

Revolutionary Concepts Inc
Form 10-Q
August 29, 2014

UNITED STATES 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 JUNE 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.)

1914 JN Pease Place

Charlotte, NC 28262

(Address of principal executive offices)

980-225-5376

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(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 August 29, 2014</u>
Common stock, \$0.001 par value	701,534,828

REVOLUTIONARY CONCEPTS, INC.

INDEX TO FORM 10-Q FILING

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FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013

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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 June 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) June 30, 2014	(Audited) December 31, 2013
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents		\$	\$
Accrued interest receivable, net of reserve \$1,826,689 (see note 11)		-	-
Total Current Assets		0	-
Fixed Assets			
Furniture and equipment		13,028	13,028
Accumulated depreciation		(12,110)	(11,890)
Total Net Fixed Assets		918	1,138
Other Assets			
Patent costs		116,450	116,450
Accumulated amortization		(100,619)	(97,804)
Total Patent Costs net of accumulated amortization		15,831	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
Security deposits and other assets		4,674	10,636
Total Other Assets net of accumulated amortization		138,774	146,945
TOTAL ASSETS		\$	\$
		139,692	148,083
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>			
Current Liabilities			
Accounts payable		\$	\$
Checks in excess of bank balance		316,973	259,541
Derivative liability		48,855	759
Convertible notes, net of beneficial conversion feature and discounts of \$84,146 and \$94,767 respectively		-	18,892
Current portion of long-term debt		7,713	4,550
Notes payable - related parties		919,434	919,434
		-	374,000

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Other accrued expenses	3,141,381	2,154,085
Total Current Liabilities	4,434,356	3,731,261
Long-term Debt		
Notes payable	251,649	262,432
Notes payable - related parties	192,306	718,306
Total Long-term Debt	443,955	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, \$.001 par value, 650,087,493 and 605,010,766 shares issued and outstanding respectively, 1,000,000,000 authorized	650,088	605,011
Additional paid in capital	10,704,993	10,601,640
Unpaid capital contributions (see note 3)	(88,388)	(86,780)
Dividend accumulated adjustment	(2,700,000)	(1,800,000)
Deficit accumulated during the development stage	(13,315,311)	(13,893,787)
	(4,738,619)	(4,563,916)
 TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	 \$	 \$
	139,692	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 June 30, 2014 and 2013

For The 6 Months Ending June 30, 2014 and 2013

And The Period From March 12, 2004 (Inception) To June 30, 2014

	For The 3 Months Ending June 30,		For The 6 Months Ending June 30,		March 12, 2004 (Inception) to June 30,
	2014	2013	2014	2013	2014
OPERATING EXPENSES					
Automobile expense	\$ 8	-	326	-	30,795
Bank charges	574	193	1,866	254	12,587
Compensation	87,747	6,962	184,781	6,962	402,791
Unpaid accumulated compensation	-	100,000	-	200,000	1,670,109
Depreciation & amortization expense	1,517	1,499	3,035	2,998	115,799
License and permits	-	-	-	1,100	17,896
Marketing	10,634	-	23,361	12,394	303,939
Office expense	216	-	481	232	25,599
Office supplies	37	49	318	261	18,072
Payroll taxes	7,683	11,808	16,954	22,958	46,629
Printing and reproduction	-	450	-	-	17,062
Professional fees	36,906	47,256	74,967	73,103	2,727,930
Rent expense	3,350	7,949	13,341	13,841	68,954
Research and development expense	-	-	-	-	596,707
Telephone expense	99	785	555	785	31,889
Travel expense	205	1,042	1,290	1,246	120,280
Website development expense	-	-	-	1,279	19,141
Other expenses	311	3,264	847	-	58,023
Total Operating Expenses	149,287	181,257	322,122	337,413	6,284,202
OTHER INCOME & (EXPENSE)					
Interest income	266,474	264,318	530,029	530,029	1,884,850
Reserve of interest income	(265,669)	(263,514)	(528,420)	(528,420)	(1,826,689)
Reserve for notes receivable	-	-	-	-	(7,108,861)
Forgiveness of notes payable and accrued interests	-	-	992,124	-	992,614

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Net Gain/(Loss) on derivatives	(0)	(58,551)	683	(37,796)	(100,896)
Interest expense & amortization of debt discount	(47,148)	(36,792)	(93,818)	(145,935)	(872,128)
Total Other Income and Expense	(46,344)	(94,539)	900,597	(182,122)	(7,031,111)
NET INCOME (LOSS)	\$ (195,630)	(275,796)	578,476	(519,535)	(13,315,311)
Weighted average number of common shares outstanding	639,740,178	374,931,541	643,790,842	364,265,241	91,292,598
Net (Loss) per common shares outstanding	*	*	*	*	\$(0.15)

* less than \$0.01

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For The 6 Months Ended June 30, 2014 And 2013

And The Period From March 12, 2004 (Inception) To June 30, 2014

	For The 6 Months Ended June 30, 2014	June 30, 2013	March 12, 2004 (Inception) to June 30, 2014
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss)	578,476	(519,535)	(13,315,311)
Adjustments to reconcile (net loss) to net cash (used in) operating activities:			
Reserve for notes receivable, net of reserve \$7,108,861 (see note 11)	-	-	7,108,861
Depreciation and amortization	3,035	2,998	112,729
Forgiveness of notes payable and accrued interests	(992,124)	-	(992,124)
Amortization of debt discount & beneficial conversion feature	16,763	19,669	210,601
Loss (Gain) on derivative liability	(683)	37,796	147,414
Adjustment to derivative liability for value of conversion	1,388	-	157,872
(Increase) in other assets	5,962	(4,136)	(117,337)
Common shares issued for services received and officer compensation	-	504	1,483,650
(Increase) in dividend accumulated adjustment	(900,000)	(900,000)	(2,700,000)
Increase (decrease) in accounts payable	105,528	24,970	364,988
Increase (decrease) in accrued expenses and other liabilities	1,078,102	1,156,178	4,338,291
NET CASH (USED IN)			
OPERATING ACTIVITIES	(103,553)	(181,556)	(3,200,366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of computer equipment	-	-	(13,028)
Investment in notes receivable	(607)	-	(607)
Investment in patent costs	0	(3,095)	(116,449)
NET CASH (USED BY)			
INVESTING ACTIVITIES	(607)	(3,095)	(130,084)

CASH FLOWS FROM FINANCING
ACTIVITIES

Issuance of common stock shares from private placements	-	-	1,754
Issuance of common stock shares for warrants	-	-	18,470
Issuance of notes payable	105,658	219,955	2,907,123
Retirement of notes payable	-	(32,500)	(954,217)
Paid in capital from private placements and warrants	-	-	992,471
Capital contributions	-	-	462,774
Common stock shares repurchased with cash	-	-	(9,644)
Unpaid capital contributions (see note 3)	(1,608)	(1,609)	(88,389)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	104,049	185,846	3,330,342
NET INCREASE (DECREASE) IN CASH	(110)	1,195	(109)
CASH AND CASH EQUIVALENT BALANCE BEGINNING OF PERIOD	-	-	-
	\$	\$	\$
CASH AND CASH EQUIVALENT BALANCE END OF PERIOD	(110)	1,195	(109)
SUPPLEMENTAL DISCLOSURES	\$	\$	\$
Cash paid during the period for interest	-	-	470,768
Cash paid during the period for income taxes	-	-	-
Reserve of preferred stock for acquisition	-	-	-
Interest income, net of reserve \$1,561,020(see Note 11)	1,609	-	-
Issuance of common stock for the conversion of debt	4,581	16,500	2,949,304

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 June 30, 2014

NOTE 1 - DESCRIPTION OF BUSINESS

Overview of the Company

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 is planning to brand its smart technology EyeTalk®. EyeTalk® will include smart camera technology that allows interactive two-way communication between a smart phone and other handheld device. Unlike many IP cameras that simply produce and transmit an image, the EyeTalk® smart camera technology will have embedded capabilities that distinguish it as a significant technological advancement over traditional camera systems.

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 Scheppegregell, 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.

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, the third party would bear ongoing development and operational cost to build and or secure a licensee. 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 licensing of the patents. The licensee also agreed to cancel \$900,000 in notes payable plus accrued interests as part of license agreement. Under the terms of the agreement, we cannot disclose more details at the present time.

Basis of Presentation

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 rata 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 six months ended June 30, 2014 and for the periods from inception (March 12, 2004) to June 30, 2014, 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.

Amortization 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.

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 June 30, 2014 and December 31, 2013, the advances totaled \$88,388 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.

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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 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 \$.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 \$.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 \$.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 \$.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:	06/30/14	12/31/13
Professional fees	\$ 177,355	\$ 133,852
Other	21,684	14,173
Legal fees	109,554	103,316
Consulting fees	8,200	8,200
	\$ 316,973	\$ 259,541

NOTE 5 COMITMENTS AND CONTENGINCIES

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, the Company has been engaged in litigation against its former patent attorneys for malpractice arising from a missed filing deadline relating to obtaining patents for the Company's core technologies outside the United States. After a two-year fight over jurisdiction in the case, including wins for the Company 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. The Company's trial counsel has assured the Company that the judge's ruling is contrary to law and that good grounds exist for appeal. 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. Management believes 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. 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.

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.

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.

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 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.

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. A hearing has

been scheduled for June 2014 to determine if Carter and Ali are 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.

It has consistently been Revolutionary Concepts position that it has performed its obligation to Mr. Azali and the Court's order with the issuance and delivery of a certain promissory note dated April 26, 2013 and recorded in the company's 10Q filing dated June 30, 2013. The note was later amended on September 30, 2013 and recorded in the company's 10Q filing dated September 30, 2013.

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.

NOTE 6 INTELLECTUAL PROPERTY

The patent number US 7,193644 B2, for the prototype was successfully obtained on March 20, 2007. 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. The following additional patents have now been 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 related to; (a) video system for individually selecting and viewing events at a venue; (b) medical monitoring; and (c) real estate audio-video monitoring.

Patent was comprised of the following amounts as of June 30, 2014 and December 31, 2013, respectively:

Patent costs	116,450	116,450
Accumulated amortization	(100,610)	(97,804)
Total Patent Costs net of accumulated amortization	15,831	18,645

NOTE 7 COMMON STOCK SHARES FOR SERVICES RECEIVED

On June 25, 2013, the Company issued 84,000 restricted common shares for professional services provided to the Company and expensed in 2012. The issuance reduced the Company's prepaid expenses by a total of \$504.

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.

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.

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.

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.

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

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.

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.

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.

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.

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 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.

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% to 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.

	March 31, 2014	December 31, 2013
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% interest. On March 21, 2012, \$26,000 of this Note was converted. On August 1, 2012, \$37,645 of this Note was converted	12,549	12,549
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
	17,600	17,600

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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.

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.

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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.

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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

63,818 63,818

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

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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

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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
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 Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$200,000 and also eliminated the accrued interest.	-	200,000
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 Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$174,000 and also eliminated the accrued interest.	-	174,000
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.	22,000	22,000
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.	37,000	37,000

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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.

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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

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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.

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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.

38,809 38,809

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.

26,600 26,600

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.

33,519 33,519

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

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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 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.

2,612

2,612

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.

76,270

76,270

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.

33,966

33,966

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.

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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.

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3,410

3,410

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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 \$150,019.98 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. 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.

110,020

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

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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..

13,626

13,626

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, amd on January 8, 2014 \$500 in interest was converted to restricted common shares, which leaves a remaining principaland interest balance of \$0. These conversions of debt reduced the Company notes payables \$37,500.

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13,600

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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.

12,853

12,853

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.

13,106

13,106

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.

4,581

4,581

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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.	<u>23,370</u>	<u>23,370</u>
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 Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$140,806 and also eliminated the accrued interest.	-	<u>140,806</u>
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 Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$200,000 and also eliminated the accrued interest.	-	<u>200,000</u>
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.	<u>20,895</u>	<u>20,895</u>
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.	<u>16,677</u>	<u>16,677</u>
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.	<u>23,895</u>	<u>23,895</u>
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 to Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$126,000	-	<u>126,000</u>

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and also eliminated the accrued interest.

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.

74,000 74,000

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.

112,663 112,663

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 Eyetalk365. Eyetalk365 contributed this note to RCI as partial consideration for the exclusive license agreement dated February 24, 2014. See footnotes for additional information. This transaction reduced the note payable by \$59,194 and also eliminated the accrued interest.

- 59,194

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.

5,643 5,643

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.

13,798 -

On February 28, 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.

29,777 -

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.

3,572 -

Total notes payable	\$	1,401,319	\$	2,287,772
Less Current Portion	\$	(919,434)	\$	(1,293,433)
Less Debt Discount	\$	-	\$	(9,050)
Less convertible notes, net	\$	-	\$	(4,550)

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Total Long Term Notes Payable \$ 481,885 \$ 980,738

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

2014	\$	919,433
2015	\$	-0-
2016	\$	430,158
2017	\$	105,658
2018	\$	-0-
Total	\$	1,455,259

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 June 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 six months ended June 30, 2014 is a gain of \$683 and a loss of \$(37,796) for the six months ended June 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 (10) 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