UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 June 30, 2017

Commission file number 0-10976

MICROWAVE FILTER COMPANY, INC.
(Exact name of registrant as specified in its charter.)

New York (State of Incorporation)	16-0928443 (I.R.S. Employer Identification Number)
6743 Kinne Street, East Syracuse, N.Y. (Address of Principal Executive Offices)	13057 (Zip Code)

(315) 438-4700
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 [X] 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 (Section 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 [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if smaller reporting company)
Smaller reporting company [X].

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES [ ] NO [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.10 Par Value - 2,579,928 shares as of August 1, 2017.

MICROWAVE FILTER COMPANY, INC.
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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Microwave Filter Company and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

	June 30, 2017	September 30, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 682,626	$ 923,117
Accounts receivable-trade, net of allowance for doubtful accounts of $4,000 and $4,000	302,792	346,633
Inventories, net	457,729	448,747
Prepaid expenses and other current assets	49,120	61,673
Total current assets	1,492,267	1,780,170
Property, plant and equipment, net	347,771	351,931
Total assets	$ 1,840,038	$ 2,132,101
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 70,184	$ 61,770
Customer deposits	16,424	28,818
Accrued payroll and related expenses	43,168	43,646
Accrued compensated absences	106,159	144,942
Notes payable - short term	48,269	46,652
Other current liabilities	17,307	16,274
Total current liabilities	301,511	342,102
Notes payable - long term	282,562	318,998
Total other liabilities	282,562	318,998
Total liabilities	584,073	661,100
Stockholders' Equity:		
Common stock, $.10 par value Authorized 5,000,000 shares, Issued 4,324,140 shares in 2017 and 2016,Outstanding 2,579,928 shares in 2017 and 2,581,007 in 2016	432,414	432,414
Additional paid-in capital	3,248,706	3,248,706
Retained deficit	(730,543)	(516,169)
Common stock in treasury, at cost 1,744,212 shares in 2017 and 1,743,133 shares in 2016	(1,694,612)	(1,693,950)
Total stockholders' equity	1,255,965	1,471,001
Total liabilities and stockholders' equity	$ 1,840,038	$ 2,132,101

See Accompanying Notes to Condensed Consolidated Financial Statements

Microwave Filter Company and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2017	2016	2017	2016
Net sales	$ 702,648	$ 928,636	$ 2,307,198	$ 2,802,036
Cost of goods sold	476,926	586,255	1,559,665	1,748,648
Gross profit	225,722	342,381	747,533	1,053,388
Selling, general and administrative expenses	293,862	317,817	953,485	1,029,338
(Loss) income from operations	(68,140)	24,564	(205,952)	24,050
Other expense, net	(2,658)	(2,145)	(8,422)	(8,229)
(Loss) income before income taxes	(70,798)	22,419	(214,374)	15,821
Benefit for income taxes	0	0	0	3,000
Net (loss) income	$ (70,798)	$ 22,419	$ (214,374)	$ 18,821
Per share data:				
Basic and diluted earnings (loss) per common share	$ (0.03)	$ 0.01	$ (0.08)	$ 0.01
Shares used in computing net earnings (loss) per common share:				
Basic and diluted	2,579,928	2,581,007	2,580,459	2,581,223

See Accompanying Notes to Condensed Consolidated Financial Statements

Microwave Filter Company and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended June 30	
	2017	2016
Cash flows from operating activities:		
Net (loss) income	$ (214,374)	$ 18,821
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	60,495	70,918
Change in operating assets and liabilities:		
Accounts receivable-trade	43,841	(77,850)
Inventories	(8,982)	22,340
Prepaid expenses and other assets	12,553	(4,265)
Accounts payable and customer deposits	(3,980)	32,545
Accrued payroll and related expenses and compensated absences	(39,261)	17,334
Other current liabilities	1,033	(2,807)
Net cash (used in) provided by operating activities	(148,675)	77,036
Cash flows from investing activities:		
Property, plant and equipment purchased	(56,335)	(11,704)
Net cash used in investing activities	(56,335)	(11,704)
Cash flows from financing activities:		
Repayment of note payable	(34,819)	(33,228)
Purchase of treasury stock	(662)	(235)
Net cash used in financing activities	(35,481)	(33,463)
Net (decrease) increase in cash and cash equivalents	(240,491)	31,869
Cash and cash equivalents at beginning of period	923,117	896,667
Cash and cash equivalents at end of period	$ 682,626	$ 928,536
Supplemental Schedule of Cash Flow Information:		
Interest paid	$ 11,953	$ 13,545

See Accompanying Notes to Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

In these notes, the terms “MFC” and “Company” mean Microwave Filter Company, Inc. and its subsidiary companies.

The following condensed balance sheet as of September 30, 2016, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the company believes that the disclosures made are adequate to make the information not misleading. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The operating results for the nine month period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ended September 30, 2017. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10K for the year ended September 30, 2016.

Note 2. Industry Segment Data

The Company’s primary business segment involves the operations of Microwave Filter Company, Inc. 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. Markets served include cable television, television and radio broadcast, satellite broadcast, mobile radio, commercial communications and defense electronics.

Note 3. Inventories

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

Inventories net of the reserve for obsolescence consisted of the following:

	June 30, 2017	September 30, 2016
Raw materials and stock parts	$ 337,689	$ 324,749
Work-in-process	16,003	54,716
Finished goods	104,037	69,282
	$ 457,729	$ 448,747

The Company’s reserve for obsolescence equaled $435,528 at June 30, 2017 and September 30, 2016. The Company provides for a valuation reserve for certain inventory that is deemed to be obsolete, of excess quantity or otherwise impaired.

Note 4. 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 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 net deferred tax assets.

FASB ASC 740-10 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 position 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 determined it has no uncertain tax positions and therefore no amounts are recorded.

Note 5. Legal Matters

None.

Note 6. Fair Value of Financial Instruments

The carrying values of the Company's 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 notes payable approximates its fair value.

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

Note 7. Significant Customers

Sales to one Original Equipment Manufacturer ("OEM") customer represented 43.1% of total sales for the nine months ended June 30, 2017 and 28.0% of total sales for the nine months ended June 30, 2016. This one customer represented 28.1%, 32.8% and 24.7% of total sales for the fiscal years ending September 30, 2016, 2015 and 2014, respectively. These sales are in connection with a multiyear program in which the Company is a subcontractor. A loss of this customer or programs related to this customer could materially impact the Company.

Note 8. 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 June 30, 2017 and September 30, 2016 was $330,831 and $365,650 respectively. Interest accrued as of June 30, 2017 and September 30, 2016 was $1,158 and $1,280, 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 begiven to Lender as collateral for the loan.

Note 9. 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 quarters ended June 30, 2017 and 2016. Income (loss) used in the EPS calculation is net income (loss) for each period. There were no dilutive potential shares outstanding for the periods ended June 30, 2017 and 2016.

Note 10. Recent Accounting Pronouncements

Update 2015-11- *Inventory (Topic 330): Simplifying the Measurement of Inventory,* is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Under the new standard, businesses that use the first-in, first-out (FIFO) or average cost method are required to measure inventory at the lower of cost or net realizable value ("NRV"), as defined, instead of at the lower of cost or market value. Management feels the updated standard, to be adopted on a prospective basis, would not represent a material impact to the Company's financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

Microwave Filter Company, Inc. 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.

Critical Accounting Policies

The Company's condensed consolidated financial statements are based on the application of United States generally accepted accounting principles (GAAP). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. The Company believes its use of estimates and underlying accounting assumptions adhere to GAAP and are consistently applied. Valuations based on estimates are reviewed for reasonableness and adequacy on a consistent basis throughout the Company. Primary areas where financial information of the Company is subject to the use of estimates, assumptions and the application of judgment include revenues, receivables, inventories, warranty reserves and taxes. Note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 describes the significant accounting policies used in preparation of the condensed consolidated financial statements. The most significant areas involving management judgments and estimates are described below and are considered by management to be critical to understanding the financial condition and results of operations of the Company.

Revenues from product sales are recorded as the products are shipped and title and risk of loss have passed to the customer, provided that no significant vendor or post-contract support obligations remain and the collection of the related receivable is probable. Billings in advance of the Company's performance of such work are reflected as customer deposits in the accompanying condensed consolidated balance sheet.

Allowances for doubtful accounts are based on estimates of losses related to customer receivable balances. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances.

The Company's inventories are stated at the lower of cost determined on the first-in, first-out method or market. The Company uses certain estimates and judgments and considers several factors including product demand and changes in technology to provide for excess and obsolescence reserves to properly value inventory.

The Company established a warranty reserve which provides for the estimated cost of product returns based upon historical experience and any known conditions or circumstances. The warranty obligation is affected by product that does not meet specifications and performance requirements and any related costs of addressing such matters. Product must be returned within one year of the date of purchase.

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 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 net deferred tax assets.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2017 vs. THREE MONTHS ENDED JUNE 30, 2016

The following table sets forth the Company's net sales by major product group for the three months ended June 30, 2017 and 2016.

Product group	Fiscal 2017	Fiscal 2016
Microwave Filter (MFC):		
RF/Microwave	$ 394,092	$ 445,105
Satellite	210,703	310,059
Cable TV	56,902	100,663
Broadcast TV	40,286	71,837
Niagara Scientific (NSI):	665	972
Total	$ 702,648	$ 928,636
Sales backlog at June 30	$ 463,727	$ 521,254

Net sales for the three months ended June 30, 2017 equaled $702,648, a decrease of $225,988 or 24.3%, when compared to net sales of $928,636 for the three months ended June 30, 2016.

MFC's RF/Microwave product sales decreased $51,013 or 11.5% to $394,092 for the three months ended June 30, 2017 when compared to RF/Microwave product sales of $445,105 during the same period last year. The decrease in sales can primarily be attributed to a decrease in sales to the U.S. Government. Sales to the U.S. Government equaled $0 for the three months ended June 30, 2017 compared to $89,250 during the same period last year. The Company's RF/Microwave products are sold primarily to the U.S. Government and Original Equipment Manufacturers (OEM) that serve the mobile radio, commercial communications and defense electronics markets. Sales to one OEM customer increased $76,210 to $284,900, or 40.5% of total sales for the three months ended June 30, 2017, compared to sales of $208,690 or 22.5% of total sales for the three months ended June 30, 2016. 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 $99,356 or 32.0% to $210,703 for the three months ended June 30, 2017 when compared to Satellite product sales of $310,059 during the same period last year. The decrease in sales can be attributed to a decrease in demand for the Company's filters which suppress strong out-of-band interference caused by military and civilian radar systems and other sources. Despite the decrease in sales, 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 Cable TV product sales decreased $43,761 or 43.5% to $56,902 for the three months ended June 30, 2017 when compared to Cable TV product sales of $100,663 during the same period last year. The decrease in sales can primarily be attributed to a decrease in sales from one customer with specific cable applications last year. Management continues to project flat or a decrease in demand for standard 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 are 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.

MFC's Broadcast TV/Wireless Cable product sales decreased $31,551 or 43.9% to $40,286 for the three months ended June 30, 2017 when compared to sales of $71,837 during the same period last year. The decrease can primarily be attributed a decrease in sales to one international customer. The Company has developed new products for this market and is hopeful that sales will increase in the future.

The Company's international sales decreased $182,027 to $82,693 for the three months ended June 30, 2017 compared to $264,720 for the same period last year. The decrease can primarily be attributed to decreases in demand for the Company's satellite and broadcast products.

MFC's sales order backlog equaled $463,727 at June 30, 2017 compared to sales order backlog of $521,254 at June 30, 2016. 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. Approximately 54% of the total sales order backlog at June 30, 2017 is scheduled to ship by September 30, 2017.

Gross profit for the three months ended June 30, 2017 equaled $225,722, a decrease of $116,659 or 34.1%, when compared to gross profit of $342,381 for the three months ended June 30, 2016. The decrease in gross profit can primarily be attributed to the lower sales volume this year when compared to the same period last year. As a percentage of sales, gross profit equaled 32.1% for the three months ended June 30, 2017 compared to 36.9% for the three months ended June 30, 2016. The decrease in gross profit as a percentage of sales can primarily be attributed to higher direct material costs as a percentage of sales due to product sales mix.

Selling, general and administrative (SGA) expenses for the three months ended June 30, 2017 equaled $293,862, a decrease of $23,955 or 7.5%, when compared to SGA expenses of $317,817 for the three months ended June 30, 2016. The decrease can primarily be attributed to decreases in payroll and payroll related expenses. The Company has been participating in the New York State Shared Work program which allows employers to reduce the hours of all or a particular group of employees. The employees whose hours are reduced can receive partial unemployment insurance benefits or elect to use accrued vacation. The decrease in payroll costs was partially offset by an increase in advertising and promotional expenses. A proactive marketing effort is continuing in an effort to increase market share. As a percentage of sales, SGA expenses equaled 41.8% for the three months ended June 30, 2017 when compared to 34.2% for the three months ended June 30, 2016 primarily due to the lower sales volume this year providing a lower base to absorb expenses.

The Company recorded a loss from operations of $68,140 for the three months ended June 30, 2017 compared to income from operations of $24,564 for the three months ended June 30, 2016. The decrease in operating income can primarily be attributed to the lower sales volume this year when compared to the same period last year.

Other expense was $2,658 for the three months ended June 30, 2017 compared to expense of $2,145 for the three months ended June 30, 2016 primarily due to interest expense of $3,813 offset by miscellaneous non-operating income of $1,155 for the three months ended June 30, 2017 and interest expense of $4,333 offset by miscellaneous non-operating income of $2,188 for the three months ended June 30, 2016. Other income generally consists of interest income, sales of scrap material, the forfeiture of non-refundable deposits and other incidental items.

The benefit for income taxes equaled $0 for the three months ended June 30, 2017 and 2016. 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.

NINE MONTHS ENDED JUNE 30, 2017 vs. NINE MONTHS ENDED JUNE 30, 2016

The following table sets forth the Company's net sales by major product group for the nine months ended June 30, 2017 and 2016.

Product group	Fiscal 2017	Fiscal 2016
Microwave Filter (MFC):		
RF/Microwave	$ 1,324,803	$ 1,245,162
Satellite	567,287	883,521
Cable TV	245,878	417,140
Broadcast TV	165,137	248,354
Niagara Scientific (NSI):	4,093	7,859
Total	$ 2,307,198	$ 2,802,036
Sales backlog at June 30	$ 463,727	$ 521,254

Net sales for the nine months ended June 30, 2017 equaled $2,307,198, a decrease of $494,838 or 17.7%, when compared to net sales of $2,802,036 for the nine months ended June 30, 2016.

MFC's RF/Microwave product sales increased $79,641 or 6.4% to $1,324,803 for the nine months ended June 30, 2017 when compared to RF/Microwave product sales of $1,245,162 during the same period last year. MFC's RF/Microwave products are sold primarily to the U. S. Government and OEMs that serve the mobile radio, commercial communications and defense electronics markets. Sales to one OEM customer increased $209,090 to $994,330, or 43.1% of total sales for the nine months ended June 30, 2017, compared to sales of $785,240 or 28.0% of total sales for the nine months ended June 30, 2016. These sales are in connection with a multiyear program in which the Company is a subcontractor. Sales to the U.S. Government decreased $88,355 to $31,495 for the nine months ended June 30, 2017 compared to $119,850 during the same period last year. 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 $316,234 or 35.8% to $567,287 for the nine months ended June 30, 2017 when compared to satellite product sales of $883,521 during the same period last year. The decrease can be attributed to a decrease in demand for the Company's filters which suppress strong out-of-band interference caused by military and civilian radar systems and other sources. Despite the decrease in sales, 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 Cable TV product sales decreased $171,262 or 41.1% to $245,878 for the nine months ended June 30, 2017 when compared to Cable TV product sales of $417,170 during the same period last year. The decrease in sales can primarily be attributed a decrease in sales from two customers with specific cable applications last year. Management continues to project flat or a decrease in demand for standard 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 are 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.

MFC's Broadcast TV/Wireless Cable product sales decreased $83,217 or 33.5% to $165,137 for the nine months ended June 30, 2017 when compared to sales of $248,354 during the same period last year. The decrease can primarily be attributed to a decrease in sales of wireless diplexers which were sold to one international customer last year.

The Company's international sales decreased $378,895 to $255,337 for the nine months ended June 30, 2017 compared to $634,232 for the same period last year. The decrease can primarily be attributed to decreases in demand for the Company's satellite and broadcast products.

MFC's sales order backlog equaled $463,727 at June 30, 2017 compared to sales order backlog of $521,254 at June 30, 2016. 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. Approximately 54% of the total sales order backlog at June 30, 2017 is scheduled to ship by September 30, 2017.

Gross profit for the nine months ended June 30, 2017 equaled $747,533, a decrease of $305,855 or 29.0%, when compared to gross profit of $1,053,388 for the nine months ended June 30, 2016. The decrease in gross profit can primarily be attributed to the lower sales volume this year when compared to the same period last year. As a percentage of sales, gross profit equaled 32.4% for the nine months ended June 30, 2017 compared to 37.6% for the nine months ended June 30, 2016. The decrease can primarily be attributed to higher direct material costs as a percentage of sales due primarily to product sales mix and the lower sales volume this year when compared to the same period last year providing a lower base to absorb overhead expenses.

SG&A expenses for the nine months ended June 30, 2017 equaled $953,485, a decrease of $75,853 or 7.4%, when compared to SG&A expenses of $1,029,338 for the nine months ended June 30, 2016. The decrease can primarily be attributed to decreases in payroll and payroll related expenses. The Company has been participating in the New York State Shared Work program which allows employers to reduce the hours of all or a particular group of employees. The employees whose hours are reduced can receive partial unemployment insurance benefits or elect to use accrued vacation. The decrease in payroll costs was partially offset by an increase in advertising and promotional expenses. A proactive marketing effort is continuing in an effort to increase market share. As a percentage of sales, SGA expenses increased to 41.3 % for the nine months ended June 30, 2017 compared to 36.7% for the nine months ended June 30, 2016 due primarily to the lower sales volume this year when compared to the same period last year.

The Company recorded a loss from operations of $205,952 for the nine months ended June 30, 2017 compared to income from operations of $24,050 for the nine months ended June 30, 2016. The loss can primarily be attributed to the lower sales volume this year when compared to the same period last year.

Other expense was $8,422 for the nine months ended June 30, 2017 compared to expense of $8,229 for the nine months ended June 30, 2016 primarily due to interest expense of $11,831 offset by miscellaneous non-operating income of $3,409 for the nine months ended June 30, 2017 and interest expense of $13,429 offset by miscellaneous non-operating income of $5,200 for the nine months ended June 30, 2016. Other income generally consists of interest income, sales of scrap material, the forfeiture of non-refundable deposits and other incidental items.

The benefit for income taxes equaled $0 for the nine months ended June 30, 2017 and a benefit of $3,000 for the nine months ended June 30, 2016. The benefit for the nine months ended June 30, 2016 can be attributed to a prior year's federal refund. 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.

Off-Balance Sheet Arrangements

At June 30, 2017 and 2016, 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.

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.

	June 30, 2017	September 30, 2016
Cash & cash equivalents	$ 682,626	$ 923,117
Working capital	$ 1,190,756	$ 1,438,068
Current ratio	4.95 to 1	5.20 to 1
Long-term debt	$ 282,562	$ 318,998

Cash and cash equivalents decreased $240,491 to $682,626 at June 30, 2017 when compared to cash and cash equivalents of $923,117 at September 30, 2016. The decrease was a result of $148,675 in net cash used in operating activities, $56,335 in net cash used for capital expenditures, $34,819 in net cash used for repayment of a note payable and $662 used to purchase treasury stock.

Net cash provided by operating activities can fluctuate between periods as a result of differences in net income, the timing of the collection of accounts receivable, purchase of inventory and payment of accounts payable. The $148,675 in net cash used in operating activities can primarily be attributed the net loss of $214,374 net of depreciation expense of $60,495. The decrease of $43,841 in accounts receivable at June 30, 2017 when compared to September 30, 2016 can primarily be attributed to the timing of shipments and collections. The decrease of $38,783 in accrued compensated absences at June 30, 2017 when compared to September 30, 2016 can primarily be attributed to employees electing to use accrued vacation to cover time off.

The capital expenditures of $56,335 consisted primarily of computer hardware and production equipment.

On July 2, 2013, Microwave Filter Company, Inc. 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.

Management believes that its working capital requirements for the forseeable future will be met by its existing cash balances and future cash flows from operations.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In an effort to provide investors a balanced view of the Company's current condition and future growth opportunities, this Quarterly Report on Form 10-Q includes comments by the Company's management about future performance. These statements which are not historical information are "forward-looking statements" pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These, and other forward-looking statements, are subject to business and economic risks and uncertainties that could cause actual results to differ materially from those discussed. These risks and uncertainties include, but are not limited to: risks associated with demand for and market acceptance of existing and newly developed products as to which the Company has made significant investments; general economic and industry conditions; slower than anticipated penetration into the satellite communications, mobile radio and commercial and defense electronics markets; competitive products and pricing pressures; increased pricing pressure from our customers; risks relating to governmental regulatory actions in broadcast, communications and defense programs; as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. You are encouraged to review Microwave Filter Company's 2016 Annual Report and Form 10-K for the fiscal year ended September 30, 2016 and other Securities and Exchange Commission filings. Forward looking statements may be made directly in this document or "incorporated by reference" from other documents. You can find many of these statements by looking for words like "believes," "expects," "anticipates," "estimates," or similar expressions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" we are not required to provide information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Management's responsibility includes establishing and maintaining adequate internal control over financial reporting. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Not applicable.

Item 2. Changes in Securities

None during the three months ended June 30, 2017.

Item 3. Defaults Upon Senior Securities

The Company has no senior securities.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

a. Exhibits

31.1 Section 13a-14(a)/15d-14(a) Certification of Paul W. Mears

31.2 Section 13a-14(a)/15d-14(a) Certification of Richard L. Jones

32.1 Section 1350 Certification of Paul W. Mears and Richard L. Jones

SIGNATURES

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

MICROWAVE FILTER COMPANY, INC.

August 11, 2017 (Date)	*/s/ Paul W. Mears* Paul W. Mears Chief Executive Officer
August 11, 2017 (Date)	*/s/ Richard L. Jones* Richard L. Jones Chief Financial Officer

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION

I, Paul M. Mears, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Microwave Filter Company, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ Paul M. Mears
Paul M. Mears
Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a) CERTIFICATION

I, Richard L. Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Microwave Filter Company, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ Richard L. Jones
Richard L. Jones
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Microwave Filter Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Paul M. Mears, Chief Executive Officer, and Richard L. Jones, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2017

/s/ Paul M. Mears
Paul M. Mears
Chief Executive Officer

Dated: August 11, 2017

/s/ Richard L. Jones
Richard L. Jones
Chief Financial Officer