8) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated February 26, 2014.

(9) Incorporated by reference to the Annual Report on form 10K filed with the Securities and Exchange Commission, dated March 31, 2014.

(10) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated July 16, 2014.

(11) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated November 5, 2015.

(12) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 26, 2016.

(13) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated September 14, 2016.

(14) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated October 20, 2016.

(15) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated January 6, 2017.

(16) Incorporated by reference to the Form 8K filed with the Securities and Exchange Commission, dated September 18, 2017.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 14, 2017

Envision Solar International, Inc.

By: /s/ Desmond Wheatley
Desmond Wheatley, Chairman and Chief Executive Officer, (Principal Executive Officer)

By: */s/ Chris Caulson*
Chris Caulson, Chief Financial Officer, (Principal Financial/Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: */s/ Jay S. Potter*
Jay S. Potter, Director

Dated: November 14, 2017

By: */s/ Anthony Posawatz*
Anthony Posawatz, Director

Dated: November 14, 2017

By: */s/ Peter Davidson*
Peter Davidson, Director

Dated: November 14, 2017