

XSUNX INC
Form 10-Q
May 17, 2010

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, 2010

Commission File Number: 000-29621

XSUNX, INC.
(Exact name of registrant as specified in its charter)

Colorado
(State of incorporation)

84-1384159
(I.R.S. Employer Identification No.)

65 Enterprise, Aliso Viejo, CA 92656
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (949) 330-8060

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, as amended, during the preceding twelve (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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer 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

The number of shares of common stock issued and outstanding as of May 14, 2010 was 208,484,641.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

XSUNX, INC.

(A Development Stage Company)
BALANCE SHEETS

	March 31, 2010 (Unaudited)	September 30, 2009
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	\$ 597,445	\$ 530,717
Inventory asset	240,000	300,000
Prepaid expenses	26,870	118,332
Total Current Assets	864,315	949,049
PROPERTY & EQUIPMENT		
Office & miscellaneous equipment	51,708	51,708
Machinery & equipment	450,386	450,386
Leasehold improvements	89,825	89,825
	591,919	591,919
Less accumulated depreciation	(425,306)	(378,353)
Net Property & Equipment	166,613	213,566
OTHER ASSETS		
Manufacturing equipment in progress	437,219	207,219
Security deposit	5,815	5,815
Total Other Assets	443,034	213,034
TOTAL ASSETS	\$ 1,473,962	\$ 1,375,649
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 521,347	\$ 389,293
Accrued expenses	23,994	24,451
Credit card payable	5,439	17,918
Total Current Liabilities	550,780	431,662
LONG TERM LIABILITIES		
Accrued interest on note payable	27,102	4,256
Note payable, vendor	456,921	456,921
Total Long Term Liabilities	484,023	461,177
TOTAL LIABILITIES	1,034,803	892,839
COMMITMENTS & CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.01 par value; 50,000,000 authorized preferred shares	-	-
Common stock, no par value; 500,000,000 authorized common shares 208,484,641 and 196,484,610 shares issued and outstanding, respectively	24,763,369	23,767,869
Paid in capital, common stock warrants	3,325,866	3,175,930
Additional paid in capital	5,238,213	5,248,213
Deficit accumulated during the development stage	(32,888,289)	(31,709,202)

TOTAL SHAREHOLDERS' EQUITY		439,159		482,810
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,473,962	\$	1,375,649

The accompanying notes are an integral part of these financial statements

XSUNX, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended		From Inception
	March 31,	March 31,	March 31,	March 31,	February 25,
	2010	2009	2010	2009	1997
					through
					March 31,
					2010
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 14,880
OPERATING EXPENSES					
Selling and marketing expenses	92,056	30,927	202,049	131,462	1,300,583
General and administrative expenses	265,925	652,980	544,949	1,675,922	11,338,819
Research and development	107,491	165,898	152,382	178,734	2,857,931
Stock option and warrant expense	75,568	77,251			