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

FORM 10-Q

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

For the quarterly period ended March 31, 2017

[ ] 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 001-35496

Summer Energy Holdings, Inc.
(Exact name of registrant as specified in charter)

Nevada	**20-2722022**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Bering Drive, Suite 260, Houston, Texas	**77057**
(Address of principal executive offices)	(Zip Code)

(713) 375-2790
(Issuer's telephone number, including area code)

N/A

(Former name, former address, and former fiscal year, if changed since last report)

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☑
Emerging growth company ☐	

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

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 standard provided pursuant to Section 13(a) of the Exchange Act. ☐

The number of shares of the issuer's common stock, $0.001 par value, outstanding as of May 12, 2017 was 22,463,424.

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Summer Energy Holdings, Inc.
FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2017

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**SUMMER ENERGY HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	March 31, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	$ 784,464	$ 1,523,008
Restricted cash	1,910,162	1,904,898
Accounts receivable, net	16,722,796	15,655,886
Prepaid and other current assets	376,560	325,640
Total current assets	19,793,982	19,409,432
Property and Equipment, net	190,684	238,793
Deferred financing, net	112,430	134,916
Total assets	$20,097,096	$ 19,783,141
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 470,631	$ 407,602
Accrued wholesale power purchased	6,276,471	5,636,942
Accrued expenses	4,839,368	5,256,595
Total current liabilities	11,586,470	11,301,139
Long-Term Liabilities		
Long-term debt, net of debt discount and current portion	2,500,000	2,500,000
Total long-term liabilities	2,500,000	2,500,000
Total liabilities	14,086,470	13,801,139
Commitments and Contingencies	-	-
Stockholders' Equity		
Common Stock - $.001 par value, 100,000,000 shares authorized, 22,463,424 and 22,463,424 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	22,463	22,463
Subscription receivable	(52,000)	(52,000)
Additional paid in capital	14,692,179	14,615,555
Accumulated deficit	(8,652,016)	(8,604,016)
Total stockholders' equity	6,010,626	5,982,002

Total liabilities and stockholders' equity	$20,097,096	$ 19,783,141

See accompanying notes to the consolidated financial statements.

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SUMMER ENERGY HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
Electricity Revenue	$ 23,331,522	$ 19,656,709
Cost of Goods Sold		
Power purchases and balancing/ancillary	9,947,289	7,880,444
Transportation and distribution providers charge	9,628,981	7,375,825
Total cost of goods sold	19,576,270	15,256,269
Gross Profit	3,755,252	4,400,440
General and Administrative	3,659,572	2,910,856
Operating Income/(Loss)	95,680	1,489,584
Other Income (Expense)		
Financing costs	(22,486)	(298,006)
Interest expense	(121,349)	(151,006)
Interest income	155	61
Total other income (expense)	(143,680)	(448,951)
Net Income/(Loss) Before Income Taxes	(48,000)	1,040,633
Income Taxes	-	-
Net Income/(Loss)	$ (48,000)	$ 1,040,633
Series B Preferred shares dividend	-	(56,847)
Net Income/(Loss) applicable to common shareholders	$ (48,000)	$ 983,786
Net income(Loss) per common share:		
Basic	$ (0.00)	$ 0.06
Dilutive	$ (0.00)	$ 0.06
Weighted average number of shares:		
Basic	22,463,424	16,332,573
Dilutive	22,463,424	16,477,333

See accompanying notes to the consolidated financial statements.

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SUMMER ENERGY HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
Cash Flows from Operating Activities		
Net Income/(Loss)	$ (48,000)	$ 1,040,633
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Stock Compensation expense	76,624	7,500
Non-cash financing costs	22,486	298,006
Depreciation of property and equipment	50,672	65,995
Bad debt expense	501,261	433,134
Changes in operating assets and liabilities:		
Accounts receivable	(1,568,171)	(1,150,275)
Prepaid and other current assets	(50,920)	(32,346)
Accounts payable	63,029	(10,377)
Accrued wholesale power purchases	639,529	274,209
Accrued expenses	(417,227)	(548,059)
Net cash provided by (used in) operating activities	(730,717)	378,420
Cash Flows from Investing Activities		
Sale (Purchase) of restricted cash	11,463	(88,420)
Cash collateral (deposited) refunded with the utilities	(16,727)	5,737
Purchase of property and equipment	(2,563)	(50,612)
Net cash provided by (used in) investing activities	(7,827)	(133,295)
Cash Flows from Financing		
Repayment on note payable	-	(111,057)
Dividends on Series B preferred stock	-	(44,879)
Net cash provided by (used in) financing activities	-	(155,936)
Net Change in Cash	(738,544)	89,189
Cash at Beginning of Period	1,523,008	382,490
Cash at End of Period	$ 784,464	$ 471,679
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	$ -	$ -
Interest paid	$ 121,349	$ 151,006
Non-Cash Transactions:		
Issuance of common stock for dividend payable on Series B preferred stock	$ -	$ 11,968

See accompanying notes to the consolidated financial statements.

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SUMMER ENERGY HOLDINGS, INC.
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(UNAUDITED)

NOTE 1 – ORGANIZATION

The unaudited consolidated financial statements include the accounts of Summer Energy Holdings, Inc. and its wholly-owned subsidiaries Summer Energy, LLC (“Summer LLC”), Summer EM Marketing, LLC (“Marketing LLC”) and Summer Energy of Ohio, LLC (“Summer Ohio”) (collectively referred to as the “Company,” “we,” “us,” or “our”). All significant intercompany transactions and balances have been eliminated in these consolidated financial statements.

Summer LLC is a retail electric provider in the State of Texas under a license with the Public Utility Commission of Texas (“PUCT”). Summer LLC procures wholesale energy and resells it to commercial and residential customers. Summer LLC was organized on April 6, 2011, under the laws of the state of Texas. The operations of Summer LLC are the Company’s sole line of business.

Marketing LLC was formed in the State of Texas on November 6, 2012, to provide certain marketing services to Summer LLC.

Summer Ohio was formed in the State of Ohio on December 16, 2013 to procure and sell electricity in the state of Ohio. The Public Utilities Commission of Ohio (“PUCO”) issued a certificate as a Retail Electric Service Provider to Summer Ohio on June 16, 2015. At this time, there is no business activity in the State of Ohio.

NOTE 2 - BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America (“GAAP”) for interim financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2017, are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission (“SEC”) on March 30, 2017.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Our electricity revenue is recognized by our Company upon delivery of electricity to a customer’s meter. This method of revenue recognition is commonly referred to as the flow method. The flow method of revenue relies upon Electric Reliability Council of Texas (“ERCOT”) settlement statements to determine the estimated revenue for a given month. Supply delivered to customers for the month, measured on a daily basis, provides the basis for revenues. Electricity revenue consists of proceeds from energy sales, including, pass through charges from the Transmission and Distribution Providers (“TDSPs”) billed to the customer at cost.

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Unbilled Revenue and Accounts Receivable

Electric services not billed by month-end are accrued based upon estimated deliveries to customers as tracked and recorded by ERCOT multiplied by our average billing rate per kilowatt hour ("kWh") in effect at the time. At the end of each calendar month, revenue is accrued to unbilled receivables based on the estimated amount of power delivered to customers using the flow technique. Unbilled revenue also includes accruals for estimated TDSP charges and monthly service charges applicable to the estimated electricity usage for the period. All charges that were physically billed to customers in the calendar month are recorded from the unbilled account to the customer receivable account. Unbilled accounts as of March 31, 2017 and December 31,2016 were estimated at $12,630,394 and $10,922,288, respectively. Accounts receivable are customer obligations billed at the customer's monthly meter read date for that period's electricity usage and due within 16 days of the date of the invoice. Balances past due are subject to a late fee that is assessed on that billing.

The Company determines the allowance based upon a review of outstanding receivables, historical write-off experience and existing economic conditions. Receivables past due over 90 days are considered delinquent and reviewed individually for collectability. After all means of collection have been exhausted, delinquent receivables are written off. Management has determined that the allowance for doubtful accounts as of March 31, 2017, and December 31, 2016 is $1,497,780 and $999,046 respectively. Bad debt expense for the three months ended March 31, 2017 and 2016 is $501,261 and $433,134, respectively.

Cost Recognition

Direct energy costs are recorded when the electricity is delivered to the customer's meter.

Cost of Goods Sold ("COGS") include electric power purchased and pass through charges from the TDSP's in the areas serviced by the Company. TDSP charges are costs for metering services and maintenance of the electric grid. TDSP charges are established by regulation of the PUCT.

The energy portion of our COGS is comprised of two components: bilateral wholesale costs and balancing/ancillary costs. These two cost components are incurred and recognized differently as follows:

Bilateral wholesale costs are incurred through contractual arrangements with wholesale power suppliers for firm delivery of power at a fixed volume and fixed price. We are invoiced for these wholesale volumes at the end of each calendar month for the volumes purchased for delivery during the month, with payment due 20 days after the end of the month.

Balancing/ancillary costs are based on the customer load and are determined by ERCOT through a multiple step settlement process. Balancing costs/revenues are related to the differential between supply that we provided through our bilateral wholesale supply and the supply required to serve our customer load. The Company endeavors to minimize the amount of balancing/ancillary costs through our load forecasting and forward purchasing programs.

NOTE 4 – PRIVATE PLACEMENT OF SERIES B PREFERRED SHARES

On February 19, 2014, the Company filed a Certificate of Designation of Rights, Preferences, Privileges and Restrictions (the "Series B Designation") with respect to a class of preferred stock designated as Series B Preferred Stock (the "Series B Preferred").

The Series B Preferred is convertible into common stock at the election of the holder, with an initial conversion price of $1.00 per share. The Certificate of Designation provides certain adjustments to the conversion price to adjust for stock splits, adjustments, and issuance of additional shares of stock.

Mandatory Conversion. Additionally, the Series B Preferred will automatically be converted upon the earlier to occur of (A) the affirmative election of the holders of fifty percent (50%) of the outstanding shares of Series B Preferred, voting as a separate class, or (B) the affirmative vote of the board of directors upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, which values the Company at least $50 million and in which the gross proceeds to the Company (after underwriting discounts, commissions and fees) are at least $10 million.

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On June 24, 2016, the holders of Series B Preferred shares affirmatively elected to convert all outstanding shares of Series B Preferred into shares of the Company's common stock.

During the three months ended March 31, 2017 and 2016, the Company had paid $0 and $56,847 of cumulative monthly dividends on Series B Preferred Stock, respectively.

NOTE 5 - LETTERS OF CREDIT

As of March 31, 2017, the Company secured nine irrevocable stand-by letters of credit totaling $1,188,200 with a financial institution for the benefit of the Transmission and Distribution Providers ("TDSPs") that provide transition services to the Company. The nine letters of credit will expire during the second quarter of 2017 and are subject to automatic extension and renewal provisions. The nine letters of credit are secured by restricted cash held by the financial institution who issued the irrevocable stand-by letters of credit.

As of March 31, 2017, none of the letters of credit issued on behalf of the Company were drawn upon.

NOTE 6 - ADVANCE TO LOAN AMOUNT NOTE

On April 18, 2014, the Company signed an Advance to Loan Amount Note with Comerica Bank in the amount of $1,500,000. The Note had an original maturity date of December 22, 2014, which was extended through February 22, 2015. On February 22, 2015, the Advance to Loan Amount Note was increased from $1,500,000 to $1,700,000 and extended again to November 4, 2016, with interest thereon at a per annum rate equal to the "Prime Referenced Rate" plus the "Applicable Margin." The "Prime Referenced Rate" means, for any day, a per annum interest rate which is equal to the "Prime Rate" in effect on such day, but in no event and at no time shall the "Prime Reference Rate" be less than the sum of the Daily Adjusting LIBOR Rate for such day plus two and one-half percent (2.5%) per annum. "Prime Rate" means the per annum rate established by Comerica Bank as its prime rate for its borrowers at any such time. "Applicable Margin" means 2% per annum. Accrued and unpaid interest on the unpaid principal balance outstanding shall be payable monthly, in arrears, on the first business day of each month.

Guaranty of the Advance to Loan Amount Note was made by four members of the Company's board of directors ("Guarantors"). The Company agreed to issue the four Guarantors a total of 120,000 shares of the Company's common stock per month (30,000 shares of common stock per month per Guarantor) reduced accordingly as the loan is reduced for agreeing to act as a Guarantor of the Advance to Loan Amount.

In May 2016, the Company released the Guarantors from the obligation to guaranty the Advance to Loan Amount Note and stock payments for such guaranty were discontinued as of May 31, 2016. The Advance to Loan Amount Note was paid in full on June 14, 2016 and at such time of payoff the loan terminated.

During the quarter ended March 31, 2017 and 2016, the Company issued 0 shares and 298,004 shares of common stock, respectively to the Guarantors and the Company recognized $0 and $298,006, respectively in financing cost.

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NOTE 7 - FINANCING FROM BLACK INK ENERGY LLC

On March 2, 2015, Summer Energy, LLC (the "Borrower"), a wholly owned subsidiary of Summer Energy Holdings, Inc. ("SEH"), entered into a Second Lien Term Loan Agreement (the "Agreement") with Black Ink Energy, LLC ("BIE").

Pursuant to the Agreement, BIE agreed to provide a term loan (the "Term Loan") to the Borrower, and the Borrower agreed to borrow and repay funds loaned by BIE.

The amount of the Term Loan was Three Million Dollars $3,000,000, and the loan was not revolving in nature. Pursuant to the Agreement, any amounts prepaid or repaid may not be re-borrowed by the Borrower. The maturity date of the loan was September 2, 2016. The Term Loan bears interest at a rate of 15% per annum, except in the occurrence of an event of default, at which point the default interest rate will be 18%. Interest is payable in arrears on the last day of each month and on the maturity date of the loan. The Term Loan was not evidenced by a promissory note.

The Term Loan to BIE in the amount $3,000,000 was paid in full during the second quarter of 2016 and the agreements between the Company and BIE were terminated.

During the quarter ended March 31, 2017 and 2016, the Company paid interest expense in the amount of $0 and $113,750, respectively to BIE.

NOTE 8 – WARRANTS

The Company has issued warrants to purchase shares of the Company's common stock associated with certain agreements and has vested warrants from a previously terminated Master Marketing Agreement.

No new warrants were issued or vested during the quarter ended March 31, 2017.

As of March 31, 2017, the outstanding number of warrants to purchase the Company's common stock was 1,891,000 of which 1,625,763 were vested.

NOTE 9 - WHOLESALE POWER PURCHASE AGREEMENT

On April 25, 2014, the Company closed a transaction with DTE Energy Trading, Inc. ("DTE"), with an effective date of April 1, 2014. As part of the transaction, the Company and DTE entered into an Energy Marketing Agreement for Electric Power (the "Energy Marketing Agreement"). Pursuant to the terms of the Energy Marketing Agreement, the Company agreed to purchase its electric power and associated services requirements from DTE, and DTE agreed to provide the Company with certain credit facilities to assist the Company in the purchase of its electric power and associated service requirements. The Company also agreed to pay DTE a fixed monthly fee, as well as certain fees based on megawatt hours purchased. The terms of the Energy Marketing Agreement are governed by the ISDA 2002 Master Agreement, as well as a Schedule and Power Annex thereto (the "2002 Master Agreement"). In conjunction therewith, the Company and DTE also entered into a Credit Agreement, a Security Agreement and a Membership Interest Pledge Agreement.

Pursuant to the Credit Agreement, among other things DTE agreed to (i) provide a guaranty (a "Credit Guaranty") to the Electric Reliability Council of Texas ("ERCOT") for the benefit of the Company, and (ii) provide commodity loans for the purchase of electricity ("Commodity Loans"). Each Commodity Loan and any Credit Guaranty shall bear interest on the outstanding principal amount thereof, from the date such Commodity Loan or Credit Guaranty is issued until it becomes due or is revoked, respectively, at a rate per annum equal to the Prime Rate (as reported by the Wall Street Journal) plus two percent (2%). The Company covenanted not to, among other things, (a) merge or consolidate with any other person, (b) acquire all or substantially all of the capital stock or property of another person, (c) create, assume or suffer to exist any lien on any property now owned or hereafter acquired by the Company except for permitted liens (as set forth in the Credit Agreement) or (d) become liable for any indebtedness (other than permitted indebtedness, as set forth in the Credit Agreement).

In consideration of the services and credit support provided by DTE to the Company, and pursuant to the Security Agreement, the Company is required to, among other things (i) grant a priority security interest to DTE in all of its assets, equipment and inventory; (ii) require its customers to remit monthly payments into a lockbox account over which DTE has a security interest; and (iii) deliver monthly and annual forecasted and audited statements to DTE.

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Pursuant to the Membership Interest Pledge Agreement, the Company pledged to DTE, and granted to DTE a security interest in all of the membership interests of Summer Energy, LLC owned by the Company, as well as all additional membership interests of Summer Energy, LLC from time to time acquired by the Company.

NOTE 10 – 2012 STOCK OPTION AND STOCK AWARD PLAN

During 2012, the Company approved the 2012 Stock Option and Stock Award Plan ("Plan") established to advance the interest of the Company and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company.

The maximum aggregate number of (i) shares of stock that may be issued under the Plan, and (ii) shares of stock with respect to which stock appreciation rights may be granted, is 785,000 and consists of authorized but unissued or reacquired shares of stock or any combination thereof. Such number of shares of stock may be issued under the Plan pursuant to Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock Grants, Stock Appreciation Right Grants or any combination thereof, so long as the aggregate number of shares so issued does not exceed such number of shares, as adjusted.

The Plan continues in effect until the earlier of its termination by the Board or the date on which all the shares of stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms on the Plan and the agreement evidencing awards granted under the Plan have lapsed. However, all awards shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the Shareholders of the Company. As of March 31, 2017, 2,000 shares remain available for issuance.

No new securities have been awarded during the quarter ended March 31, 2017.

As of March 31, 2017, there were 632,000 options outstanding and 629,500 options exercisable.

During the quarters ended March 31, 2017 and 2016, the Company recorded stock compensation expense of $1,335 and $21, respectively, for vesting of prior year issued options.

At March 31, 2017, there remains approximately $1,779 to be expensed.

NOTE 11 – 2015 STOCK OPTION AND STOCK AWARD PLAN

During the year ended December 31, 2015, the Company's stockholders approved the 2015 Stock Option and Stock Award Plan ("Plan"), which was established to advance the interest of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company.

The maximum aggregate number of (i) shares of stock that may be issued under the Plan, and (ii) shares of stock with respect to which stock appreciation rights may be granted, is 1,500,000 and consists of authorized but unissued or reacquired shares of stock or any combination thereof. Such number of shares of stock may be issued under the Plan pursuant to Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock Grants, Stock Appreciation Right Grants or any combination thereof, so long as the aggregate number of shares so issued does not exceed such number of shares, as adjusted.

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The Plan continues in effect until the earlier of its termination by the Board or the date on which all the shares of stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms on the Plan and the agreement evidencing awards granted under the Plan have lapsed. However, all awards shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the Shareholders of the Company.

As of March 31, 2017, 307,000 shares remain available for issuance.

During the quarter ended March 31, 2016, the Company granted a total of 31,250 stock options from the 2015 Plan with a fair value of approximately $6,533. The fair value of approximately $6,533 was determined using the Black Scholes option pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 0.87% (ii) estimated volatility of 17% (iii) dividend yield of 0.00% and (iv) expected life of the options of ten years.

During the quarter ended March 31, 2017, the Company granted a total of 293,500 stock options from the 2015 Plan with a fair value of approximately $399,526 on the date of grant. The fair value of the options in the amount of $399,526 was determined using the Black Scholes option pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.93% (ii) estimated volatility of 157.91 (iii) dividend yield of 0.00% and (iv) expected life of all options averaging ten years.

As of March 31, 2017, there were 1,193,000 options outstanding and 797,500 options exercisable.

During the quarters ended March 31, 2017 and 2016, the Company recorded stock compensation expense of $75,289 and $946, respectively, for vesting options issued from the 2015 plan.

At March 31, 2017, there remains $338,427 to be expensed.

NOTE 12 - FINANCING FROM BLUE WATER CAPITAL FUNDING LLC

On June 29, 2016, Summer Energy, LLC (the "Borrower"), a wholly-owned subsidiary of Summer Energy Holdings, Inc. ("SEH"), entered into a Loan Agreement (the "Agreement") with Blue Water Capital Funding, LLC ("Blue Water"). Pursuant to the Agreement, Blue Water agreed to provide a revolving loan (the "Loan") to the Borrower, and the Borrower agreed to borrow and repay funds loaned by Blue Water.

The amount of available credit under the Loan is Five Million Dollars ($5,000,000). The Loan is revolving in nature and is evidenced by a Revolving Promissory Note (the "Note"). The maturity date of the Loan is June 30, 2018. The Loan will bear interest at a rate of 11% per annum, with a minimum monthly financing fee of $22,500 per month. Interest is payable on the tenth day of each month and on the maturity date of the Note.

The proceeds of the Loan may be used by the Borrower to repay indebtedness owed to Black Ink Energy, LLC ("Black Ink"), and for other corporate purposes. Simultaneous with the closing of the Loan, Borrower paid off all outstanding debt due and owing to Black Ink and Black Ink's security interest in and to the assets of the Borrower and to SEH's ownership interest in Borrower were terminated.

In connection with the Agreement, the Borrower made certain customary representations and warranties, and agreed that while the Loan amount remains outstanding, it would not take certain actions, including that it will not incur certain debts (as defined in the Agreement); create, assume, or suffer to exist any lien on any property or asset of the Borrower, except those set forth in and allowed by the Agreement; consolidate or merge with any other entity; or sell, lease, or transfer all or substantially all of the assets of the Borrower.

In connection with the Agreement, the Borrower and Blue Water also entered into a Security Agreement (the "Security Agreement"), and SEH executed a Guaranty (the "Guaranty") in favor of Blue Water.

Security Agreement

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Pursuant to the Security Agreement, the Borrower granted to Blue Water a second position security interest in and to the Borrower's collateral, as more fully defined in the Security Agreement, and which includes receivables, equipment, inventory, personal property, other intangibles, and proceeds from any of these, to secure the Borrower's payment of its obligations under the Loan. The security interest granted to Blue Water is subordinate to a security interest granted to DTE Energy Trading, Inc. ("DTE") pursuant to a credit agreement between the Borrower and DTE dated April 1, 2014.

The loan balance as of March 31, 2017 and December 31, 2016 is $2,500,000.

NOTE 13 – SUMMER ENERGY 401(K) PLAN

In February 2017, the Company adopted a qualified 401(K) Retirement Plan (the “Plan”) whereby eligible employees may elect to save for retirement on a tax-advantaged basis. There are two types of salary deferrals: Pre-Tax 401(K) deferrals and Roth 401(K) deferrals. Eligible employee participants are automatically enrolled at 3% of compensation unless a participant elects an alternative deferral percentage limited to dollar amount of $18,000 in 2017 or elects not to defer under the Plan. There is no Company match to the Plan.

NOTE 14 – SUBSEQUENT EVENTS

Summer Energy Holdings, Inc. Employee Stock Purchase Plan

Effective May 2017, the Company began offering an Employee Stock Purchase Plan (the “ESPP”) whereby eligible employees may elect to purchase common stock of the Company through a registered broker/dealer. Eligible employees who so elect may authorize payroll deductions for contributions to the ESPP up to a maximum of $25,000 each calendar year. The Company will match 10% of eligible employee contributions up to an aggregate maximum of $24,000 for all ESPP participants (not each individual ESPP participant).

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

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act, and is subject to the safe harbors created by those sections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will" and variations of these words or similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. We undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements.

Due to possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this Quarterly Report, which speak only as of the date of this Quarterly Report, or to make predictions about future performance based solely on historical financial performance. We disclaim any obligation to update forward-looking statements contained in this Quarterly Report.

Readers should carefully review the risk factors described below under the heading "Risk Factors" and in other documents we file from time to time with the SEC, including our Form 10-K for the fiscal year ended December 31, 2016. Our filings with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those filings, pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available free of charge at www.summerenergy.com, when such reports are available via the EDGAR system maintained by the SEC at www.sec.gov.

Recent Developments

The consolidated financial statements include the accounts of Summer Energy Holdings, Inc., a Nevada corporation and its wholly-owned subsidiaries Summer Energy, LLC, a Texas limited liability company ("Summer LLC") Summer EM Marketing ("Marketing LLC") and Summer Energy of Ohio, LLC ("Summer Ohio") (collectively referred to as the "Company," "we," "our," or "us").

On March 27, 2012, Summer LLC became a wholly-owned subsidiary of Summer Energy Holdings, Inc. (formerly known as Castwell Precast Corporation) through a reverse acquisition transaction, which resulted in the former members of Summer LLC owning approximately 92.3% of the Summer Energy Holdings, Inc. outstanding common stock. Our sole operations are conducted through Summer LLC.

Marketing LLC was formed in the state of Texas on November 6, 2012 to provide marketing services to Summer LLC.

Summer Ohio was formed in the State of Ohio on December 16, 2013 to procure and sell electricity in the state of Ohio. The Public Utilities Commission of Ohio ("PUCO") issued a certificate as a Retail Electric Service Provider to Summer Ohio on June 16, 2015. At this time, there is no business activity in the State of Ohio.

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Plan of Operation

Our wholly owned subsidiary, Summer LLC, is a licensed Retail Electricity Provider (REP) in the State of Texas. In general, Texas regulatory structure permits REPs, such as Summer LLC, to procure and sell electricity at unregulated prices. REPs pay the local transmission and distribution utilities a regulated tariff rate for delivering electricity to their customers. As a REP, we sell electricity and provide the related billing, customer service, collections and remittance services to residential and commercial customers. We offer retail electricity to commercial and residential customers in designated target markets within the State of Texas. In the commercial market, the primary target is small to medium-sized customers (less than one megawatt of peak usage), but we will also selectively pursue larger commercial customers through management's existing, historical relationships. Residential customers are a secondary target market. We anticipate that a majority of our customers will be located in the Houston and Dallas-Fort Worth metropolitan areas; although, we anticipate a growing number will be located in a variety of other metropolitan and rural areas within Texas.

We began delivering electricity to customers in mid-February 2012.

Results of Operations

Quarter Ended March 31, 2017, compared to the Quarter ended March 31, 2016

Revenue – For the quarter ended March 31, 2017, we generated $22,197,834 in electricity revenue primarily from commercial customers, and from the addition of various long and short-term residential customers. The majority of our revenue comes from the flow of electricity to customers. However, we also generated revenues from contract cancellation fees, disconnection fees and late fees of $1,133,688. Revenues for the quarter ended March 31, 2016 were $ 18,769,166 from electricity revenue and $887,543 from disconnection and late fees.

Management plans to continue to execute on its sales and marketing program to solicit individual commercial and residential customers. Management also plans to continue to acquire portfolios of commercial and residential customers when offered at reasonable prices.

Cost of Goods Sold and Gross Margin – For the quarter ended March 31, 2017, cost of goods sold and gross profit totaled $19,576,270 and $3,755,252, respectively. Cost of goods sold and gross profit recorded in the quarter ended March 31, 2016 were $15,256,269 and $4,400,440, respectively.

The three months ended March 2017 compared to the three months ended March 2016 reflects a lower profit margin which is a result of compressed unit margin caused by the competitive pressures in the marketplace and the customer base for the Company has shifted towards a greater number of commercial accounts than residential accounts which yield lower unit margins.

Operating expenses – Operating expenses for the quarter ended March 31, 2017 totaled $3,659,572, consisting primarily of general and administrative expenses of $2,227,353, stock compensation of $76,624, bank service fees of $181,126, commission expense of $757,712, collection fees/sales and verification fees of $13,828, professional fees of $122,834, and $280,095 of billing fees. Billing fees are primarily costs paid to third party Electronic Data Inter-Chain (EDI) provider to handle transactions between us, ERCOT and the TDSPs in order to produce customer bills.

Operating expenses for the quarter ended March 31, 2016 totaled $2,910,856, consisting primarily of general and administrative expenses of $1,792,484, stock compensation of $7,500, bank service fees of $150,151, commission expense of $629,451, collection fees/sales and verification fees of $6,642, professional fees of $93,736, and $230,892 of billing fees.

Net Income/(Loss) – Net income/(loss) for the quarter ended March 31, 2017 and 2016, totaled $(48,000) and $1,040,633, respectively, relating primarily to operating expenses and cost of goods sold incurred in excess of revenue as we attempt to obtain economies of scale.

Liquidity and Capital Resources

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At March 31, 2017 and December 31, 2016, our cash totaled $784,464 and $1,523,008, respectively. Our principal cash requirements for the quarter ended March 31, 2017, were for operating expenses and cost of goods sold (including power purchases, employee cost, and customer acquisition) and capital expenditures. During the quarter ended March 31, 2017, the primary source of cash was from electricity revenues. During the quarter ended March 31, 2016, the primary source of cash was from electricity revenues.

General - The Company's decrease in net cash flow during the first three months of 2017 is attributable to $730,717 cash used in operating activities, $7,827 cash used in investing activities which includes $2,563 for the purchase of property and equipment. The Company's increase in net cash flow during the first three months of 2016 is attributable to $378,420 cash provided in operating activities, $133,295 cash used in investing activities which includes $50,612 for the purchase of property and equipment and $155,936 used by financing activity.

The Company has no present agreements or commitments with respect to any material acquisitions of other businesses, products, product rights or technologies. However, we will continue to evaluate acquisitions of and/or investments in products, technologies, or companies that complement our business and may make such acquisitions and/or investments in the future. Accordingly, we may need to obtain additional sources of capital in the future to finance any such acquisitions and/or investments. We may not be able to obtain such financing on commercially reasonable terms, if at all. If we are able to obtain additional financing, such financing may result in restrictions on our operations, in the case of debt financing, or substantial dilution for stockholders, in the case of equity financing.

Cash Outflows for Capital Assets, Customer Acquisition and Deposits

We expect to expend funds for capital assets, customer acquisition and deposits in connection with the expansion of our business during the remainder of the current fiscal year. The anticipated source of funds will be cash on hand and the capital raised through the year ended December 31, 2017.

Future Financing Needs

The Company did not commence operations and the generation of revenue until the middle of the three-month period ended March 31, 2012. Management believes that we have adequate liquidity to support operations. But, this belief is based upon many assumptions and is subject to numerous risks.

While we believe in the viability of our plan of operations and strategy to generate revenues and in our ability to raise additional funds, there can be no assurances that our plan of operations or ability to raise capital will be successful. The ability to grow is dependent upon our ability to further implement our business plan, generate revenues, and obtain additional financing, if and as needed.

Off-Balance Sheet Arrangements

Our existing wholesale power purchase agreement provides that we will provide additional credit support to cover mark-to-market risk in connection with the purchase of long term power. A mark-to-market credit risk occurs when the price of previously purchased long term power is greater than the current market price for power purchased for the same term. While we believe that the current environment of historically low power prices limits our exposure to risk, a collateral call, should it occur, could limit our working capital and, if we fail to meet the collateral call, could cause liquidation of power positions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a "small reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide this information.

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ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this Quarterly Report, were effective at the reasonable assurance level to ensure that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system 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.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the period of time covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures and the remediation of any deficiencies which may be identified during this process.

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PART II – OTHER INFORMATION

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on March 30, 2017 (the "2016 Form 10-K"). The Risk Factors set forth in the 2016 Form 10-K should be read carefully in connection with evaluating our business and in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q. Any of the risks described in the 2016 Form 10-K could materially adversely affect our business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. These are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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ITEM 6. EXHIBITS

31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1*	Certification of the CEO and CFO pursuant to Rule 13a-14(b) and Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* In accordance with Item 601(b)(32)(ii) of Regulation S-K, this exhibit shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

** Pursuant to Rule 406T of Regulation S-T, this XBRL information will not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section, nor will it be deemed filed or made a part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, or otherwise subject to liability under those sections.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUMMER ENERGY HOLDINGS, INC.

Date:	May 15, 2017	By:	/s/ Neil Leibman Neil Leibman Chief Executive Officer (Principal Executive Officer)
Date:	May 15, 2017		/s/ Jaleea P. George Jaleea P. George Chief Financial Officer (Principal Accounting Officer)