

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Microwave Filter Company, Inc.

6743 Kinne Street, East Syracuse , NY 13057

315- 438-4700

www.microwavefilter.com

335931

Annual Report
For the Period Ending: 9/30/2020
(the "Reporting Period")

As of August 27, 2021, the number of shares outstanding of our Common Stock was: 2,577,531

As of June 30, 2021, the number of shares outstanding of our Common Stock was: 2,577,703

As of September 30, 2020 the number of shares outstanding of our Common Stock was: 2,578,630

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

¹ "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.

Yes: ☐ No: ☒

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

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

None

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

NY

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

None

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

None

The address(es) of the issuer's principal executive office:

6743 Kinne Street, East Syracuse, NY 13057

The address(es) of the issuer's principal place of business:

Check box 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?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

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: 8/27/2021
Total shares outstanding:	2,577,703	as of date: 6/30/2021

Number of shares in the Public Float²: 2,494,367 as of date: 6/30/2021
Total number of shareholders of record: 443 as of date: 6/30/2021

All additional class(es) of publicly traded securities (if any):

Trading symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____

Transfer Agent

Name: Microwave Filter Company, Inc.
Phone: (315) 438-4700
Email: dick-j@microwavefilter.com
Address: 6743 Kinne Street, East Syracuse, NY 13057

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct 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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date 9/30/2018 Common: 2,579,680 Preferred: 0			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at	Were the shares issued at a discount to market	Individual/ Entity Shares were issued to (entities must have individual	Reason for share issuance (e.g. for cash or debt conversion) -OR-	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

	returned to treasury)			Issuance	price at the time of issuance? (Yes/No)	with voting / investment control disclosed).	Nature of Services Provided		
<u>1/2/2019</u>	<u>Shares returned to treasury</u>	<u>171</u>	_____	_____	_____	_____	_____	_____	_____
<u>2/26/2019</u>	<u>Shares returned to treasury</u>	<u>78</u>	_____	_____	_____	_____	_____	_____	_____
<u>2/26/2019</u>	<u>Shares returned to treasury</u>	<u>193</u>	_____	_____	_____	_____	_____	_____	_____
<u>8/19/2019</u>	<u>Shares returned to treasury</u>	<u>37</u>							
<u>8/19/2019</u>	<u>Shares returned to treasury</u>	<u>11</u>							
<u>9/15/2019</u>	<u>Shares returned to treasury</u>	<u>11</u>							
<u>1/7/2020</u>	<u>Shares returned to treasury</u>	<u>110</u>							
<u>1/15/2020</u>	<u>Shares returned to treasury</u>	<u>174</u>							
<u>3/3/2020</u>	<u>Shares returned to</u>	<u>74</u>							

	<u>treasury</u>								
<u>6/9/2020</u>	<u>Shares returned to treasury</u>	<u>191</u>							
<u>12/17/2020</u>	<u>Shares returned to treasury</u>	<u>874</u>							
<u>3/3/2021</u>	<u>Shares returned to treasury</u>	<u>53</u>							
<u>7/30/2021</u>	<u>Shares returned to treasury</u>	<u>170</u>							
<u>8/17/2021</u>	<u>Shares returned to treasury</u>	<u>2</u>							
Shares Outstanding on Date of This Report: <div style="text-align: right;"><u>Ending</u> <u>Balance</u></div> <u>Ending Balance:</u> Date 8/27/2021 Common: 2,577,531 Preferred: <u>0</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

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

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

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 (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
<u>7/2/2013</u>	<u>\$114,397</u>	<u>\$500,000</u>	<u>\$443</u>	<u>7/2/2023</u>	_____	<u>Key Bank</u>	<u>Loan</u>
_____	_____	_____	_____ —	_____	_____	_____	_____
_____	_____	_____	_____ —	_____	_____	_____	_____
_____	_____	_____	_____ —	_____	_____	_____	_____

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

4) Financial Statements

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

☒ U.S. GAAP

☐ IFRS The financial statements for this reporting period were prepared by (name of individual)⁴:

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

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

C. Balance Sheet;

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

- D. Statement of Income;
- E. Statement of Cash Flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Microwave Filter Company, Inc.

2020

Financial Statements

To the Shareholders:

FY2020 was a challenging year given the outbreak of the COVID-19 pandemic. MFC received confirmation as an essential business from the state of New York pursuant to the revised New York State Executive Order 202.6. MFC remained open following safety guidelines and taking other appropriate actions as needed.

In FY2020 MFC saw a decrease in sales of \$813,000 compared to 2019 resulting in a loss of \$293,000. It is unclear how much of the decline in sales is due to the COVID-19 pandemic but MFC believes there was a material impact. MFC did obtain a PPP loan for \$298,282, which if forgiven in full or in part, will mitigate or eliminate the fiscal year loss. Primarily because of the PPP loan, the cash position of MFC was up \$46,000 compared to FY2019.

The Broadcast TV market saw the largest decline of \$457,900 or 56%. This decrease was primarily due to orders from one customer that did not recur in fiscal 2020. MFC believes that the reduction in spending of this key customer was a result of a reduction of government spending as funds were diverted to combat COVID-19 pandemic.

The Cable TV market saw a decline of \$181,000 or 40%. This decrease was primarily due to orders from one customer that did not recur in fiscal 2020. MFC believes that the reduction in spending of these key customers was a result of a reduction of government spending as funds were diverted to combat COVID-19 pandemic.

The RF/Microwave market saw a decline of \$163,000 or 10%. The Satellite market was steady with a decline of \$11,000 or 1%

While the COVID-19 pandemic will continue to affect the economy in the future, MFC continues to be optimistic. The company continues to invest in production engineering, product development and developing OEM partners in key market segments, including 5G, 5G related and other satcom and other RF specialized solutions. We continue to believe that the 5G and satcom segments will lead to our greatest growth opportunities, followed by key broadcast and RF segments.

MFC is in a strong financial position. At this time MFC believes it is reasonable to expect that the PPP loan will be forgiven in full or in part. This cash position is sufficient to provide the resources needed to execute our strategies. The management of MFC is particularly appreciative of our partners and employees during this difficult time.

Sincerely,

Carl F. Fahrenkrug, Jr

Chief Executive Officer

Robert R. Andrews

Chairman of the Board

MNAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Microwave Filter Company, Inc. (MFC) operates primarily in the United States and principally in one industry. The Company extends credit to business customers, including original equipment manufacturers (OEMs), distributors and other end users, based upon ongoing credit evaluations. Microwave Filter Company, Inc. designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include cable television, television and radio broadcast, satellite broadcast, mobile radio and commercial and defense electronics. NSI's sales consist of spare parts orders.

THE IMPACT OF COVID-19

In March 2020, the coronavirus disease 2019 ("COVID 19") was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government.

The financial impact of the COVID 19 pandemic cannot be reasonably estimated at this time as its impact depends on future developments, which are highly uncertain and cannot be predicted.

In late March, Microwave Filter Company, Inc. received confirmation from the State of New York that we are designated as an "essential business" pursuant to the revised New York State Executive Order 202.6 with respect to our business function of supply partner for several essential industries.

RESULTS OF OPERATIONS

The following table sets forth the Company's net sales by major product group for each of the fiscal years in the two year period ended September 30, 2020.

Product group	Fiscal 2020	Fiscal 2019
Microwave Filter:		
RF/Microwave	\$ 1,471,799	\$ 1,634,760
Satellite	1,000,738	1,011,347
Broadcast TV	362,602	820,514
Cable TV	272,338	453,633
Niagara Scientific	133	84
Total	<u>\$ 3,107,610</u>	<u>\$ 3,920,338</u>
Sales backlog at 9/30	<u>\$ 631,764</u>	<u>\$ 827,981</u>

Fiscal 2020 compared to fiscal 2019

Consolidated net sales for the fiscal year ended September 30, 2020 equaled \$3,107,610, a decrease of \$812,728 or 20.7%, when compared to consolidated net sales of \$3,920,338 during the fiscal year ended September 30, 2019.

MFC's RF/Microwave product sales decreased \$162,961 or 10% to \$1,471,799 during the fiscal year ended September 30, 2020 when compared to sales of \$1,634,760 during the fiscal year ended September 30, 2019. MFC's RF/Microwave products are sold primarily to Original Equipment Manufacturers (OEM) that serve the mobile radio, commercial communications and defense electronics markets. Sales to one OEM customer decreased \$238,434 to \$1,182,621, or 38.1% of total sales, during the fiscal year ended September 30, 2020 compared to sales of \$1,421,055, or 36.2% of total sales, during the fiscal year ended September 30, 2019. These sales are in connection with a multiyear program in which the Company is a subcontractor. The Company continues to invest in production engineering and infrastructure development to penetrate OEM market segments as they become popular. MFC is concentrating its technical resources and product development efforts toward potential high volume customers as part of a concentrated effort to provide substantial long-term growth. Over the last year, MFC, in conjunction with various OEM's, has developed and supplied prototypes as well as small production runs in support of new programs being introduced to the marketplace. It is our belief that a continuation of this effort will help increase sales as well as reinforcing MFC's position as a quality manufacturer of RF filters and assemblies.

MFC's Satellite product sales decreased \$10,609 or 1% to \$1,000,738 during the fiscal year ended September 30, 2020 when compared to sales of \$1,011,347 during the fiscal year ended September 30, 2019. The decrease can be attributed to a decrease in demand for filters which suppress strong out-of-band interference caused by military and civilian radar systems and other sources. Management expects demand for these types of filters to continue with the proliferation of earth stations world wide and increased sources of interference.

MFC's Broadcast TV product sales decreased \$457,912 or 55.8% to \$362,602 for the fiscal year ended September 30, 2020 when compared to sales of \$820,514 for the fiscal year ended September 30, 2019. The decrease can primarily be attributed to one customer.

MFC's Cable TV product sales decreased \$181,295 or 40% to \$272,338 during the fiscal year ended September 30, 2020 when compared to Cable TV product sales of \$453,633 during the fiscal year ended September 30, 2019. The decrease can primarily be attributed to one customer. Management continues to project flat or a decrease in demand for Cable TV products due to the shift from analog to digital television. Due to the inherent nature of digital modulation versus analog modulation, fewer filters will be required. The Company has developed filters for digital television and there will still be requirements for analog filters for limited applications in commercial and private cable systems.

At September 30, 2020, the Company's total backlog of orders, which represents firm orders from customers, equaled \$631,764 compared to \$827,981 at September 30, 2019. The total Company backlog at September 30, 2020 is scheduled to ship during fiscal 2021. However, backlog is not necessarily indicative of future sales. Accordingly, the Company does not believe that its backlog as of any particular date is representative of actual sales for any succeeding period.

Gross profit decreased \$562,878 to \$1,077,536 during the fiscal year ended September 30, 2020 when compared to gross profit of \$1,640,414 during the fiscal year ended September 30, 2019. The decrease in gross profit can be attributed the lower sales volume providing a lower base to absorb overhead expenses.

Selling, general and administrative (SG&A) expenses decreased \$87,128 or 6% to \$1,372,019 during the fiscal year ended September 30, 2020 when compared to SG&A expenses of \$1,459,147 during the fiscal year ended September 30, 2019 . The decrease can be attributed to lower payroll costs.

Other income (expense) was income of \$1,896 for the fiscal year ended September 30, 2020 compared to expense of \$353 for the fiscal year ended September 30, 2019 primarily due to interest expense of \$8,719 offset by interest income of \$6,092 and miscellaneous non-operating income of \$4,523 for the fiscal year ended September 30, 2020 and interest expense of \$11,084 offset by interest income of \$8,039 and miscellaneous non-operating income of \$2,692 for the fiscal year ended September 30, 2019. Other income generally consists of sales of scrap material, the forfeiture of non-refundable deposits and other incidental items.

The Company recorded income taxes of \$50 and \$50 for the fiscal year ended September 30, 2020 and September 30, 2019. Any other provision for income tax expense was fully offset by a reversal of a portion of the Company's valuation allowance. Any benefit for losses has been subject to a valuation allowance since the realization of the deferred tax benefit is not considered more likely than not. As required by FASB ASC 740 the Company has evaluated the positive and negative evidence bearing upon the realization of its 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 deferred tax assets, and, as a result, a valuation allowance was established. See Note 7 to the consolidated financial statements.

Independent Accountant's Review Report

December 4, 2020

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

Opinion on the Financial Statements

We have reviewed the accompanying consolidated financial statements of Microwave Filter Company, Inc. and Subsidiaries (the "Company"), which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of operations, 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 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 engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, 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.

Dann McKeel, LLP.

MICROWAVE FILTER COMPANY, INC.
AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Consolidated Balance Sheets as of September 30, 2020 and 2019	8
Consolidated Statements of Operations for the Years	
Ended September 30, 2020 and 2019	9
Consolidated Statements of Stockholders' Equity for the Years	
Ended September 30, 2020 and 2019	10
Consolidated Statements of Cash Flows for the Years	
Ended September 30, 2020 and 2019	11
Notes to Consolidated Financial Statements	12-21

Microwave Filter Company and Subsidiaries

Consolidated Balance Sheets

	September 30,	
Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 764,169	\$ 718,071
Accounts receivable-trade, net of allowance for doubtful accounts of \$4,000 and \$4,000	411,567	490,784
Inventories, net of obsolete inventory reserve of \$533,572 and \$491,363	371,643	375,747
Prepaid expenses and other current assets	66,561	87,389
Total current assets	1,613,940	1,671,991
Property, plant and equipment, net	317,624	272,344
Right-of-use lease asset	9,851	16,060
Total Assets	\$ 1,941,415	\$ 1,960,395
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 166,318	\$ 125,851
Customer deposits	54,182	78,129
Accrued payroll and related expenses	44,282	47,753
Accrued compensated absences	103,711	87,667
Notes Payable - Short Term	55,972	53,456
Other current liabilities	21,672	15,346
Current portion of lease liability	6,493	6,209
PPP loan payable	298,282	0
Total current liabilities	750,912	414,411
Notes Payable - Long Term	109,643	165,615
Lease liability - net of current portion	3,358	9,851
Total other liabilities	113,001	175,466
Total liabilities	863,913	589,877
Stockholders' equity:		
Common stock, \$.10 par value. Authorized 5,000,000 shares		
Issued 4,324,140 in 2020 and 2019, Outstanding		
2,578,630 in 2020 and 2,579,179 in 2019	432,414	432,414
Additional paid-in capital	3,248,706	3,248,706
Accumulated deficit	(908,217)	(615,580)
Common stock in treasury, at cost, 1,745,510 shares in 2020 and 1,744,961 shares in 2019	(1,695,401)	(1,695,022)
Total stockholders' equity	1,077,502	1,370,518
Total Liabilities and Stockholders' Equity	\$ 1,941,415	\$ 1,960,395

See independent accountant's review report and related notes to financial statements.

Microwave Filter Company and Subsidiaries

Consolidated Statements of Operations

	For the Years Ended September 30	
	<u>2020</u>	<u>2019</u>
Net sales	\$ 3,107,610	\$ 3,920,338
Cost of goods sold	<u>2,030,074</u>	<u>2,279,924</u>
Gross profit	1,077,536	1,640,414
Selling, general and administrative expenses	1,365,215	1,454,044
Operating lease expense	<u>6,804</u>	<u>5,103</u>
(Loss) profit from operations	(294,483)	181,267
Non-operating income (expense)		
Interest income	6,092	8,039
Interest expense	(8,719)	(11,084)
Miscellaneous	<u>4,523</u>	<u>2,692</u>
(Loss) profit before income taxes	(292,587)	180,914
Provision for income taxes	(<u>50</u>)	(<u>50</u>)
NET (LOSS) PROFIT	\$ (<u>292,637</u>)	\$ <u>180,864</u>
Per share data:		
Basic and Diluted Earnings (Loss)		
Per Common Share	\$ (0.11)	\$ 0.07
Shares used in computing net earnings (loss) per common share:		
Basic and diluted	2,578,880	2,579,392

See independent accountant's review report and related notes to financial statements.

Microwave Filter Company and Subsidiaries

Consolidated Statements of Stockholders' Equity

For the Years Ended September 30, 2020 and 2019

	Common Stock		Additional	Accumulated	Treasury Stock		Total
	Shares	Amt	Paid-in Capital	Deficit	Shares	Amt	Stockholders' Equity
September 30, 2018 (Audited)	4,324,140	\$ 432,414	\$ 3,248,706	\$ (796,444)	1,744,460	\$ (1,694,764)	\$ 1,189,912
(Unaudited)							
Net profit				180,864			180,864
Purchase of treasury stock					501	(258)	(258)
September 30, 2019 (Unaudited)	4,324,140	432,414	3,248,706	(615,580)	1,744,961	(1,695,022)	1,370,518
(Unaudited)							
Net loss				(292,637)			(292,637)
Purchase of treasury stock					549	(379)	(379)
September 30, 2020 (Unaudited)	4,324,140	\$ 432,414	\$ 3,248,706	\$ (908,217)	1,745,510	\$ (1,695,401)	\$ 1,077,502

See independent accountant's review report and related notes to financial statements.

Microwave Filter Company and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended September 30

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net (loss) profit	\$ (292,637)	\$ 180,864
Adjustments to reconcile net (loss) profit to net cash (used in) provided by operating activities:		
Depreciation	37,020	50,450
Inventory obsolescence provision	42,209	28,077
Changes in assets and liabilities:		
Accounts receivable-trade	79,217	(88,024)
Inventories	(38,105)	(26,221)
Prepaid and other current assets	(16,197)	(32,973)
Accounts payable and customer deposits	16,520	51,764
Accrued payroll, compensated absences and related expenses	12,573	6,260
Other current liabilities	6,326	(13,492)
Net cash (used in) provided by operating activities	<u>(153,074)</u>	<u>156,705</u>
Cash flows from investing activities:		
Capital expenditures	(45,275)	(61,320)
Net cash used in investing activities	<u>(45,275)</u>	<u>(61,320)</u>
Cash flows from financing activities:		
Repayment of note payable	(53,456)	(51,101)
Proceeds from PPP loan	298,282	0
Purchase of treasury stock	(379)	(258)
Net cash provided by (used in) financing activities	<u>244,447</u>	<u>(51,359)</u>
Net increase in cash and cash equivalents	46,098	44,026
Cash and cash equivalents at beginning of year	<u>718,071</u>	<u>674,045</u>
Cash and cash equivalents at end of year	\$ <u><u>764,169</u></u>	\$ <u><u>718,071</u></u>
Supplemental disclosures of cash flows:		
Cash paid during the year for :		
Interest	\$ 8,908	\$ 11,263
Taxes	\$ 50	\$ 50

See independent accountant's review report and related notes to financial statements.

Microwave Filter Company and Subsidiaries

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Business

Microwave Filter Company, Inc. (MFC) operates primarily in the United States and principally in one industry. The Company extends credit to business customers based upon ongoing credit evaluations. Microwave Filter Company, Inc. designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations. Markets served include cable television, television and radio broadcast, satellite broadcast, mobile radio, commercial communications and defense electronics.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Microwave Filter Company, Inc. (MFC) and its wholly-owned subsidiaries, Niagara Scientific, Inc. (NSI) and Microwave Filter International, LTD. (MFI) (dormant); located in Syracuse, New York. All significant intercompany balances and transactions have been eliminated in consolidation.

c. Revenue Recognition

The Company recognizes revenue at a point in time, once control over the finished products 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 receivable is recorded.

Disaggregation of Revenue

The following tables provide details of revenue by major products group:

Product group	Fiscal 2020	Fiscal 2019
Microwave Filter:		
RF/Microwave	\$ 1,471,799	\$ 1,634,760
Satellite	1,000,738	1,011,347
Broadcast TV	362,602	820,514
Cable TV	272,338	453,633
Niagara Scientific	133	84
Total	<u>\$ 3,107,610</u>	<u>\$ 3,920,338</u>
Sales backlog at 9/30	<u>\$ 631,764</u>	<u>\$ 827,981</u>

d. Adoption of ASU 2016-02 "Leases"

On October 1, 2018, the Company early adopted ASU 2016-02 "Leases" and all subsequent amendments to the ASU (collectively, "Topic 842"), which create recognition of assets and liabilities that arise from leases. The Company's existing lease for office equipment is classified as an operating lease and is within the scope of Topic 842. Refer to Note 6, Operating Lease Commitments, for further discussion on the Company's accounting policies for leases. As a result of the adoption, the lease term in excess of 12 months was recognized on the balance sheet with a right-of-use asset and liability. Additionally, certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. The impact on the consolidated financial statements and opening fiscal 2019 stockholders' equity was not material.

e. 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, 2020 and September 30, 2019.

f. Cash and Cash Equivalents

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents consist of cash in banks and money market funds. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company's cash is held at federally insured institutions and balances may periodically exceed insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash. The Company also routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

g. Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company reviews its allowance for doubtful accounts monthly. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

h. Inventories and Reserve for Obsolescence

Inventories are stated at the lower of cost determined on the first-in, first-out 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.

The Company records a reserve for obsolete or excess inventory. The Company considers inventory quantities greater than a three year supply based on current year activity as well as any additional specifically identified inventory to be excess. The Company also provides for the total value of inventories that are determined to be obsolete based on criteria such as customer demand and changing technologies.

i. Research and Development

Costs in connection with research and development, which amount to \$371,612 and \$372,702 for the fiscal years 2020 and 2019, respectively, are charged to operations as incurred.

j. Advertising

The Company expenses advertising costs as incurred. Advertising expense was approximately \$23,700 and \$24,400 for the years ended September 30, 2020 and 2019, respectively, and is included in the selling, general and administrative expenses in the consolidated statements of operations.

k. Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Buildings and building improvements are depreciated over an estimated service life of 10 to 30 years. Machinery and equipment are depreciated over an estimated useful life of 3 to 10 years. Office equipment and fixtures are depreciated over an estimated useful life of 3 to 10 years. At the time of sale or retirement, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recognized in income.

l. Income Taxes

The Company accounts for income taxes under FASB ASC 740-10. Deferred tax assets and liabilities are based on the difference between the financial statement and income tax basis of assets and liabilities as measured by the enacted tax rates which are anticipated to be in effect when these differences reverse. The deferred tax provision is the result of the net change in the deferred tax assets and liabilities. A valuation allowance is established when it is necessary to reduce deferred tax assets to amounts expected to be realized. The Company has provided a full valuation allowance against its deferred tax assets.

The Company follows FASB ASC 740-10, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Additionally, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. The Company determined it has no uncertain tax positions and therefore no amounts are recorded.

m. Earnings Per Share

The Company presents basic earnings per share ("EPS"), computed based on the weighted average number of common shares outstanding for the period, and when applicable diluted EPS, which gives the effect to all dilutive potential shares outstanding (i.e. options) during the period after restatement for any stock dividends. There were no dividends declared during the fiscal year ended September 30, 2020 and 2019. Profit (loss) used in the EPS calculation is net profit (loss) for each year. There were no dilutive potential shares outstanding for the years ended September 30, 2020 and 2019.

n. Fair Value of Financial Instruments

The carrying value of the Company cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of those instruments. The carrying value of the Company's note payable approximates its fair value.

The Company currently does not trade in or utilize derivative financial instruments.

o. Miscellaneous Non-operating Income

Miscellaneous non-operating income generally consists of sales of scrap material and the forfeiture of non-refundable deposits and other incidental items.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

q. Impairment of Long-Lived Assets

The carrying values of long-lived assets other than goodwill are generally evaluated for impairment only if events or changes in facts and circumstances indicate that carrying values may not be recoverable. Any impairment determined would be recorded in the current period and would be measured by comparing the fair value of the related asset to its carrying value. Fair value is generally determined by identifying estimated undiscounted cash flows to be generated by those assets. No impairments have been recorded for the fiscal years ended September 30, 2020 and 2019.

r. Risks and Uncertainties

During fiscal 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, Coronavirus Disease (COVID-19), by mandating work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. During the COVID-19 pandemic, the Company's services have been essential in nature. As the situation evolves, the Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of the business, including how it impacts customers, subcontractors, suppliers, vendors and employees, in addition to how the COVID-19 pandemic impacts the Company's ability to provide services to their customers. We believe the ultimate impact of the COVID-19 pandemic on operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of the Company's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could further materially adversely impact business.

s. Subsequent Events

Management has evaluated subsequent events through December 4, 2020, the date which the consolidated financial statements were available for issue.

2. INVENTORIES

Inventories net of provision for obsolescence consisted of the following:

	September 30	
	2020	2019
Raw materials and stock parts	\$ 310,664	\$ 333,638
Work-in-process	27,783	16,752
Finished goods	33,196	25,357
	<u>\$ 371,643</u>	<u>\$ 375,747</u>

The Company's reserve for obsolescence equaled \$533,572 at September 30, 2020 and \$491,363 at September 30, 2019.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	September 30	
	2020	2019
Land	\$ 143,000	\$ 143,000
Building and improvements	2,057,549	1,983,499
Machinery and equipment	3,510,175	3,501,925
Office equipment and fixtures	<u>1,925,598</u>	<u>1,925,598</u>
	7,636,322	7,554,022
Less: Accumulated depreciation	<u>7,318,698</u>	<u>7,281,678</u>
Property, plant and equipment, net	<u>\$ 317,624</u>	<u>\$ 272,344</u>
Depreciation expense	<u>\$ 37,020</u>	<u>\$ 50,450</u>

4. NOTES PAYABLE

On July 2, 2013, Microwave Filter Company, Inc. (the “Company”) entered into a Ten Year Term Loan with KeyBank National Association in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00). The amount of all advances outstanding together with accrued interest thereon shall be due and payable on July 2, 2023 (“Maturity”). The Company shall pay interest on the outstanding principal balance of this Note at the rate per annum equal to 4.5%. The net proceeds from the Term Loan will be available to provide working capital as needed. The total amount outstanding as of September 30, 2020 and 2019 was \$165,615 and \$219,072 respectively. Interest accrued as of September 30, 2020 and 2019 was \$580 and \$767 respectively.

The Company has secured this Note by: (a) a Mortgage, Assignment of Rents, Security Agreement and Fixture Filing which creates a 1st lien on real property situated in the Town of Dewitt, County of Onondaga, and State of New York and known as 6743 Kinne Street, East Syracuse, New York; (b) a General Assignment of Rents and Leases; (c) an Environmental Compliance and Indemnification; and (d) such other security as may now or hereafter be given to Lender as collateral for the loan. The future obligations of the loan are as follows:

Year Ended September 30,	Principal Payments	Interest Payments	Total Payments
2021	\$ 55,972	\$ 6,392	\$ 62,364
2022	58,680	3,684	62,364
2023	50,963	1,007	51,970
	<u>\$ 165,615</u>	<u>\$ 11,083</u>	<u>\$ 176,698</u>

The Company is required to comply with a loan covenant requiring submission to the Bank of audited financial statements subsequent to year end. The Company has received a waiver of non-compliance with this covenant.

On May 5, 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of approximately \$298,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company. The Company intends to apply for forgiveness of the PPP Loan with respect to these covered expenses, accordingly, the PPP loan has been included in current liabilities. To the extent that all or part of the PPP Loan is not forgiven, the Company will be required to pay interest on the PPP Loan at a rate of 1.0% per annum. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

5. PROFIT SHARING AND 401-K 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 during fiscal 2020. The maximum corporate match was 6% of an employee's compensation during fiscal 2020.

The Company's matching contributions to the 401-K plan for the years ended September 30, 2020 and 2019 were \$64,869 and \$67,670, respectively. Additionally, the Company may make discretionary contributions to the non-contributory profit sharing plan. These contributions were \$0 in 2020 and 2019.

6. OPERATING LEASE COMMITMENTS

The Company has entered into an operating lease arrangement for office equipment in Syracuse, NY beginning January 1, 2019.

During the years ended September 30, 2020 and 2019, rent expenses were recognized with the operating lease as fixed rent expense of

\$6,804 and \$5,103, respectively.

Amounts recognized as a right-of-use asset related to the operating lease in the right-of-use lease asset, while related lease liabilities are shown as current liabilities and long-term liabilities. As of September 30, 2020 and 2019, right-of-use lease assets and lease liabilities relating to the operating lease were as follows:

	2020	2019 As adjusted
Right-of-use lease asset	\$ 9,851	\$ 16,060
Operating lease liabilities:		
Current portion of lease liabilities	6,493	6,209
Lease liability - net of current portion	3,358	9,851

During the years ended September 30, 2020 and 2019, the Company had the following cash and non –cash activities associated with operating leases:

	<u>2020</u>	<u>2019</u> As adjusted
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 6,804	\$ 5,103

No non-cash activity during the period. The establishment of the right-of-use asset and corresponding lease liabilities in both 2020 and 2019 did not require or use cash, and accordingly have been excluded from the statements of cash flows.

Minimum rental commitments at September 30, 2020 for this lease are:

<u>Year Ended</u> <u>September 30</u>	<u>Lease</u> <u>Payments</u>
2021	\$ 6,804
2022	<u>3,402</u>
	10,206
Amount representing interest	(<u>355</u>)
	<u>\$ 9,851</u>

As of September 30, 2020 and 2019, the weighted-average remaining lease term for the operating lease is 1.5 and 2.5 years, respectively.

Because the Company does not have access to the rate implicit in the lease, the incremental borrowing rate was utilized as the discount rate. The weighted average discount rate associated with the operating lease as of September 30, 2020 and 2019 is 4.50%.

7. INCOME TAXES

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

	Year Ended September 30,	
	2020	2019
Currently payable:		
Federal	\$ 0	\$ 0
State	50	50
Deferred (credit)	<u>0</u>	<u>0</u>
	\$ <u><u>50</u></u>	\$ <u><u>50</u></u>

The components of the provision for income taxes differs from the amount that would result from applying the federal statutory rate for the periods ended September 30, 2020 and 2019 is as follows:

	Year ended September 30,			
	2020		2019	
	Amount	%	Amount	%
Statutory tax rate	\$ (61,454)	(21.0 %)	\$ 37,992	21.0 %
Research and development tax credits	(22,031)	(7.5 %)	(18,412)	(10.2 %)
Valuation allowance change	20,846	7.1 %	(19,580)	(10.8 %)
Permanent differences	<u>62,639</u>	<u>21.4 %</u>	<u>0</u>	<u>0.0 %</u>
	\$ <u><u>0</u></u>	<u><u>0.0 %</u></u>	\$ <u><u>0</u></u>	<u><u>0.0 %</u></u>

The temporary differences which give rise to deferred tax assets and (liabilities) at September 30 are as follows:

	<u>2020</u>	<u>2019</u>
Inventory	\$ 115,760	\$ 106,771
Accrued warranty	2,625	2,625
Accrued vacation	18,629	14,420
Accounts receivable	885	885
Accelerated depreciation	25,490	24,501
Research and development tax credit carryforward	352,138	323,769
AMT credit carryforward	37,521	37,521
NOL carryforward	165,872	187,584
Valuation allowance	(<u>718,920</u>)	(<u>698,076</u>)
Net deferred tax assets	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

As required by FASB 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. The research and development tax credit carryforwards and NOL carryforwards generated through September 30, 2020, of approximately \$352,000 and \$519,000 expire at various times through 2038. Pursuant to the ACT, any of the Company's newly-generated Federal NOL carryforwards can be carried forward indefinitely, while being limited to 80% of taxable income (determined without regard to the deduction.) Pursuant to the CARES Act, there is no limit to the usage of the Company's NOL through tax years ending before January 1, 2021. For tax years beginning after December 31, 2020, the NOL's will again be limited to 80% of taxable income (determined without regard to the deduction.) As of September 30, 2020, the Company's Federal AMT credit carryforward of approximately \$35,000 is available in any year prior to 2023, in an amount equal to 50% (100% for tax years beginning in 2022) of the excess minimum tax credit for the tax year, over the amount of the credit allowable for the year against the regular tax liability. The Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the fiscal years September 30, 2017 through September 30, 2020. The Company has no uncertain tax positions. As of September 30, 2020 and 2019, there is no accrual for interest or penalties related to uncertain tax positions.

8. INDUSTRY SEGMENT DATA

The Company's primary business segment involves the operations of Microwave Filter Company, Inc. (MFC) which designs, develops, manufactures and sells electronic filters, both for radio and microwave frequencies, to help process signal distribution and to prevent unwanted signals from disrupting transmit or receive operations.

9. SIGNIFICANT CUSTOMERS

Sales to one customer s represented 38.1% of total sales for the fiscal year ended September 30, 2020 compared to sales to two customers who represented 53.5% of total sales for the fiscal year ended September 30, 2019. A loss of this customer or programs related to this customer could materially impact the Company.

10. LEGAL MATTERS

None.

11. LIQUIDITY AND CAPITAL RESOURCES

MFC defines liquidity as the ability to generate adequate funds to meet its operating and capital needs. The Company's primary source of liquidity has been funds provided by operations and its existing cash balances.

	September 30	
	2020	2019
Cash & cash equivalents	\$ 764,169	\$ 718,071
Working capital	\$ 863,028	\$ 1,257,580
Current ratio	2.15 to 1	4.03 to 1
Long-term debt	\$ 113,001	\$ 175,466

Cash and cash equivalents increased \$46,098 to \$764,169 at September 30, 2020 when compared to \$718,071 at September 30, 2019. The increase was a result of \$153,074 in net cash used in operating activities, \$45,275 in net cash used for capital expenditures, \$53,456 in net cash used for repayment of a note payable, \$298,282 in proceeds from a PPP loan and \$379 in net cash used to purchase treasury stock.

Net cash provided by operating activities fluctuates between periods primarily as a result of differences in sales and net income and the timing of the collection of accounts receivable, purchase of inventory, and payment of accounts payable.

The \$45,275 in fixed asset purchases consisted of \$37,025 to replace part of the roof and \$8,250 used to purchase tooling.

During 2020, the Company received a loan totaling \$298,282 from the Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Some or all of the loan may be forgiven if certain criteria are met, accordingly, the PPP loan has been included in current liabilities, see Note 4. Otherwise, the loan is unsecured, has a deferment on payment for 6 months after a decision on forgiveness has been made, then the loan is payable over a negotiated period of time, and bears interest at 1%.

On July 2, 2013, Microwave Filter Company, Inc. (the "Company") entered into a Ten Year Term Loan with KeyBank National Association in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00). The amount of all advances outstanding together with accrued interest thereon shall be due and payable on July 2, 2023 ("Maturity"). The Company shall pay interest on the

outstanding principal balance of this Note at the rate per annum equal to 4.5%. The net proceeds from the Term Loan will be available to provide working capital as needed. The total amount outstanding as of September 30, 2020 and 2019 was \$165,615 and \$219,071, respectively.

The Company has secured this Note by: (a) a Mortgage, Assignment of Rents, Security Agreement and Fixture Filing which creates a 1st lien on real property situated in the Town of Dewitt, County of Onondaga, and State of New York and known as 6743 Kinne Street, East Syracuse, New York; (b) a General Assignment of Rents and Leases; (c) an Environmental Compliance and Indemnification; and (d) such other security as may now or hereafter be given to Lender as collateral for the loan.

Management believes that its working capital requirements for the foreseeable future will be met by its existing cash balances, future cash flows from operations and its current credit arrangements.

Off-Balance Sheet Arrangements

At September 30, 2020 and 2019, the Company did not have any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which might have been established for the purpose of facilitating off-balance sheet arrangements.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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 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.

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 certified 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. Please list any subsidiaries, parents, 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.

6) Issuer's Facilities

The goal of this section is to provide a potential investor 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, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

MFC's office and manufacturing facility is located at 6743 Kinne Street, East Syracuse, New York. This facility, which is owned by MFC, consists of 40,000 square feet of office and manufacturing space located on 3.7 acres.

On July 2, 2013, Microwave Filter Company, Inc. (the "Company") entered into a Ten Year Term Loan with KeyBank National Association in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00). The amount of all advances outstanding together with accrued interest thereon shall be due and payable on July 2, 2023 ("Maturity"). The Company shall pay interest on the outstanding principal balance of this Note at the rate per annum equal to 4.5%.

The Company has secured this Note by: (a) a Mortgage, Assignment of Rents, Security Agreement and Fixture Filing which creates a 1st lien on real property situated in the Town of Dewitt, County of Onondaga, and State of New York and known as 6743 Kinne Street, East Syracuse, New York; (b) a General Assignment of Rents and Leases; (c) an Environmental Compliance and Indemnification; and (d) such other security as may now or hereafter be given to Lender as collateral for the loan.

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor 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 shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **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 in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Carl F Fahrenkrug, Jr</u>	Chief Executive Officer	<u>Manlius, NY</u>	<u>10,930</u>	<u>common</u>	Less than 1 %	_____
<u>Richard Jones</u>	<u>Chief Financial Officer</u>	<u>Fayetteville, NY</u>	<u>0</u>	_____	_____	_____
<u>Samuel Fanizzi</u>	<u>Vice President, Marketing</u>	<u>North Syracuse, NY</u>	<u>0</u>	_____	_____	_____
<u>Robert Paul</u>	<u>Vice President, Engineering</u>	<u>Syracuse, NY</u> _____	<u>0</u>	_____	_____	_____
<u>Robert Andrews</u>	<u>Director</u>	<u>Manlius, NY</u>	<u>2,080</u>	<u>common</u>	Less than 1%	_____
<u>Carl F Fahrenkrug, Sr</u>	<u>Director</u>	<u>Manlius, NY</u>	<u>72,298</u>	<u>common</u>	<u>2.8%</u>	
<u>Sidney Chong</u>	<u>Director</u>	<u>Syracuse, NY</u>	<u>0</u>			
<u>James Gascon</u>	<u>Director</u>	<u>Syracuse, NY</u>	<u>0</u>			
<u>John Kennedy</u>	<u>Director</u>	<u>Syracuse, NY</u>	<u>1,000</u>	<u>common</u>	<u>Less than 1%</u>	

<u>Thomas Quartier</u>	<u>Director</u>	<u>Syracuse, NY</u>	<u>0</u>			
<u>Irene Scruton</u>	<u>Director</u>	<u>Dewitt, NY</u>	<u>0</u>			
<u>Anne Tindall</u>	<u>Director</u>	<u>Manlius, NY</u>	<u>0</u>			
<u>Gerst Capital, LLC</u>	<u>5% owner</u>	<u>Los Altos, CA</u>	<u>166,225</u>	<u>common</u>	<u>6.4%</u>	<u>Schedule 13D</u> <u>Filed with</u> <u>SEC on</u> <u>1/30/2018</u>

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. 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, or banking activities;

None

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

None

4. The entry 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

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 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

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Counsel

Name: James Gascon
Firm: Costello & Fearon, PLLC
Address 1: 211 W. Jefferson Street
Address 2: Syracuse, NY 13202
Phone: 315 422-1152
Email: jjg@ccf-law.com

Accountant or Auditor

Name: Brian Johnson
Firm: Dannible & McKee, LLP
Address 1: 221 S. Warren Street
Address 2: Syracuse, NY 13202
Phone: 315 472-9127
Email: bjohnson&dmcipas.com

Investor Relations

Name: Richard Jones
Firm: Microwave Filter Company, Inc.
Address 1: 6743 Kinne Street
Address 2: East Syracuse, NY 13057
Phone: 315 435-4758
Email: dick-j@microwavefilter.com

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) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

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, Jr certify that:

1. I have reviewed this Annual Report and disclosure statement of 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.

9/3/2021

/s/ Carl Fahrenkrug, Jr

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Richard Jones, certify that:

1. I have reviewed this annual report and disclosure Statement of 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.

9/3/2021

/s/ Richard Jones

(Digital Signatures should appear as "/s/ [OFFICER NAME]")