

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

## Microwave Filter Company, Inc.

6743 Kinne Street, East Syracuse, New York 13057

(315) 438-4700

[www.microwavefilter.com](http://www.microwavefilter.com)

[dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

3663

## Annual Report

For the period ending September 30, 2024

### Outstanding Shares

The number of shares outstanding of our Common Stock was: 2,575,824

2,575,824 as of June 30, 2024

2,576,166 as of September 30, 2023

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

### Change in Control

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Microwave Filter Company, Inc.

Current State and Date of Incorporation or Registration: New York, 1967

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

6743 Kinne Street, East Syracuse, NY 13057

Address of the issuer's principal place of business:

*Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Microwave Filter Company, Inc.

Phone: 315-438-4758

Email: [dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

Address: 6743 Kinne Street, East Syracuse, New York 13057

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol: mfco  
Exact title and class of securities outstanding: common  
CUSIP: 595176108  
Par or stated value: \$.10  
Total shares authorized: 5,000,000 as of date: 9/30/2024  
Total shares outstanding: 2,575,824 as of date: 9/30/2024  
Total number of shareholders of record: 431 as of date: 9/30/2024

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

\_\_\_\_\_

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security: \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

\_\_\_\_\_

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

- 1. For common equity, describe any dividend, voting and preemption rights.**

\_\_\_\_\_ dividends when approved by board, 1 vote per share, no preemption rights \_\_\_\_\_

- 2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

\_\_\_\_\_ None \_\_\_\_\_

- 3. Describe any other material rights of common or preferred stockholders.**

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

Shares Outstanding Opening Balance:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)							
Date <u>9/30/2022</u>	Common: <u>2,577,512</u>	Preferred: _____							
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>8/15/2023</u>	<u>Returned to treasury</u>	<u>1346</u>	<u>common</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>unrestricted</u>	<u>n/a</u>
<u>2/22/2024</u>	<u>Returned to treasury</u>	<u>171</u>	<u>common</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>unrestricted</u>	<u>n/a</u>
<u>4/26/2024</u>	<u>Returned to treasury</u>	<u>171</u>	<u>common</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>unrestricted</u>	<u>n/a</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>9/30/2024</u>	Common: <u>2,575,824</u>								

Preferred: \_\_\_\_\_

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No:  Yes:  (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Established in 1967 in East Syracuse, New York, MFC occupies a modern 40,000 square foot facility with an impressive complement of analytical and design software, test instrumentation, prototype and manufacturing equipment to create passive filters, components and sub systems in the frequency range of 10 MHz to 50 GHz. MFC manufactures radio frequency (RF) filters and related components for eliminating interference and facilitating

signal processes for such markets as Cable Television, Broadcast, Commercial and Military Communications, Avionics, Radar, Navigation and Defense. The Company designs waveguide, stripline/microstrip, transmission line, miniature/subminiature and lumped constant filters. Configurations include bandpass, highpass, lowpass, bandstop, multiplexers, tunable notch, tunable bandpass, high power filters, amplitude equalized, delay equalized and filter networks. The Company actively produces over 1,700 standard products and has designed more than 5,000 custom products for specialized applications.

The manufacturing facility includes a modern CAD system, a test department with automated network analyzers to 50 GHz, a high capacity conveyor soldering oven and a fully compliant finishing operation. The Company's Quality Management System has been ISO 9001:2015 recognizing the Company as a quality vendor. Efficient Computer simulation, design and analysis software enhanced by proprietary MFC developed software, allow rapid and accurate filter development at reasonable cost. Automated network analyzers provide rigorous product testing and performance data storage on a serial number basis in most cases.

A network based CAD system allows the transfer of data and programs to the CNC turning and milling centers for fabrication of machined parts. Prototype PC boards are similarly produced by computer controlled PC board mills. A Grieve high capacity conveyor soldering oven is used for production of large quantity assemblies while smaller production quantities are assembled at hand soldering or brazing stations.

- B. List any subsidiaries, parent company, or affiliated companies.

Niagara Scientific, Inc. - Wholly owned subsidiary

- C. Describe the issuers' principal products or services.

MFC manufactures radio frequency (RF) filters and related components for eliminating interference and facilitating signal processing for such markets as Cable Television, Broadcast, Commercial and Military Communications, Avionics, Radar, Navigation and Defense. The Company designs waveguide, stripline/microstrip, transmission line, miniature/subminiature and lumped constant filters. Configurations include bandpass, highpass, lowpass, bandstop, multiplexers, tunable notch, tunable bandpass, high power filters, amplitude equalized, delay equalized and filter networks. The Company actively produces over 1,700 standard products and has designed more than 5,000 custom products for specialized applications.

## 5) Issuer's Facilities

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

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## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual

representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

<b>Names of All Officers, Directors, and Control Persons</b>	<b>Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)</b>	<b>Residential Address (City / State Only)</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>	<b>Names of control person(s) if a corporate entity</b>
Carl Fahrenkrug Jr	Chief Executive Officer, Director	Manlius, NY	23,586	Common	Less than 1%	
Richard Jones	Chief Financial Officer	Fayetteville, NY	0			
Sam Fanizzi	Vice President Marketing	North Syracuse, NY	0			
Robert Paul	Vice President Engineering	Syracuse, NY	0			
Daniel Herrmann	Director	Marcy, NY	0			
Carl Fahrenkrug Sr	Director	Manlius, NY	72,298	Common	2.8%	
Sidney Chong	Director	Syracuse, NY	0			
Kevin Fallis	Director	Dewitt, NY	0			
John Kennedy	Chairman of the Board	Syracuse, NY	2000	Common	Less than 1%	
Thomas Quartier	Director	Syracuse, NY	0			
Irene Scruton	Director	Syracuse, NY	0			
Anne Tindall	Director	Syracuse, NY	0			

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### Securities Counsel (must include Counsel preparing Attorney Letters).

Name: James Gascon  
Firm: Costello & Fearon, PLLC  
Address 1: 211 West Jefferson Street  
Address 2: Syracuse, New York 13202  
Phone: 315-422-1152  
Email: [jjg@ccf-law.com](mailto:jjg@ccf-law.com)

### Accountant or Auditor

Name: Victor Vaccaro  
Firm: Dannible & McKee, LLP  
Address 1: 221 South Warren Street  
Address 2: Syracuse, New York 13202  
Phone: 315-472-9127  
Email: [vvaccaro@dmpas.com](mailto:vvaccaro@dmpas.com)

### Investor Relations

Name: Richard Jones  
Firm: Microwave Filter Company, Inc.  
Address 1: 6743 Kinne Street  
Address 2: East Syracuse, New York 13057  
Phone: 315-438-4758  
Email: [dick-j@microwavefilter.com](mailto:dick-j@microwavefilter.com)

### *All other means of Investor Communication:*

X (Twitter): \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ] \_\_\_\_\_

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Carl Fahrenkrug  
Title: Chief Executive Officer  
Relationship to Issuer: Chief Executive Officer

B. The following financial statements were prepared in accordance with:

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Richard Jones  
Title: Chief Financial Officer  
Relationship to Issuer: Chief Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements: **Accountant, 40+  
year experience**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.



**Microwave Filter Company, Inc.  
and Subsidiaries**

**Consolidated Financial Statements**

**September 30, 2024 and 2023**



DM Financial Plaza | 221 S. Warren St. | Syracuse, NY 13202  
315.472.9127 | [www.DMCPAS.com](http://www.DMCPAS.com)

## Independent Accountant's Review Report

December 4, 2024

To the Board of Directors and Stockholders  
of Microwave Filter Company, Inc. and Subsidiaries

We have reviewed the accompanying consolidated financial statements of Microwave Filter Company, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

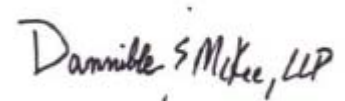
### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Microwave Filter Company, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Dannible & McKee, LLP". The signature is written in a cursive, slightly slanted style.

Dannible & McKee, LLP  
Syracuse, New York

Microwave Filter Company, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30,	
<u>Assets</u>	2024	2023
Current assets:		
Cash and cash equivalents (Note 1)	\$ 707,036	\$ 920,921
Trade accounts receivable, less allowance for credit losses (Note 1)	196,314	495,212
Inventories (Notes 1 and 2)	210,002	196,531
Prepaid expenses and other current assets	85,388	74,885
Total current assets	1,198,740	1,687,549
Property, plant and equipment, net (Notes 1 and 3)	650,723	747,828
Operating lease right-of-use asset (Notes 1 and 4)	12,879	16,326
	<u>\$ 1,862,342</u>	<u>\$ 2,451,703</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 78,968	\$ 140,658
Customer deposits (Note 1)	27,979	36,746
Current portion of operating lease liability (Notes 1 and 4)	2,958	2,958
Accrued expenses	122,015	137,777
Total current liabilities	231,920	318,139
Operating lease liability (Notes 1 and 4)	9,921	13,368
Total liabilities	241,841	331,507
Stockholders' equity:		
Common stock - \$.10 par value; 5,000,000 shares authorized; issued 4,324,140, outstanding 2,575,824 in 2024 and 2,576,166 in 2023	432,414	432,414
Additional paid-in capital	3,248,706	3,248,706
Retained earnings (accumulated deficit)	(363,722)	135,802
Treasury stock, at cost (Note 1) - 1,748,316 shares in 2024 and 1,747,974 shares in 2023	(1,696,897)	(1,696,726)
	1,620,501	2,120,196
	<u>\$ 1,862,342</u>	<u>\$ 2,451,703</u>

See accompanying notes and independent accountant's review report.

Microwave Filter Company, Inc. and Subsidiaries

Consolidated Statements of Operations

	<u>Year ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Net sales	\$ 2,418,702	\$ 3,834,940
Cost of goods sold	<u>1,791,677</u>	<u>2,707,689</u>
Gross profit	627,025	1,127,251
Selling, general and administrative expenses (Note 1)	1,158,266	1,309,796
Operating lease expense (Note 4)	<u>5,007</u>	<u>5,705</u>
Loss before other income	<u>(536,248)</u>	<u>(188,250)</u>
Other income:		
Interest income	30,961	13,174
Other income	<u>5,813</u>	<u>4,145</u>
	<u>36,774</u>	<u>17,319</u>
Loss before provision for income taxes	(499,474)	(170,931)
Provision for income taxes (Notes 1 and 6)	<u>(50)</u>	<u>(50)</u>
Net loss	<u>\$ (499,524)</u>	<u>\$ (170,981)</u>

See accompanying notes and independent accountant's review report.

Microwave Filter Company, Inc. and Subsidiaries

Consolidated Statements Of Changes in Stockholders' Equity

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Treasury Stock</u>		<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Amount</u>	
Balance at September 30, 2022	4,232,140	\$ 432,414	\$ 3,248,706	\$ 306,783	1,746,628	\$ (1,696,053)	\$ 2,291,850
Net loss	-	-	-	(170,981)	-	-	(170,981)
Purchase of Treasury Stock	-	-	-	-	1,346	(673)	(673)
Balance at September 30, 2023	4,232,140	432,414	3,248,706	135,802	1,747,974	(1,696,726)	2,120,196
Net loss	-	-	-	(499,524)	-	-	(499,524)
Purchase of Treasury Stock	-	-	-	-	342	(171)	(171)
Balance at September 30, 2024	<u>4,232,140</u>	<u>\$ 432,414</u>	<u>\$ 3,248,706</u>	<u>\$ (363,722)</u>	<u>1,748,316</u>	<u>\$ (1,696,897)</u>	<u>\$ 1,620,501</u>

See accompanying notes and independent accountant's review report.

Microwave Filter Company, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended September 30,	
<u>Increase (decrease) in cash and cash equivalents</u>	2024	2023
Cash flows from operating activities:		
Net loss	\$ (499,524)	\$ (170,981)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation	97,105	97,556
Decrease in trade accounts receivable	298,898	138,688
Decrease in inventories	30,873	266,923
Decrease in inventory obsolescence provision	(44,344)	(127,774)
Increase in prepaid expenses and other current assets	(10,503)	(17,811)
Decrease in accounts payable	(61,690)	(104,210)
Increase (decrease) in customer deposits	(8,767)	22,375
Decrease in accrued expenses	(15,762)	(36,384)
Net cash provided by (used for) operating activities	(213,714)	68,382
Cash flows from investing activities:		
Capital expenditures	-	(18,833)
Proceeds from return of equipment	-	33,167
Net cash provided by investing activities	-	14,334
Cash flows from financing activities:		
Purchase of treasury stock (Note 1)	(171)	(673)
Net increase (decrease) in cash and cash equivalents	(213,885)	82,043
Cash and cash equivalents, beginning of year	920,921	838,878
Cash and cash equivalents, end of year	\$ 707,036	\$ 920,921
 <u>Supplemental disclosure of cash flow information</u>		
Cash paid during the year for taxes	\$ (50)	\$ (50)

See accompanying notes and independent accountant's review report.

## Microwave Filter Company, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 1 - Summary of significant accounting policies

Nature of business - Microwave Filter Company, Inc. (“MFC”) and its wholly-owned Subsidiaries (Niagara Scientific, Inc. [“NSI”] and Microwave Filter International, LTD. [“MFI”]), (collectively, the “Company”), are engaged in the business of designing, developing, manufacturing and selling electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. The Company is located in Syracuse, New York.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of MFC and its wholly-owned subsidiaries, NSI and MFI, a dormant entity. All significant intercompany balances and transactions have been eliminated in consolidation.

Change in accounting principle - As of October 1, 2023, the Company was required to adopt Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Company’s financial assets. Financial assets held by the Company that are subject to the ASU include accounts receivables. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset’s remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The Company performed its expected credit loss calculation based on historical data and analysis, including consideration of then existing economic conditions, and expected future conditions. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

Cash and cash equivalents - For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable and credit policies - The Company extends credit to business customers based upon ongoing credit evaluations. Accounts receivable are unsecured customer obligations due under normal trade terms, generally requiring payment within thirty (30) days from the invoice date. Accounts receivable are stated at the amount billed to the customer, and interest is not charged on the accounts. Customer account balances with invoices over ninety (90) days old are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amounts of accounts receivable are reduced by valuation allowances that reflect management’s best estimate of the amounts that will not be collected. Management believes that the historical loss information that it has compiled is a reasonable base on which to

determine estimated credit losses for accounts receivable held at September 30, 2024 and 2023, because the composition of the accounts receivable at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has evaluated the current and reasonable and supportable forecasted economic conditions in order to determine the expected credit loss rates by aging category for its accounts receivable. As a result, management applied the applicable updated credit loss rates to determine the expected credit loss estimated for each aging category. Further, management individually reviews all accounts receivable balances that exceed ninety days from the invoice date. Those receivables identified by management as uncollectable are written off against this allowance.

The allowance for credit losses consisted of the following:

	<u>Year ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Allowance for credit losses, beginning of year	\$ 4,213	\$ 4,213
Provisions for credit losses	-	-
Write offs, net of recoveries	-	-
	<u>\$ 4,213</u>	<u>\$ 4,213</u>
Allowance for credit losses, end of year		

Economic dependency and concentration of credit risk - The Company had sales to two customers representing 43% and 42% of total sales for the years ended September 30, 2024 and 2023, respectively. Accounts receivable included \$49,610 and \$226,843 due from these customers at September 30, 2024 and 2023, respectively.

The Company maintains cash in bank accounts at various financial institutions. Amounts held in these accounts may, at times, exceed the amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). Amounts in excess of FDIC insurance limits are subject to normal credit risk.

Revenue Recognition - The Company recognizes revenue at a point-in-time once control over the finished product has transferred to the customer. Accordingly, revenue is recognized when the customer takes title and assumes the risks and rewards of ownership, generally at the time of shipment. When revenue is recognized in accordance with the above terms, the trade accounts receivable is recorded.

Inventories - Inventories are valued at the lower of cost (first in, first out “FIFO” method) or net realizable value. Net realizable value is determined as the estimated selling price in the normal course of business, minus the cost of completion, disposal and transportation. Work in

process and finished goods include materials, direct labor and allocated factory overhead. See Note 2.

Property, plant and equipment - Property, plant and equipment are recorded at cost. Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the assets, while for income tax purposes, depreciation is computed using methods and lives prescribed by the appropriate income tax regulations.

Depreciation for consolidated financial statement purposes is computed using asset lives as follows:

Buildings	10 to 30 years
Machinery & equipment	3 to 10 years
Office equipment & fixtures	3 to 10 years

Expenditures for maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property, plant or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. See Note 3.

Customer deposits - Customer deposits consist of down payments from customers on future orders. The deposits remain as liabilities to the Company until the customer orders are completed.

Leases - The Company determines if an arrangement contains a lease at contract inception. With the exception of short-term leases (leases with terms less than 12 months), all leases with contractual fixed costs are recorded on the balance sheet on the lease commencement date as a right-of-use (“ROU”) asset and a lease liability. Lease liabilities are initially measured at the present value of the minimum lease payments and subsequently increased to reflect the interest accrued and reduced by the lease payments affected. ROU assets are initially measured at the present value of the minimum lease payments adjusted for any prior lease payments, lease incentives and initial direct costs. Certain leases may contain escalation, renewal and/or termination options that are factored into the ROU asset as appropriate. Operating leases result in a straight-line rent expense over the life of the lease. For finance leases, ROU assets are amortized on a straight-line basis over the life of the lease and interest accrues to the lease liability, which results in a higher interest expense at lease inception that declines over the life of the lease.

Variable lease costs are expensed as incurred and are not included in the determination of ROU assets or lease liabilities. The short-term lease for office equipment is recognized in the accompanying consolidated statements of operations on a straight-line basis over the lease term. See Note 4.

Product warranty - The Company has established a warranty reserve which provides for the estimated cost of product returns based upon historical experience and any known conditions or

circumstances. No revenues are recognized in connection with the performance of the warranty repair or fulfillment function. The warranty obligation is affected by product that does not meet specifications and performance requirements and any related costs of addressing such matters. Products must be returned within one year of the date of purchase. The warranty liability was insignificant at September 30, 2024 and 2023.

Research and development - Research and development expenditures were approximately \$213,000 and \$265,400 for the years ended September 30, 2024 and 2023, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Advertising - The Company expenses advertising costs as incurred. Advertising expenses were approximately \$29,700 and \$21,900 for the years ended September 30, 2024 and 2023, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Income taxes - The Company has elected to be taxed as a C Corporation for Federal and state income tax purposes, as explained in Note 6. Accordingly, the Company provides for income taxes using the liability method. Under the liability method, income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the financial reporting basis and income tax basis of property and equipment. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Valuation allowances are established to reserve for deferred tax assets, which may not be realized. The Company has provided a full valuation allowance against its deferred tax assets. Deferred income taxes are recorded using currently enacted income tax rates applicable to the period in which the deferred tax asset or liability is expected to be realized or settled. As changes in tax laws are enacted, deferred income taxes are adjusted through the provision for income taxes in the year of the change.

The Company has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Company will include interest on income tax liabilities in interest expense and penalties in selling, general and administrative expenses, if such amounts arise. There were no interest or penalties for the years ended September 30, 2024 and 2023. The Company is no longer subject to Federal or New York State examinations by tax authorities for the closed tax years before 2021.

Retirement plans - The Company maintains both a non-contributory profit-sharing plan and a contributory 401(k) plan for all employees over the age of 21 with one year of service. Annual contributions to the profit-sharing plan are determined by the Board of Directors and are made from current or accumulated earnings, while contributions to the 401(k) plan were matched at a rate of 100% of an employee's first 6% of contributions. The maximum corporate match was 6% of an employee's compensation during fiscal 2024 and 2023.

The Company's matching contributions to the 401(k) plan for the years ended September 30, 2024 and 2023, were approximately \$62,000 and \$69,000, respectively. Additionally, the Company may make discretionary contributions to the non-contributory profit-sharing plan. There were no discretionary contributions in fiscal 2024 and 2023.

Treasury stock - The Company purchased 342 shares and 1,346 shares from various shareholders during the years ended September 30, 2024 and 2023, respectively. The purchased shares increased Treasury stock on the accompanying consolidated balance sheets by \$171 and \$673 at September 30, 2024 and 2023 respectively.

Use of estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events - Management has evaluated subsequent events through December 4, 2024, the date which the consolidated financial statements were available for issue. There have been no subsequent events that would require disclosure or adjustment to the consolidated financial statements.

Note 2 - Inventories

Inventories consisted of the following:

	September 30,	
	2024	2023
Raw Materials and stock parts	\$ 355,788	\$ 375,241
Work-in-process	34,042	16,630
Finished goods	<u>59,828</u>	<u>88,660</u>
	449,658	480,531
Reserve for obsolescence	<u>(239,656)</u>	<u>(284,000)</u>
	<u>\$ 210,002</u>	<u>\$ 196,531</u>

### Note 3 - Property, plant and equipment

Property, plant and equipment consisted of the following:

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 143,000	\$ 143,000
Building	2,254,258	2,254,258
Machinery and equipment	481,262	481,262
Office equipment and fixtures	<u>131,082</u>	<u>131,082</u>
	3,009,602	3,009,602
Less - Accumulated depreciation	<u>(2,358,879)</u>	<u>(2,261,774)</u>
	<u>\$ 650,723</u>	<u>\$ 747,828</u>

Depreciation expense was \$97,105 and \$97,556 for the years ended September 30, 2024 and 2023, respectively. During fiscal 2023, the Company returned a piece of equipment and received a full refund for the capitalized amount.

### Note 4 - Operating lease commitments

The Company entered into an operating lease arrangement for office equipment in Syracuse, New York, beginning November 15, 2022, following expiration of their previous operating lease arrangement, which matured in March 2022 and had since been rented on a month to month basis. The total right-of-use asset obtained in exchange for new operating lease liability for the lease period is stated below. Total operating lease expense was \$5,007 and \$5,705 for the years ended September 30, 2024 and 2023, respectively.

Supplemental cash flow information related to the lease, included in the accompanying consolidated statements of cash flows, is as follows:

	<u>Year ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	<u>\$ 5,007</u>	<u>\$ 5,705</u>
Right-of-use asset obtained in exchange for new operating lease liability	<u>\$ -</u>	<u>\$ 18,848</u>

The table below presents additional information related to the Company's leases as of:

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years for operating lease	3.38	4.38
Weighted-average discount rate for operating lease	8%	8%

Because the Company does not have access to the rate implicit in the lease, the Company's incremental borrowing rate was utilized as the discount rate.

As of September 30, 2024, maturities of the operating lease liability were as follows:

Fiscal 2025	\$ 4,596
Fiscal 2026	4,596
Fiscal 2027	4,596
Fiscal 2028	<u>1,915</u>
Total operating lease payment	15,703
Amount representing imputed interest	<u>(2,824)</u>
Total operating lease liability	12,879
Less - Current Portion	<u>(2,958)</u>
	<u>\$ 9,921</u>

#### Note 5 - Line of credit payable to bank

The Company entered into a \$750,000 demand line of credit with a bank on January 13, 2023. The line of credit bears interest at Prime, as published in the Wall Street Journal, plus a margin of 0.5 percentage points over Prime (8.50% as of September 30, 2024). There were no outstanding borrowings on the line of credit at September 30, 2024 and 2023. The line of credit is secured by all assets of the Company.

## Note 6 - Income taxes

The components of the provision for income taxes in the accompanying consolidated statements of operations are as follows:

	<u>Year ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Currently payable:		
State	<u>\$ 50</u>	<u>\$ 50</u>

As explained in Note 1, the Company elected to be taxed as a C Corporation. The Company generated a net operating loss (“NOL”) of approximately \$260,000 for the year ended September 30, 2024. The Company generated taxable income of approximately \$81,000 for the year ended September 30, 2023, before NOL carryforwards reduced taxable income to zero.

The accompanying consolidated balance sheets include the following components of net deferred taxes:

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Deferred tax assets	\$ 804,100	\$ 705,900
Deferred tax liabilities	(29,600)	(44,400)
Valuation allowance	<u>(774,500)</u>	<u>(661,500)</u>
Net deferred taxes	<u>\$ -</u>	<u>\$ -</u>

Deferred tax benefit (expense) consisted of the following:

	<u>Year ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Benefit from change in temporary differences	\$ 50,200	\$ 73,600
Benefit (expense) from change in tax credit carryforwards and net operating losses	62,800	(200)
Increase in valuation allowance	<u>(113,000)</u>	<u>(73,400)</u>
Deferred tax expense	<u>\$ -</u>	<u>\$ -</u>

The research and development tax credit carryforwards and NOL carryforwards generated through September 30, 2024, of approximately \$399,000 and \$925,000 respectively, expire at various times through 2041. As required by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, the Company has evaluated the positive and negative evidence bearing upon the realization of its net deferred tax assets. The Company has

determined that, at this time, it is more likely than not that the Company will not realize all of the benefits of Federal and state net deferred tax assets, and, as a result, a valuation allowance was established. Pursuant to the CARES Act, there is no limit to the usage of the Company's NOLs originating through the fiscal tax years ending on or before September 30, 2020. The Company is currently open to audit under the statute of limitations by the Internal Revenue Service (IRS) for the fiscal years ended September 30, 2021 through September 30, 2024.

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Carl Fahrenkrug certify that:

1. I have reviewed this Disclosure Statement for Microwave Filter Company, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

12/27/2024

/s/ Carl Fahrenkrug

### *Principal Financial Officer:*

I, Richard Jones certify that:

1. I have reviewed this Disclosure Statement for Microwave Filter Company, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

12/27/2024

/s/ Richard Jones