

Revolutionary Concepts Inc
Form 10-Q
February 13, 2015

U.S. 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 SEPTEMBER 30, 2014

Commission File Number 000-53674

REVOLUTIONARY CONCEPTS, INC.

(Exact name of Registrant as specified in its charter)

Nevada
(State or other Jurisdiction
of Incorporation or
Organization)

27-0094868
(I.R.S. Employer
Identification No.)

4822 Albemarle Rd, Suite 209

Charlotte, NC

(Address of principal executive offices)

28205

(Zip Code)

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

980-225-5376

(Telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 last 90 days. YES [X] 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 [X]

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," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [] Accelerated filer [] Non-accelerated filer [] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 or 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.

<u>Class</u>	<u>Outstanding at February 11, 2015</u>
Common stock, \$0.001 par value	779,313,638,

REVOLUTIONARY CONCEPTS, INC.

INDEX TO FORM 10-Q FILING

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

TABLE OF CONTENTS

		Page
	PART I	
Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	37
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	48
Item 4	Controls and Procedures	49
	PART II	
Item 1.	Legal Proceedings	50
Item 1A.	Risk Factors	52
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	53
Item 3.	Defaults Upon Senior Securities	57
Item 4.	Mine Safety Disclosures	57
Item 5.	Other Information	57
Item 6.	Exhibits	58
SIGNATURES		59

CERTIFICATIONS

Exhibit 3.1 Management Certification

Exhibit 3.2 Sarbanes-Oxley Act

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying reviewed interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2013, filed May 1, 2014. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and six months ended September 30, 2014 are not necessarily indicative of the results that can be expected for the year ending December 31, 2014.

REVOLUTIONARY CONCEPTS, INC. AND ITS SUBSIDIARY
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

as of:	(Unaudited) September 30, 2014	(Audited) December 31, 2013
<u>ASSETS</u>		
Current Assets	\$	\$
Cash and cash equivalents	-	-
Accrued interest receivable, net of reserve \$2,095,279 (see note 11)	-	-
Total Current Assets	-	-
Fixed Assets		
Furniture and equipment	13,028	13,028
Accumulated depreciation	(12,221)	(11,890)
Total Net Fixed Assets	807	1,138
Other Assets		
Patent costs	116,450	116,450
Accumulated amortization	(102,026)	(97,804)
Total Patent Costs net of accumulated amortization	14,424	18,646
Related party note receivable	112,663	112,663
Notes receivable, net of reserve \$7,108,861 (see note 11)	5,607	5,000
Marketable securities	1,000	-
Security deposits and other assets	4,674	10,636
Total Other Assets net of accumulated amortization	138,367	146,945
	\$	\$
TOTAL ASSETS	139,175	148,083
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities	\$	\$
Accounts payable	375,753	259,541
Checks in excess of bank balance	62,773	759
Derivative liability	-	18,892
Convertible notes, net of beneficial conversion feature and discounts of \$67,227 and \$94,767 respectively	8,830	4,550

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Current portion of long-term debt	879,434	919,434
Notes payable - related parties	-	374,000
Other accrued expenses	527,114	354,085
Total Current Liabilities	1,853,903	1,931,261
 Long-term Debt		
Notes payable	120,366	262,432
Notes payable - related parties	192,306	718,306

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Total Long-term Debt	312,673	980,738
Stockholders' Deficit		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 10,000,000 and 10,000,000 shares outstanding and reserved respectively	10,000	10,000
Common stock, \$0.001 par value, 758,117,388 and 605,010,766 shares issued and outstanding respectively, 1,000,000,000 authorized	758,117	605,011
Additional paid in capital	10,638,101	10,601,640
Unpaid capital contributions (see note 3)	(89,193)	(86,780)
Deficit accumulated during the development stage	(13,344,426)	(13,893,787)
	(2,027,401)	(2,763,916)
	\$	\$
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	139,175	148,083

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

REVOLUTIONARY CONCEPTS, INC. AND ITS SUBSIDIARY
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For The 3 Months Ending September 30,		For The 9 Months Ending September 30,	
	2014	2013	2014	2013
OPERATING EXPENSES				
Automobile expense	\$ 0	\$ 1,149	\$ 326	\$ 1,149
Bank charges	583	633	2,449	887
Compensation	27,027	35,421	151,808	42,383
Unpaid accumulated compensation	30,000	100,000	90,000	300,000
Depreciation & amortization expense	1,518	1,499	4,553	4,497
License and permits	-	11	-	1,111
Marketing	1,565	5,107	24,926	17,501
Office expense	235	4,443	716	4,675
Office supplies	-	455	318	716
Payroll taxes	5,041	(44,172)	21,995	(21,214)
Printing and reproduction	-	-	-	-
Professional fees	61,290	30,098	136,257	103,201
Rent expense	-	7,321	13,341	21,162
Research and development expense	-	-	-	-
Telephone expense	118	435	673	1,220
Travel expense	21	1,268	1,311	2,514
Website development expense	-	3,454	-	4,733
Other expenses	773	358	1,620	358
Total Operating Expenses	128,170	147,480	450,292	484,893
OTHER INCOME & (EXPENSE)				
Interest income	269,394	267,393	799,423	797,483
Reserve of interest income	(268,590)	(233,589)	(797,010)	(762,010)
Reserve for notes receivable	-	-	-	-
Forgiveness of notes payable and accrued interest	-	-	992,124	-
Net Gain/(Loss) on derivatives	18,208	14,129	18,891	(23,667)
Interest expense & amortization of debt discount	80,043	(161,330)	(13,775)	(307,265)
Total Other Income and Expense	99,055	(113,397)	999,653	(295,459)
NET INCOME (LOSS)	\$ (29,115)	\$ (260,877)	\$ 549,361	\$ (780,352)

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Weighted average number of common shares outstanding	595,533,730	374,931,541	627,973,048	387,830,447
Net Income/(Loss) per common shares outstanding	*	*	*	*

* less than \$0.01

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

REVOLUTIONARY CONCEPTS, INC. AND ITS SUBSIDIARY
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For The 9 Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Net Income/(Loss)	549,361	(780,352)
Adjustments to reconcile net income/(loss) to net cash (used in) operating activities:		
Reserve for notes receivable, net of reserve \$7,108,861 (see note 11)	-	2,000
Depreciation and amortization	4,553	4,497
Forgiveness of notes payable and accrued interest	(992,124)	95,934
Amortization of debt discount & beneficial conversion feature	8,654	-
Loss/(Gain) on derivative liability	(18,891)	23,667
Adjustment to derivative liability for value of conversion	-	(9,136)
(Increase) in other assets	5,962	-
Common shares issued for services received and officer compensation	-	504
Increase (decrease) in accounts payable	178,226	101,211
Increase (decrease) in accrued expenses and other liabilities	173,029	(124,579)
NET CASH (USED IN) OPERATING ACTIVITIES	(91,230)	(686,254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in marketable securities	(1,000)	(60,000)
Investment in notes receivable	(607)	-
Investment in patent costs	0	(3,095)
NET CASH (USED BY) INVESTING ACTIVITIES	(1,607)	(63,095)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock shares from private placements	-	-
Issuance of common stock shares for warrants	-	-
Issuance of notes payable	105,658	851,351
Retirement of notes payable	(10,408)	(94,791)
Paid in capital from private placements and warrants	-	-
Capital contributions	-	-
Common stock shares repurchased with cash	-	-
Unpaid capital contributions (see note 3)	(2,413)	(2,412)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	92,837	754,148
NET INCREASE (DECREASE) IN CASH	0	4,799
CASH AND CASH EQUIVALENT BALANCE BEGINNING OF PERIOD	-	-
CASH AND CASH EQUIVALENT BALANCE END OF PERIOD	\$	\$

	0	4,799
SUPPLEMENTAL DISCLOSURES		
	\$	\$
Cash paid during the period for interest	-	-
	\$	\$
Cash paid during the period for income taxes	-	-
	\$	\$
Reserve of preferred stock for acquisition	-	-
	\$	\$
Interest income, net of reserve \$2,095,279(see Note 11)	2,413	2,412
	\$	\$
Issuance of common stock for the conversion of debt	1,139,241	124,398

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

REVOLUTIONARY CONCEPTS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS as of September 30, 2014

Nature of operations - Revolutionary Concepts, Inc. (the Company) was originally organized in North Carolina on March 12, 2004. On February 28, 2005, the Company was reorganized and re-domiciled as a Nevada corporation. The Company is a development stage company positioned to begin launch and license of its patented technologies. The Company was incorporated as a Nevada corporation on February 28, 2005 to reincorporate and re-domesticate two existing North Carolina entities; Revolutionary Concepts, Inc. and DVMS, LLC. The Company is engaged in the development of patented entry management systems and hopes to continue to develop smart camera technologies that interface with smart devices enabling remote monitoring.

The Company's efforts to date have been devoted to securing the intellectual framework around several key technologies and applications related to remote video monitoring, video analytics and software enabled camera. Advances in wireless technologies combined with increased data speed rates permits a very sophisticated and new means of monitoring, security and entry management.

The Company's joint venture agreement with IQMagine continues to advance, with the recently received patent for a child car seat with a built in monitor for gaming and two-way communication (Patent No. 8,016,676). The proof of concept and ideation of this product have been completed as well as an additional item - consisting of a plush toy capable of monitoring and two-way communication. Chris Scheppegrell, managing member of IQMagine is implementing a strategy for licensing of both products.

The Company has also completed the acquisition of Greenwood Finance Group, LLC. The Company and Rainco Industries, Inc. entered into a Member Interest Purchase Agreement, (the Purchase Agreement) dated as of December 7, 2012, in which the Company purchased from Rainco Industries, Inc. all the issued and outstanding member interests in Greenwood Finance Group, LLC. (Greenwood). With representatives in Atlanta and Charlotte, Greenwood is a private equity firm consisting of a team of individuals who understand the work that goes into developing businesses in their beginning stages. In addition to providing funding through their Green Path Fund, Greenwood provides consultation services to help business leaders map out plans and goals for continued success. Greenwood provides broad-spectrum investment and capital services to small-cap and micro-cap companies; strategically positioning them for long-term growth and profitability. Greenwood delivers, through their global network of

investment partners and private equity groups, the capabilities to quickly tailor funding solutions that meet the unique needs of each client which can be tailored to a client's capital funding needs so it can focus on growing the client's company.

Exclusive License Agreement

On February 10, 2014, the Company's Board of Directors agreed to an exclusive worldwide license agreement for the following patents: U.S. Patent 7,193,844; U.S. Patent 8,139,098; U.S. Patent 8,144,183; U.S. Patent 8,144,184; U.S. Patent 8,154,581; U.S. Patent 8,164,614; U.S. Patent 8,016,676 B2 to a third party. Under the terms of the agreement, EyeTalk365, LLC, (the Licensee), paid \$900,000.00 in cash equivalents consisting of convertible promissory notes and a 40% equity stake in the Licensee, and will bear ongoing development and operational cost to build and or secure a sub-licensee(s). Additionally, the licensee will bear all legal cost to prosecute and defend the patents in any infringement actions. Under the

terms of the agreement, the Company will receive, 40% of all gross profit generated by the sale and or additional sub-licensing of the patents. This payment is mandated by the agreement and is not subject to additional withholdings from the licensee.

On September 16, 2014, the Company and the Licensee amended the original agreement to include more specific language and rights.

The Licensee has formally reported to the Company that it is engaged in three patent infringement lawsuits regarding the patent portfolio that it has licensed. The Licensee has not provided any forecasted awards or outcomes that may result from these actions. The Licensee has further disclosed that these actions may result with no outcome, financial or otherwise.

Revolutionary Concepts Signs Agreement with Company for \$10 Million Credit Facility

On July 2, 2014, the Company filed notification on a Form 8-K Report that Revolutionary Concepts Inc., wholly owned subsidiary Greenwood Finance Group, LLC signed an Agreement with a funding company for a \$10 million revolving line of credit for capital funding. The Agreement allows Greenwood to partner in business with an experienced company in the financing services and investment banking industry.

The terms of the Agreement include among other things; (a) the facility is a senior term loan credit facility (b) the credit facility has an initial two year term (c) the credit facility has an interest rate of 16.5% (d) the maturity date is 6 months from the execution date of the agreement (d) the credit facility is subject to periodic due diligence and compliance with all terms of the Senior Secured Revolving Credit Facility Agreement and the Guaranty Agreement. The proceeds for the credit facility are intended to be used for working capital, investments, acquisition of distressed financial assets, and to provide short-term financing to small and mid-cap companies. Neither the Credit Parties, nor any of their Affiliates, shall use any portion of the proceeds of the Loans, either directly or indirectly, for the purpose of (i) purchasing any securities underwritten by any Affiliate of Lender, (ii) paying or repaying any debt owed to any third party, not in the ordinary course of business, (iii) paying any taxes owed or to be owed by any Credit Party or (iv) paying or repaying any officer or director of any Credit Party. Although the credit facility is available, the Company has not and may not access any of the funding.

Basis of presentation - These financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements on a going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future. The Company maintains its financial records on an accrual method of accounting. The Company's ability to continue as a going concern is dependent upon continued ability to obtain financing to repay its current obligations and fund working capital until it is able to achieve profitable operations. The Company will seek to obtain capital from equity financing through the exercise of warrants and through future common share private placements. The Company may also seek debt financing, if

available. Management hopes to realize sufficient sales in future years to achieve profitable operations. There can be no assurance that the Company will be able to raise sufficient debt or equity capital on satisfactory terms. If management is unsuccessful in obtaining financing or achieving profitable operations, the Company may be required to cease operations. The outcome of these matters cannot be predicted at this time. These financial statements do not give effect to any adjustments which could be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Revenue recognition The Company will recognize sales revenue at the time of delivery when ownership has transferred to the customer, when evidence of a payment arrangement exists and the sales proceeds are determinable and collectable. Provisions will be recorded for product returns based on historical experience. To date, the Company's revenue is primarily comprised of interest income.

Options and warrants issued The Company allocates the proceeds received from equity financing and the attached options and warrants issued, based on their relative fair values, at the time of issuance. The amount allocated to the options and warrants is recorded as additional paid in capital.

Stock-based compensation The Company accounts for stock-based compensation at fair value in accordance with the provisions of the Financial Accounting Standards Board's Accounting Standards Codification (ASC) Topic 718, Stock Compensation, which establishes accounting for stock-based payment transactions for employee services and goods and services received from non-employees. Under the provisions of ASC Topic 718, stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense in the consolidated statements of operations pro ratably over the employee's or non-employee's requisite service period, which is generally the vesting period of the equity grant. The fair value of stock option awards is generally determined using the Black-Scholes option-pricing model. Restricted stock awards and units are valued using the market price of the Company's common stock on the grant date. Additionally, stock-based compensation cost is recognized based on awards that are ultimately expected to vest, therefore, the compensation cost recognized on stock-based payment transactions is reduced for estimated forfeitures based on the Company's historical forfeiture rates. Additionally, no stock-based compensation costs were capitalized for the three months ended September 30, 2014 and September 30, 2013, no stock options were committed to be issued to employees.

Income taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards that are available to be carried forward to future years for tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. When it is not considered to be more likely than not that a deferred tax asset will be realized, a valuation allowance is provided for the excess. Although the Company has significant loss carry forwards available to reduce future income for tax purposes, no amount has been reflected on the balance sheet for deferred income taxes as any deferred tax asset has been fully offset by a valuation allowance.

Reclassifications Certain prior period amounts have been reclassified to conform to current year presentations.

Loss per share Basic loss per share has been calculated using the weighted average number of common shares issued and outstanding during the year.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions, where applicable, that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect such variances, if any, to have a material effect on the financial statements.

Research and Development Costs - Research and development costs are expensed as incurred in accordance with generally accepted accounting principles in the United States of America. *Research* is planned search or critical investigation aimed at discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about a significant improvement to an existing product or process. *Development* is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design, and testing of product alternatives, construction of prototypes, and operation of pilot plants. It does not include routine or periodic alterations to existing products, production lines, manufacturing processes, and other on-going operations even though those alterations may represent improvements and it does not include market research or market testing activities. Elements of costs shall be identified with research and development activities as follows: The costs of materials and equipment or facilities that are acquired or constructed for research and development activities and that have alternative future uses shall be capitalized as tangible assets when acquired or constructed. The cost of such materials consumed in research and development activities and the depreciation of such equipment or facilities used in those activities are research and development costs. However, the costs of materials, equipment, or facilities that are acquired or constructed for a particular research and development project and that have no alternative future uses and therefore no separate economic values are research and development costs at the time the costs are incurred. Salaries, wages, and other related costs of personnel engaged in research and development activities shall be included in research and development costs. The costs of contract services performed by others in connection with the research and development activities of an enterprise, including research and development conducted by others in behalf of the enterprise, shall be included in research and development costs.

Depreciation Depreciation is computed using the straight-line method over the assets' expected useful lives. **Valuation of Long-Lived Assets** - The Company periodically analyzes its long-lived assets for potential impairment, assessing the appropriateness of lives and recoverability of unamortized balances through measurement of undiscounted operating cash flows on a basis consistent with accounting principles generally accepted in the United States of America.

Intangible and Other Long-Lived Assets, Net - (Included in Accounting Standards Codification (ASC) 350 Goodwill and Other Intangible Assets previously SFAS No. 142 and ASC 985 Accounting for Costs of Computer Software to be Sold, Leased, or Otherwise Marketed previously SFAS No. 86)

Intangible assets are comprised of software development costs and legal fees incurred in order to obtain the patent. The software development costs are capitalized in accordance with SFAS 86. Costs of producing product masters incurred subsequent to establishing technological feasibility shall be capitalized. Those costs include coding and testing performed subsequent to establishing technological feasibility. Software production costs for computer software that is to be used as an integral part of a product or process shall not be capitalized until both (a) technological feasibility has been established for the software and (b) all research and development activities for the other components of the product or process have been completed. The fees incurred in order to obtain the patent are capitalized in accordance with SFAS 142 Goodwill and Other Intangible Assets. This Statement applies to costs of internally developing identifiable intangible assets that an entity recognizes as assets APB Opinion 17, paragraphs 5 and 6. The Company periodically analyzes its long-lived assets for potential impairment, assessing the appropriateness of lives and recoverability of unamortized balances through measurement of undiscounted operating cash flows on a basis consistent with accounting principles generally accepted in the United States of America.

Deferred charges are amortized using the straight-line method over six years.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its consolidated financial condition or the consolidated results of its operations, except the following:

June 2014 -Accounting Standards Update 2014-10 Development Stage Entities (Topic 915) Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation.

The objective of the amendments in this Update is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities. Users of financial statements of development stage entities told the Board that the development stage entity distinction, the inception-to-date information, and certain other disclosures currently required under U.S. generally accepted accounting principles (GAAP) in the financial statements of development stage entities provide information that has limited relevance and is generally not decision useful. As a result, the amendments in this Update remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information.

The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The amendments to eliminate that exception simplify U.S. GAAP by reducing avoidable complexity in existing accounting literature and improve the relevance of information provided to financial statement users by requiring the application of the same consolidation guidance by all reporting entities. The elimination of the exception may change the consolidation analysis, consolidation decision, and disclosure requirements for a reporting entity that has an interest in an entity in the development stage.

NOTE 3 RELATED PARTY TRANSACTIONS

The Board of Directors previously authorized the officers of the Company to receive advances from the Company, in lieu of taking compensation, under terms of promissory notes bearing 5% interest, beginning January 1, 2006. As of

September 30, 2014 and December 31, 2013, the advances totaled \$89,192 and \$86,780, respectively. These advances are described as unpaid capital contributions for financial reporting purposes.

Ronald Carter. Under Ronald Carter's employment agreement, he has agreed to serve as the President and Chief Executive Officer. His term of service under this agreement commenced on April 1, 2010 and continues for a term of two (2) years with renewal options. The agreement was amended on January 1, 2014. The amended agreement provides for a base salary of \$60,000 for the first year of the term and an annual increase of at least 8% thereafter. The agreement also provides Mr. Carter with cash and equity incentives based on performance that must be approved by the Board of Directors. The agreement also provides for participation in the Company's programs to acquire options or equity incentives in common stock subject to the discretion of the Board of Directors, expense reimbursements, participation in retirement and benefit plans, paid time off and indemnification and liability coverage. The Company can

terminate Mr. Carter's employment with cause, or without cause upon certain written notice and Mr. Carter can terminate the agreement for "good reason" as defined in the agreement. There are specific severance provisions, as well as confidentiality and non-solicitation requirements resulting from any termination.

Solomon Ali. Under Solomon Ali's employment agreement, he has agreed to serve as the Senior Vice President. His term of service under this agreement commenced on August 16, 2010 and continues for a term of two (2) years with renewal options and was revised on January 1, 2012. The agreement was amended again on January 1, 2014. The revised agreement provides for a base salary of \$60,000 for the first year of the term and an annual increase of at least 8% thereafter. The agreement also provides Solomon Ali with cash and equity incentives based on performance that must be approved by the Board of Directors. The agreement also provides for participation in the Company's programs to acquire options or equity incentives in common stock, subject to the discretion of the Board of Directors, expense reimbursements, participation in retirement and benefit plans, paid time off and indemnification and liability coverage. The Company can terminate Solomon Ali's employment with cause, or without cause upon certain written notice and Solomon Ali can terminate the agreement for "good reason" as defined in the agreement. There are specific severance provisions, as well as confidentiality and non-solicitation requirements resulting from any termination.

On October 5, 2010, the Company received notice that a claim for judgment had been filed in Mecklenburg County by a shareholder for the note that was in default as of May 2010. On January 7, 2011, the note holder amended the filing to include the personal loan. The amount of the claim was \$100,996, plus interest at 8% and legal costs. On the 10th day of May 2011, a summary judgment was entered on behalf of the plaintiff against Mr. Carter and the Company. On the 4th day of August 2011, the Company reached an agreement with a third party to negotiate and acquire the judgment award and to agree to a convertible note from the Company for its services. The total value of the convertible note is \$144,067 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

On August 4, 2011, the Company issued 6,600,000 restricted common shares to the officers of the Company, for contributions to the Company over the past year. The shares were recorded at the market price on the date of issue of an aggregate of \$340,000 (Also See Note 8).

On October 1, 2011, the Company entered into a two (2) year convertible Promissory Note with its President and CEO, Ronald Carter for \$92,308 at 10% interest for the balance of the accrued compensation owed to him for the fiscal year 2010 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$.005. On March 30, 2012, this Note was converted to 18,461,544 and reduced our Long Term Notes by \$92,308.

On October 1, 2011, the Company entered into a two (2) year convertible Promissory Note with its Vice President, Solomon Ali for \$46,154 at 10% interest for the accrued compensation owed to him for the fiscal year 2010 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$.005. On March 30, 2012, this Note was converted to 9,230,768 and reduced our Long Term Notes by \$46,154.

On April 1, 2012, the Company entered into a two (2) year convertible Promissory Note with its President and CEO, Ronald Carter for \$200,000 at 10% interest for the balance of the accrued compensation owed to him for the fiscal year 2011 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$.005. On February 1, 2014, this note was assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$200,000 and generated other income of \$200,000.

On April 1, 2012, the Company entered into a two (2) year convertible Promissory Note with its Vice President, Solomon Ali for \$174,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2011 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$.005. On February 1, 2014, this note was assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$174,000 and generated other income of \$174,000.

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with its President and CEO, Ronald Carter for \$140,806 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. On February 1, 2014, this note was assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$140,806 and generated other income of \$140,806.

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$200,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. On February 1, 2014, this note was assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$200,000 and generated other income of \$200,000.

On December 31, 2013 the Company entered into three, three (3) year convertible Promissory Note with its President and CEO, Ronald Carter for \$112,663, \$59,194 and \$5,643, each at 10% interest for the accrued compensation owed to him for the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. On February 1, 2014, one of the notes were assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$59,194 and generated other income of \$59,194.

On December 31, 2013 the Company entered into two, three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$126,000 and \$74,000, each at 10% interest for the accrued compensation owed to him for the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. On February 1, 2014, one of the notes were assigned to an unrelated third party, who in turn assigned the note to the licensee. On February 10, 2014, the licensee returned this note to the Company as partial consideration for the exclusive license agreement. This reduced our Notes by \$126,000 and generated other income of \$126,000.

NOTE 4 ACCOUNTS PAYABLE

Accounts payable consist of the following:

		09/30/14	12/31/13
Professional fees	\$	206,444\$	133,852
Other		5,128	14,173
Legal fees		155,630	103,316
Consulting fees		8,550	8,200
	\$	375,753\$	259,541

NOTE 5 COMMITMENTS AND CONTINGENCIES

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Recoveries from third parties, which are probable of realization are separately recorded, and are not offset against the related liability, in accordance with FASB ASC 210-10-05-3, Offsetting of Amounts Related to Certain Contracts. The Company is the plaintiff in a lawsuit seeking damages against the law firm retained to file for EyeTalk® product patent.

For several years, RCI has been engaged in litigation against its former patent attorneys for malpractice arising from a missed filing deadline relating to obtaining patents for RCI's core technologies outside the United States. After a two-year fight over jurisdiction in the case, including wins for RCI at the trial court and at the North Carolina Court of Appeals, the case was remanded to the trial court for further proceedings. Unfortunately, the trial court dismissed the case on a technicality, potentially ending the case. An appeal was filed in November 2012. The North Carolina Court of Appeals reviewed the Company's appeal on February 12, 2013. The results of the appeal were filed on May 7, 2013. The Court of Appeals reversed the dismissal in part. The Court ruled that tort claims are not assignable in North Carolina, therefore, the plaintiff in the case will remain Ron Carter. The Company is reviewing any possible remaining claims it may have for legal negligence. Management believes that the fact that the Company was dismissed is not really significant at all, because the claims in the suit will be maintained and the case continues to be litigated through Mr. Carter's personal claim for damages, as the original patent applicant. The Court also affirmed that the uninvolved individual defendants, Clements and Bernard, are not individually liable for Dougherty's and Brockington's malpractice which management believes is irrelevant. This case involves the international patents and not the United States patents that have been awarded.

The Company also sued Emmanuel Ozoeneh in federal court. Mr. Ozoeneh was a former business partner in a prior business venture with our CEO Ron Carter. Mr. Ozoeneh began making false claims that he was the inventor of the EyeTalk® system. RCI filed suit in federal court to have Mr. Carter declared the sole inventor. This case has been resolved to the satisfaction of the Company. The terms of the agreement are confidential, but the result was that Ronald Carter and the Company were declared as the sole inventor and retains all rights to the patent(s) for the EyeTalk® system. The Company is currently in default on the agreement and is working to resolve the default.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On October 5, 2010, the Company received notice that a claim for judgment had been filed in Mecklenburg County by a shareholder for the note that was in default as of May 2010. On January 7, 2011, the note holder amended the filing to include the personal loan. The amount of the claim was

15

\$100,996, plus interest at 8% and legal costs. On the 10th day of May 2011, a summary judgment was entered on behalf of the plaintiff against Mr. Carter and the Company. On the 4th day of August 2011, the Company reached an agreement with a third party to negotiate and acquire the judgment award and to agree to a convertible note from the Company for its services. The total value of the convertible note is \$144,067 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

The Company has also completed the acquisition of Greenwood Finance Group, LLC. The Company and Rainco Industries, Inc. entered into a Member Interest Purchase Agreement, (the Purchase Agreement) dated as of December 7, 2012, in which the Company purchased from Rainco Industries, Inc. all the issued and outstanding member interests in Greenwood Finance Group, LLC. The Company remains committed to its acquisition of Greenwood Finance Group, LLC and although interest payments have been delayed, the Company is optimistic that initial payments will commence soon.

As part of this acquisition, the Company has an obligation to pay a quarterly and cumulative Preferred Stock dividend based on the number of outstanding unconverted Preferred Shares held by Rainco Industries, Inc. Although, the full amount of the dividend has not been paid to date, we do have a contingent liability under the agreement to pay this dividend, as funds become available. Both parties agree that dividend payments may be made in the form of cash, common stock, preferred stock, or any combination of the foregoing. We will record the dividends as they are paid. As of September 30, 2014, the cumulative total dividend paid totals \$33,000, with an accumulated unpaid balance of \$3,117,000.

On February 12, 2013, the Company received notice that a petitioner had been issued a summary judgment against the Company in the amount of \$6,485.96, including \$1,250.00 attorney fees, plus interest.

Omnisun Azali vs. Claude D. McDougal and US Financial Consultants LLC

On January 30, 2013, a final order was filed in the Superior Court of Mecklenburg County North Carolina against a former officer and director, Mr. Claude McDougal. The final order was for a judgment against Mr. McDougal and US Financial Consulting, LLC, by an unrelated third party. The Company received a copy of the notice and has been instructed by the court to forward any property, monies and or membership interest due to Mr. McDougal to the defendant, up to and including principal; accumulated interest; attorney s fees and court costs of \$142,150.

On September 30, 2013, the Company complied with this notice and assigned \$142,150 of Mr. McDougal s interest in a note for unpaid salary that was dated April 26, 2013 to Omnisun Azali, per the courts instructions. The original note assignment was mailed to Omnisun Azali shortly after issuance.

Omnisun Azali vs. Revolutionary Concepts, Inc., et al.

On April 23, 2014 both Ron Carter and Solomon Ali appeared before the Civil Superior Court of Mecklenburg County concerning the matter of Omnisun Azali vs Claude McDougal and US Financial Consultants. The plaintiff claimed Carter and Ali were in contempt for not complying with the Court's order dated January 30, 2013 concerning salary owed to Mr. McDougal. The Plaintiff claimed he was not in receipt of the original note assignment dated September 30, 2013. A contempt hearing was scheduled for June 2014 to determine if Carter and Ali were in contempt for failure to cause Revolutionary Concepts, Inc. to take the actions ordered by the Mecklenburg County Superior Court in its order dated January 30, 2013 and filed on the same date.

On June 5, 2014 the plaintiff's motion for contempt was dismissed and Revolutionary offered to deliver a replacement note to the Plaintiff. On June 5, 2014 the Replacement Amended Convertible Note (the Note) per the judgment of the N.C. Superior Court, and approved by a majority of the Board of Directors, replacing that certain Promissory Note dated September 30, 2013 (the Amended Note), in the amount of One Hundred Forty Two Thousand One Hundred Fifty and 08/100 Dollars (\$142,150.08), by and between Revolutionary Concepts Inc., and Omnisun Azali, was delivered to the Plaintiff.

Resolution of Case. Revolutionary Concepts Inc., Rainco Industries Inc. and the named Directors and Officers of each company have resolved all claims with Omnisun Azali in the filed cases in the states of Ohio and North Carolina.

Documents in resolution of the case have been circulated for execution. A Vacation of the Judgment, (vacated judgment), and Orders and dismissal of the underlying cases with prejudice are expected by the Resolution Agreement. A vacated judgment is usually the result of the judgment of an appellate court, which overturns, reverses, cancels, nullifies or sets aside a previous judgment of a lower court, rendering it legally null and void.

NOTE 6 INTELLECTUAL PROPERTY

The patent number US 7,193,644 B2, for the prototype was successfully obtained on March 20, 2007. In 2012, the following additional patents were awarded. U.S. Patent 8,139,098; U.S. Patent 8,144,183; U.S. Patent 8,144,184; U.S. Patent 8,154,581; U.S. Patent 8,164,614; U.S. Patent 8,016,676 B2. The Company has patent pending applications remaining in areas of (a) video system for individually selecting and viewing events at a venue (b) medical monitoring and fall prevention, (c) metal detection, and (d) real estate audio-video monitoring In accordance with FASB ASC 210-10-05-3, the Company has established a technological feasibility date on July 21, 2004, the date that Phase I was delivered and presented. The software development costs have been analyzed and it has been determined that all software development costs were incurred subsequent to the feasibility date. The useful life of capitalized software costs has been assumed to be 5 years. Total software development costs were \$32,200 and the appropriate minimum amortization has been taken, also in accordance with FASB ASC 210-10-05-3. Patent was comprised of the following amounts as of September 30, 2014 and December 31, 2013, respectively:

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Patent costs	116,450	116,450
Accumulated amortization	(102,026)	(97,804)
Total Patent Costs net of accumulated amortization	14,424	18,645

NOTE 7 COMMON STOCK SHARES FOR SERVICES RECEIVED

There have been no issuances of stock for services in the past twelve months.

NOTE 8 CONVERSION OF DEBT TO EQUITY

From May 3 through May 20, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on October 12, 2012. A total of \$32,500 and accumulated interest of \$1,300 was converted and 35,149,254 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$32,500 and also eliminated the accrued interest.

On July 18, 2013 the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on August 30, 2012. A total of \$20,000 was converted to 18,181,818 restricted common shares (which was originally submitted on May 24, 2013), which leaves a remaining principal balance of \$26,600. This conversion of debt reduced our notes payables \$20,000 and also eliminated the accrued interest on the amount converted.

From August 20 through September 6, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on January 17, 2013. A total of \$42,500 and accumulated interest of \$1,700 was converted and 70,131,842 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$42,500 and also eliminated the accrued interest.

On September 24, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on February 28, 2013. A total of \$12,898.04 was converted and 16,122,550 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$12,898.04 and also eliminated the accrued interest.

On November 13, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on April 30, 2013 this note was amended was assigned to a non-related third party. A request to modify the conversion price to \$0.00094 was approved. On November 14, 2013, \$23,210 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$0. This conversion reduced the Company notes payable by \$23,210 and also eliminated the accrued interest.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On December 15, 2013 the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on December 30, 2012. A total of \$28,245 was converted and 18,830,000 restricted common shares were issued, which leaves a remaining principal balance of \$0 on this portion of the assigned note. This conversion reduced the Company notes payable by \$28,245 and also eliminated the accrued interest.

On December 19, 2013 the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on December 30, 2012. A total of \$25,789 was converted and 17,192,667 restricted common shares were issued one of the third parties, which leaves a remaining principal balance of \$0 on this portion of the assigned note. This conversion reduced the Company notes payable by \$25,789 and also eliminated the accrued interest.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On December 31, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on April 26, 2013. A total of \$20,000 of this note was converted to 25,000,000 restricted common shares, which leaves a remaining principal balance of \$122,150 on this portion of the assigned note. This conversion reduced the Company notes payable by \$20,000 and also eliminated the accrued interest on the amount converted.

On December 31, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on June 4, 2013. A total of \$23,900 was converted to 24,639,175 restricted common shares, which leaves a remaining principal balance of \$13,600. This conversion of debt reduced the Company notes payables \$23,900 and also eliminated the accrued interest on the amount converted.

From January 7 and January 8, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on June 4, 2013. A total of \$13,600 and accumulated interest of \$1,500 was converted and 17,786,227 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$13,600 and also eliminated the accrued interest.

On January 24, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on April 26, 2013. A total of \$20,000 was converted and 25,000,000 restricted common shares were issued, which leaves a remaining principal balance of \$102,150 on this portion of the assigned and \$110,020 on the assigned and unassigned portions. This conversion of debt reduced our notes payables \$20,000. On September 4, 2014, \$10,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$92,150 on this portion of the assigned note and a balance of \$100,020 on the assigned and unassigned portions. This conversion reduced the Company notes payable by \$10,000 and also eliminated the accrued interest on the amount converted. The balance of the unassigned portion of the note is \$7,870.

On May 8, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on August 30, 2013. A total of \$4,581 of this note was converted to 2,290,500 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$4,581 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on May 30, 2013. A total of \$13,626 of this note was converted to 6,812,870 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,626 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on June 30, 2013. A total of \$12,853 of this note was converted to 6,426,500 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$12,853 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on September 30, 2013. A total of \$23,370 of this note was converted to 11,684,925 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,370 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on October 30, 2013. A total of \$20,895 of this note was converted to 10,447,550 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$20,895 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on December 30, 2013. A total of \$23,695 of this note was converted to 11,847,435 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,695 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on January 31, 2014. A total of \$13,798 of this note was converted to 6,879,000 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,798 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on February 28, 2014. A total of \$29,777 of this note was converted to 14,888,575 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$29,777 and also eliminated the accrued interest.

On July 10, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on July 30, 2013. A total of \$13,106 of this note was converted to 6,523,040 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,106 and also eliminated the accrued interest.

On July 10, 2014, the Company notices of partial conversion from an unrelated third party as part of a note originally issued on November 12, 2012. A total of \$40,000 of this note was converted to 20,000,000 restricted common shares, which leaves a remaining principal balance of \$36,270. This conversion reduced the Company notes payable by \$40,000 and also eliminated the accrued interest on the amount converted.

NOTE 9 NOTES PAYABLE

During 2010, the Company reclassified \$289,787 in accounts payable to long term notes payable in the amount of \$204,836 and \$84,950 to accrued interest payable, to reflect the assignment by three of our creditors of their balance to a note that will be paid one year or more past the original due date. The outstanding \$204,836 of the notes do not bear any interest and began coming due and payable in July 2011. The notes can be converted to restricted common stock. In October 2011, these notes were modified and two of the notes were assigned to an unrelated third party; See Notes dated October 1, 2011 below.

For the twelve months ended December 31, 2013, the Company issued several notes payable for a total of \$398,480 and retired \$246,842 in notes payable. The new notes issued bear an interest of 10% - 12% and begin becoming due starting in January 2016. The notes grant the Note Holder the right, (but not the obligation), to convert them into common stock of the Company in lieu of receiving payment in cash.

In its efforts to expand and grow, the Company has issued debt instruments to borrow funds from various creditors to raise capital. These are long-term Notes with various rates and maturities, that grants the Note Holder the right, (but not the obligation), to convert them into common stock of the Company in lieu of receiving payment in cash. The issued Notes are secured obligations. The principal amount of the Notes may be prepaid upon agreement of both parties and a prepayment penalty, in whole or part at any time, together with all accrued interest upon written notice.

It could take several years to convert all of the Notes to stock if all of the lenders requested it. It is possible that some of the parties may never convert their Notes to stock and may take cash only, when the Company is in the best position to settle the obligation on a cash basis.

Our largest noteholder is Rainco Industries, Inc. On September 26, 2014, our Board approved a resolution regarding conversions by Rainco stating: in no event shall Rainco Industries, Inc. be entitled to convert any portion of the Notes, in which the sum of (1) the number of shares of Common Stock beneficially owned by Rainco Industries, Inc. and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Company subject to a limitation on conversion of exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of the Notes with respect to which the determination of this proviso is being made, would result in beneficial ownership by Rainco Industries, Inc. and its affiliates of more than Four Point Nine Nine Percent (4.99%) of the outstanding shares of Common Stock of the Company. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended and Regulations 13D-G thereunder.

	September 30,	December 31, 2013
	2014	
On April 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,194 at 10%	12,549	12,549

interest. On March 21, 2012, \$26,000 of this Note was converted. On August 1, 2012, \$37,645 of this Note was converted

On April 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$12,000 at 10% interest. The holder has the right to convert the note to common stock.	12,000	12,000
On August 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$44,600 at 10% interest. The holder has the right to convert the note to common stock. On June 7, 2012, \$27,000 of this Note was modified and was assigned by the original note holder to an unrelated third party.	17,600	17,600
On September 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$177,522 at 10% interest. The holder has the right to convert the note to common at stock.	177,522	177,522
On October 1, 2011 the Company entered into a two (2) year convertible Promissory Note with Ronald Carter, its President and CEO for \$92,308 at 10% interest for the accrued compensation owed to him for the fiscal year 2010 in accordance with his Employment Agreement. On March 30, 2012, this Note was converted.	-	-
On October 1, 2011 the Company entered into a two (2) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$46,154 at 10% interest for the accrued compensation owed to him for the fiscal year 2010 in accordance with his Employment Agreement. On March 30, 2012, this Note was converted.	-	-
On October 1, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$63,818 at 10% interest. The holder has the right to convert the note to common stock. This note was assigned to an unrelated third party and was originally issued December 31, 2010	<u>63,818</u>	<u>63,818</u>
On October 1, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$27,018 at 10% interest. The holder has the right to convert the note to common stock. This note was originally issued December 31, 2010	27,018	27,018

On October 1, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$198,950 at 10% interest. The holder has the right to convert the note to common stock. This note was assigned to an unrelated third party and was originally issued December 31, 2010	198,950	198,950
On October 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$8,700 at 10% interest. The holder has the right to convert the note to common stock. \$6,200 of this note was assigned to an unrelated third party September 4, 2012	2,500	2,500
On November 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$8,500 at 10% interest. The holder has the right to convert the note to common stock. This note was assigned to an unrelated third party September 4, 2012	-	-
On December 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$4,700 at 12% interest. The holder has the right to convert the note to common stock.	4,700	4,700
On January 2, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$57,000 at 10% interest. The holder has the right to convert the note to common stock.	57,000	57,000
On February 28, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$5,000 at 12% interest. The holder has the right to convert the note to common stock.	5,000	5,000
On March 30, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$70,000 at 12% interest. The holder has the right to convert the note to common stock.	70,000	70,000

<p>On April 1, 2012 the Company entered into a two (2) year convertible Promissory Note with Ronald Carter, its President and CEO for \$200,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2011 in accordance with his Employment Agreement. This note was assigned to a non-related third party, who assigned to the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014.. See footnotes for additional information. This transaction reduced the note payable by \$200,000 and also eliminated the accrued interest.</p>	-	200,000
<p>On April 1, 2012 the Company entered into a two (2) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$174,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2011 in accordance with his Employment Agreement. \$50,194 of this note has assigned to an unrelated third party. This note was assigned to a non-related third party, who assigned to the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014. See footnotes for additional information. This transaction reduced the note payable by \$174,000 and also eliminated the accrued interest.</p>	-	174,000
<p>On April 30, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$22,000 at 12% interest. The holder has the right to convert the note to common stock.</p>	22,000	22,000
<p>On May 31, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$37,000 at 12% interest. The holder has the right to convert the note to common stock.</p>	37,000	37,000
<p>On June 7, 2012 the Company entered into a one (1) year convertible Promissory Note with a non-related creditor for \$27,000 at 12% interest. The holder has the right to convert the note to common stock. On June 19, 2012, \$4,000 of this note was converted. An additional \$17,500 of this note was converted on dates between July 1 and September 30, 2012. On October 4, 2012, the final \$5,500 was converted by the holder.</p>	-	-

<p>On June 12 2012 the Company entered into a one (1) year convertible Promissory Note with a non-related creditor for \$43,448 at 10% interest. The holder has the right to convert the note to common stock. On June 18, 2012, \$10,000 of this note was converted. The remaining \$33,448 of this note was converted on various dates between July 1 and September 30, 2012</p>	-	-
<p>On June 19, 2012 the Company entered into a one (1) year convertible Promissory Note with a non-related creditor for \$27,500 at 8% interest. The holder has the right to convert the note to common stock. On December 26, 2012 the holder elected to convert \$11,000 of this note. From January 7 through January 9, 2013 the holder elected to convert a total of \$16,500 and accumulated interest of \$1,100, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$16,500.</p>	-	-
<p>On June 30, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$38,809 at 12% interest. The holder has the right to convert the note to common stock.</p>	38,809	38,809
<p>On August 30, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$46,600 at 12% interest. The holder has the right to convert the note to common stock. On May 24, 2013 the holder elected to convert a total of \$20,000 to 18,181,818 shares (which was completed on July 18, 2013), which leaves a remaining principal balance of \$26,600. This conversion of debt reduced our notes payables \$20,000.</p>	<u>26,600</u>	<u>26,600</u>
<p>On September 30, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$33,518.80 at 12% interest. The holder has the right to convert the note to common stock.</p>	<u>33,519</u>	<u>33,519</u>
<p>On October 12, 2012 we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$32,500 at 8% interest. The holder has the right to convert the note to common stock. From May 3 through May 20, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on October 12, 2012. A total of \$32,500 and accumulated interest of \$1,300 was converted and 35,149,254 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$32,500.</p>	=	=

<p>On October 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$2,612 at 12% interest. The holder has the right to convert the note to common stock.</p>	<u>2,612</u>	<u>2,612</u>
<p>On November 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,270 at 12% interest. The holder has the right to convert the note to common stock. This note was partially assigned to an unrelated third party who converted the \$40,000 of the outstanding balance on July 10, 2014. This transaction reduced the note payable by \$40,000 and also eliminated a portion of the accrued interest.</p>	<u>36,270</u>	<u>76,270</u>
<p>On December 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$88,000 at 12% interest. The holder has the right to convert the note to common stock. In August, 2013 this note was amended and \$25,789 and \$28,245 of the note was assigned to two non-related third parties, leaving a balance of \$33,966 with the original party. On December 15, 2013 one of the third parties, converted \$28,245 to restricted common shares, which leaves a remaining principal balance of \$0 on this portion of the assigned note. On December 19, 2013 one of the third parties, converted \$25,789 to restricted common shares, which leaves a remaining principal balance of \$0 on this portion of the assigned note. These conversions reduced the Company notes payable by \$54,034. There is a remaining principal balance of \$33,966 on the original note.</p>	<u>33,966</u>	<u>33,966</u>
<p>On January 17, 2013 we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$42,500 at 8% interest. From August 20 through September 6, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on January 17, 2013. A total of \$42,500 and accumulated interest of \$1,700 was converted to restricted common shares, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$42,500.</p>	-	-
<p>On February 28, 2013 we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,898 at 12% interest. On September 5, 2013 the holder elected to convert a total of \$12,898.04 to 16,122,550 shares, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$12,898.04.</p>	-	-

On March 30, 2013 we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,410 at 12% interest.

The holder has the right to convert the note to common stock at \$0.002 per share.

3,410

3,410

On April 26, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$150,019.98 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share. On September 30, 2013 this note was amended and \$142,150.08 of the note was assigned by court order to a non-related third party, leaving a balance of \$7,869.90 with the original party. On September 30, 2013 the third party, further assigned their \$142,150.88 portion of this note and a request to modify the conversion price to \$0.0008 was approved. On December 31, 2013 \$20,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$122,150.08 on this portion of the assigned note.

This conversion reduced the Company notes payable by \$20,000. The balance of the unassigned portion of the note is \$7,869.90. On January 24, 2014, \$20,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$102,150.08 on this portion of the assigned note. This conversion reduced the Company notes payable by \$20,000. The balance of the unassigned portion of the note is \$7,869.90. On September 4, 2014, \$10,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$92,150.08 on this portion of the assigned note. This conversion reduced the Company notes payable by \$10,000. The balance of the unassigned portion of the note is \$7,869.90.

100,020

130,020

On April 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,210 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. On November 13, 2013 this note was amended was assigned to a non-related third party, A request to modify the conversion price to \$0.00094 was approved. On November 14, 2013, \$23,210 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$0. This conversion reduced the Company notes payable by \$23,210

-

-

<p>On May 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,626 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This noteholder converted the full note balance on July 1, 2014. This transaction reduced the note payable by 13,626 and also eliminated the accrued interest.</p>	-	<u>13,626</u>
<p>On June 4, 2013, we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$37,500 at 8% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices. On December 31, 2013, a total of \$23,900 was converted to restricted common shares. On January 7, 2014 a total of \$13,600 principal and \$1,000 interest was converted to restricted common shares, and on January 8, 2014 \$500 in interest was converted to restricted common shares, which leaves a remaining principal and interest balance of \$0. These conversions of debt reduced the Company notes payables \$37,500.</p>	-	<u>13,600</u>
<p>On June 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,853 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by \$12,853 and also eliminated the accrued interest.</p>	-	<u>12,853</u>
<p>On July 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,106 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This noteholder converted the full note balance on July 10, 2014. This transaction reduced the note payable by \$13,046 and also eliminated the accrued interest.</p>	<u>60</u>	<u>13,106</u>
<p>On August 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$4,581 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on May 8, 2014. This transaction reduced the note payable by \$4,581 and also eliminated the accrued interest.</p>	-	<u>4,581</u>

<p>On September 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,370 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by 23,370 and also eliminated the accrued interest.</p>	-	<u>23,370</u>
<p>On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$140,806,35 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. This note was assigned to a non-related third party, who assigned to the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014. See footnotes for additional information. This transaction reduced the note payable by \$140,806 and also eliminated the accrued interest.</p>	-	<u>140,806</u>
<p>On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$200,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. This note was assigned to a non-related third party, who assigned to the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014. See footnotes for additional information. This transaction reduced the note payable by \$200,000 and also eliminated the accrued interest.</p>	-	<u>200,000</u>
<p>On October 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$20,895 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by \$20,895 and also eliminated the accrued interest.</p>	-	<u>20,895</u>
<p>On November 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$16,677 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.</p>	<u>16,677</u>	<u>16,677</u>

<p>On December 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,895 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by \$23,695 and also eliminated the accrued interest.</p>	<p><u>200</u></p>	<p><u>23,895</u></p>
<p>On December 31, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$126,000 at 10% interest for the accrued compensation owed to him for a portion of the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. This note was assigned to a non-related third party, who assigned the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014. See footnotes for additional information. This transaction reduced the note payable by \$126,000 and also eliminated the accrued interest.</p>	<p>-</p>	<p><u>126,000</u></p>
<p>On December 31, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$74,000 at 10% interest for the accrued compensation owed to him for a portion of the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.</p>	<p><u>74,000</u></p>	<p><u>74,000</u></p>
<p>On December 31, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$112,663 at 10% interest for the accrued compensation owed to him for a portion of the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.</p>	<p><u>112,663</u></p>	<p><u>112,663</u></p>

On December 31, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$59,194 at 10% interest for the accrued compensation owed to him for a portion of the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share. This note was assigned to a non-related third party, who assigned to the licensee. The Licensee contributed this note to RCI as partial consideration for the exclusive license agreement dated February 10, 2014. See footnotes for additional information. This transaction reduced the note payable by \$59,194 and also eliminated the accrued interest.

	-	<u>59,194</u>
--	---	---------------

On December 31, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$5,643 at 10% interest for the accrued compensation owed to him for a portion of the fiscal year 2013 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.

	<u>5,643</u>	<u>5,643</u>
--	--------------	--------------

On January 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,798 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by \$13,798 and also eliminated the accrued interest.

	-	-
--	---	---

On February 28, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$29,777 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. This note was assigned to an unrelated third party who converted the full note balance on July 1, 2014. This transaction reduced the note payable by \$29,777 and also eliminated the accrued interest.

	-	-
--	---	---

On March 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,572 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

	<u>3,572</u>	-
--	--------------	---

On April 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$33,914 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

	<u>33,914</u>	-
--	---------------	---

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On May 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$15,120 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

15,120

=

On June 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$9,477 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

9,477

=

On July 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$10,461 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

10,461

=

On September 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,513 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

3,513

=

Total notes payable	\$	1,268,163	2,287,772
Less Current Portion	\$	(879,434)	(1,293,433)
Less Debt Discount and Beneficial Conversion Feature	\$	(67,227)	(9,050)
Less Convertible Notes, Net of Discounts & Beneficial Conversion Feature	\$	(8,830)	(4,550)
Total Long Term Notes Payable	\$	312,673	980,738

Principal maturities of notes payable as of September 30, 2014 for the next five years and thereafter is as follows:

2014	\$	879,433
2015	\$	-0-
2016	\$	312,673
2017	\$	76,057
2018	\$	-0-
Total	\$	1,268,163

Embedded Derivatives

Notes that are convertible at a discount to market are considered embedded derivatives. For more information on the Notes affected, refer to Management's Discussion and analysis and the above list.

Under Financial Accounting Standard Board (FASB), U.S. GAAP, Accounting Standards Codification, Derivatives and Hedging , ASC Topic 815 (ASC 815) requires that all derivative financial instruments be recorded on the balance sheet at fair value. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

The Company issued convertible Notes and has evaluated the terms and conditions of the conversion features contained in the Notes to determine whether they represent embedded or freestanding derivative instruments under the provisions of ASC 815. The Company determined that the conversion features contained in the Notes represent freestanding derivative instruments that meet the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instruments in the Notes is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instruments of the convertible Notes and warrants was measured at the inception date of the Notes and warrants and each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date.

The Company valued the conversion features in its convertible Notes using the Black-Scholes model. The Black-Scholes model values the embedded derivatives based on a risk-free rate of return ranging from 0.09% to 0.14%, grant dates of Notes, the term of the Notes, conversion prices of 50% of current stock prices on the measurement date ranging from \$0.00085 to \$0.0019, and the computed measure of the Company's stock volatility, ranging from 345% to 358%.

Included in the September 30, 2014, is a derivative liability in the amount of \$0 to account for this transaction. This liability arose in the third quarter of 2012 and the balance will be revalued quarterly henceforth and adjusted as a gain or loss to the statements of operations depending on its value at that time.

Included in our Statements of Operations for the nine months ended September 30, 2014 is a gain of \$18,891 and a loss of \$(23,667) for the nine months ended September 30, 2013 in non-cash charges pertaining to the derivative liability as it pertains to change in derivative liability and amortization of debt discount, respectively.

NOTE 10 GOING CONCERN

The losses, negative cash flows from operations, and negative working capital deficiency sustained by the Company raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 11 ACQUISITION

Entry into a Material Definitive Agreement,

Revolutionary Concepts, Inc., a Nevada corporation, and Rainco Industries, Inc., a Georgia corporation (Rainco), have entered into a Member Interest Purchase Agreement, (the Purchase Agreement) dated as of December 7, 2012, in which the Company purchased from Rainco all the member interests in Greenwood Finance Group, LLC. (Greenwood). Pursuant to the Purchase Agreement and subject to the conditions set forth therein, the Company purchased all the member interests of Greenwood in exchange for ten million shares of Series A Convertible Preferred Stock (the Preferred Stock), the rights, preferences and designations of which are filed as an amendment to the Articles of Incorporation with the State of Nevada.

The completion of the acquisition, and the rights, preferences and designations (as permitted pursuant to the Company s Articles of Incorporation) was approved by the Board of Directors of the Company.

Each of the Company and Rainco has made customary representations and warranties in the Purchase Agreement. With representatives in Atlanta and Charlotte, Greenwood is a private equity firm consisting of a team of individuals who understand the work that goes into developing businesses in their beginning stages. In addition to providing funding through their Green Path Fund, Greenwood provides consultation services to help business leaders map out plans and goals for continued success. Greenwood provides broad-spectrum investment and capital services to small-cap and micro-cap companies; strategically positioning them for long-term growth and profitability. Greenwood delivers, through their global network of investment partners and private equity groups, the capabilities to quickly tailor funding solutions that meet the unique needs of each client which can be tailored to a client s capital funding needs so it can focus on growing the client s company.

Additional Summary of the Purchase Agreement

The Company has also agreed to various restrictive covenants in the Purchase Agreement and the Preferred Stock, including, among other things but not limited to, (i) conduct business in the ordinary course consistent with past practice in all material respects ; (ii) limit the Company s right to issue securities, without the approval of the Preferred Stock; (iii) limit the incurrence of debt in excess of \$10,000, without the approval of the Preferred Stock; (iv) sell its own assets or purchase the assets of another entity, without the approval of the Preferred Stock and (vi) limit the Board of Directors to five members and allow Rainco the right, not the obligation, to recommend three members in the event of any vacancies, to serve in accordance with the Company bylaws. The restrictive covenants will terminate upon the elimination of the outstanding obligations of RCI to Rainco.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Each share of Preferred Stock is convertible, at the discretion of the holder, into 1.8 shares of Company common stock (with provisions which reduce the conversion ratio to one share of Preferred Stock for one share of Company common stock under specified conditions). The Preferred Stock has liquidation preferences and may be cancelled and returned to the Company in exchange for the Member Interests under certain restrictive circumstances.

The foregoing summary description of the Purchase Agreement, the Preferred Stock and the transaction, is not complete and is subject to and qualified in its entirety by reference to the Purchase Agreement, a copy of which is on file with the Commission as Exhibit 2.1 of the 8-k filed on December 20, 2012, and the Preferred Stock, of which is attached hereto as Exhibit 3.1, and the terms of which are incorporated herein by reference.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

The Purchase Agreement and the right, preferences and designations of the Preferred Stock have been attached as Exhibits to this report in order to provide investors and security holders with information regarding its terms. It is not intended to provide any other financial information about the Company, Rainco, Greenwood, or their respective subsidiaries and affiliates. The representations, warranties and covenants contained in the Purchase Agreement and Preferred Stock were made only for purposes of that agreement and as of specific dates; were solely for the benefit of the parties to the Purchase Agreement and Preferred Stock; may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company, Rainco, Greenwood or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Company.

Based on its long-term business strategy, management has decided to reserve the entire value of the gain on sales of notes and the valuation of the notes receivable through our subsidiary, Greenwood Finance Group, LLC. We will recognize the assets and revenue as cash payments are received against the notes receivables and as interest payments. This may also allow the company to maximize its tax planning strategy. The following table summarizes the consideration paid by the Company and the amounts of the assets acquired at the acquisition date based on the above noted reserves:

Purchase Price Allocation Consideration:

December 7 , 2012

Equity instruments (10,000,000 Preferred Class A Shares

of Revolutionary Concepts, Inc.)

18,000,000

**Recognized amounts of identifiable assets acquired as of
September 30, 2014:**

Accumulated Interest Income (\$2,095,279 reserved)

Notes Receivable (\$7,108,861 reserved)

Total assets (\$9,204,140 reserved)

Fair value of total assets (\$9,204,140 reserved)

NOTE 12 SUBSEQUENT EVENTS

On January 2, 2015, our wholly owned subsidiary, Greenwood Finance Group, began collecting interest payments on its \$7,000,000.00 in notes receivable. The subsidiary collected payments consisting of cash equivalents valued at approximately \$1.2 million dollars.

On January 13, 2015, the Company approved two principal features of a restructuring and recapitalization plan. The features of the plan include raising capital and exchanging much of the Company's senior secured debt and related obligations for new equity. The Board approved the strategic plan which is designed to restructure and recapitalize the Company. The principal features of the plan encompass a recapitalization and balance sheet restructuring, which includes the creation of new classes of preferred shares and a debt-for-equity exchange.

In accordance with ASC 855-10 Company management reviewed all material events through the date of this report.

Unless otherwise noted, references in this Form 10-Q to RCI, we, us, our, and the Company means Revolutionary Concepts, Inc., a Nevada corporation.

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

Forward-Looking Statements

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this registration statement. Portions of this document that are not statements of historical or current fact are forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations and intentions. The cautionary statements made in this registration statement should be read as applying to all related forward-looking statements wherever they appear in this registration statement. From time to time, we may publish forward-looking statements relative to such matters as anticipated financial performance, business prospects, technological developments and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. All statements other than statements of historical fact included in this section or elsewhere in this report are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, but are not limited to, the following: changes in the economy or in specific customer industry sectors; changes in customer procurement policies and practices; changes in product manufacturer sales policies and practices; the availability of product and labor; changes in operating expenses; the effect of price increases or decreases; the variability and timing of business opportunities including acquisitions, alliances, customer agreements and supplier authorizations; our ability to realize the anticipated benefits of acquisitions and other business strategies; the incurrence of debt and contingent liabilities in connection with acquisitions; changes in accounting policies and practices; the effect of organizational changes within the Company; the emergence of new competitors, including firms with greater financial resources than ours; adverse state and federal regulation and legislation; and the occurrence of extraordinary events, including natural events and acts of God, fires, floods and accidents.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those identified in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the period ended December 31, 2013, as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may affect generally our business, results of operations and financial position. Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

Our Ability to Continue as a Going Concern

Our independent registered public accounting firm has issued its report dated May 1, 2014, in connection with the audit of our consolidated financial statements as of December 31, 2013, that included an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern. Our unaudited condensed consolidated financial statements as of September 30, 2014 have been prepared under the assumption that we will continue as a going concern. Specifically, Note 10 of our unaudited financial statement for the quarter ended September 30, 2014 addresses the issue of our ability to continue as a going concern. If we are not able to continue as a going

concern, it is likely that holders of our common stock will lose all of their investment. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Overview

Revolutionary Concepts, Inc. (the Company) was originally organized in North Carolina on March 12, 2004. On February 28, 2005, the Company was reorganized and re-domiciled as a Nevada corporation. The Company is a development stage company positioned to begin launch and license of its patented technologies. The Company was incorporated as a Nevada corporation on February 28, 2005 to reincorporate and re-domesticate two existing North Carolina entities; Revolutionary Concepts, Inc. and DVMS, LLC. The Company is engaged in the development of patented entry management systems and hopes to continue to develop smart camera technologies that interface with smart devices enabling remote monitoring.

The Company's efforts to date have been devoted to securing the intellectual framework around several key technologies and applications related to remote video monitoring, video analytics and software enabled camera. Advances in wireless technologies combined with increased data speed rates permits a very sophisticated and new means of monitoring, security and entry management.

The Company's joint venture agreement with IQMagine continues to advance, with the recently received patent for a child car seat with a built in monitor for gaming and two-way communication (Patent No. 8,016,676). The proof of concept and ideation of this product have been completed as well as an additional item - consisting of a plush toy capable of monitoring and two-way communication. Chris Scheppegrell, managing member of IQMagine is implementing a strategy for licensing of both products.

The Company has also completed the acquisition of Greenwood Finance Group, LLC. The Company and Rainco Industries, Inc. entered into a Member Interest Purchase Agreement, (the Purchase Agreement) dated as of December 7, 2012, in which the Company purchased from Rainco Industries, Inc. all the issued and outstanding member interests in Greenwood Finance Group, LLC. (Greenwood). With representatives in Atlanta and Charlotte, Greenwood is a private equity firm consisting of a team of individuals who understand the work that goes into developing businesses in their beginning stages. In addition to providing funding through their Green Path Fund, Greenwood provides consultation services to help business leaders map out plans and goals for continued success. Greenwood provides broad-spectrum investment and capital services to small-cap and micro-cap companies; strategically positioning them for long-term growth and profitability. Greenwood delivers, through their global network of investment partners and private equity groups, the capabilities to quickly tailor funding solutions that meet the unique needs of each client which can be tailored to a client's capital funding needs so it can focus on growing the client's company.

Exclusive License Agreement

On February 10, 2014, the Company's Board of Directors agreed to an exclusive worldwide license agreement for the following patents: U.S. Patent 7,193,844; U.S. Patent 8,139,098; U.S. Patent 8,144,183; U.S. Patent 8,144,184; U.S. Patent 8,154,581; U.S. Patent 8,164,614; U.S. Patent 8,016,676 B2 to a third party. Under the terms of the agreement, EyeTalk365, LLC, (the Licensee), paid \$900,000.00 in cash equivalents consisting of convertible promissory notes and a 40% equity stake in the Licensee, and will bear ongoing development and operational cost to build and or secure a sub-licensee(s). Additionally, the licensee will bear all legal cost to prosecute and defend the patents in any infringement actions. Under the terms of the agreement, the Company will receive, 40% of all gross profit generated by the sale and or

additional sub-licensing of the patents. This payment is mandated by the agreement and is not subject to additional withholdings from the licensee.

On September 16, 2014, the Company and the Licensee amended the original agreement to include more specific language and rights.

The Licensee has formally reported to the Company that it is engaged in three patent infringement lawsuits regarding the patent portfolio that it has licensed. The Licensee has not provided any forecasted awards or outcomes that may result from these actions. The Licensee has further disclosed that these actions may result with no outcome, financial or otherwise.

Revolutionary Concepts Signs Agreement with Company for \$10 Million Credit Facility

On July 2, 2014, the Company filed notification on a Form 8-K Report that Revolutionary Concepts Inc., wholly owned subsidiary Greenwood Finance Group, LLC signed an Agreement with a funding company for a \$10 million revolving line of credit for capital funding. The Agreement allows Greenwood to partner in business with an experienced company in the financing services and investment banking industry.

The terms of the Agreement include among other things; (a) the facility is a senior term loan credit facility (b) the credit facility has an initial two year term (c) the credit facility has an interest rate of 16.5% (d) the maturity date is 6 months from the execution date of the agreement (d) the credit facility is subject to periodic due diligence and compliance with all terms of the Senior Secured Revolving Credit Facility Agreement and the Guaranty Agreement. The proceeds for the credit facility are intended to be used for working capital, investments, acquisition of distressed financial assets, and to provide short-term financing to small and mid-cap companies. Neither the Credit Parties, nor any of their Affiliates, shall use any portion of the proceeds of the Loans, either directly or indirectly, for the purpose of (i) purchasing any securities underwritten by any Affiliate of Lender, (ii) paying or repaying any debt owed to any third party, not in the ordinary course of business, (iii) paying any taxes owed or to be owed by any Credit Party or (iv) paying or repaying any officer or director of any Credit Party. Although the credit facility is available, the Company has not and may not access any of the funding.

Corporate Information and History

The Company was founded in 2004 as Revolutionary Concepts, Inc., a North Carolina corporation and its subsidiary, D.V. M. S., LLC for the purpose of developing a network camera video device. The Company reincorporated in Nevada in February 2005 as Revolutionary Concepts, Inc. to re-domicile the North Carolina corporation to a Nevada corporation by the same name.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

Our principal executive offices are located at 4822 Albemarle Rd., Suite 209, Charlotte, NC 28205. The Company's telephone number is 980-225-5376. The President of the Company is Ronald Carter. The Company maintains a corporate website at www.revolutionaryconceptsinc.com. The contents of our website are not part of this annual report and should not be relied upon with respect to the annual report or incorporated by reference.

To date, our efforts have been largely devoted to developing the Company's corporate structure, supporting investor relations and seeking patent protection around verticals of the core system. The Company is currently focused on the development stage now that the supporting technologies for the EyeTalk® system have emerged. Through its licensing agreement, the company is actively involved in infringement review and identifying possible licensing opportunities. Product development remains a key goal of the company as well; however, it may or may not be as practical as once considered.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Operating Expenses Although we have not begun to generate revenues, our total operating expenses decreased to \$128,170 from \$147,480 for the three months ended September 30, 2014 and 2013, respectively, as compared to \$450,292 and \$484,893 for the nine months ended September 30, 2014 and 2013, respectively. This decrease for the three and nine months periods is primarily attributable to additional payroll and related expenses for Greenwood Financial personnel, offset by reduction in officer accrued and unpaid salaries and related expenses and increases in professional services.

Net Loss. Our net loss decreased to \$(29,115) from \$(113,397) for the three months ended September 30, 2014 and 2013, respectively as compared to a gain of \$549,361 and a loss of \$(780,352) for the six months ended September 30, 2014 and 2013, respectively. Once again attributable primarily to payroll and related expenses for Greenwood Financial personnel, offset by reduction in officer accrued and unpaid salaries and related expenses and increases in professional services.

Assets. Assets decreased by \$8,908 to \$139,175 at the period ended September 30, 2014, compared to \$148,083 as of December 31, 2013. This decrease was primarily due to decreases in patent and security deposits.

Liabilities. Total liabilities decreased by \$745,423 to \$2,166,576 as of September 30, 2014 from \$2,911,999 as of December 31, 2013. The increase is attributable to the decrease in related party notes and notes to unrelated parties due to conversion to stock.

Stockholders' Equity (Deficit). Stockholders' deficit decreased by \$736,515 to \$(2,027,401) as of September 30, 2014 from \$(2,763,916) as of December 31, 2013. The decrease was due primarily to the net income of \$549,361 and decreases in notes payable.

Liquidity and Capital Resources

General. Our primary sources of cash have been sales of common stock through private placements and loans from affiliates and unrelated third parties. We are a developmental stage company moving from R & D to the initial stages of development and/ licensing. The transition from R & D to development and production requires a greater focus on operations, product infrastructure, distribution and channel partners and industry alliances. Over the next 6 - 12 months, we will be looking for the ideal acquisitions that will enable our company to take advantage of an existing customer base. Our management will also pursue appropriate Letter of Intents and Joint Ventures that will position our company to move its products into these ventures when successful production is completed. We have also engaged an expert and signed exclusive agent agreement to pursue licensing opportunities within our patent portfolio.

Overall, we had a net decrease in cash of \$0 for the period ended September 30, 2014 over the prior year period increase of \$4,799.

Cash Flows from Operating Activities. Net cash used in operating activities decreased to \$91,230 for the period ended September 30, 2014 compared to net cash used in operating activities of \$ 686,254 for period ended September 30, 2013 is primarily attributable to the decreases in notes payable and accrued expenses, and offset by gains on forgiveness of notes which created a net profit.

Cash Flows from Investing Activities. There were \$1,607 used by investing activities for the ended period ended September 30, 2014 compared to \$63,095 cash used by investing activities for the ended period ended September 30, 2013.

Cash Flows from Financing Activities. Net cash provided by financing activities was \$92,837 for the period ended September 30, 2014 compared to cash provided by financing activities was \$754,148 for the period ended September 30, 2013 was attributable to the decrease in notes payable of \$84,383 and a decrease in issuance of stock for retirement of debt of \$745,693.

Our Company's Capital Structure

In its efforts to grow and expand our company, management must obtain the necessary capital to achieve those objectives, decide on the best methods to obtain that capital, and retain the capital structure of our company. The primary ways a company will raise capital is either through debt financing (borrowing money), or equity financing (selling a portion of the company via shares of stock) or a combination of both. The type of capital chosen (debt or equity), and methods of raising the capital depend on a number of factors including; the company's life cycle stage, e.g., start-up, development, high-growth or maturity, future growth prospects, strength of the national economy and the credit markets.

Potential investors in any company, including ours, will consider those factors and the relative risks to their investment capital. To limit their risks, these investors may limit the size of their investment, or provide it to the company in stages, that is contingent upon the company reaching stated goals e.g., production, marketing, distribution and revenues. The ultimate question for management is; how do you get the investors to commit to making what could be a high risk investment for them, although one that would correspondingly benefit the company, however one that the investor could lose if the company were to fail. Management considered both the equity and the debt financing options based on our life cycle stage, economy, credit markets and other circumstances at the time, and reached the following conclusions;

Equity Financing - Management decided not to raise additional capital through an equity offering in its initial start-up and development stage for a variety of reasons;

- (1) The Company would have had to go through the process of filing a registration statement e.g. S-1 with the SEC, which would have required expenditures and resources with no assurances of receiving expeditious approval and would have been very time consuming, given our situation at that time.
- (2) The direct and indirect flotation costs of the issuance of an equity capital raise could have run \$250,000 or more, and the Company did not have those funds available.
- (3) It would have been very difficult to get an investment banker to underwrite a new issuance for a development stage company with a limited operating history and revenues.

(4) Many investors did not want to take an equity position in the Company at that time and the corresponding risks of ownership.

(5) The issuance of equity to these investors, after resolving the potential regulatory challenges, legal issues, time constraints, and costs would have resulted in immediate dilution for the other shareholders, giving them only limited hopes that value would be created.

Therefore, due to the above stated reasons, the economic climate and the Company's circumstances at that time, management elected not to pursue raising capital through an equity offering at that time.

Debt Financing Management elected to raise capital for the Company through debt financing for the following reasons;

- (1) Due to the Companies need for further development of our patents, it had immediate and continuous need for capital.
- (2) The investors were more willing to invest funds more expeditiously, and take a creditor s position instead of that as an owner by taking an equity position.
- (3) With those immediately available funds, management could continue to develop our technology and create short-term economic value to the Company by contracting with various vendors for work, prior to any equity dilution taking place.
- (4) The investors were issued Promissory Notes that were unsecured without any collateral (taking a high risk), except as called for in the agreements.
- (5) The Notes required no monthly payments which allowed us to use that free cash flow for operating expenses, reduced our cash outlays, interest payments and improve our budget, plans and forecast our cash flow.
- (6) The investors received the potential upside of conversion of the Notes into equity while protecting our downside with the use of the cash flow.
- (7) Should the investors decide to convert the Notes into common stock, then the Company s debt would be eliminated from its balance sheet.
- (8) The tax benefits of debt financing is that it s less expensive, while the Company is taxed on earnings, it is not generally taxed on borrowed money and the interest on the Notes is tax deductible.
- (9) Since the investors do not have any equity interests, it has no voting rights or other control over the management of the Company, its operations and no claim to its future earnings.
- (10) If the Company ever suffers a negative financial situation, it is much easier to re-negotiate the terms of the Notes with the individual investors than with a bank, or a group of investors through an equity or bond offering.

Based on the reasons above, and since we required immediate capital to rapidly expand, grow, restructure its operations, continue development, finance potential acquisitions, and execute its marketing plans; raising capital through debt financing, we believed, was our best alternative. This strategy resulted in our expanding our technology patents; thereby, increasing our potential assets, market capitalization value and our shareholders owning a portion of a much larger and more valuable company. As we continue to advance and develop through the different stages of our business life cycle, management will evaluate options, alternatives, and make strategic decisions for the best investment opportunities, financing and capital structure at that time.

Debt

In its efforts to expand and grow, we issued debt instruments to borrow funds from various creditors to raise capital. These are long-term Notes with various rates and maturities, that grants the Note Holder the right, (but not the obligation), to convert them into shares of our common stock in lieu of receiving payment in cash. The issued Notes

are secured obligations. The principal amount of the Notes may be

prepaid upon agreement of both parties and a prepayment penalty, in whole or part at any time, together with all accrued interest upon written notice.

Our management believes that there are a number of benefits when issuing debt versus issuing equity capital. The interest paid on debt capital is tax exempt; hence, our loan costs are lowered. Outside of their contractual debt documents, creditors have no control in the conduct of the business, so by issuing debt capital, we do not dilute the ownership rights of our shareholders (unless and until any debt is converted into equity). Also, as the interest rates are predetermined, the management is able to budget for the payments. Generally, debt is less costly and the time involved to be able to raise the capital is shortened. In many cases, raising capital through equity requires regulatory approval, which can take months and is dilutive to all shareholders.

From January 7 through January 9, 2013, we received notices of partial conversion from an unrelated third party as part of a note originally issued on June 19, 2012. A total of \$16,500 and accumulated interest of \$1,100 was converted and 19,130,435 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$16,500 and also eliminated the accrued interest on the amount converted.

On January 17, 2013, we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$42,500 at 8% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices.

On February 28, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,898 at 12% interest. The holder has the right to convert the note to common stock at \$0.003 per share.

On March 30, 2013 we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,410 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On April 26, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$150,020 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share. On September 30, 2013 this note was amended and \$142,150 of the note was assigned by court order to a non-related third party and a request to modify the conversion price to \$0.0008 was approved, leaving a balance of \$7,870 with the original party. On January 24, 2014 \$20,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$122,150.08 on this portion of the assigned note. This conversion reduced the Company notes payable by \$20,000. On September 4, 2014, \$10,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$92,150 on this portion of the assigned note and a balance of \$100,020 on the assigned and unassigned portions. This conversion reduced the Company notes payable by \$10,000 and also eliminated the accrued interest on the amount converted. The balance of the unassigned portion of the note is \$7,870.

On April 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,210 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. On November 13, 2013 this note was amended was assigned to a non-related third party, A request to modify the conversion price to \$0.00094 was approved. On November 14, 2013, \$23,210 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$0. This conversion reduced the Company notes payable by \$23,210 and also eliminated the accrued interest on the amount converted,

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

From May 3 through May 20, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on October 12, 2012. A total of \$32,500 and accumulated interest of \$1,300 was converted and 35,149,254 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$32,500 and also eliminated the accrued interest on the amount converted.

On May 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,626 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On June 4, 2013, we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$37,500 at 8% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices. On December 31, 2013, a total of \$23,900 was converted to restricted common shares, which leaves a remaining principal balance of \$13,600. This conversion of debt reduced the Company notes payables \$23,900 and also eliminated the accrued interest on the amount converted,

On June 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,853 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 18, 2013 the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on August 30, 2012. A total of \$20,000 was converted to 18,181,818 restricted common shares (which was originally submitted on May 24, 2013), which leaves a remaining principal balance of \$26,600. This conversion of debt reduced our notes payables \$20,000 and also eliminated the accrued interest on the amount converted.

From August 20 through September 6, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on January 17, 2013. A total of \$42,500 and accumulated interest of \$1,700 was converted and 70,131,842 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$42,500 and also eliminated the accrued interest on the amount converted.

On September 24, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on February 28, 2013. A total of \$12,898.04 was converted and 16,122,550 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$12,898.04 and also eliminated the accrued interest on the amount converted.

On September 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,370 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$140, 806.35 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$200,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.

2014

From January 7 and January 8, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on June 4, 2013. A total of \$13,600 and accumulated interest of \$1,500 was converted and 17,786,227 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$13,600 and also eliminated the accrued interest on the amount converted.

On January 24, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on April 26, 2013. A total of \$20,000 was converted and 25,000,000 restricted common shares were issued, which leaves a remaining principal balance of \$110,020. This conversion of debt reduced our notes payables \$20,000 and also eliminated the accrued interest on the amount converted.

On January 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,798 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On February 28, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$29,777 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On March 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,572 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On April 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$33,914 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On May 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$15,120 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On June 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$9,477 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$10,461 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,513 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on May 30, 2013. A total of \$13,626 of this note was converted to 6,812,870 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,626 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on June 30, 2013. A total of \$12,853 of this note was converted to 6,426,500 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$12,853 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on September 30, 2013. A total of \$23,370 of this note was converted to 11,684,925 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,370 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on October 30, 2013. A total of \$20,895 of this note was converted to 10,447,550 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$20,895 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on December 30, 2013. A total of \$23,695 of this note was converted to 11,847,435 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,695 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on January 31, 2014. A total of \$13,798 of this note was converted to 6,879,000 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,798 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on February 28, 2014. A total of \$29,777 of this note was converted to 14,888,575 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$29,777 and also eliminated the accrued interest.

On July 10, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on July 30, 2013. A total of \$13,106 of this note was converted to 6,523,040 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,106 and also eliminated the accrued interest.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On July 10, 2014, the Company notices of partial conversion from an unrelated third party as part of a note originally issued on November 12, 2012. A total of \$40,000 of this note was converted to 20,000,000 restricted common shares, which leaves a remaining principal balance of \$36,270. This conversion reduced the Company notes payable by \$40,000 and also eliminated the accrued interest on the amount converted.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On July 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$10,461 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,513 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

The investors and private equity firms are very astute and have many years of experience and expertise in making successful investments in many companies. They have been investing with our company for several years, and have provided us with critical short and long-term funds that we have used for operations, working capital, and investment capital for our business acquisitions to expand and grow our Company. They have the option to convert their Notes into stock after a six month holding period in accordance with exemptions provided pursuant to the federal and state securities rules and regulations. However, most have elected to hold their Notes for 1 to 3 years and therefore have taken a long-term investment strategy in our company. Without their continuous long-term commitment to investment in our company, it is unlikely that the growth and expansion that we have achieved would have been possible.

Our largest noteholder is Rainco Industries, Inc. On September 26, 2014, our Board approved a resolution regarding conversions by Rainco stating: in no event shall Rainco Industries, Inc. be entitled to convert any portion of the Notes, in which the sum of (1) the number of shares of Common Stock beneficially owned by Rainco Industries, Inc. and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Company subject to a limitation on conversion of exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of the Notes with respect to which the determination of this proviso is being made, would result in beneficial ownership by Rainco Industries, Inc. and its affiliates of more than Four Point Nine Nine Percent (4.99%) of the outstanding shares of Common Stock of the Company. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended and Regulations 13D-G thereunder.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its consolidated financial condition or the consolidated results of its operations, except the following:

June 2014 -Accounting Standards Update 2014-10 Development Stage Entities (Topic 915) Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation.

The objective of the amendments in this Update is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities. Users of financial statements of development stage entities told the Board that the development stage entity distinction, the inception-to-date information, and certain other disclosures currently required under U.S. generally accepted accounting principles (GAAP) in the financial statements of development stage entities provide information that has limited relevance and is generally not decision useful. As a result, the amendments in this Update remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information.

The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The amendments to eliminate that exception simplify U.S. GAAP by reducing avoidable complexity in existing accounting literature and improve the relevance of information provided to financial statement users by requiring the application of the same consolidation guidance by all reporting entities. The elimination of the exception may change the consolidation analysis, consolidation decision, and disclosure requirements for a reporting entity that has an interest in an entity in the development stage.

Additional Information

We file reports and other materials with the Securities and Exchange Commission. These documents may be inspected and copied at the Commission's Public Reference Room at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also get copies of documents that we file with the Commission through the Commission's Internet site at www.sec.gov.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13 a-15 (f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting and determined that our internal control over financial reporting was ineffective as of December 31, 2013 due to material weaknesses. A material weakness in internal control over financial reporting is defined by the Public Company Accounting Oversight Board's Audit Standard No. 5 as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. Management's assessment identified the following material weaknesses in internal control over financial reporting:

The small size of our Company limits our ability to achieve the desired level of separation in our internal controls and financial reporting. We do have a separate CEO and CFO; however, we do not have an Audit Committee to review and oversee the financial policies and procedures of the Company. Until such time we are able to install an audit committee, we do not meet the full requirement of separation. In the interim, we will continue to strengthen the role of our CEO and CFO and their review of our internal control procedures.

(b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director or executive officer of our Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities, except as noted below; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the commodities futures trading commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

For several years, RCI has been engaged in litigation against its former patent attorneys for malpractice arising from a missed filing deadline relating to obtaining patents for RCI's core technologies outside the United States. After a two-year fight over jurisdiction in the case, including wins for RCI at the trial court and at the North Carolina Court of Appeals, the case was remanded to the trial court for further proceedings. Unfortunately, the trial court dismissed the case on a technicality, potentially ending the case. An appeal was filed in November 2012. The North Carolina Court of Appeals reviewed the Company's appeal on February 12, 2013. The results of the appeal were filed on May 7, 2013. The Court of Appeals reversed the dismissal in part. The Court ruled that tort claims are not assignable in North Carolina, therefore, the plaintiff in the case will remain Ron Carter. The Company is reviewing any possible remaining claims it may have for legal negligence. Management believes that the fact that the Company was dismissed is not really significant at all, because the claims in the suit will be maintained and the case continues to be litigated through Mr. Carter's personal claim for damages, as the original patent applicant. The Court also affirmed that the uninvolved individual defendants, Clements and Bernard, are not individually liable for Dougherty's and Brockington's malpractice which management believes is irrelevant. This case involves the international patents and not the United States patents that have been awarded.

The Company also sued Emmanuel Ozoeneh in federal court. Mr. Ozoeneh was a former business partner in a prior business venture with our CEO Ron Carter. Mr. Ozoeneh began making false claims that he was the inventor of the EyeTalk® system. RCI filed suit in federal court to have Mr. Carter declared the sole inventor. This case has been resolved to the satisfaction of the Company. The terms of the agreement are confidential, but the result was that Ronald Carter and the Company were declared as the sole inventor and retains all rights to the patent(s) for the EyeTalk® system. The Company is currently in default on the agreement and is working to resolve the default.

In July and August 2009, the Company issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and

interest were due in May 2010. In 2009, the Board of Directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. The note became due in November 2010. On October 5, 2010, the Company received notice that a claim for judgment had been filed in Mecklenburg County by a shareholder for the note that was in default as of May 2010. On January 7, 2011, the note holder amended the filing to include the personal

loan. The amount of the claim was \$100,996, plus interest at 8% and legal costs. On the 10th day of May 2011, a summary judgment was entered on behalf of the plaintiff against Mr. Carter and the Company. On the 4th day of August 2011, the Company reached an agreement with a third party to negotiate and acquire the judgment award and to agree to a convertible note from the Company for its services. The total value of the convertible note is \$144,067 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

On February 12, 2013, the Company received notice that a petitioner had been issued a summary judgment against the Company in the amount of \$6,485.96, including \$1,250.00 attorney fees, plus interest.

Omnisun Azali vs. Claude D. McDougal and US Financial Consultants LLC

On January 30, 2013, a final order was filed in the Superior Court of Mecklenburg County North Carolina against a former officer and director, Mr. Claude McDougal. The final order was for a judgment against Mr. McDougal and US Financial Consulting, LLC, by an unrelated third party. The Company received a copy of the notice and has been instructed by the court to forward any property, monies and or membership interest due to Mr. McDougal to the defendant, up to and including principal; accumulated interest; attorney's fees and court costs of \$142,150.

On September 30, 2013, the Company complied with this notice and assigned \$142,150 of Mr. McDougal's interest in a note for unpaid salary that was dated April 26, 2013 to Omnisun Azali, per the courts instructions. The original note assignment was mailed to Omnisun Azali shortly after issuance.

Omnisun Azali vs. Revolutionary Concepts, Inc., et al.

On April 23, 2014 both Ron Carter and Solomon Ali appeared before the Civil Superior Court of Mecklenburg County concerning the matter of Omnisun Azali vs Claude McDougal and US Financial Consultants. The plaintiff claimed Carter and Ali were in contempt for not complying with the Court's order dated January 30, 2013 concerning salary owed to Mr. McDougal. The Plaintiff claimed he was not in receipt of the original note assignment dated September 30, 2013. A contempt hearing was scheduled for June 2014 to determine if Carter and Ali were in contempt for failure to cause Revolutionary Concepts, Inc. to take the actions ordered by the Mecklenburg County Superior Court in its order dated January 30, 2013 and filed on the same date.

On June 5, 2014 the client's motion for contempt was dismissed and Revolutionary offered to deliver a replacement note to the Plaintiff. On June 5, 2014 the Replacement Amended Convertible Note (the Note) per the judgment of the N.C. Superior Court, and approved by a majority of the Board of Directors, replacing that certain Promissory Note dated September 30, 2013 (the Amended Note), in the amount of One Hundred Forty Two Thousand One Hundred Fifty and 08/100 Dollars (\$142,150.08), by and between Revolutionary Concepts Inc., and Omnisun Azali, was

delivered to the Plaintiff.

Resolution of Case. Rainco Industries Inc., Revolutionary Concepts Inc., and the named Directors and Officers of each company have resolved all claims with Omnisun Azali in the filed cases in the states of Ohio and North Carolina. Documents in resolution of the case have been circulated for execution. A Vacation of the Judgment, (vacated judgment), and Orders and dismissal of the underlying cases with prejudice are expected by the Resolution Agreement. A vacated judgment is usually the result of the judgment of an appellate court, which overturns, reverses, cancels, nullifies or sets aside a previous judgment of a lower court, rendering it legally null and void.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors together with the other information contained in business, financial condition or results of operations could be materially adversely affected. There have been no material changes to the risk factors previously discussed in Item 1A of the Company's Form 10-K for the year ended December 31, 2013, (SEC File Number 000-53674) on the website at www.sec.gov, including but not limited, to the following:

The market price of our common stock may limit its eligibility for clearing house deposit.

We are advised that if the market price for shares of our common stock is less than \$0.10 per share, Depository Trust Company and other securities clearing firms may decline to accept our shares for deposit and refuse to clear trades, in our securities. This would materially and adversely affect the marketability and liquidity of our shares and, accordingly may materially and adversely affect the value of an investment in our common stock.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart our Business Startups Act of 2012 or JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations that affect public companies, which could materially adversely affect our results of operations, financial condition, business and prospects.

As a public company and particularly after we cease to be an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting and corporate governance requirements. These requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules implemented by the SEC.

The increased costs associated with operating as a public company will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our results of operations, financial condition, business and prospects.

However, for as long as we remain an emerging growth company as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an emerging growth company.

If the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any June 30, we would cease to be an emerging growth company as of the following June 30, or if we issue more than \$1 billion in non-convertible debt in a three-year period, we would cease to be an emerging growth company immediately.

ITEM 2. UNREGISTERED SALES OF EQUITY AND USE OF PROCEEDS

2013

From January 7 through January 9, 2013, we received notices of partial conversion from an unrelated third party as part of a note originally issued on June 19, 2012. A total of \$16,500 and accumulated interest of \$1,100 was converted and 19,130,435 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$16,500.

On January 17, 2013, we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$42,500 at 8% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices.

On February 28, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,898 at 12% interest. The holder has the right to convert the note to common stock at \$0.003 per share.

On March 30, 2013 we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,410 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On April 26, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$150,019.98 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share. On September 30, 2013 this note was amended and \$142,150.08 of the note was assigned by court order to a non-related third party and a request to modify the conversion price to \$0.0008 was approved, leaving a balance of \$7,869.90 with the original party. On December 31, \$20,000 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$122,150.08 on this portion of the assigned note. This conversion reduced the Company notes payable by \$20,000.

On April 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,210 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share. On November 13, 2013 this note was amended was assigned to a non-related third party, A request to modify the conversion price to \$0.00094 was approved. On November 14, 2013,

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

\$23,210 of this note was converted to restricted common shares, which leaves a remaining principal balance of \$0. This conversion reduced the Company notes payable by \$23,210

From May 3 through May 20, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on October 12, 2012. A total of \$32,500 and accumulated interest of \$1,300 was converted and 35,149,254 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$32,500.

On May 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,626 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On June 4, 2013, we entered into a nine (9) month convertible Promissory Note with a non-related creditor for \$37,500 at 8% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices. On December 31, 2013, a total of \$23,900 was converted to restricted common shares, which leaves a remaining principal balance of \$13,600. This conversion of debt reduced the Company notes payables \$23,900.

On June 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$12,853 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 18, 2013 the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on August 30, 2012. A total of \$20,000 was converted to 18,181,818 restricted common shares (which was originally submitted on May 24, 2013), which leaves a remaining principal balance of \$26,600. This conversion of debt reduced our notes payables \$20,000 and also eliminated the accrued interest on the amount converted.

From August 20 through September 6, 2013, the Company received notices of partial conversion from an unrelated third party as part of a note originally issued on January 17, 2013. A total of \$42,500 and accumulated interest of \$1,700 was converted and 70,131,842 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$42,500 and also eliminated the accrued interest on the amount converted.

On September 24, 2013, the Company received a notice of conversion from an unrelated third party as part of note originally issued to a non-related third party on February 28, 2013. A total of \$12,898.04 was converted and 16,122,550 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced the Company notes payables \$12,898.04 and also eliminated the accrued interest on the amount converted.

On September 30, 2013, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$23,370 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with Ronald Carter, its President and CEO for \$140, 806.35 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On September 30, 2013 the Company entered into a three (3) year convertible Promissory Note with its Senior Vice President, Solomon Ali for \$200,000 at 10% interest for the accrued compensation owed to him for the fiscal year 2012 in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005 per share.

2014

From January 7 and January 8, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on June 4, 2013. A total of \$13,600 and accumulated interest of \$1,500 was converted and 17,786,227 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$13,600.

On January 24, 2014, we received notices of partial conversion from an unrelated third party as part of a note originally issued on April 26, 2013. A total of \$20,000 was converted and 25,000,000 restricted common shares were issued, which leaves a remaining principal balance of \$110,020. This conversion of debt reduced our notes payables \$20,000.

On January 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$13,798 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On February 28, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$29,777 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On March 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,572 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On April 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$33,914 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On May 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$15,120 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

On June 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$9,477 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$10,461 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,513 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on May 30, 2013. A total of \$13,626 of this note was

Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

converted to 6,812,870 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,626 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on June 30, 2013. A total of \$12,853 of this note was converted to 6,426,500 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$12,853 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on September 30, 2013. A total of \$23,370 of this note was converted to 11,684,925 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,370 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on October 30, 2013. A total of \$20,895 of this note was converted to 10,447,550 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$20,895 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on December 30, 2013. A total of \$23,695 of this note was converted to 11,847,435 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$23,695 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on January 31, 2014. A total of \$13,798 of this note was converted to 6,879,000 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,798 and also eliminated the accrued interest.

On July 1, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on February 28, 2014. A total of \$29,777 of this note was converted to 14,888,575 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$29,777 and also eliminated the accrued interest.

On July 10, 2014, the Company received a notice of conversion from an unrelated third party of note originally issued to a non-related third party on July 30, 2013. A total of \$13,106 of this note was converted to 6,523,040 restricted common shares, which leaves a remaining principal balance of \$0 on this assigned note. This conversion reduced the Company notes payable by \$13,106 and also eliminated the accrued interest.

On July 10, 2014, the Company notices of partial conversion from an unrelated third party as part of a note originally issued on November 12, 2012. A total of \$40,000 of this note was converted to 20,000,000 restricted common shares, which leaves a remaining principal balance of \$36,270. This conversion reduced the Company notes payable by \$40,000 and also eliminated the accrued interest on the amount converted.

On July 31, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$10,461 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On September 30, 2014, we entered into a three (3) year convertible Promissory Note with a non-related creditor for \$3,513 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

The investors and private equity firms are very astute and have many years of experience and expertise in making successful investments in many companies. They have been investing with our company for several years, and have provided us with critical short and long-term funds that we have used for operations, working capital, and investment capital for our business acquisitions to expand and grow our Company. They have the option to convert their Notes into stock after a six month holding period in accordance with exemptions provided pursuant to the federal and state securities rules and regulations. . However, most have elected to hold their Notes for 1 to 3 years and therefore have taken a long-term investment strategy in our company. Without their continuous long-term commitment to investment in our company, it is unlikely that the growth and expansion that we have achieved would have been possible.

Our largest noteholder is Rainco Industries, Inc. On September 26, 2014, our Board approved a resolution regarding conversions by Rainco stating: in no event shall Rainco Industries, Inc. be entitled to convert any portion of the Notes, in which the sum of (1) the number of shares of Common Stock beneficially owned by Rainco Industries, Inc. and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Company subject to a limitation on conversion of exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of the Notes with respect to which the determination of this proviso is being made, would result in beneficial ownership by Rainco Industries, Inc. and its affiliates of more than Four Point Nine Nine Percent (4.99%) of the outstanding shares of Common Stock of the Company. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended and Regulations 13D-G thereunder.

ITEM 3. - DEFAULTS UPON SENIOR SECURITIES

There were no defaults upon senior securities during the period ended September 30, 2014.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. - OTHER INFORMATION

There is no information with respect to which information is not otherwise called for by this form.

ITEM 6. EXHIBITS

Exhibit No. Description

3.1* Articles of Incorporation

3.2* Bylaws

4.1* Form of Stock Certificate

4.2* Form of Class A Warrant Certificate

4.3* Form of Class B Warrant Certificate

4.4* Warrant Agreement

10.1* Agreement with Absolutely New

10.2* Agreement with Dr. Jones

10.3* Agreement with Tillman Wright

10.4* Agreement with JDSL

10.7* Consulting Agreement with Sedgefield Capital

10.8* Additional Services Agreement with Sedgefield Capital

10.9 License Agreement with Eytalk365 (filed herein)

10.10 Amended License Agreement with Eytalk365 (filed herein)

14.1* Code of Ethics

31.1 Certification of our Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(filed herein)

31.2 Certification of our Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(filed herein)

32.1 Certification of our Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(filed herein)

32.2 Certification of our Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(filed herein)

99.2* US Patent

* Exhibits are incorporated by reference and can be found in its entirety in our Registration Statement on Form S-1 filed May 23, 2008 (SEC File Number 000-53674).

SIGNATURES

Pursuant to the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf in Charlotte, NC, by the undersigned, thereunto duly authorized.

Registrant: Revolutionary Concepts, Inc.

Name

Date

By: /s/ Ronald Carter

February 13, 2015

Ronald Carter, Director, Chief Executive Officer

(Principal Executive Officer)

By: /s/ Garry Stevenson

February 13, 2015

Garry Stevenson, Director, Vice President, and Chief Financial Officer

(Officer and Principal Accounting Officer)