

VIEW SYSTEMS INC
Form 10-Q
May 16, 2011

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 March 31, 2011

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
R

(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

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 May 11, 2011

Common Stock, \$.001 par value per share

102,440,492

VIEW SYSTEMS, INC.
FORM 10-Q
FOR THE PERIOD ENDED MARCH 31, 2011

INDEX

	Page
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	

3

PART I. FINANCIAL INFORMATION	
--	--

4

4

Item 1.

Financial Statements

4

Consolidated Balance
Sheets as of March 31,
2011 (Unaudited) and
December 31, 2010

4

Consolidated Statements
of Operations (Unaudited)
for the three months and
three months ended March
31, 2011 and for the three
months ended March 31,
2010

5

Consolidated Statements
of Stockholders' Equity
(deficit)

6

Consolidated Statements
of Cash Flows
(Unaudited) for the three
months ended March 31,
2011 and March 31, 2010

7

Notes to the Consolidated
Financial Statements

5

Item 2.

Management's Discussion
and Analysis of Financial
Condition and Results of
Operations

19

Item 3.

Qualitative and
Quantitative Disclosures
About Market Risk

31

Item 4.

Controls and Procedures

31

**PART II. OTHER
INFORMATION**

32

Item 1.

Legal Proceedings

32

Item 2.

Unregistered Sales of
Equity Securities and Use
of Proceeds

32

Item 3.
Defaults Upon Senior Securities
32

Item 4.
[Removed and Reserved]
32

Item 5.
Other information
32

Item 6.
Exhibits
33

SIGNATURES
34

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.

**View Systems, Inc.
and Subsidiaries**

**Consolidated
Balance Sheets**

MAR 31, 2011

DEC 31, 2010

ASSETS

(Unaudited)

Current Assets

Cash

\$

4,072

\$

8,334

Accounts
receivable (net of
allowance of \$1,000)

94,120

78,449

10

Inventory

2,724

2,724

Total Current
Assets

100,916

89,507

Property and
equipment (net)

59,521

65,774

Other Assets

Licenses

760,946

787,186

Intellectual
property

147,507

147,507

Investment

67,500

67,500

Deposits

29,563

2,872

Total Other
Assets

1,005,516

1,005,065

Total Assets

\$

1,165,953

\$

1,160,346

**LIABILITIES AND
STOCKHOLDERS'
EQUITY**

Current Liabilities

Accounts payable

\$

440,600

\$

383,695

Accrued expenses

176,330

151,839

Accrued interest

57,343

46,363

Accrued royalties

225,000

225,000

Loans from
shareholders

172,684

127,461

Notes payable

336,076

374,764

Deferred revenue

-

42,153

Total Current
Liabilities

1,408,033

1,351,275

Long-term Debt

Note payable

24,745

10,152

Total
Liabilities

1,432,778

1,361,427

Stockholders' Equity
(Deficit):

Preferred stock,
authorized 10,000,000
shares, \$.01 par value,
issued and

outstanding
89,647

896

896

Common stock,
authorized
950,000,000 shares,
\$.001 par value;
issued

and outstanding
102,440,492, and
97,410,189 at March
31, 2011 and

December 31,
2010, respectively

102,440

97,410

Additional paid in
capital

22,573,673

22,538,400

Retained earnings
(deficit)

(22,943,834)

(22,837,787)

Total
Stockholders' Equity
(Deficit)

(266,825)

(201,081)

Total Liabilities
and Stockholders'
Equity

\$

1,165,953

\$

1,160,346

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**

MAR 31, 2011

**Three months
ended**

MAR 31, 2010

Revenues, Net

\$

117,024

\$

263,991

Cost of Sales

36,015

108,410

Gross Profit

81,009

155,581

Operating
Expenses

Business
development

12,347

32,226

General and
administrative

83,209

106,670

Professional
fees

15,820

101,980

Salaries and
benefits

41,906

359,935

Total
Operating
Expenses

153,282

600,811

Net Operating
Income (Loss)

(72,273)

(445,230)

Other
Income(Expense)

Interest
Expense

(33,774)

(13,075)

Total Other
Income(Expense)

(33,774)

(13,075)

Net Income
(Loss)

\$

(106,047)

\$

(458,305)

Net Income
(Loss) Per Share

\$

(0.00)

\$

(0.01)

Weighted
Average Shares
Outstanding

99,925,341

81,672,869

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

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Common

Paid-in

Earnings

Shares

Amount

Shares

Amount

Capital

(Deficit)

Balance,
December 31,
2009

89,647

\$

896

79,442,369

\$

79,442

\$

21,830,320

\$

(22,324,434)

January -
March 2010 -
shares issued
for services,

notes
payable and
accrued
interest

--

--

14,461,000

14,461

492,592

--

April June
2010 reversal
of shares
issued in error

--

--

(10,000,000)

(10,000)

(290,000)

--

July
September
2010 - shares
issued for
services,

notes
payable,
accounts
payable, and
accrued
interest

--

--

10,440,000

10,440

448,672

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Reclassified
proceeds
from prior
year stock
issuances

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32,500

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