

VIEW SYSTEMS INC  
Form 10-Q  
August 19, 2009

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

FORM 10-Q

☐ QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number **000-30178**

**VIEW SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

**59-2928366**

(State or other jurisdiction of  
incorporation or organization)

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

**1550 Caton Center Drive, Suite E, Baltimore, Maryland 21227**

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(Address of principal executive offices) (Zip Code)

**(410) 242-8439**

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at August 18, 2009

Common Stock, \$.001 par value per share

53,942,369

**VIEW SYSTEMS, INC.**

**FORM 10-Q**

**FOR THE PERIOD ENDED JUNE 30, 2009**

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**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ( Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended ( Exchange Act ). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of View Systems, Inc. (the Company ), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend, or project or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**PART I: FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**View Systems Inc. and Subsidiaries**

**Unaudited Financial Statements**

**JUNE 30, 2009**





**View Systems, Inc.  
and Subsidiaries**

**Consolidated  
Balance Sheets**

June 30,

December 31,

2009

2008

**ASSETS**

Current Assets

Cash

\$

1,614

\$

1,768

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

85,112

88,731

Inventory

88,681

46,599

Total Current  
Assets

175,407

137,098

Property &  
Equipment (Net)

123,067

16,262

Other Assets

Licenses

944,624

997,104

Due from Affiliates

147,507

147,507

Investment

67,500

-

Deposits

7,528

7,528

Total Other  
Assets

1,167,159

1,152,139



Total Assets

\$

1,465,633

\$

1,305,499

**LIABILITIES AND  
STOCKHOLDERS'  
EQUITY**

Current Liabilities

Accounts Payable

\$  
415,542  
\$  
499,329

Accrued Expenses

16,005

28,650

Accrued Interest

161,375

126,155

Accrued Royalties

262,500

225,000

Loans from  
Shareholder

202,028

152,794

Notes Payable

591,285

559,093

Total Current  
Liabilities

1,648,735

1,591,021

Long-term Debt

Note payable

42,867

-

Total  
Liabilities

1,691,602

1,591,021

Stockholders' Equity  
(Deficit):

Preferred Stock,  
Authorized  
10,000,000 Shares,  
\$.01 Par Value,

Issued and  
outstanding 89,647

896

896

Common Stock,  
Authorized  
100,000,000 Shares,  
\$.001 Par Value,

Issued and  
Outstanding  
53,811,222

53,811

-  
Issued and  
Outstanding  
17,175,222

-  
17,175

Additional Paid in  
Capital

21,378,318

20,460,829

Retained Earnings  
(Deficit)

(21,658,994)



(20,764,422)

Total  
Stockholders' Equity  
(Deficit)

(225,969)

(285,522)

Total Liabilities  
and Stockholders'  
Equity

\$

1,465,633

\$

1,305,499

.

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

**View Systems,  
Inc. and  
Subsidiaries**

Consolidated  
Statements of  
Operations

For the Three  
Months Ended

For the Six  
Months Ended

June 30,

June 30,

2009

2008

2009

2008

Revenues, Net

\$
63,690
\$
464,141
\$
175,052
\$
754,572

Cost of Sales

30,527

131,981

71,871

239,211

Gross Profit

33,163

332,160

103,181

515,361

Operating  
Expenses

Business  
Development



16,415

12,037

42,753

35,654

General &  
Administrative

239,286

84,739

340,875

187,238

Professional  
Fees

109,640

13,824

276,825

51,227

Salaries &  
Benefits

63,178

93,160

300,301

158,130

Total Operating  
Expenses

428,519

203,760

960,754

432,249

Net Operating  
Income (Loss)

(395,356)

128,400

(857,573)

83,112

Other  
Income(Expense)

Interest Expense

(17,294)

(20,264)

(36,999)

(40,918)

Total Other  
Income(Expense)

(17,294)

(20,264)

(36,999)

(40,918)

Net Income  
(Loss)

\$

(412,650)

\$

108,136

\$

(894,572)

\$

42,194

Net Income  
(Loss) Per Share

\$

(0.01)

\$

0.09

\$

(0.02)

\$

0.03

Weighted  
Average Shares  
Outstanding

46,261,222

1,247,162

46,638,222

1,244,744

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





**View  
Systems, Inc.  
and  
Subsidiaries**

Consolidated  
Statements of  
Stockholders'  
Equity  
(Deficit)

Additional

Retained

Preferred

Common

Paid-in

Earnings

Shares

Amount

Shares

Amount

Capital

(Deficit)

Balance,  
December 31,  
2007

89,647

\$

896

1,245,347

\$

1,245

\$

19,930,378

\$

(20,590,883)

April - June  
2008 - shares  
issued in  
payment

of accounts  
payable

-

-

4,875

5

8,001

-

October -  
December  
2008 - shares  
issued for  
cash

-

-

312,500

313

19,687

-

October -  
December  
2008 - shares  
issued as  
payment

of notes  
payable,  
including  
accrued  
interest

-

-

15,000,000

15,000

485,000

-



October -  
December  
2008 - shares  
issued for  
services

-

-

612,500

612

17,763

-

Net loss for  
the year  
ended  
December 31,  
2008

-

-

-

-

-

(173,539)

Balance,  
December 31,  
2008

89,647

896

17,175,222

17,175

20,460,829

(20,764,422)

January -  
March 2009 -  
shares issued  
for services,

accounts  
payable and  
notes payable

-

-

13,536,000

13,536

527,489

-

April - June  
2009 - shares  
issued for  
services,

accounts  
payable and  
notes payable

-

-

18,100,000

18,100

327,500

-

April - June  
2009 - shares  
issued as an  
investment

in stock of  
another  
company  
(non  
subsidiary)

-

-  
5,000,000  
5,000  
62,500  
-

Net loss for  
the period  
ended June  
30, 2009

-



-

-

-

-

(894,572)

Balance, June  
30, 2009

89,647

\$

896  
  
53,811,222  
\$  
53,811  
\$  
21,378,318  
\$  
(21,658,994)

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

**View Systems,  
Inc. and  
Subsidiaries**

Consolidated  
Statements of  
Cash Flows

For the Six  
Months Ended

June 30,

2009

**Cash Flows  
from Operating  
Activities:**

Net Income  
(Loss)

\$

(894,572)

\$

42,194

Adjustments to  
Reconcile Net  
Income (Loss) to

Net Cash  
Provided (Used)  
by Operations:

Depreciation  
& Amortization

58,380

56,780

Common  
stock issued in  
payment of  
services

548,881

-

Change in  
Operating Assets  
and Liabilities:

(Increase)  
Decrease in:

Accounts  
Receivable

3,619

(164,330)

Inventories

(42,082)

65,516

Increase  
(Decrease) in:

Accounts  
Payable

46,943

(42,058)

Accrued  
Expenses

(12,645)

11,660

Accrued  
Interest

35,220

32,040

Accrued  
Royalties

37,500

-

Net Cash  
Provided (Used)  
by Operating  
Activities

(218,756)

1,802



**Cash Flows  
from Investing  
Activities:**

Purchases of  
equipment

(50,853)

-

Net Cash Used

In Investing  
Activities

(50,853)

-

**Cash Flows  
from Financing  
Activities:**

Loans received  
under a line of  
credit

198,566

-

Loans from  
Shareholders

70,889

14,300

Net Cash  
Provided by  
Financing  
Activities

269,455

14,300

Increase  
(decrease) in  
Cash

(154)

16,102

Cash and Cash  
Equivalents at  
Beginning of  
Period

1,768

7,201

Cash and Cash  
Equivalents at  
End of Period

\$

1,614

\$

23,303

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

**View Systems,  
Inc. and  
Subsidiaries**

Consolidated  
Statements of  
Cash Flows  
(Continued)

For the Six  
Months Ended

June 30,

2009

2008

Non Cash  
Investing and  
Financing  
Activities:



Vehicle  
purchase  
financed with  
note payable

54,041

-

Notes  
payable paid  
down with  
common stock

181,000

-

Loans from  
shareholders  
repaid with  
common stock

16,656

-

Accounts  
payables paid  
with common  
stock

132,250

8,006

Vehicle  
purchased with  
common stock

7,813

-

Investment  
made with  
common stock

67,500

-

Cash Paid For:

Interest

\$

1,226

\$

8,480

Income Taxes

\$

-

\$

-

**View Systems, Inc.**

Notes to the Consolidated Financial Statements

June 30, 2009

GENERAL

View Systems, Inc. (the Company) has elected to omit substantially all footnotes to the financial statements for the six months ended June 30, 2009 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their amended Annual Report filed on the Form 10-K for the twelve months ended December 31, 2008.

UNAUDITED INFORMATION

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

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

EXECUTIVE OVERVIEW

The following analysis of our consolidated financial condition and results of operations for the six months ended June 30, 2009 should be read in conjunction with the Consolidated Financial Statements and other information presented elsewhere in this quarterly report.

**Overview**

Our current product lines are related to visual surveillance, intrusion detection and physical security. We introduced a new product that we call the MINI (Mobile Intelligent Network Informe