

MICROCHANNEL TECHNOLOGIES CORP
Form 10-Q
July 11, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For quarterly period ended May 31, 2013

☐ 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: 333-146404

MICROCHANNEL TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

98-0539775

(State or other jurisdiction of
incorporation or organization)

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

9192 Red Branch Road, Suite 110

Columbia, Maryland

21045

(Address of principal executive offices) (Zip Code)

(888) 522-6422

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 (Do not check if a smaller

☐ Smaller reporting company ☒

reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 53,864,600 shares of common stock, par value \$0.0001, were outstanding on July 11, 2013.

MICROCHANNEL TECHNOLOGIES CORPORATION

(A Development Stage Company)

FORM 10-Q

For the Periods Ended May 31, 2013 and 2012

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

MICROCHANNEL TECHNOLOGIES CORPORATION

(A Development Stage Company)

BALANCE SHEETS

(Unaudited)

	May 31, 2013	August 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$27,410	\$66,612
Prepaid expenses	937	788
Total current assets	28,347	67,400
Total assets	\$28,347	\$67,400
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$-	\$3,399
Total current liabilities	-	3,399
Stockholders' equity		
Common stock: \$0.0001 par value; 300,000,000 shares authorized, 53,864,600 issued and outstanding at May 31, 2013 and August 31, 2012	5,386	5,386
Additional paid-in capital	556,711	556,711
Deficit accumulated during the development stage	(533,750)	(498,096)
Total stockholders' equity	28,347	64,001
Total liabilities and stockholders' equity	\$28,347	\$67,400

(The accompanying notes are an integral part of these financial statements)

MICROCHANNEL TECHNOLOGIES CORPORATION**(A Development Stage Company)****STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended		Nine Months Ended		Cumulative February 28, 2005 (inception) to May 31, 2013
	May 31, 2013	2012	May 31, 2013	2012	
Revenue	\$-	\$-	\$-	\$-	\$ -
Operating expenses					
Option fee	-	-	-	-	2,000
Research and development	-	-	-	-	175,839
Director and officer fees	2,250	2,250	6,750	7,350	96,550
Professional fees	5,940	4,027	26,472	38,544	238,369
Other operating expenses	714	138	2,432	694	29,932
Total operating expenses	8,904	6,415	35,654	46,588	542,690
Loss from operations	(8,904)	(6,415)	(35,654)	(46,588)	(542,690)
Other income					
Interest income	-	-	-	-	8,940
Total other income	-	-	-	-	8,940
Net loss	\$(8,904)	\$(6,415)	(35,654)	\$(46,588)	\$ (533,750)
Net loss per common share: basic	\$(0.00)	\$(0.00)	(0.00)	\$(0.00)	
			\$		
Weighted average number of common shares outstanding: basic	53,864,600	53,864,600	53,864,600	53,864,600	

(The accompanying notes are an integral part of these financial statements)

MICROCHANNEL TECHNOLOGIES CORPORATION**(A Development Stage Company)****STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)****(Unaudited)**

	Common Stock		Additional	Deficit accumulated during the development stage	Total stockholders' equity (deficit)
	Shares	Amount	paid-in capital		
Common stock issued at \$0.0001 per share	53,864,600	\$ 5,386	\$ (5,286	) \$ -	\$ 100
Net loss	-	-	-	(52,898	) (52,898)
Balance, August 31, 2005	53,864,600	5,386	(5,286	) (52,898	) (52,798)
Net loss	-	-	-	(82,739	) (82,739)
Balance, August 31, 2006	53,864,600	5,386	(5,286	) (135,637	) (135,537)
Conversion of debt to equity on August 31, 2007	-	-	561,997	-	561,997
Net loss	-	-	-	(27,405	) (27,405)
Balance, August 31, 2007	53,864,600	5,386	556,711	(163,042	) 399,055
Net loss	-	-	-	(84,635	) (84,635)
Balance, August 31, 2008	53,864,600	5,386	556,711	(247,677	) 314,420
Net loss	-	-	-	(77,593	) (77,593)
Balance, August 31, 2009	53,864,600	5,386	556,711	(325,270	) 236,827
Net loss	-	-	-	(70,129) (70,129)
Balance, August 31, 2010	53,864,600	5,386	556,711	(395,399) 166,698

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Net loss	-	-	-	(48,917)	(48,917)
Balance, August 31, 2011	53,864,600	5,386	556,711	(444,316)	117,781	
Net loss	-	-	-	(53,780	)	(53,780)
Balance, August 31, 2012	53,864,600	5,386	556,711	(498,096	)	64,001	
Net loss	-	-	-	(35,654	)	(35,654)
Balance, May 31, 2013	53,864,600	\$ 5,386	\$ 556,711	\$ (533,750	)	\$ 28,347	

(The accompanying notes are an integral part of these financial statements)

MICROCHANNEL TECHNOLOGIES CORPORATION**(A Development Stage Company)****STATEMENTS OF CASH FLOWS****(Unaudited)**

	Nine Months Ended May 31,		Cumulative February 28, 2005 (inception) to May 31, 2013
	2013	2012	
Cash flows from operating activities			
Net loss	\$(35,654)	\$(46,588)	\$ (533,750)
Adjustments to reconcile net loss to net cash used in operating activities:			
Changes in operating assets and liabilities:			
Decrease (increase) in prepaid expenses	(149)	2,359	(937)
Decrease in accounts payable	(3,399)	(1,574)	-
Net cash used in operating activities	(39,202)	(45,803)	(534,687)
Cash flows from financing activities			
Increase in payable - related party	-	-	561,997
Proceeds from the issuance of common stock	-	-	100
Net cash provided by financing activities	-	-	562,097
Increase (decrease) in cash and cash equivalents	(39,202)	(45,803)	27,410
Cash and cash equivalents at beginning of period	66,612	115,421	-
Cash and cash equivalents at end of period	\$27,410	\$69,618	\$ 27,410
Supplemental disclosure of cash flow information:			
Interest paid in cash	\$-	\$-	\$ -
Income taxes paid in cash	-	-	-
Supplemental disclosure of non-cash transaction:			
Conversion of debt to equity	\$-	\$-	\$ 561,997

(The accompanying notes are an integral part of these financial statements)

MICROCHANNEL TECHNOLOGIES CORPORATION

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

(Unaudited)

Note 1. Organization and Description of Business

MicroChannel Technologies Corporation (the “Company”) was formed as a wholly-owned subsidiary of New Energy Technologies, Inc. (“New Energy”). New Energy spun off its issued and outstanding shares to New Energy’s shareholders on December 18, 2007. The Company was incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to its existing name on April 4, 2005.

The Company is not currently engaged in any business operations. It is, however, in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Note 2. Going Concern Uncertainties

The Company is a development stage company, has not generated any revenues, has an accumulated deficit of \$533,750 as of May 31, 2013, and does not have positive cash flows from operating activities. The Company expects to incur additional losses as it continues to identify and develop new commercial opportunities. The Company will be subject to the risks, uncertainties, and difficulties frequently encountered by early-stage companies. The Company may not be able to successfully address any or all of these risks and uncertainties. Failure to adequately do so could cause the Company’s business, results of operations, and financial condition to suffer. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is an issue due to its net losses and negative cash flows from operations, and its need for additional financing to fund future operations. The Company’s ability to continue as a

going concern is subject to its ability to obtain necessary funding from outside sources. There can be no assurance that such funds, if available, can be obtained on terms reasonable to the Company. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty.

Note 3. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's latest Annual Report filed with the SEC on Form 10-K for the year ended August 31, 2012. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the unaudited interim financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year as reported in the Form 10-K have been omitted.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates. Actual results and outcomes may differ materially from the estimates as additional information becomes known.

Recently Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. Although some of these accounting standards issued or effective after the end of the Company's previous fiscal year may be applicable to the Company, it has not identified any standards that it believes merit further discussion. The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on its financial position, results of operations, or cash flows.

Note 4. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. During the three and nine months ended May 31, 2013 and 2012, the Company recorded a net loss. The Company does not have any stock options or warrants outstanding that would be anti-dilutive. Therefore, basic and diluted net loss per share is the same for those periods.

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

Forward-Looking Statements

Except for the historical information presented in this document, the matters discussed in this Form 10-Q for the quarter ended May 31, 2013 contain forward-looking statements which involve assumptions and our future plans, strategies, and expectations. These statements are generally identified by the use of words such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project,” or the negative of these words or other variations on these words or comparable terminology. These statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished.

Such forward-looking statements include statements regarding, among other things, (a) our potential profitability and cash flows, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as in this Form 10-Q generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the matters described in this Form 10-Q generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. In addition to the information expressly required to be included in this filing, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

Although forward-looking statements in this report reflect the good faith judgment of our management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

Except where the context otherwise requires and for purposes of this Form 10-Q only, “we,” “us,” “our,” “Company,” “our Company,” and “MicroChannel” refer to MicroChannel Technologies Corporation.

Overview

The following discussion and analysis of our financial condition and results of operations (“MD&A”) should be read in conjunction with our financial statements and the accompanying notes to the financial statements included in this Form 10-Q.

The MD&A is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Background

We were formed as a wholly-owned subsidiary of New Energy Technologies, Inc. New Energy spun off its issued and outstanding shares to New Energy's shareholders on December 18, 2007. We were incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to our existing name, MicroChannel Technologies Corporation, on April 4, 2005.

We are not currently engaged in any business operations. We are, however, in the process of attempting to identify, locate, and if warranted, acquire new and potentially commercial opportunities. As of filing date of this report, we have no agreement or understanding with any person regarding the acquisition by us of any new and potentially commercial opportunities.

Results of Operation

Three and Nine Months Ended May 31, 2013 and 2012

Director and Officer Fees

Director and officer fees for both of the three-month periods ended May 31, 2013 and 2012 were \$2,250.

Director and officer fees for the nine months ended May 31, 2013 and 2012 were \$6,750 and \$7,350, respectively. The decrease of \$600 is due to compensation provided to Mr. Gamache during the prior year for supplemental services that he rendered in addition to the executive consulting and director services he has historically provided.

Professional Fees

Professional fees for the three months ended May 31, 2013 and 2012, were \$5,940 and \$4,027, respectively. The increase of \$1,913 is partially due to an increase in filing fees as a result of the requirement to file an XBRL detail tagged exhibit during the current year compared to an XBRL block tagged exhibit in the prior year.

Professional fees for the nine months ended May 31, 2013 and 2012, were \$26,472 and \$38,544, respectively. The decrease of \$12,072 is substantially due to a reduction of legal fees of \$13,558 as a result of the curtailment in business activity while new commercial opportunities are identified offset by an increase in filing fees as discussed in the previous paragraph.

Other Operating Expenses

Other operating expenses for the three months ended May 31, 2013 and 2012, were \$714 and \$138, respectively.

Other operating expenses for the nine months ended May 31, 2013 and, 2012, were \$2,432 and \$694, respectively. The increase for both the current three and nine-month periods compared to the prior year is due to the increase in state tax and business filing fees.

Liquidity and Capital Resources

As of May 31, 2013, we had an accumulated deficit of \$533,750. At May 31, 2013, we had cash and cash equivalents of \$27,410 compared to \$66,612 at August 31, 2012. We had no outstanding debt at May 31, 2013.

Net cash used in operating activities was \$39,202 for the nine months ended May 31, 2013, compared to net cash used in operating activities of \$45,803 for the comparable period of the prior year. The decrease of \$6,601 is substantially due to the reduction in the amount paid for legal fees while new commercial opportunities are identified.

Other Contractual Obligations

As of May 31, 2013, we do not have any contractual obligations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

We review new accounting standards as issued. Although some of these accounting standards issued or effective after the end of our previous fiscal year may be applicable to us, we have not identified any standards that we believe merit further discussion. We believe that none of the new standards will have a significant impact on our financial position, operations, or cash flows.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this quarterly report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of May 31, 2013, that our disclosure controls and procedures were effective such that the information required to be disclosed in our United States Securities and Exchange Commission (the “SEC”) reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No. Description of Exhibit

3.1 Articles of Incorporation, as amended. ⁽¹⁾

3.2 By Laws. ⁽²⁾

31.1 Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rule 13(a)-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *

32.1 Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 USC. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

*Filed herewith.

⁽¹⁾ Incorporated by reference to the exhibits filed as part of the report on Form 10-Q filed by MicroChannel Technologies Corporation on April 8, 2010.

⁽²⁾ Incorporated by reference to the exhibits filed as part of the report on Form SB-2 filed by MicroChannel Technologies Corporation on October 1, 2007.

SIGNATURES

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

MicroChannel
Technologies
Corporation
(Registrant)

July 11, 2013 By: /s/ David Gamache
David Gamache
President, Chief
Executive Officer,
Chief Financial
Officer, and Director