

VIEW SYSTEMS INC
Form 10-Q/A
August 21, 2009

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

FORM 10-Q
Amendment No. 1

☒ QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009

☐ 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

(State or other jurisdiction of incorporation or
organization)

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

Edgar Filing: VIEW SYSTEMS INC - Form 10-Q/A
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

☒ [X]

(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 ☒ [X]

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 17, 2009

Common Stock, \$.001 par value per share

53,942,369

Purpose of This Amendment

We are amending our Form 10-Q for the period ended March 31, 2009 to (i) correct our disclosure of the number of shares outstanding on our Form 10-Q's cover page to reflect the number of shares outstanding as of the most recent practicable date, (ii) amplified Item 2's description of business activities with other companies, (iii) update the Liquidity and Capital Resources section of Item 2 to use the statement of cash flows in analyzing the Company's liquidity, specifically dealing with cash flows from investing and financing activities as well as from operations, (iv) include additional risk factors, (v) attach exhibits, and (vi) update the Signature Page to reflect the accurate date this amended Form 10-Q is filed.

VIEW SYSTEMS, INC.

FORM 10-Q

FOR THE PERIOD ENDED MARCH 31, 2009

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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

Unaudited Financial Statements

MARCH 31, 2009

**View Systems Inc.
and Subsidiaries**

Consolidated Balance
Sheets

March 31,

December 31,

2009

2008

ASSETS

(Unaudited)

Current Assets

Cash

\$

17,577

\$

1,768

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

120,254

88,731

Inventory

113,149

46,599

Total Current
Assets

250,980

137,098

Property &
Equipment (Net)

134,014

16,262

Other Assets

Licenses

970,864

997,104

Due from Affiliates

147,507

147,507

Deposits

7,528

7,528

Total Other Assets

1,125,899

1,152,139

Total Assets

\$

1,510,893

\$

1,305,499

LIABILITIES AND
STOCKHOLDERS'
EQUITY

Current Liabilities

Accounts Payable

\$

373,810

\$

499,329

Accrued Expenses

56,199

28,650

Accrued Interest

144,672

126,155

Accrued Royalties

243,750

225,000

Loans from
Shareholder

205,528

152,794

Notes Payable

670,486

559,093

Total Current
Liabilities

1,694,445

1,591,021

Long-term Debt

Notes Payable

42,867

-

Total Liabilities

1,737,312

1,591,021

Stockholders' Equity

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
30,711,222

30,711

-

Issued and
Outstanding
17,175,222

-

17,175

Additional Paid in
Capital

20,988,318

20,460,829

Retained Earnings
(Deficit)

(21,246,344)

(20,764,422)

Total
Stockholders' Equity
(Deficit)

(226,419)

(285,522)

Total Liabilities
and Stockholders'
Equity

\$

1,510,893

\$

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

**View Systems,
Inc. and
Subsidiaries**

Consolidated
Statements of
Operations

(Unaudited)

For the Three
Months Ended

March 31,

2009

2008

Revenues, Net

\$

111,362

\$

290,431

Cost of Sales

41,344

107,230

Gross Profit
(Loss)

70,018

183,201

Operating
Expenses

Business
Development

26,338

23,617

General &
Administrative

101,589

102,499

Professional
Fees

167,185

37,403

Salaries &
Benefits

237,123

64,970

Total
Operating
Expenses

532,235

228,489

Net Operating
Income (Loss)

(462,217)

(45,288)

Other Income
(Expense)

Interest
Expense

(19,705)

(20,654)

Total Other
Income(Expense)

(19,705)

(20,654)

Net Income

(Loss)

\$

(481,922)

\$

(65,942)

Net Income
(Loss) Per Share

\$

(0.02)

\$

(0.06)

Weighted
Average Shares
Outstanding

23,943,222

1,157,628

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

**View
Systems, Inc.
and
Subsidiaries**

Consolidated
Statements of
Stockholders
Equity
(Deficit)

(Unaudited)

Additional

Retained

Preferred

Common

Paid-in

Earnings

Shares

Amount

Shares

Amount

Capital

(Deficit)

Balance,
December 31,
2007

89,647

\$

896

1,245,347

\$

1,245

\$

19,930,378

\$

(20,590,883)

April - June
2008 - shares
issued in
payment

of accounts
payable

-

-

4,875

5

8,001

-

October -
December
2008 - shares
issued for
cash

-

-

312,500

313

19,687

-

October -
December
2008 - shares
issued as
payment

of notes
payable,
including
accrued
interest

-

-

15,000,000

15,000

485,000

-

October -
December
2008 - shares
issued for
services

-

-

612,500

612

17,763

-

Net loss for
the year
ended
December 31,
2008

-

-

-

-

-

(173,539)

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

-

Net loss for
the period
ended March
31, 2009

-

-

-

-

-

(481,922)

Balance,
March 31,
2009

89,647

\$

896

30,711,222

\$

30,711

\$

20,988,318

\$

(21,246,344

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

**View Systems,
Inc. and
Subsidiaries**

Consolidated
Statements of
Cash Flows

(Unaudited)

For the Three
Months Ended

March 31,

2009

2008

**Cash Flows
from Operating
Activities :**

Net Income
(Loss)

\$

(481,922)

\$

(65,942)

Adjustments to
Reconcile Net
Loss to Net Cash

Provided by
Operations:

Depreciation
& Amortization

27,940

28,390

Stock issued
for services

311,281

-

Change in
Operating Assets
and Liabilities:

(Increase)
Decrease in:

Accounts
Receivable

(31,523)

(5,501)

Inventories

(66,550)

43,050

Increase
(Decrease) in:

Accounts
Payable

(6,768)

(6,782)

Accrued
Expenses

27,549

(1,828)

Accrued
Interest

18,517

11,780

Accrued
Royalties

18,750

-

Net Cash
Provided (Used)
by Operating
Activities

(182,726)

3,167

**Cash Flows
from Investing
Activities:**

Purchases of
equipment

(57,599)

-

Net Cash Used
In Investing
Activities

(57,599)

-

**Cash Flows
from Financing
Activities:**

Loans received
under a line of
credit

196,765

-

Principal
payments on
notes payable

(1,547)

-

Loans from
Shareholders

60,890

11,600

Net Cash
Provided by
Financing
Activities

256,108

11,600

Increase
(Decrease) in
Cash

15,783

14,767

Cash and Cash
Equivalents at
Beginning of
Period

1,768

7,201

Cash and Cash
Equivalents at
End of Period

\$

17,551

\$

21,968

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

**View Systems,
Inc. and
Subsidiaries**

Consolidated
Statements of
Cash Flows
(Continued)

(Unaudited)

For the Three
Months Ended

March 31,

2009

2008

Non Cash
Investing and
Financing
Activities:

Vehicle purchase
financed with note
payable

54,041

-

Notes payable
paid down with
common stock

100,000

-

Loans from
shareholder repaid
with common
stock

3,156

-

Accounts
payable paid with
common stock

118,750

-

Vehicle
purchased with
common stock

7,813

-

Cash Paid For:

Interest

\$

635

\$

8,480

Income Taxes

\$

-

\$

-

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

View Systems, Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

GENERAL

View Systems, Inc. (the Company) has elected to omit substantially all footnotes to the financial statements for the three months ended March 31, 2009 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their Annual Report filed on the Form 10-K for the twelve months ended December 31, 2008.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of Management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

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

EXECUTIVE OVERVIEW

The following analysis of our consolidated financial condition and results of operations for the months ended March 31, 2009 should be read in conjunction with the Consolidated Financial Statements and other information presented elsewhere in this quarterly report.

Overview

Our current product lines are related to visual surveillance, intrusion detection and physical security. We introduced a new product that we call the MINI (Mobile Intelligent Network Informer). We have received multiple inquiries about the need for such a device during 2008 and have invested engineering resources to create a working device that should be market ready in the fourth quarter of 2009. We expect that the production of the device for beta versions and testing purposes will be accomplished in the third quarter of this year.

Our current principal products and services include:

§

The MINI (Mobile Intelligent Network Informer) The MINI is a wireless watchdog communication device that checks for intrusion into uninhabited areas like foreclosed houses, storage spaces and vacation homes. It is a portable device that senses motion and sends text messages to a user's cell phone. Property and remote assets may be guarded by this innovative device that requires no plug-in electricity, no physical phone line and no monitoring service. We have a full explanation and specifications on our web site.

§

ViewScan Magnetic Detection System a walk-through archway detector which uses passive magnetic sensing technology and unique location algorithms to suggest the location of certain kinds of threat objects and other potentially undesirable objects such as cell phones or digital cameras. The control unit combines the magnetic and video information in a manner that allows it to be displayed for easy recognition and auditory warning. The network architecture allows for remote monitoring, integration of biometrics and access control devices and storage locally on the control unit or remotely on servers.

§

Biometric analysis such as fingerprint verification has been incorporated into the ViewScan and facial recognition can be incorporated into ViewScan. Access control methods such as magnetic door locks can and have also been incorporated in several banks and credit unions.

§

Passport and driver's license verification for positive identification in correctional facilities, large government and commercial office buildings have been and are currently being combined with the ViewScan portal.

§

ViewMaxx Digital Video products a high-resolution, digital video recording and real-time monitoring system. The cameras are viewable remotely via internet access.

§

Multi-mission Mobile Video (MMV) a lightweight mobile camera and recording system housed in a tough, waterproof enclosure designed to be worn on tactical body wear. The camera systems sends real-time images back to a video monitor at a command post located outside the exclusion zone or contaminated area. The MMV is able to transmit high quality video in the most difficult environments. A multitude of these systems have been deployed and are currently being field-tested. We offer a variety of transmission options including encryption, diversity receivers and on-body recording in case of transmission failure. SWAT, fire fighters and first responders are the focus of the MMV.

§

Fiber Optic Data Network Installation Service (FIOS) - we have invested in tools, vehicles and testing equipment to enter the fiber optics installations arena. Using a credit line provided by Lafayette Commercial Bank we have expended \$200,000 plus to purchase tools to splice, test and install fiber optic transmission ducts. Several opportunities have been presented to us and we have investigated the potential and probabilities of success. During this work, opportunities for video surveillance and access control contract will present themselves and we hope to capitalize on those opportunities.