

Revolutionary Concepts Inc  
Form 10-Q  
November 30, 2009

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, 2009

Commission File Number 333-151177

**REVOLUTIONARY CONCEPTS, INC.**

(Exact name of Registrant as specified in its charter)

**Nevada**  
(State or other Jurisdiction  
of Incorporation or  
Organization)

**7382**  
(Primary Standard Industrial  
Classification Code Number)

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

**Revolutionary Concepts, Inc.**

2622 Ashby Woods Dr

Matthews, NC 28105

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704-622-6327

(Address and telephone number of principal executive offices and principal place of business)

**Ron Carter, President**

**Revolutionary Concepts, Inc.**

**2622 Ashby Woods Dr**

**Matthews, NC 28105**

**(704) 622-6327**

(Name, address and telephone number of agent for service)

Copies to:

**Charles Barkley, Esq.**

**6201 Fairview Road, Suite 200**

**Charlotte, NC 28210**

**(704) 944-4290**

**(704) 944-4280 (fax)**

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  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," "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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 19,581,611 shares as of November 20, 2009.

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ITEM 1. FINANCIAL STATEMENTS

The un-audited quarterly financial statements for the three and nine months ended September 30, 2009, prepared by the company, immediately follow.

Revolutionary Concepts, Inc.

(A Developmental Stage Company)

Balance Sheet

as of September 30, 2009 and December 31, 2008

	(Unaudited) <b>09/30/09</b>	Audited <b>12/31/08</b>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -	-
Total Current Assets	\$ -	-

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	-	-
Fixed Assets		
Accumulated Depreciation	(9,878)	(8,237)
Computer	11,331	11,331
Total Fixed Assets	1,453	3,094
Other Assets		
Accumulated Amortization	(60,727)	(47,950)
Security Deposits	1,500	1,500
Organizational Costs	3,070	3,070
Patent Costs	94,606	88,306
Total Other Assets	38,449	44,926
 TOTAL ASSETS	 \$ 39,902	 \$ 48,020
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 225,400	\$ 40,806
Notes Payable	20,000	-
Accrued Payroll expenses	17,717	16,399
Total Current Liabilities	263,117	57,205
 Stockholders' Equity		
Preferred Stock 10,000,000 shares authorized, none issued		
Common Stock, .001 par value, 19,550,611 shares issued and outstanding, 65,000,000 authorized	19,550	19,443
Paid in Capital	1,664,705	1,530,313
Unpaid Capital contributions	(153,941)	(187,172)
Deficit accumulated during the development stage	(1,753,529)	(1,371,769)
	(223,215)	(9,185)
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$ 39,902	 \$ 48,020

See Notes to Financial Statements



Revolutionary Concepts, Inc.  
 (A Developmental Stage Company)

Statement of Operations

For the Three and Nine Months Ended

September 30, 2009 and 2008

And from inception March 12, 2004 to

September 30, 2009

(Unaudited)

	<b>Three Month Period Ending September 30, 2009</b>	<b>Three Month Period Ending September 30, 2008</b>	<b>Nine Month Period Ending September 30, 2009</b>	<b>Nine Month Period Ending September 30, 2008</b>	<b>March 12, 2004 (Inception) to September 30, 2009</b>
<b>OPERATING EXPENSES</b>					
Automobile Expense	\$ -	\$ -	\$ 2,304	\$ 2,000	\$ 18,575
Bank Charges	303	54	910	633	5,494

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Compensation	20,492	-	35,446	-	35,446
Depreciation and Amortization Expense	4,806	4,560	14,418	9,120	70,605
Interest Expense	132	3,118	148	4,990	11,572
License and Permits	110	-	3,580	-	5,833
Office Expense	-	17	1,718	17	12,043
Office Supplies	222	307	1,408	639	13,528
Payroll taxes	1,620	-	3,036	6,596	19,435
Printing and Reproduction	215	1,385	4,095	3,297	14,690
Professional Fees	45,097	13,900	247,764	80,171	837,001
Product Research and Development	-	-	37,686	-	560,957
Taxes	-	721	600	724	1,841
Telephone Expense	1,318	-	2,110	375	17,267
Travel Expense	4,583	2,954	25,640	9,690	94,285
Website Development	-	-	2,825	7,500	13,025
Other Expenses	788	5,675	3,569	8,073	47,626
<b>Total Operating Expenses</b>	<b>\$ 79,686</b>	<b>\$ 32,691</b>	<b>\$ 387,257</b>	<b>\$ 133,825</b>	<b>\$ 1,779,223</b>
<b>OTHER INCOME</b>					
Interest	1,799	2,497	5,497	5,082	25,694
<b>NET (LOSS)</b>	<b>\$ (77,887)</b>	<b>\$ (30,194)</b>	<b>(381,760)</b>	<b>(128,743)</b>	<b>(1,753,529)</b>
Weighted number of shares outstanding	18,250,054	17,863,880	18,250,054	17,863,880	18,250,054
(Loss) per weighted number of					

shares outstanding	(0.00)	(0.00)	(0.02)	(0.01)	(0.10)
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See Notes to Financial Statements

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Revolutionary Concepts, Inc.  
(A Developmental Stage Company)

Statement of Cash Flows

For the nine month period ended September 30, 2009, 2008  
and the period from March 12, 2004 (Inception) to September 30, 2009

(Unaudited)

	Nine months ended September 30, 2009	Nine months ended September 30, 2008	March 12, 2004 (Inception) to September 30, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (Loss)	\$ (381,760)	\$ (128,743)	(1,753,529)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	14,418	9,120	70,605
(Increase) in security deposits	-	-	(1,500)
	-	-	(3,070)

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(Increase) in organizational costs			
Common stock shares and paid in capital for services	-	-	256,750
Increase in (decrease) accounts payable and accrued expenses	185,912	(18,439)	243,117
NET CASH USED BY OPERATING ACTIVITIES	(181,430)	(138,062)	(1,187,627)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	-	-	(11,331)
Investment in patent costs	(6,300)	(26,001)	(94,606)
NET CASH USED BY INVESTING ACTIVITIES	(6,300)	(26,001)	(105,937)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of common stock shares from private placements	107	-	1,749
Issuance of common stock shares for retirement of notes payable	-	-	631
Issuance of notes payable	20,000	307,500	327,500
Retirement of notes payable	-	-	(307,500)
Paid in capital from private placements	134,392	-	971,995
Capital contributions	-	-	462,774
Common stock shares repurchased with cash	-	-	(9,644)
Capital contributions repaid (unpaid)	33,231	(128,313)	(153,941)
NET CASH PROVIDED BY FINANCING ACTIVITIES	187,730	179,187	1,293,564
NET INCREASE(DECREASE) IN CASH	-	15,124	-
	-	19,070	-

CASH BALANCE  
BEGINNING OF PERIOD

CASH BALANCE END  
OF PERIOD

\$	-	\$	34,194	\$	-
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SUPPLEMENTAL  
DISCLOSURES

Interest  
paid

\$	132	\$	4,990	\$	11,572
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See Notes to Financial Statements

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**REVOLUTIONARY CONCEPTS, INC.**

(A Development Stage Company)

(Unaudited)

***NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2009***

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 in the product development stage. Recently, the company completed the initial development of a working prototype of the Eyetalk Communicator ( EYETALK ). This technology has many applications. The EYETALK specifically provides wireless technology that offers consumers an opportunity to interact with visitors to their front door. This is initiated through a doorbell or a motion sensor, which sets off a series of events that result in a phone call to the consumer who then can interact with the visitor through both video and audio. This same wireless technology could also be made portable so that you could see a child's sporting event or school play even when you not present. The Company is also exploring other applications for the technology. The company may need to raise additional capital to further develop the EYETALK and to begin the commercialization of the EYETALK technology. They have obtained a patent on certain key components of the technology.

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 will account for its employee stock based compensation arrangements in accordance with the provisions of Accounting Principles Board ( APB ) Opinion No. 25. Accounting for Stock Issued to Employees , and related interpretations. As such, compensation expense for stock options, common stock and other equity instruments issued to non-employees for services received will be based upon the fair value of the equity instruments issued, as the services are provided and the securities earned. SFAS No. 123, Accounting for Stock-Based Compensation , requires entities that continue to apply the provisions of APB Opinion No. 25 for transactions with employees to provide pro forma net earnings (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-value-based method defined in SFAS No. 123 had been applied to these transactions. For the period from inception (March 12, 2004) to December 31, 2007, 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.

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.

## **REVOLUTIONARY CONCEPTS, INC.**

(A Development Stage Company)

*NOTES TO FINANCIAL STATEMENTS as of September 30, 2009 (Unaudited)*

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 is computed using the straight-line method over the assets' expected useful lives.

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

## **NOTE 2 ACCOUNTING PRONOUNCEMENTS**

SFAS No. 7, Accounting and Reporting by Development Stage Enterprises, establishes guidelines for identifying companies in the development stage and specifies the standards of financial accounting and reporting that apply to those companies. In December 2004, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 123R, Share-Based Payment ( SFAS 123R ). SFAS 123R revises FASB Statement No. 123 Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25 Accounting for Stock Issued to Employees. SFAS 123R requires all public and non-public companies to measure and recognize compensation expense for all stock-based payments for services received at the grant-date fair value, with the cost recognized over the vesting period (or the requisite service period). SFAS 123R is effective for small business issuers for all interim periods beginning after December 15, 2005. The adoption of SFAS 123R did not have a material impact on the Company's financial statements or results of operations.

SFAS No. 123R permits public companies to adopt its requirements using one of two methods. A modified prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based payments granted after the effective date and (b) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123R that remain unvested on the effective date. A modified retrospective method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS No. 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption. The Company has yet to determine which method to use in adopting SFAS 123R.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS No. 159 ). SFAS No. 159 permits entities to choose to measure, on an item-by-item basis, specified financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are required to be reported in earnings at each reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, the provisions of which are required to be applied prospectively. The Company believes that SFAS 159 will not have a material impact on the financial position or results of operations.



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In December 2007, the FASB issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements-An Amendment of ARB No. 51, or SFAS No. 160 ( SFAS No. 160 ). SFAS No. 160 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The Company believes that SFAS 160 will not have a material impact on the financial position or results of operations.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles ( SFAS No. 162 ). This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States. This statement is effective 60 days following the SEC approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present

### **REVOLUTIONARY CONCEPTS, INC.**

(A Development Stage Company)

#### ***NOTES TO FINANCIAL STATEMENTS as of September 30, 2009 (Unaudited)***

#### **NOTE 2 ACCOUNTING PRONOUNCEMENTS (continued)**

Fairly in Conformity With Generally Accepted Accounting Principles . The Company does not expect the adoption of SFAS No. 162 to have a material effect on the financial condition or results of operations of the Company.

In June 2008, the FASB issued FASB Staff Position ("FSP") EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the earnings allocation in computing earnings per share under the two-class method as described in SFAS No. 128, Earnings per Share. Under the guidance of FSP EITF 03-6-1, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings-per-share pursuant to the two-class method. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and all prior-period earnings per share data presented shall be adjusted retrospectively. Early application is not permitted. The Company is assessing the potential impact of this FSP on the earnings per share calculation.

In April 2009, the FASB issued FSP No. FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly ( FSP FAS

157-4 ). FSP FAS 157-4 provides guidance on estimating fair value when market activity has decreased and on identifying transactions that are not orderly. Additionally, entities are required to disclose in interim and annual periods the inputs and valuation techniques used to measure fair value. This FSP is effective for interim and annual periods ending after June 15, 2009. The Company does not expect the adoption of FSP FAS 157-4 will have a material impact on its financial condition or results of operation.

**NOTE 3 RELATED PARTY TRANSACTIONS**

The Board of Directors have authorized the officers of the company to receive advances from the company for the foreseeable future, in lieu of taking compensation, under terms of promissory notes bearing 5% interest, beginning January 1, 2006. As of December 31, 2008 and September 30, 2009 the advances totaled \$187,172 and \$153,941, respectively. These advances are described as unpaid capital contributions for financial reporting purposes.

**NOTE 4 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable consist of the following:

9/30/09

12/31/08

Professional fees

\$ 31,955

\$ 9,125

Accrued payroll expense

17,717

16,399

Overdrawn bank accounts

1,152

1,298

Legal fees

25,669

10,100

Consulting fees

166,624

20,283

\$243,117

\$ 57,205

\$8,750 of the legal fees included in accounts payable are being contested as part of our lawsuit with our original patent attorney. If we are successful in our claim, these fees will be cancelled.

#### **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 No. 39, 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.

The Company alleges professional malpractice by a patent agent, professional malpractice by attorneys, failure to supervise a non-attorney employee, respondent superior, misappropriation of funds and breach of contract. The outcome of this lawsuit cannot be determined at this time and attorneys fees associated with the lawsuit are contingent upon a successful outcome in this case.

#### **NOTE 6 CAPITAL FINANCING**

The Company, through a Private Placement Memorandum ( PPM ) dated April 24, 2007, raised capital of \$321,100. The PPM offered 642,200 shares of common stock at a price of \$.50 per share. Expenses of this offering, \$18,000,

were paid from the proceeds and included legal and accounting expenses, filing fees, printing costs and other offering costs. No commission, discount, finder's fee or other similar remuneration or compensation was paid, directly or indirectly to any person for soliciting any prospective purchaser. This was a non-contingent offering and there was no minimum number of shares required to be sold, except the minimum of \$1,000 (2,000 shares) per purchaser was required to accredited investors. The Company currently has another Private Placement Memorandum open for 250,000 shares at \$1.25 dated April 21, 2009. As of September 30, 2009, the company had sold 107,600 shares and raised capital of \$134,500 in this offering.

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## **REVOLUTIONARY CONCEPTS, INC.**

(A Development Stage Company)

*NOTES TO FINANCIAL STATEMENTS as of September 30, 2009 (Unaudited)*

### **NOTE 7 ITELLECTUAL PROPERTY**

The patent no. US 7,193,644 B2, for the prototype was successfully obtained on March 20, 2007. In accordance with FASB 86, 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 86. The following are patent pending applications; Video system for individually selecting and viewing events at a venue. Detection and viewing system. Method for providing multiple viewing opportunities of events at a venue. Feeding pacifier with removable fluid source. Mole surveillance system. Medical audio/video communications system. Real estate audio/video monitoring communication system.

### **NOTE 8 COMMON STOCK SHARES FOR SERVICES**

In January 2005, the Company issued one million shares of common stock for professional, legal and consulting fees. This transaction was recorded in accordance with FASB 123R at \$.10 per share. These initial shares for services were issued before the Company raised any capital by private offering and was therefore valued at the value of services provided. In the year ending December 31, 2007, the Company issued 313,500 shares of common stock for

professional services. These transactions were also recorded in accordance with FASB 123R at \$.50 per share based on the value indicated from the shares sold in the prior private placement memorandum.

**NOTE 9 CONVERSION OF DEBT TO EQUITY**

On April 24, 2008 the Company issued two notes payable in the amount of \$7,500 to unrelated parties. On May 5, 2008 the Company issued another note payable \$300,000 to another non-related party at 4% interest which began to come due in October, 2008. These promissory notes were secured by a pledge of up to 612,000 shares of restricted common stock from our authorized but unissued shares. The Company has issued 631,000 shares of restricted common stocks to the note holders in exchange for the retirement of debt and interest payable.

**NOTE 10 NOTES PAYABLE**

In July and August 2009 the Company issued two short-term notes payable in the total amount of \$20,000. These notes bear interest at a rate of 10%. Principal and interest are due in May 2010.

**NOTE 11 GOING CONCERN**

The losses 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 12 SUBSEQUENT EVENTS**

The company closed the private placement on November 10, 2009.

**ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

## **Forward-Looking Statements**

This quarterly report on Form 10-Q contains forward-looking statements that involve risk and uncertainties. We use words such as "anticipate", "believe", "plan", "expect", "future", "intend", and similar expressions to identify such forward-looking statements. Investors should be aware that all forward-looking statements contained within this quarterly report are good faith estimates of management as of the date of this quarterly report. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons.

## **SUMMARY OF CRITICAL ACCOUNTING POLICIES**

The discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles generally accepted in the United States (or "GAAP"). The preparation of those financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies. SEE ALSO NOTES 1 and 2 TO CONSOLIDATED FINANCIAL STATEMENTS, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

## **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 will account for its employee stock based compensation arrangements in accordance with the provisions of Accounting Principles Board ( APB ) Opinion No. 25. Accounting for Stock Issued to Employees , and related interpretations. As such, compensation expense for stock options, common stock and other equity instruments issued to non-employees for services received will be based upon the fair value of the equity instruments issued, as the services are provided and the securities earned. SFAS No. 123, Accounting for Stock-Based Compensation , requires entities that continue to apply the provisions of APB Opinion No. 25 for transactions with employees to provide pro forma net earnings (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-value-based method defined in SFAS No. 123 had been applied to these transactions. For the period from inception (March 12, 2004) to December 31, 2007, 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.

## **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**

Is computed using the straight-line method over the assets' expected useful lives.

### **Amortization**

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



### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits in banks with maturities of three months or less, and all highly liquid investments which are unrestricted as to withdrawal or use, and which have original maturities of six months or less.

### **Concentrations of Credit Risk**

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents with high-quality institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand and therefore bear minimal risk.

### **Fair Value of Financial Instruments**

The carrying value of financial instruments including cash and cash equivalents, receivables, accounts payable and accrued expenses, approximates their fair value at June 30, 2009 due to the relatively short-term nature of these instruments.

### **Supplies**

Supplies are experimental materials used for research and development purpose. Actual cost is used to value these materials and supplies.

### **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**

Intangible and other long-lived assets are stated at cost, less accumulated amortization and impairments. 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.

### **Comprehensive Income**

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated comprehensive income, as presented in the accompanying statement of changes in shareholders' equity consists of changes in unrealized gains and losses on foreign currency translation. This comprehensive income is not included in the computation of income tax expense or benefit.

### **Related Parties**

For the purposes of these financial statements, parties are considered to be related if one party has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### **Unpaid Capital Contributions**

**Unpaid Capital Contributions** are short-term loans to our officers and directors in lieu of salary or other compensation. These loans are unsecured, bear a 5% interest and have five year repayment term, The total balance of loans to officers and directors was \$153,941 and \$182,678 on September 30, 2009 and 2008, respectively.

The Company expects these loans on a rolling basis throughout the term of the five year loans. After deducting re-payments made by the officers and including accumulated interest, balances were due as of September 30, 2009 and 2008 as follows:

09/30/09

09/30/08

Ron Carter

80,859                      76,333

Garry Stevenson

31,306                      29,923

Bethiel Tesfasillasie

41,776                      39,946

In the event that the loans are not fully repaid, any shortfall will be written off as compensation expense in our income statement.

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**Earnings (Loss) Per Common Share**

Basic earnings (loss) per common share are computed on the basis of the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per share are computed on the basis of the weighted average number of common shares and dilutive securities (such as convertible preferred stock) outstanding. Dilutive securities having an anti-dilutive effect on diluted earnings (loss) per share are excluded from the calculation.

As of the date of this quarterly report, there is no public trading market for our common stock and no assurance that a trading market for our securities will ever develop.

## PLAN OF OPERATION

Our auditors have expressed substantial concern about our ability to continue. Our efforts over the next twelve months will be directed towards identifying licensing opportunities completing the commercialization of the EYETALK remote network camera video system.

We expect to complete the software for the existing applications and explore other potential uses for the technology. We believe we have the capability to enter into a growing security marketplace. We are hopeful that the security industry will continue to experience increased spending on detection devices such as the EYETALK for the residential, commercial, institutional, medical and homeland security markets.

We also believe the EYETALK has advantages over existing and competing technologies. Many of these applications may not relate to the security field at all, but may nonetheless be commercially useful. The additional commercial benefits of the EYETALK include:

- o  
monitors appointments
- o  
monitors deliveries
- o  
records employee arrivals and departures
- o  
provides remote access
- o  
provides a database of activity to and from the facility

We also expect to identify additional companies that may be interested in licensing arrangements for sales to consumers. We believe the EYETALK provides consumers with the functions and features that are superior to those

currently available and offered by competitors. These include:

o

allows the occupant to view, record or respond to visitors or guests without opening the door or even being in the home

o

detects a visitor, providing a measure of convenience to guests who no longer need to search for and activate a doorbell button

o

allows remote access to visitors by the owner/occupant of the building

o

allows deliveries to be made and monitored while the owner of the home is away from the premises

o

detects intruders, allowing for an immediate response from the property owner

o

serves as a deterrent to criminals whose entry can be chronicled by the system and who cannot determine if persons are at home or not because of the nature of the remote interaction system.

o

functions as a recordkeeping database of all visitors to the home, welcomed or un-welcomed, with date, time and photographic records.

o

alerts the owner of a power outage at the facility.

We plan to use the following business development strategies:

1)

Move forward in our discussions with Virsalent to identify and then contact companies in their database that meet the predetermined parameters that we believe demonstrate a potential for licensure of the EYETALK.

2)

Use internal contacts in the local medical community to negotiate placement in hospital patient rooms, senior living rooms, recovery rooms and other medical applications.

3)

Arrange a schedule of appearances at security industry trade shows and presentations to trade groups.

4)

Continue development of phase one of our contract with Photonic Discovery/UNC-Charlotte Optoelectronics and Optical Communication

### **Sales Strategy**

We are working with Virsalent to help us identify companies that may have immediate uses for our technology. While we have not yet done so, we expect to enter into an engagement agreement with Virsalent in the near future. Virsalent, is a California corporation that has expertise in marketing and sales. Our discussions with Virsalent revolve around the development and execution of the sales and marketing plan for the EYETALK system to the public. The plan is to develop a sales strategy that explores every possibility for generating revenue such as:

#### Direct Selling

Consumers, Internet, other direct marketing methods

#### Multi-Tiered Distribution

Existing security companies

Determined by Market Size

Determined by Geography

Identification of Vertical Markets Rapid revenue growth in the shortest possible timeframe

Sales leverage through different, but proven, sales and marketing techniques.

Geographically, the initial focus will be on the North American and European marketplaces.

The next two major markets will be Latin America and Asia, including Australia.

To date our efforts to start the commercialization phase have been delayed, due to our efforts to improve upon the application of our hardware and software and for further development of wireless broadband technology to manage our system more efficiently.

## RESULTS OF OPERATIONS

### **RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

**Operating Expenses** Although we have not begun generate revenues, our total operating expenses for the three-month period ended **September 30, 2009** increased to \$79,686 from \$32,691 over the prior year period. The total operating expenses for the nine-month period ended **September 30, 2009** increased to \$387,257 from \$133,825 over the prior year period. This increase is primarily attributable to an increase in professional fees.

**Net Loss.** Our net loss for the three-month period ended **September 30, 2009** increased to \$(77,887) from \$(30,194) over the prior year period. This increase is primarily attributable to increased compensation and professional fees.

Our net loss for the nine-month period ended **September 30, 2009** increased to \$(381,760) from \$(128,743) over the prior year period. This increase is attributable to increased professional fees.

**Assets.** Assets decreased by \$8,118 to \$39,902 as of **September 30, 2009**, from \$48,020 as of **December 31, 2008**. This decrease was primarily due to depreciation **and amortization net of \$6,300 increase in patent costs.**

**Liabilities.** Total liabilities increased by \$205,912 to \$263,117 as of **September** 30 2009, from \$57,205 as of **December** 31, 2008. The increase was due to the issuance of notes payable and increase in accounts payable.

**Stockholders' Equity.** Stockholders' equity decreased by \$214,030 to \$(223,215) as of **September** 30, 2009 from \$(9,185) as of **December** 31, 2008. The decrease was due primarily to continuing losses from operations \$381,760 offset by capital raised \$134,500 and \$33,231 in repayments of unpaid capital contributions..

### **Liquidity and Capital Resources**

**General.** Our primary sources of cash have been sales of common stock through private placements, notes converted to stock and loans from affiliates. We are a developmental stage company and we will rely upon more established third party vendors for many aspects of the manufacture, sale and distribution of our product, if it becomes commercially available in this regard. We previously contracted with Absolutely New, Inc. a California company to identify potential licenses from their database. Under the agreement, Absolutely New identified approximately twenty companies that it believes have a particular use for the EYETALK. We did not renew the agreement with Absolutely New. We will nonetheless pay Absolutely New twenty percent of any proceeds received as a result of the sale, license, assignment or transfer of the EYETALK to one of the identified companies for 24 months the termination of the agreement. The termination of the agreement was on September 28th, 2008. The company has engaged Photonic Discovery/UNC-Charlotte Optoelectronics and Optical Communication to design the hardware for the EyeTalk system. We expect the software and other sensing technology will be developed by Fusion Next, a North Carolina company. Since the implementation of the EyeTalk technology is dependent on various other emerging technologies (smart phone, 3G/4G broadband) the research and development has coincided with the pace of these technologies. The system by design will provide for continuous software development and updates. We are working with Virsalent to help us identify companies that may have immediate uses for our technology. While we have not yet done so, we expect to enter into an engagement agreement with Virsalent in the near future. Virsalent, is a California corporation that has expertise in marketing and sales. Our discussions with Virsalent revolve around the development and execution of the sales and marketing plan for the Eyetalk system to the public.

On April 21, 2009, we prepared a 506 Regulation D private offering. The Company is offering 250,000 Shares of common voting stock at a price of One Dollar Twenty Five Cents (\$1.25) per Share (the Shares. ) The Offering is made only to financially sophisticated persons defined as Accredited Investors in Regulation D and up to 35 non-accredited investors. There is a minimum investment of \$2,500. The Offering price per share has been arbitrarily determined by the Company. The Shares are offered by our officers and directors without commission, markup or other compensation on a self-underwritten, best efforts basis for 9 months unless closed earlier or extended by management. We intend to use the proceeds as received and there will be no escrow of funds. There has been no market for the Shares. We will have to continue to seek financing through debt or equity to fully implement our commercialization to generate revenues and continue operations. There can be no guarantee that such financing will materialize



On July and August 2009 the Company borrowed a total of \$20,000 from a shareholder at 10% interest which become due in January, 2010.

We will have to continue to seek financing through debt or equity to fully implement our commercialization to generate revenues and continue operations. There can be no guarantee that such financing will materialize.

Overall, cash remained the same, zero, for the nine-month period ended **September** 30, 2009 as result of \$181,430 net cash used in operating activities and \$6,300 cash used by investing activities and \$187,730 net cash provided by financing activities.

**Cash Flows from Operating Activities.** Net cash used in operating activities of \$181,430 for the nine-month period ended **September** 30, 2009 is primarily attributable to professional fees, travel and compensation.

**Cash Flows from Investing Activities.** Net cash used by investing activities of \$6,300 for the nine-month period ended **September** 30, 2009 attributable to an investment in patents for further developments of our Eyetyalk Communicator.

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**Cash Flows from Financing Activities.** Net cash provided by financing activities of \$187,730 for the nine-month period ended **September** 30, 2009 is attributable to the issuance of notes payable \$20,000 and capital raised in the April 21, 2009 Private Placement Memorandum of \$134,500 and by the repayment of unpaid capital contribution \$33,231.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not Applicable.

### **Item 4T. Controls and Procedures**

## Edgar Filing: Revolutionary Concepts Inc - Form 10-Q

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified under the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Our management, including our Principal Executive Officer and our Principal Financial Officer, does not expect that our disclosure controls or procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within us have been detected.

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and our Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Principal Executive Officer and our Principal Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are not presently involved in any litigation that is material to our business. We are not aware of any pending or threatened legal proceedings. In addition, none of our officers, directors, promoters or control persons has filed or been involved for the past five years:

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in any bankruptcy petition

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in any conviction of a criminal proceeding or involved in a pending criminal proceeding (excluding traffic violations and minor offenses)

is subject to any order, judgment or decree enjoining, barring suspending or otherwise limiting their involvement in any type of business, securities, or banking activities,

or has been found to have violated a federal or state securities or commodities law.

In early 2007 we commenced a civil action in the Superior Courts of Mecklenburg County, North Carolina against our prior patent attorneys alleging professional malpractice and other theories. Under North Carolina law we are not permitted to demand an amount other than in excess of \$10,000. We are not party to any other pending or threatened legal proceedings. In the matter of our lawsuit against our prior patent attorneys, we have attended a mediation settlement conference in our on-going action for damages. The presiding judge request that both sides prepare affidavits of certain cost and indicated a preference of resolution or the case will go to trial. While we and our current legal counsel believe our claims are meritorious, any recovery is subject to uncertainties associated with any litigation and we offer no assurances that we can ultimately receive any recovery.

#### ITEM 1A. RISK FACTORS

Refer to our Risk Factors in our Registration Statement on Form S-1 and our Form 10-K for the period ended December 31, 2008 (SEC File Number 333-151177) on the website at [www.sec.gov](http://www.sec.gov)

#### ITEM 2. UNREGISTERED SALES OF EQUITY AND USE OF PROCEEDS

On April 21, 2009, we prepared a 506 Regulation D private offering. The Company is offering 250,000 Shares of common voting stock at a price of One Dollar Twenty Five Cents (\$1.25) per Share (the Shares. ) The Offering is made only to financially sophisticated persons defined as Accredited Investors in Regulation D and up to 35 non-accredited investors. There is a minimum investment of \$4,000. The Offering price per share has been arbitrarily determined by the Company. The Shares are offered by our officers and directors without commission, markup or other compensation on a self-underwritten, best efforts basis for 9 months unless closed earlier or extended by management. We intend to use the proceeds as received and there will be no escrow of funds. There has been no market for the Shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
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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\*
- 5.1 Legal Opinion\*
- 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\*
- 14.1 Code of Ethics\*
- 99.2 US Patent\*

31.1

Sec. 302 Certification of Principal Executive Officer

31.2        Sec. 302 Certification of Principal Financial Officer

32.1        Sec. 906 Certification of Principal Executive Officer

32.2        Sec. 906 Certification of Principal Financial Officer

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\* Exhibits are incorporated by reference and can be found in its entirety in our Registration Statement on Form S-1 and our Form 10-K for the period ended December 31, 2008, (SEC File Number 333-151177) on the website at [www.sec.gov](http://www.sec.gov)



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.

November 30, 2009

Registrant: Revolutionary Concepts, Inc.

By: /s/ Garry Stevenson

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Garry Stevenson, Director, Vice President, and Chief Financial Officer  
(Officer and Principal Accounting Officer)