VIEW SYSTEMS INC Form 10-Q May 16, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 2011

o 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.)

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 R 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 o No þ
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

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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, anticipate, intend, or project or the negative of these words or other variations on these words or comparable estimate. believe, 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

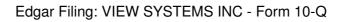
\$

8,334

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

94,120

Inventory	
	2,724
	2,724
Total Cu Assets	ırrent
10	00,916
1	89,507
Property and equipment (net)	



59,521

65,774

Other Assets

Licenses

760,946

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

Accrued interest
57,343
46,363
Accrued royalties
225,000
225,000
Loans from areholders
172,684
127,461
Notes payable
336,076

374,76	4

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



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

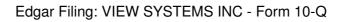
MAR 31, 2010

Revenues, Net

\$

117,024

\$



Cost of Sales

36,015

108,410

Gross Profit

81,009

Operating Expenses

Business development

12,347

32,226

General and administrative

83,209

106,670

Professional fees

	15,820
	101,980
ber	Salaries amd nefits
	41,906
	359,935
Op	Total erating penses
	153,282

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

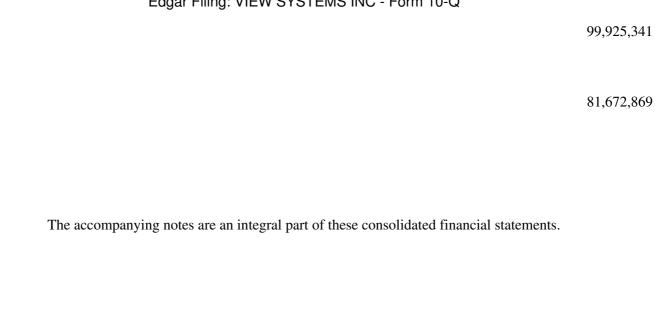
\$

(0.00)

\$

(0.01)

Weighted Average Shares Outstanding



View Systems, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

Additional

Retained

Preferred

(Common	
	Paid-in	
H	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

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14,461,000

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

--

Reclassified proceeds from prior year stock issuances

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32,500

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