

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

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

For the transition period from ____ to ____
Commission file number: 1-16525

CVD EQUIPMENT CORPORATION

(Name of Small Business Issuer in Its Charter)

New York

11-2621692

*(State or Other Jurisdiction of
Incorporation or Organization)*

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

1860 Smithtown Avenue

Ronkonkoma, New York 11779

(Address including zip code of registrant's Principal Executive Offices)
(631) 981-7081

(Issuer's Telephone Number, Including Area Code)

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

None

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

Common Stock, Par value \$0.01

(Title of class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 issuer is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act). (check one)

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 4,733,500 shares of Common Stock, \$0.01 par value at May 14, 2008.

CVD EQUIPMENT CORPORATION AND SUBSIDIARY

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CVD EQUIPMENT CORPORATION AND SUBSIDIARY
Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,201,479	\$ 5,110,447
Accounts receivable, net	2,054,600	1,769,265
Investments	251,130	251,130
Cost in excess of billings on uncompleted contracts	2,971,222	1,847,288
Inventories	3,046,696	3,015,635
Deferred income taxes - current	92,299	90,774
Other current assets	395,087	379,360
Total current assets	<u>12,012,513</u>	<u>12,463,899</u>
Property, plant and equipment, net	7,111,007	5,055,727
Deferred income taxes - non-current	322,453	266,077
Other assets	676,966	1,114,637
Intangible assets, net	78,552	106,566
Total assets	<u>\$ 20,201,492</u>	<u>\$ 19,006,906</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 273,753	\$ 222,193
Accounts payable	694,818	517,934
Accrued expenses	802,280	1,245,819
Accrued professional fees - related party	12,500	116,165
Deferred revenue	56,181	47,444
Total current liabilities	<u>1,839,532</u>	<u>2,149,555</u>
Long-term debt, net of current portion	<u>4,073,878</u>	<u>2,678,421</u>
Total liabilities	<u>5,913,410</u>	<u>4,827,976</u>
Commitments and contingencies	---	---
Stockholders' Equity		
Common stock-\$0.01 par value-10,000,000 shares authorized; issued and outstanding, 4,733,500 shares at March 31, 2008 and 4,718,500 at December 31, 2007	47,335	47,185
Additional paid-in capital	9,682,526	9,592,728
Retained earnings	<u>4,558,221</u>	<u>4,539,017</u>
Total Stockholders' Equity	<u>14,288,082</u>	<u>14,178,930</u>
Total liabilities and stockholders' equity	<u>\$ 20,201,492</u>	<u>\$ 19,006,906</u>

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

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Revenue	\$ 4,043,499	\$ 3,811,277
Cost of revenue	<u>2,826,648</u>	<u>2,555,330</u>
Gross profit	<u>1,216,851</u>	<u>1,255,947</u>
Operating expenses		
Selling and shipping	181,531	278,310
General and administrative	1,019,653	763,226
Related party - professional fees	<u>12,500</u>	<u>10,000</u>
Total operating expenses	<u>1,213,684</u>	<u>1,051,536</u>
Operating income	<u>3,167</u>	<u>204,411</u>
Other income (expense)		
Interest income	37,591	27
Interest expense	<u>(40,884)</u>	<u>(53,473)</u>
Other income	<u>7,888</u>	<u>5,094</u>
Total other income (expense)	<u>4,595</u>	<u>(48,352)</u>
Income before income taxes	7,762	156,059
Income tax benefit (expense)	<u>11,442</u>	<u>(59,650)</u>
Net income	<u>\$ 19,204</u>	<u>\$ 96,409</u>
Basic income per common share	<u>\$ 0.00</u>	<u>\$ 0.03</u>
Diluted income per common share	<u>\$ 0.00</u>	<u>\$ 0.03</u>
Weighted average common shares outstanding basic income per share	4,732,016	3,284,589
Effect of potential common share issuance: Stock options	<u>34,229</u>	<u>129,203</u>
Weighted average common shares outstanding diluted income per share	<u>4,766,245</u>	<u>3,413,792</u>

The accompanying notes are an integral part of the consolidated financial statements

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities		
Net income	\$ 19,204	\$ 96,409
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation expense	68,947	41,661
Depreciation and amortization	125,642	105,150
Deferred tax provision	(57,901)	(58,062)
Bad debt provision	(1,952)	(2,000)
Changes in operating assets and liabilities:		
Accounts receivable	(283,383)	423,050
Cost in excess of billings on uncompleted contracts	(1,123,934)	(568,955)
Inventory	(31,061)	87,613
Other current assets	(15,729)	10,540
Other assets		
Accounts payable	176,885	(6,520)
Accrued expenses	(547,204)	(61,619)
Deferred revenue	8,737	(212,250)
Net cash (used in) operating activities	<u>(1,661,749)</u>	<u>(144,983)</u>
Cash flows from investing activities:		
Capital expenditures	(2,140,547)	(210,633)
Deposits	425,312	13,766
Net cash (used in) investing activities	<u>(1,715,235)</u>	<u>(196,867)</u>
Cash flows from financing activities:		
Repayments on bank line of credit - net	-	(5,000)
Proceeds from loans	1,500,000	139,510
Payments of long-term debt	(52,983)	(61,499)
Net proceeds from stock options exercised	21,000	84,000
Net cash provided by financing activities	<u>1,468,017</u>	<u>157,011</u>
Net (decrease) in cash and cash equivalents	(1,908,967)	(184,839)
Cash and cash equivalents at beginning of period	5,110,447	257,341
Cash and cash equivalents at end of period	<u>\$ 3,201,479</u>	<u>\$ 72,502</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 491,850	\$ 101,447
Interest paid	\$ 46,476	\$ 52,776

The accompanying notes are an integral part of consolidated financial statements

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the interim financials not misleading have been included and all such adjustments are of a normal recurring nature. The operating results for the three months ended March 31, 2008 are not necessarily indicative of the results that can be expected for the year ending December 31, 2008.

The balance sheet as of December 31, 2007 has been derived from the audited financial statements at such date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The accounting policies followed by the Company are set forth in Note 2 to the Company's consolidated financial statements in the December 31, 2007 Form 10-KSB.

For further information, please refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

Intercompany transactions have been eliminated in consolidation.

Certain reclassifications have been made to prior period financial statements to conform to the current year presentation.

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and Income Recognition

The Company recognizes revenues and income using the percentage-of-completion method for custom production-type contracts while revenues from other products are recorded when such products are accepted and shipped. Profits on custom production-type contracts are recorded on the basis of the Company's estimates of the percentage-of-completion of individual contracts, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. Under this method, revenues are recognized based on costs incurred to date compared with total estimated costs.

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

The liability, "Billings in excess of costs on uncompleted contracts" represents amounts billed in excess of revenues earned.

NOTE 3: UNCOMPLETED CONTRACTS

Costs and estimated earnings in excess of billings on uncompleted contracts are summarized as follows:

	<u>March 31, 2008</u>	<u>December 31, 2007</u>
	(Unaudited)	
Costs incurred on uncompleted contracts	\$ 2,574,232	\$1,887,022
Estimated earnings	<u>2,789,334</u>	<u>2,158,386</u>
	5,363,566	4,045,408
Billings to date	<u>(2,392,344)</u>	<u>(2,198,120)</u>
Costs and estimated earnings in excess of billings on uncompleted contracts	<u><u>\$ 2,971,222</u></u>	<u><u>\$1,847,288</u></u>

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4: INVENTORIES

Inventories consist of the following:

	<u>March 31, 2008</u>	<u>December 31, 2007</u>
	(Unaudited)	
Raw materials	\$1,098,913	\$ 1,077,756
Work-in-process	1,743,642	1,733,738
Finished goods	<u>204,141</u>	<u>204,141</u>
	<u>\$3,046,696</u>	<u>\$ 3,015,635</u>

NOTE 5: FAIR VALUE MEASUREMENTS

Effective January 1, 2008, we adopted SFAS 157, Fair Value Measurements (SFAS 157). SFAS 157 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 – Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices are observable, and inputs derived from or corroborated by observable market data.

Level 3 – Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The adoption of SFAS No. 157 did not have a material impact on our fair value measurements.

CVI EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table presents our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

	Fair Value Measurement at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs		Significant Unobservable Inputs
<u>Description</u>	<u>March 31, 2008</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	
Equity investment	\$251,130	\$ ---	\$ ---		\$251,130
Total Assets	<u>\$251,130</u>	\$ ---	\$ ---		<u>\$251,130</u>
Liabilities	\$ ---	\$ ---	\$ ---		\$ ---
Total Liabilities	\$ ---	\$ ---	\$ ---		\$ ---

NOTE 6: BAD DEBTS

Accounts receivables are presented net of an allowance for doubtful accounts of \$10,636 and \$12,588 as of March 31, 2008 and December 31, 2007 respectively. The allowance is based on prior experience and management's evaluation of the collectibility of accounts receivable. Management believes the allowance is adequate. However, future estimates may change based on changes in economic conditions.

NOTE 7: SHORT TERM BORROWINGS

On June 1, 2007 the Company entered into a three year Revolving Credit Agreement with North Fork Bank, permitting it to borrow on a revolving basis amounts up to \$2,000,000 until June 1, 2010, at which time it will be subject to renewal. The loan bears interest on any unpaid principal balance at a rate to be elected by the Company, which shall be equal to either (i) the LIBOR Rate plus 2.50% or (ii) the bank's prime rate plus ¼ of 1%. This agreement contains certain financial and other covenants, with which we were in compliance with at March 31, 2008. The prime rate was 5.25% and 7.25% on March 31, 2008 and December 31, 2007 respectively and the Company did not have any outstanding amounts on the facility. Borrowings are collateralized by the Company's assets. The Company had no borrowings outstanding as of March 31, 2008 and December 31, 2007.

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On April 22, 2008, the Company entered into a three year Modified and Restated Revolving Credit Agreement with Capital One, N.A. as successor to North Fork Bank pursuant to which the bank has agreed to make revolving loans to the Company of up to \$5 million dollars until May 1, 2011, at which time it will be subject to renewal. The loan agreement amends and supersedes the Company's previous \$2 million dollar revolving credit facility with the bank. Interest on the unpaid principal balance on this facility accrues at either (i) the LIBOR rate plus 2.00% or (ii) the bank's prime rate minus .25%. This agreement contains certain financial and other covenants. Borrowings are collateralized by the Company's assets.

NOTE 8: STOCK-BASED COMPENSATION EXPENSE

On January 1, 2006, the Company adopted the provisions of SFAS No. 123-R "Share-Based Payment" using the modified prospective method. SFAS No. 123-R requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. Under the modified prospective method of adopting SFAS No. 123-R, the Company recognized compensation cost for all share-based payments granted after January 1, 2006, plus any awards granted to employees prior to January 1, 2006 that remain unvested at that time. Under this method of adoption, no restatement of prior periods is made.

During the three months ended March 31, 2008 and March 31, 2007, the Company recorded into selling and general administrative expense approximately \$69,000 and \$42,000 respectively for the cost of employee and director services received in exchange for equity instruments based on the grant-date fair value of those instruments in accordance with the provisions of SFAS No. 123-R.

The majority of the Company's state and all of the federal net operating loss (NOL'S) carry forwards have been utilized through March 31, 2008. For the three months ended March 31, 2008, the Company recorded a current income tax expense of approximately \$46,000, which related to various federal, state and local taxes.

CVD EQUIPMENT CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9: INCOME TAXES

The (benefit) expense for income taxes includes the following:

		Three Months Ended March 31,	
		<u>2008</u>	<u>2007</u>
		(Unaudited)	(Unaudited)
Current:			
Federal	\$ 30,642	\$ 108,921	
State	<u>15,817</u>	<u>8,791</u>	
Total Current Provision	46,459	117,712	
Deferred:			
Federal	(45,710)	(73,677)	
State	<u>(12,191)</u>	<u>15,615</u>	
Total Deferred (Benefit)	<u>(57,901)</u>	<u>(58,062)</u>	
	\$ <u>(11,442)</u>	\$ <u>59,650</u>	

Item 2. Management's Discussion and Analysis or Plan of Operation.

Except for historical information contained herein, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, as amended. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Important assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements, include but are not limited to: competition in the Company's existing and potential future product lines of business; the Company's ability to obtain financing on acceptable terms if and when needed; uncertainty as to the Company's future profitability, uncertainty as to the future profitability of acquired businesses or product lines, uncertainty as to any future expansion of the Company. Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements and the failure of such assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. The Company assumes no obligation to update these forward looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Results of Operations

Revenue

Revenue for the three month period ended March 31, 2008 was \$4,043,499 compared to \$3,811,277 for the three month period ended March 31, 2007, an increase of 6.1%, as the Company continues to experience an increasing demand for its products.

Gross Profit

The Company generated a gross profit of approximately \$1,217,000 for a gross profit margin of 30.1% for the three months ended March 31, 2008 compared to a gross profit of approximately \$1,256,000 for a gross profit margin of 33.0% for the three months ended March 31, 2007. The decrease is primarily attributable to an increase in engineering and production personnel necessitated by the increased orders received by the Company, the expansion plans with our First Nano laboratory and new product development in the Nanomaterials, Solar, Energy and Semiconductor fields.

Selling, General and Administrative Expenses

Selling and shipping expenses for the three months ended March 31, 2008 and 2007 were \$181,531 and \$278,310 respectively, representing a 34.8% decrease versus the prior period. This decrease is primarily attributable to a reduction in sales commissions during the current period. Sales concluded in this period were primarily the result of efforts by our direct sales personnel and therefore not subject to outside sales commissions. The Company incurred approximately \$1,032,000 of general and administrative expenses during the quarter ended March 31, 2008, representing an increase of 33.5% or approximately \$259,000 compared to the approximately \$773,000 of general and administrative expenses incurred in the quarter ended March 31, 2007. From January 2000 through March 2006, the Company was a member of the Manufacturing Industry Workers' Compensation Self-Insurance Trust Fund (Fund). The Company is no longer a member. The Fund was established to enable the participating employers to self insure their workers' compensation liability exposure as provided for under the Workers' Compensation Laws of the State of New York. Under the terms of the agreement, the Company is jointly and severally liable for the expenses and obligations of the Fund and for the workers' compensation liability of all participating employers incurred while a member. The Company was advised that certain adjustments were necessary to comply with New York State Workers' Compensation Board regulatory guidelines for Group Self Insurance Trusts. The contributions previously charged have not been adequate to cover Fund expenses including future claims. As a result of the findings of a forensic audit performed on the Fund, the Company was advised that additional contributions of approximately \$168,000 are required, which the Company expensed in full during this period. There may be additional contributions necessary as a result of any outstanding residual liability for any given contribution year. In addition the Company also incurred increased payroll and benefit costs, stock-based compensation and other professional fees as well, during the period ended March 31, 2008.

Operating Income

As a result of the foregoing factors, operating income was approximately \$3,000 for the three months ended March 31, 2008 a decrease of \$201,000 compared to approximately \$204,000 for the same period one year ago.

Interest Expense, Net

Interest income for the three months ended March 31, 2008 was approximately \$38,000 compared to \$0 for the three months ended March 31, 2007. This is a result of the temporary investment of certain net capital proceeds from last year's sale of the Company's common stock. Interest expense for the three months ended March 31, 2008 decreased by 23.5% to \$40,884 compared to \$53,473 during the three months ended March 31, 2007. The primary source of this interest expense is from the mortgages on the two buildings that we have owned. The Company did not utilize its Revolving Credit Facility during the three months ended March 31, 2008.

Other Income

Other income during the quarter ended March 31, 2008 was approximately \$8,000 compared to approximately \$5,000 for the corresponding period one year ago.

Net Income

The Company reported net income of approximately \$19,000 for the quarter ended March 31, 2008 compared to net income of approximately \$96,000 for the quarter ended March 31, 2007. This decrease was primarily due to approximately \$200,000 of expenses incurred from an increase in engineering and production personnel necessitated by the increased orders received by the Company and the expensing of \$160,000 of additional workers' compensation contributions for the years 2000 through 2006.

Liquidity and Capital Resources

As of March 31, 2008, the Company had aggregate working capital of approximately \$10,173,000 and cash and cash equivalents of \$3,201,000 compared to \$10,314,000 and \$5,110,000 at December 31, 2007, a decrease of \$141,000 and \$1,909,000 respectively. This decrease in cash was primarily the result of funding the uncompleted contracts, which increased by approximately \$1,124,000, an increase in accounts receivable of approximately \$283,000 and a reduction of accrued expenses which primarily consisted of income tax payments of \$580,000.

Accounts receivable as of March 31, 2008 was \$2,055,000 compared to \$1,769,000 as of December 31, 2007. This increase is attributable to the timing of shipments and customer payments.

As of March 31, 2008 the Company's backlog was approximately \$3,364,000, a decrease of \$1,723,000 or 33.9% compared to \$5,087,000 at December 31, 2007. Timing for completion of the backlog varies depending on the product mix, however, there is generally a one to six month lag in the completion and shipping of backlogged product. Backlog from quarter to quarter can vary based on the timing of order placements and shipments.

On April 22, 2008, the Company entered into a three year Modified and Restated Revolving Credit Agreement with Capital One, N.A., successor by merger to North Fork Bank pursuant to which the bank has agreed to make revolving loans to the Company of up to \$5 million until May 1, 2011, at which time it will be subject to renewal. The loan agreement amends and supersedes the Company's previous \$2 million revolving credit facility with the Bank. Interest on the unpaid principal balance on this facility accrues at either (i) the LIBOR rate plus 2.00% or (ii) the bank's prime rate minus .25%. Borrowings are collateralized by the Company's assets.

The Company believes that based on its historical growth rate its cash, cash equivalents and available credit facilities will be sufficient to meet its working capital and investment requirements for the next twelve months.

However, we anticipate the business will grow at a faster rate which may require additional funding. For this reason, as well as other reasons that arise from time to time, we may consider raising capital through equity or debt financings. Any decision to raise additional capital, as well as the determination of the appropriate vehicle for doing so, will depend on market conditions, order levels, opportunities presented to us and other factors.

Item 3.

Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4T.

Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15, as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to insure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

Changes in Internal Controls

There were no significant changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Limitations on the Effectiveness of Controls

We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

CVD EQUIPMENT CORPORATION

PART II

OTHER INFORMATION

- Item 1. Legal Proceedings.
None.
- Item 2. Changes in Securities and Use of Proceeds.
None.
- Item 3. Defaults Upon Senior Securities
None.
- Item 4. Submission of Matters to a Vote of Security Holders.
None
- Item 5. Other Information.
None.
- Item 6. Exhibits and Reports Filed on Form 8-K
(a) Exhibits filed with this report:
- 31.1 Certification of Chief Executive Officer
- 31.2 Certification of Chief Financial Officer
- 32.1 Certification of Chief Executive Officer pursuant to U.S.C. Section 1350
- 32.2 Certification of Chief Financial Officer pursuant to U.S.C. Section 1350
- (b) Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 15th day of May 2008.

CVD EQUIPMENT CORPORATION

By: /s/ Leonard A. Rosenbaum
Leonard A. Rosenbaum
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Glen R. Charles
Glen R. Charles
Chief Financial Officer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
31.1	Certification of Chief Executive Officer *
31.2	Certification of Chief Financial Officer *
32.1	Certification of Chief Executive Officer pursuant to U.S.C. Section 1350 *
32.2	Certification of Chief Financial Officer pursuant to U.S.C. Section 1350 *
* Filed herewith	

**Certifications of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Leonard A. Rosenbaum, the principal executive officer of CVD Equipment Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CVD Equipment Corporation;
2. Based upon my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based upon my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 15, 2008

/s/ Leonard A. Rosenbaum

President, Chief Executive Officer and Director

**Certifications of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Glen R. Charles, the principal financial officer of CVD Equipment Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CVD Equipment Corporation;
2. Based upon my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based upon my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 15, 2008

/s/ Glen R. Charles

Chief Financial Officer

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Leonard A. Rosenbaum, President and Chief Executive Officer of CVD Equipment Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the quarterly report on Form 10-Q for the period ending March 31, 2008 of CVD Equipment Corporation (the "Form 10-Q") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of CVD Equipment Corporation.

Dated: May 15, 2008 /s/ Leonard A. Rosenbaum
Leonard A. Rosenbaum
Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Glen R. Charles, Chief Financial Officer of CVD Equipment Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the quarterly report on Form 10-Q for the period ending March 31, 2008 of CVD Equipment Corporation (the "Form 10-Q") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of CVD Equipment Corporation.

Dated: May 15, 2008 /s/ Glen R. Charles
Glen R. Charles
Chief Financial Officer
(Principal Financial Officer)