

Midwest Energy Emissions Corp.
Form 10-Q
November 12, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013

Commission file number 000-33067

MIDWEST ENERGY EMISSIONS CORP.
(Exact name of Registrant as Specified in its Charter)

Delaware 87-0398271
(State or other jurisdiction of incorporation (I.R.S. Employer Identification No.)
or organization)

500 West Wilson Bridge Road, Suite 140 43085
Worthington, Ohio
(Address of principal Executive offices) (Zip Code)

(614) 505-6115

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

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

State the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date: Common, \$.001 par value per share; 35,299,429 outstanding as of November 12, 2013.

MIDWEST ENERGY EMISSIONS CORP.
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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements,” as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and reflect our current expectations regarding our future growth, results of operations, cash flows, performance and business prospects, and opportunities, as well as assumptions made by, and information currently available to, our management. Forward-looking statements are generally identified by using words such as “anticipate,” “believe,” “plan,” “expect,” “intend,” “will,” and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements in this report are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed in or implied by the statements. These statements are based on information currently available to us and are subject to various risks, uncertainties, and other factors, including, but not limited to, those discussed under the caption “Risk Factors in the Company’s 2012 Form 10-K”. In addition, matters that may cause actual results to differ materially from those in the forward-looking statements include, among other factors, the gain or loss of a major customer, change in environmental regulations, disruption in supply of materials, a significant change in general economic conditions in any of the regions where our customer utilities might experience significant changes in electric demand, a significant disruption in the supply of coal to our customer units, the loss of key management personnel, failure to obtain adequate working capital to execute the business plan and any major litigation regarding the Company. Except as expressly required by the federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect future events, developments, or changed circumstances or for any other reason.

PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES

Index to Condensed Financial Information

Period Ended September 30, 2013

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MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 284,388	\$ 189,367
Accounts receivable	346,401	274,464
Inventory	-	37,993
Prepaid expenses and other assets	147,378	68,598
Total current assets	778,167	570,422
Property and Equipment, Net	215,700	343,584
License, Net	72,059	76,471
Prepaid expenses	25,974	36,281
Debt issuance costs, net	601,651	125,534
Total assets	\$ 1,693,551	\$ 1,152,292

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities		
Accounts payable and accrued expenses	\$ 278,292	\$ 332,180
Accrued legal and consulting fees	297,012	220,159
Accrued salaries and benefits	352,213	-
Accrued interest - related party	247,600	197,767
Advances payable - related party	4,167	951,034
Convertible note payable of discontinued operations	50,000	50,000
Notes payable	300,000	150,000
Current liabilities of discontinued operations	262,032	262,032
Advances payable - related party of discontinued operations	-	169,984
Total current liabilities	1,791,316	2,333,156
Convertible promissory notes payable	4,204,403	2,570,199
Accrued interest	126,240	134,975
Total liabilities	6,121,959	5,038,330

Stockholders' deficit

Preferred stock, \$.001 par value: 2,000,000 shares authorized
Common stock; \$.001 par value; 100,000,000 shares authorized;
35,299,429 shares issued and outstanding at September 30, 2013

35,299	33,240
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33,239,878 shares issued and outstanding at December
31, 2012

Additional paid-in capital	12,275,375	9,958,202
Deficit accumulated during development stage	(16,739,082)	(13,877,480)
Total stockholders' deficit	(4,428,408)	(3,886,038)
Total liabilities and stockholders' deficit	\$ 1,693,551	\$ 1,152,292

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
AND THE CUMULATIVE PERIOD DECEMBER 17, 2008 (INCEPTION) THROUGH SEPTEMBER 30, 2013
(UNAUDITED)

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Three Months Ended September 30, 2012 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2012 (Unaudited)	December 17, 2008 (Inception) Through September 30, 2013 (Unaudited)
Revenues	\$ 917,202	\$ 270,940	\$ 1,424,992	\$ 356,480	\$ 2,985,169
Costs and expenses:					
Cost of goods sold	206,096	105,474	284,844	172,487	961,889
Operating expenses	359,373	96,890	809,146	136,538	1,569,390
License maintenance fees	50,000	50,000	150,000	150,000	650,000
Marketing and development	75,550	202,400	256,629	325,714	1,560,325
Selling, general and administrative expenses	674,506	597,757	2,017,879	1,455,998	8,125,022
Professional fees	109,846	291,171	409,224	636,216	2,162,671
Impairment of fixed assets	-	-	-	400,000	800,000
Impairment of goodwill	-	-	-	-	3,555,304
Total costs and expenses	1,475,371	1,343,692	3,927,722	3,276,953	19,384,601
Operating loss	(558,169)	(1,072,752)	(2,502,730)	(2,920,473)	(16,399,432)
Other Income (expense)					
Interest expense	(183,849)	(74,029)	(439,528)	(161,903)	(755,319)
Loss on disposal of fixed assets	-	(19,504)	-	(19,504)	(19,504)
Gain on forgiveness of liabilities	-	-	80,656	-	360,656
Total other income (expense)	(183,849)	(93,533)	(358,872)	(181,407)	(414,167)
Net loss from continuing operations	(742,018)	(1,166,285)	(2,861,602)	(3,101,880)	(16,813,599)
Net income (loss) from discontinued operations	-	(2,118)	-	(3,086)	74,517
Net Loss	\$ (742,018)	\$ (1,168,403)	\$ (2,861,602)	\$ (3,104,966)	\$ (16,739,082)

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NET LOSS PER COMMON
SHARE - BASIC AND DILUTED:

Continuing operations	(0.02)	(0.04)	(0.08)	(0.09)
Discontinued operations	-	-	-	-