

XSUNX INC
Form 10-Q
May 18, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For The Quarterly Period Ended: March 31, 2012

Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For The Transition Period From _____ to _____

Commission File Number: 000-29621

XSUNX, INC.

(Exact name of registrant as specified in its charter)

Colorado 84-1384159
(State of incorporation) (I.R.S. Employer Identification No.)

65 Enterprise, Aliso Viejo, CA 92656

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(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (949) 330-8060

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, as amended, during the preceding twelve (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 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.

Large accelerated filer Accelerated filer Non-accelerated filer 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

The number of shares of common stock issued and outstanding as of May 18, 2012 was 245,435,175.

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XSUNX, INC.

(A Development Stage Company)

BALANCE SHEETS

	March 31, 2012 (Unaudited)	September 30, 2011
ASSETS		
CURRENT ASSETS		
Cash	\$78,419	\$66,576
Prepaid expenses	18,792	9,204
Total Current Assets	97,211	75,780
PROPERTY & EQUIPMENT		
Office & miscellaneous equipment	29,841	29,841
Machinery & equipment	177,699	177,699
	207,540	207,540
Less accumulated depreciation	(182,297)	(164,472)
Net Property & Equipment	25,243	43,068
OTHER ASSETS		
Manufacturing equipment in progress	103,805	81,975
Security deposit	3,200	3,200
Total Other Assets	107,005	85,175
TOTAL ASSETS	\$229,459	\$204,023
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$192,706	\$167,420
Accrued expenses	53	8,740
Credit card payable	9,977	1,099
Accrued interest on notes payable	18,966	95,641
Derivative liability	158,901	—
Convertible promissory notes, net of \$107,312 in discounts	58,188	—
Unsecured promissory note	350,000	—
Note payable	—	456,921

Total Current Liabilities	788,791	729,821
TOTAL LIABILITIES	788,791	729,821
SHAREHOLDERS' DEFICIT		
Preferred stock, \$0.01 par value; 50,000,000 authorized preferred shares	—	—
Common stock, no par value; 500,000,000 authorized common shares 241,697,575 and 224,998,637 shares issued and outstanding, respectively	26,131,369	25,638,369
Additional paid in capital	5,318,983	5,238,213
Paid in capital, common stock warrants	3,764,913	3,635,079
Deficit accumulated during the development stage	(35,774,597)	(35,037,459)
TOTAL SHAREHOLDERS' DEFICIT	(559,332)	(525,798)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$229,459	\$204,023

The accompanying notes are an integral part of these financial statements

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XSUNX, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Six Months Ended		From Inception February 25, 1997 through March 31, 2012
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	
REVENUE	\$—	\$—	\$—	\$—	\$ 14,880
OPERATING EXPENSES					
Selling, general and administrative expenses	167,666	239,951	371,927	485,384	18,248,727
Research and development	27,692	54,445	59,970	174,606	3,223,924
Depreciation and amortization expense	8,737	8,819	17,825	19,438	705,651
TOTAL OPERATING EXPENSES	204,095	303,215	449,722	679,428	22,178,302
LOSS FROM OPERATIONS BEFORE OTHER INCOME/(EXPENSE)	(204,095)	(303,215)	(449,722)	(679,428)	(22,163,422)
OTHER INCOME/(EXPENSES)					
Interest income	—	—	—	—	445,537
Gain/(Loss) on sale of asset	—	—	—	—	16,423
Impairment of assets	—	—	—	—	(7,285,120)
Write down of inventory asset	—	—	—	—	(1,177,000)
Gain on legal settlement	—	179,580	—	179,580	1,279,580
Loan fees	—	—	—	—	(7,001,990)
Forgiveness of debt	—	—	—	—	592,154
Gain/(Loss) on conversion of debt	1,500	—	(212,935)	—	(212,935)
Amortization of debt discount	(42,154)	—	(58,188)	—	(58,188)
Gain/(Loss) on change in derivative	(31,035)	—	6,599	—	6,599
Other, non-operating	—	—	—	—	(5,215)
Penalties	—	—	(22)	—	(618)
Interest expense	(12,901)	(11,554)	(22,870)	(23,014)	(210,402)
	(84,590)	168,026	(287,416)	156,566	(13,611,175)

TOTAL OTHER
INCOME/(EXPENSES)

NET LOSS	\$(288,685) \$(135,189) \$(737,138) \$(522,862) \$(35,774,597)
BASIC AND DILUTED LOSS PER SHARE	\$(0.00) \$(0.00) \$(0.00) \$(0.00)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING					
BASIC AND DILUTED	235,446,943	214,047,219	234,528,910	212,535,677	

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XSUNX, INC.

(A Development Stage Company)

STATEMENT OF SHAREHOLDERS' DEFICIT

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-in Capital	Stock Options/ Warrants Paid-in-Capital	Deficit Accumulated during the Development Stage	Total
Balance at September 30, 2011	—	\$ —	224,998,637	\$25,638,369	\$5,238,213	\$3,635,079	\$(35,037,459)	\$(525,798)