

VIEW SYSTEMS INC
Form 10-Q
August 10, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2010

Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number **000-30178**

VIEW SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Nevada

59-2928366

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(State or other jurisdiction of incorporation or organization)

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

1550 Caton Center Drive, Suite E, Baltimore, Maryland 21227

(Address of principal executive offices) (Zip Code)

(410) 242-8439

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller
reporting company)

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

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

Class

Outstanding at August 6, 2010

Common Stock, \$.001 par value per share

93,343,369

1

VIEW SYSTEMS, INC.
FORM 10-Q
FOR THE PERIOD ENDED JUNE 30, 2010

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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of View Systems, Inc. (the Company), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend, or project or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**View Systems, Inc.
and Subsidiaries**

Consolidated Balance
Sheets

JUN 30,

DEC 31,

2010

2009

ASSETS

(Unaudited)

Current Assets

Cash

\$

27,158

\$

70,804

Accounts
Receivable (Net of
Allowance of \$1,000)

118,267

251,561

Inventory

7,792

7,792

Total Current
Assets

153,217

330,157

Property &
Equipment (Net)

79,175

95,948

Other Assets

Licenses

839,664

892,144

Due from
Affiliates

147,507

147,507

Investment

67,500

67,500

Deposits

7,528

7,528

Total Other
Assets

1,062,199

1,114,679

Total
Assets

\$

1,294,591

\$

1,540,784

**LIABILITIES AND
STOCKHOLDERS'
EQUITY**

Current Liabilities

Accounts Payable

\$

495,913

\$

486,979

Accrued Expenses

94,985

71,912

Accrued Interest

122,604

170,518

Accrued Royalties

225,000

225,000

Loans from
Shareholder

185,978

193,027

Notes Payable

555,899

637,719

Deferred Revenue

42,153

129,553

Total Current
Liabilities

1,722,532

1,914,708

Long-term Debt

Note payable

37,384

39,872

Total
Liabilities

1,759,916

1,954,580

Stockholders' Equity
(Deficit):

Preferred Stock,
Authorized
10,000,000 Shares,
\$.01 Par Value,

Issued and
outstanding 89,647,

896

896

Common Stock,
Authorized
100,000,000 Shares,
\$.001 Par Value,

Issued and
Outstanding
83,903,369

83,903

(465,325)

(413,776)

Total
Liabilities and
Stockholders' Equity

\$

1,294,591

\$

1,540,804

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

**View Systems,
Inc. and
Subsidiaries**

Consolidated
Statements of
Operations

(Unaudited)

THREE

MONTHS

ENDED

JUN 30, 2010

THREE

MONTHS

ENDED

JUN 30, 2009

SIX

MONTHS

ENDED

JUN 30, 2010

SIX

MONTHS

ENDED

JUN 30, 2009

Revenues, Net

\$

214,956

\$

63,690

\$

478,947

\$

175,052

Cost of Sales

52,516

30,527

160,926

71,871

Gross Profit

162,440

33,163

318,021

103,181

Operating
Expenses

Business
Development

21,752

16,415

53,978

42,753

General &
Administrative

136,707

239,286

243,377

340,875

Professional
Fees

24,770

109,640

126,750

276,825

Salaries &
Benefits

(239,324)

63,178

120,611

300,301

Total
Operating
Expenses

(56,095)

428,519

544,716

960,754

Net Operating
Income (Loss)

218,535

(395,356)

(226,695)

(857,573)

Other Income
(Expense)

Interest
Expense

(18,832)

(17,294)

(31,907)

(36,999)

Total
Other Income
(Expense)

(18,832)

(17,294)

(31,907)

(36,999)

Net Income
(Loss)

\$

199,703

\$

(412,650)

\$

(258,602)

\$

(894,572)

Net Income
(Loss) Per
Share

0.00

(0.01)

(0.00)

(0.02)

Weighted
Average Shares
Outstanding

83,903,369

46,261,222

77,788,119

46,638,222

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

**View
Systems, Inc.
and
Subsidiaries**

Consolidated
Statements of
Stockholders'
Equity
(Deficit)

Additional

Retained

Preferred

Common

Paid-in

Earnings

Shares

Amount

Shares

Amount

Capital

(Deficit)

Balance,
December 31,
2008

89,647

\$

896

17,175,222

\$

17,175

\$

20,460,829

\$

(20,764,422)

January -
March 2009 -
shares issued
for services,

accounts
payable and
notes payable

-

-

13,536,000

13,536

527,489

-