

MPHASE TECHNOLOGIES INC
Form 10-Q
February 13, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

FOR THE QUARTER ENDED December 31, 2013

COMMISSION FILE NO. 000-30202

FORM 10-Q

mPhase Technologies, Inc.
(Exact name of registrant as specified in its charter)

NEW JERSEY
(State or other jurisdiction of
incorporation or organization)

22-2287503
(I.R.S. Employer
Identification Number)

587 CONNECTICUT AVE., NORWALK, CT
(Address of principal executive offices)

06854-1711
(Zip Code)

(203) 838-2741
ISSUER'S TELEPHONE NUMBER

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 SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORT), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES NO

THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK AS OF JANUARY 28, 2014 IS 5,952,543,274 SHARES, ALL OF ONE CLASS OF \$.001 PAR VALUE COMMON STOCK.

mPHASE TECHNOLOGIES, INC.
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mPHASE TECHNOLOGIES, INC.
(A Development Stage Company)
Consolidated Balance Sheets

| | June 30, 2013 | December 31, 2013 (Unaudited) |
|---|---------------------|-------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,055 | \$ 65,466 |
| Accounts receivable | - | 13,112 |
| Inventory | 70,684 | 70,821 |
| Prepaid and other current assets | 23,013 | 96,667 |
| TOTAL CURRENT ASSETS | \$ 94,752 | \$ 246,066 |
| Property and equipment, net | 17,169 | 10,003 |
| TOTAL ASSETS | \$ 111,921 | \$ 256,069 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,089,617 | \$ 1,081,389 |
| Accrued expenses | 226,609 | 252,949 |
| Due to related parties | 212,084 | 203,507 |
| Accrued Wages Officers | 266,751 | 386,751 |
| Notes payable, related parties | 1,325,536 | 1,372,704 |
| Short term notes | 65,000 | 65,000 |
| Current Portion, Long term convertible debentures | 1,314,692 | 1,522,217 |
| Current Portion, Long term debt | 4,580 | - |
| TOTAL CURRENT LIABILITIES | \$ 4,504,869 | \$ 4,884,517 |
| OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) | | |
| Convertible debt derivative liability | 212,023 | 265,332 |
| Long term portion of Convertible debentures | 290,525 | 37,500 |
| COMMITMENTS AND CONTINGENCIES -(Note 7) | | |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, par value \$.001, 6,000,000,000 shares authorized, 5,071,165,583 and 5,678,216,649 shares issued and outstanding at June 30, 2013 and December 31, 2013, respectively | 5,071,164 | 5,678,215 |
| Additional paid in capital | 193,761,159 | 193,807,817 |
| Deferred Compensation | (28,305) | - |
| Deficit accumulated during development stage | (203,691,541) | (204,409,339) |
| Less-Treasury stock, 13,750 shares at cost | (7,973) | (7,973) |

| | | |
|--|-----------------|-----------------|
| TOTAL STOCKHOLDERS' DEFICIT | \$ (4,895,496) | \$ (4,931,280) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 111,921 | \$ 256,069 |

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

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mPHASE TECHNOLOGIES, INC.
(A Development Stage Company)
Consolidated Statements of Operations

| | For the Three Months Ended | | 2-Oct-96 (Date of Inception) |
|--|-------------------------------------|-------------------------------------|--|
| | December 31, 2012 (Unaudited) | December 31, 2013 (Unaudited) | To December 31, 2013 (Unaudited) |
| REVENUES | \$ 399 | \$ 53,653 | \$ 802,880 |
| COSTS AND EXPENSES | | | |
| Cost of Sales | 396 | 49,809 | 195,387 |
| Research and Development (including non-cash stock related charges of \$0, \$0 and \$205,733 for the three months ended December 31, 2012 & 2013 and inception to date respectively) | 993 | 501 | 12,438,084 |
| General and Administrative (including non-cash stock related charges of \$42,463, \$0 and \$19,752,171 for the three months ended December, 2012 & 2013 and inception to date respectively) | 301,508 | 245,495 | 36,846,304 |
| Depreciation and Amortization | 3,000 | 3,000 | 610,827 |
| TOTAL COSTS AND EXPENSES | 305,897 | 298,805 | 50,090,602 |
| OPERATING LOSS | \$ (305,498) | \$ (245,152) | \$ (49,287,722) |
| OTHER INCOME (EXPENSE) | | | |
| Interest (Expense) | (71,441) | (78,602) | (3,420,596) |
| Net Reparation, Impairment and Other Income (Expense) | - | - | (6,728,321) |
| Net Charges related to Convertible Debt | (360,932) | 679,151 | (1,313,851) |
| TOTAL OTHER INCOME (EXPENSE) | \$ (432,373) | \$ 600,549 | \$ (11,462,768) |
| Income (Loss) From Continuing Operations, before Income Taxes | \$ (737,871) | \$ 355,397 | \$ (60,750,489) |
| Income (Loss) From Discontinued Operations, Net of Income Taxes of \$0 in 2012 and 2013 offset by benefit from tax loss carryforwards of \$0 in 2012 and 2013 (including non-cash stock related charges of \$0, \$0 and \$ 57,515,718 for the three months | - | - | (143,658,850) |

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ended December 31, 2012 & 2013 and inception to date respectively)

| | | | |
|--|---------------|---------------|------------------|
| Income Taxes | - | - | - |
| Net Income (Loss) | \$ (737,871) | \$ 355,397 | \$ (204,409,339) |
| Basic Net income (loss) per share from: | | | |
| Continuing Operations | \$ (0.00) | \$ 0.00 | |
| Discontinued Operations | \$ - | \$ - | |
| Diluted Net income (loss) per share from: | | | |
| Continuing Operations | N/A | \$ 0.00 | |
| Discontinued Operations | N/A | \$ - | |
| Weighted Average Number of Shares Outstanding: | | | |
| Basic | 4,400,763,795 | 5,443,409,801 | |
| Diluted | N/A | 6,000,000,000 | |

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

mPHASE TECHNOLOGIES, INC.
(A Development Stage Company)
Consolidated Statements of Operations

| | For the Six Months Ended | | 2-Oct-96 (Date of Inception) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | December 31, 2012 (Unaudited) | December 31, 2013 (Unaudited) | December 31, 2013 (Unaudited) |
| REVENUES | \$ 2,553 | \$ 53,653 | \$ 802,880 |
| COSTS AND EXPENSES | | | |
| Cost of Sales | 13,675 | 49,809 | 195,387 |
| Research and Development (including non-cash stock related charges of \$0, \$0 and \$205,733 for the six months ended December 31, 2012 & 2013 and inception to date respectively) | 1,986 | 1,166 | 12,438,084 |
| General and Administrative (including non-cash stock related charges of \$84,296, \$0 and \$19,752,171 for the six months ended December 31, 2012 & 2013 and inception to date respectively) | 584,588 | 493,097 | 36,846,304 |
| Depreciation and Amortization | 6,000 | 6,000 | 610,827 |
| TOTAL COSTS AND EXPENSES | 606,249 | 550,072 | 50,090,602 |
| OPERATING LOSS | \$ (603,696) | \$ (496,419) | \$ (49,287,722) |
| OTHER INCOME (EXPENSE) | | | |
| Interest (Expense) | (141,414) | (156,517) | (3,420,596) |
| Net Reparation, Impairment and Other Income (Expense) | - | - | (6,728,321) |
| Net Charges related to Convertible Debt | 300,271 | (64,863) | (1,313,851) |
| TOTAL OTHER INCOME (EXPENSE) | 158,857 | (221,380) | |