

MICROCHANNEL TECHNOLOGIES CORP

Form 10-Q

January 10, 2014

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**FORM 10-Q**

(Mark One)

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

**For quarterly period ended November 30, 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**

(State or other jurisdiction of  
incorporation or organization)

**98-0539775**

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

**10632 Little Patuxent Parkway, Suite 406**

**Columbia, Maryland**

(Address of principal executive offices)

**21044**

(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

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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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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 January 10, 2014.

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**MICROCHANNEL TECHNOLOGIES CORPORATION**  
(A Development Stage Company)

**FORM 10-Q**

**For the Period Ended November 30, 2013**

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## PART I      FINANCIAL INFORMATION

### Item 1. Financial Statements (Unaudited)

#### MICROCHANNEL TECHNOLOGIES CORPORATION (A Development Stage Company)

#### BALANCE SHEETS (Unaudited)

	November 30, 2013	August 31, 2013
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 10,947	\$ 21,135
Prepaid expenses	-	241
Total current assets	10,947	21,376
 Total assets	 \$ 10,947	 \$ 21,376
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 5,743	\$ 816
Total current liabilities	5,743	816
 Stockholders' equity		
Common stock: \$0.0001 par value; 300,000,000 shares authorized, 53,864,600 issued and outstanding at November 30, 2013 and August 31, 2013	 5,386	 5,386
Additional paid-in capital	556,711	556,711
Deficit accumulated during the development stage	(556,893)	(541,537)
Total stockholders' equity	5,204	20,560
 Total liabilities and stockholders' equity	 \$ 10,947	 \$ 21,376

(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 November 30, 2013	2012	Cumulative February 28, 2005 (inception) to November 30, 2013
Revenue	\$ -	\$ -	\$ -
Operating expenses			
Option fee	-	-	2,000
Research and development	-	-	175,839
Director and officer fees	2,250	2,250	101,050
Professional fees	12,191	12,633	255,947
Other operating expenses	915	848	30,997
Total operating expenses	15,356	15,731	565,833
Loss from operations	(15,356)	(15,731)	(565,833)
Other income			
Interest income	-	-	8,940
Total other income	-	-	8,940
Net loss	\$ (15,356)	\$ (15,731)	\$ (556,893)
Net loss per common share: basic	\$ (0.00)	\$ (0.00)	
Weighted average number of common shares outstanding: basic	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 Shares	Amount	Additional paid-in capital	Deficit accumulated during the development stage	Total stockholders' equity (deficit)
Common stock issued at \$0.0001 per share at inception	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
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	-	-	-	(43,441)	(43,441)

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Balance, August 31, 2013	53,864,600	5,386	556,711	(541,537)	20,560
Net loss	-	-	-	(15,356)	(15,356)
Balance, November 30, 2013	53,864,600	\$ 5,386	\$ 556,711	\$ (556,893)	\$ 5,204

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

**MICROCHANNEL TECHNOLOGIES CORPORATION**  
**(A Development Stage Company)**

**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Three Months Ended November 30, 2013	2012	Cumulative February 28, 2005 (inception) to November 30, 2013
Cash flows from operating activities			
Net loss	\$ (15,356)	\$ (15,731)	\$ (556,893)
Adjustments to reconcile net loss to net cash used in operating activities:			
Changes in operating assets and liabilities:			
Decrease in prepaid expenses	241	788	-
Increase in accounts payable	4,927	4,690	5,743
Net cash used in operating activities	(10,188)	(10,253)	(551,150)
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	(10,188)	(10,253)	10,947
Cash and cash equivalents at beginning of period	21,135	66,612	-
Cash and cash equivalents at end of period	\$ 10,947	\$ 56,359	\$ 10,947
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**

**November 30, 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 \$556,893 as of November 30, 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. Management plans to identify commercial opportunities and 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. Based on the Company’s current level of expenditures, management believes that cash on hand is adequate to fund operations through January 2014. A current shareholder of the Company intends to provide a cash infusion, in the form of a loan, which will be sufficient to fund expenditures at their current level for at least the next twelve months. The final terms of the loan are being negotiated by the Company and the shareholder.

**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, 2013. 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**

During the three months ended November 30, 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 November 30, 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 commercial opportunities.

### **Results of Operation**

#### ***Three Months Ended November 30, 2013 and 2012***

##### Director and Officer Fees

Director and officer fees for both of the three-month periods ended November 30, 2013 and 2012 were \$2,250.

##### Professional Fees

Professional fees for the three months ended November 30, 2013 and 2012, were \$12,191 and \$12,633, respectively. Professional fees during the periods presented are comparable due to the same level of operations during the periods.

##### Other Operating Expenses

Other operating expenses for the three months ended November 30, 2013 and 2012, were \$915 and \$848, respectively. Other operating expenses during the periods presented are comparable due to the same level of operations during the periods.

### **Liquidity and Capital Resources**

As of November 30, 2013, we had an accumulated deficit of \$556,893. At November 30, 2013, we had cash and cash equivalents of \$10,947 compared to \$21,135 at August 31, 2013. We had no outstanding debt at November 30, 2013.

Net cash used in operating activities was \$10,188 for the three months ended November 30, 2013, compared to net cash used in operating activities of \$10,253 for the prior year. Based on our current level of expenditures, we believe that cash on hand is adequate to fund our operations through January 2014. One of our current shareholders intends to provide a cash infusion, in the form of a loan, which will be sufficient to fund expenditures at their current level for at least the next twelve months. The final terms of the loan are being negotiated by us and the shareholder.

### **Other Contractual Obligations**

As of November 30, 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 statements.

## **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 November 30, 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. <sup>(1)</sup>
3.2	By Laws. <sup>(2)</sup>
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. *

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\*Filed herewith.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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)

January 10, 2014

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