

VIEW SYSTEMS INC
Form 10QSB
November 14, 2007

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

FORM 10-QSB

QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

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

Commission File Number 0-30178

VIEW SYSTEMS, INC.

(Exact name of small business issuer as specified in its charter)

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Nevada

59-2928366

(State of incorporation)

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

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

(Address of principal executive offices)

(410) 242-8439

(Issuer's telephone number)

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 past 90 days. Yes No

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

Yes No

As of November 13 2007 View Systems, Inc. had 99,107,995 shares of common stock outstanding.

Transitional small business disclosure format: Yes No

VIEW SYSTEMS, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission (SEC) encourages companies to disclose forward-looking information so that investors can better understand future prospects and make informed investment decisions. This report contains these types of statements. Words such as may, will, expect, believe, anticipate, estimate, project, or comparable terminology used in connection with any discussion of future operating results or financial performance identify forward-looking statements. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. All forward-looking statements reflect our present expectation of future events and are subject to a number of important factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In this report references to View Systems, we, us, and our refer to View Systems, Inc. and its subsidiaries.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The financial information set forth below with respect to our statements of operations for the three month period ended September 30, 2007 and the year ended December 31, 2006 is unaudited. This financial information, in the opinion of management, includes all adjustments consisting of normal recurring entries necessary for the fair presentation of such data. The results of operations for the three month period ended September 30, 2006 are not necessarily indicative of results to be expected for any subsequent period.

View Systems, Inc. and Subsidiaries

Consolidated Balance Sheets

ASSETS

	September 30, 2007		December 31, 2006
Current Assets			
	\$		
Cash	17,026	\$	48,233
Accounts Receivable (Net of Allowance of \$1,000)	295,416		306,247
Inventory	159,259		23,865
 Total Current Assets	 471,701		 378,345
 Property & Equipment (Net)	 26,392		 30,742
Other Assets			
Licenses	1,128,302		1,207,022
Due from Affiliates	147,507		122,476
Deposits	4,087		7,328
 Total Other Assets	 1,279,896		 1,336,826
	\$		
Total Assets	1,777,989	\$	1,745,913

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities				
Accounts Payable	\$	511,311	\$	421,908
Accrued Expenses		26,963		35,452
Accrued Interest		143,388		100,860
Accrued Royalties		131,250		75,000
Loans from Shareholder		548,897		113,175
Notes Payable		587,996		592,296

Total Current Liabilities	1,949,805	1,338,691
Long-term Debt		
Accounts payable	30,000	90,000
Total Liabilities	1,979,805	1,428,691
Stockholders' Equity		
Preferred Stock, Authorized 10,000,000 Shares, \$.01 Par Value,		
Issued and outstanding		
7,171,725	71,717	71,717
Common Stock, Authorized 100,000,000 Shares, \$.001 Par Value,		
Issued and Outstanding		
99,107,995	99,108	-
Issued and Outstanding		
98,398,422	-	98,399
Additional Paid in Capital	19,745,194	19,662,903
Retained Earnings (Deficit)	(20,117,835)	(19,515,797)
Total Stockholders' Equity	(201,816)	317,222
Total Liabilities and Stockholders' Equity	\$ 1,777,989	\$ 1,745,913

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

View Systems, Inc. and Subsidiaries

Consolidated Statements of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues, Net	\$ 128,138	\$ 177,950	\$ 1,089,907	\$ 802,928
Cost of Sales	67,107	90,754	445,888	409,493
Gross Profit	61,031	87,196	644,019	393,435
Operating Expenses				
Business Development	22,742	34,330	76,689	147,707
General & Administrative	136,118	92,097	474,143	339,324
Professional Fees	44,231	19,375	173,540	122,807
Salaries & Benefits	153,381	156,106	471,240	572,977
Total Operating Expenses	356,472	301,908	1,195,612	1,182,815
Net Operating Income (Loss)	(295,441)	(214,712)	(551,593)	(789,380)
Other Income(Expense)				
Interest Expense	(20,365)	(10,725)	(50,445)	(24,740)
Total Other Income(Expense)	(20,365)	(10,725)	(50,445)	(24,740)
Net Income (Loss)	\$ (315,806)	\$ (225,437)	\$ (602,038)	\$ (814,120)
	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Net Income (Loss) Per
Share

Weighted Average Shares Outstanding	98,701,410	92,004,089	98,668,293	91,271,864
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The accompany notes are an integral part of these consolidated financial statements

View Systems, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred		Common		Additional Paid-in Capital	Retained Earnings (Deficit)
	Shares	Amount	Shares	Amount		
Balance, December 31, 2005	7,171,725	\$ 71,717	90,775,752	\$ 90,776	\$ 19,293,804	\$ (18,375,345)
January - March 2006 -shares issued for cash	-	-	100,000	100	9,900	-
January - March 2006 - shares issued for services	-	-	160,000	160	15,840	-
April - June 2006 - shares issued for cash	-	-	60,000	60	5,940	-
April - June 2006 - shares issued for services	-	-	1,075,000	1,075	121,125	-
Reclassification of a receipt of proceeds from a loan which was previously reflected as a payment for stock	-	-	(333,330)	(333)	(33,000)	-
July - September 2006 - shares issued for cash	-	-	500,000	500	24,500	-
October - December 2006 - shares issued for cash	-	-	5,611,000	5,611	266,189	-
	-	-	120,000	120	5,880	-

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October - December 2006 - shares issued for services							
October - December 2006 - shares issued as payment of a note payable including accrued interest	-	-	330,000	330	35,107	-	
Costs associated with raising capital	-	-	-	-	(82,382)	-	
Net loss for the year ended December 31, 2006	-	-	-	-	-	(1,140,452)	
Balance, December 31, 2006	7,171,725	71,717	98,398,422	98,399	19,662,903	(19,515,797)	
April - June 2007 - shares issued for cash	-	-	100,000	100	4,900	-	
July - September 2007 - shares issued for cash	-	-	6,000	6	494	-	
July - September 2007 - shares issued as payment of notes payable	-	-	603,573	603	76,897	-	
Net loss for the period ended September 30, 2007	-	-	-	-	-	(602,038)	
Balance, September 30, 2007	7,171,725	\$ 71,717	99,107,995	\$ 99,108	\$ 19,745,194	\$ (20,117,835)	

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

View Systems, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	For the Nine Months Ended	
	September 30,	
	2007	2006
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (602,038)	\$ (814,120)
Adjustments to Reconcile Net Loss to Net Cash		
Provided (Used) by Operations:		
Depreciation & Amortization	85,170	87,719
Adjustment to allowance for doubtful accounts	-	(47,811)
Stock issued for services	-	138,200
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	10,831	168,367
Inventories	(135,394)	(83,703)
Deposits	3,241	(2,355)
Increase (Decrease) in:		
Accounts Payable	29,403	161,357
Accrued Expenses	(8,489)	14,906
Accrued Interest	42,528	21,502
Accrued Royalties	56,250	(18,750)