

Revolutionary Concepts Inc
Form 10-K
April 15, 2013

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark
One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2012

Or

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

Commission File Number 000-53674

REVOLUTIONARY CONCEPTS, INC.

(Exact name of Registrant as specified in its charter)

Nevada	7382	27-0094868
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Revolutionary Concepts, Inc.

13850 Ballantyne Corporate Place, Suite 500

Charlotte, NC 28277

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

980-225-5376

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

Ron Carter, President

Revolutionary Concepts, Inc.

13850 Ballantyne Corporate Place, Suite 500

Charlotte, NC 28277

980-225-5376

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

Securities Registered Pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Names of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	Pinksheets OTCQB

(Title of Class)

None

Securities Registered Pursuant to Section 12(b) of the Act:

Indicate by check mark if the registrant is well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

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

Large accelerated filer <input type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="radio"/>
---	---	--	---

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2012: \$321,398. Solely for purposes of the foregoing calculation, all of the registrant's directors and officers are deemed to be affiliates. This determination of affiliate status for this purpose does not reflect a determination that any persons are affiliates for any other purposes.

State the number of shares outstanding of each of the issuer's classes of equity securities, as of the latest practicable date: At April 15, 2013, there were 335,079,460 shares of Common Stock, \$0.001 par value per share issued and outstanding

Documents Incorporated By Reference

None

(1)

Table of Contents

TABLE OF CONTENTS

	PAGE
PART I	
ITEM 1: BUSINESS	4
ITEM 1A: RISK FACTORS	8
ITEM 1B: UNRESOLVED STAFF COMMENTS	14
ITEM 2: PROPERTIES	14
ITEM 3: LEGAL PROCEEDINGS	14
ITEM 4: MINE SAFETY DISCLOSURES	14
PART II	
ITEM 5: MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	15
ITEM 6: SELECTED FINANCIAL DATA	16
ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	16
ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	16
ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	30
ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	30
ITEM 9A: CONTROLS AND PROCEDURES	30
ITEM 9B: OTHER INFORMATION	30
PART III	
ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	31
ITEM 11: EXECUTIVE COMPENSATION	33
ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	33
ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	43
ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES	44
PART IV	
ITEM 15: EXHIBITS, FINANCIAL STATEMENT SCHEDULES	59
SIGNATURES	59

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

(2)

Table of Contents

Special Note Regarding Forward-Looking Statements

Some of our statements under "Business," "Properties," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Notes to Financial Statements and elsewhere in this report constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are subject to certain events, risks and uncertainties that may be outside our control. Some of these forward-looking statements include statements of:

- management's plans, objectives and budgets for its future operations and future economic performance;
 - capital budget and future capital requirements;
 - meeting future capital needs;
 - realization of any deferred tax assets;
 - the level of future expenditures;
 - impact of recent accounting pronouncements;
- the outcome of regulatory and litigation matters;
- the assumptions described in this report underlying such forward-looking statements; and

Actual results and developments may materially differ from those expressed in or implied by such statements due to a number of factors, including:

- o those described in the context of such forward-looking statements;
 - o future product development and manufacturing costs;
 - o changes in our incentive plans;
 - o timely development and acceptance of new products;
 - o the markets of our domestic and international operations;
 - o the impact of competitive products and pricing;
- o the political, social and economic climate in which we conduct operations; and
- o the risk factors described in other documents and reports filed with the Securities and Exchange Commission.

In some cases, forward-looking statements are identified by terminology such as "may," "will," "should," "could," "would," "expects," "plans," "intends," "anticipates," "believes," "estimates," "approximates," "predicts," "potential" or "continue" or the negative of such terms and other comparable terminology.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor anyone else assumes responsibility for the accuracy and completeness of such statements and is under no duty to update any of the forward-looking statements after the date of this report.

Unless otherwise noted, references in this Form 10-K to “Revolutionary Concepts”, “RCI”, “we”, “us”, “our”, and the “Company” means Revolutionary Concepts, Inc., a Nevada corporation.

(3)

Table of Contents

PART I

Item 1. Business

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.

In July of 2011, Revolutionary Concepts engaged SIS Development Inc. to direct the development of this state of the art system. SIS Development, Inc. offers highly specialized, wing-to-wing commercial OEM product development services. SIS Development has an extensive track record of high volume product and software successes in Fortune 100 and startup environments alike. The Company currently holds seven (7) patents. Six of the Company patents provide very broad and substantial claims related to wireless camera use and interface with peripheral devices. An additional patent provide claims to the use of wireless technologies in a child's car seat enabling two way remote communication, gaming applications and various sensor alerts. . The Company plans to implement a variety of commercialization strategies ranging from development to licensing to generate revenue and to capitalize on the opportunities made possible by the wave of new wireless products in the market place.

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 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.

The Company has funded operations through three private offerings in 2005, 2007 and 2009. The Company also borrowed \$307,500 from four non-related parties at 4% interest to fund ongoing operations, and new patent applications. These promissory notes began to become due in October 2008 and were repaid in November 2008 by issuing 630,811 shares of restricted common stock from authorized shares.

In July and August 2009, the Company issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and interest were due in May 2010. In 2009, the Company's Board of Directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. 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 \$144,066.76 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663.02 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

In July 2010, the Company partnered with US Financial and Rainco Industries to consult in Investor Relations, provide introduction to institutional investors, assist with Mergers and Acquisitions, and to help develop a strategy to fund its growth. As a result of this partnership, the Company has resolved additional debt obligations. In November 2011, the Company terminated its association with US Financial only and retained the relationship with Rainco Industries.

(4)

Table of Contents

Our Company's Capital Structure

In its efforts to grow and expand the Company, management must obtain the necessary capital to achieve those objectives, decide on the best methods to obtain that capital, and retain the capital structure of the Company. The primary ways a company will raise capital is either through debt financing (borrowing money), or equity financing (selling a portion of the company via shares of stock) or a combination of both. The type of capital chosen (debt or equity), and methods of raising the capital depend on a number of factors including; the company's life cycle stage, e.g., start-up, development, high-growth or maturity, future growth prospects, strength of the national economy and the credit markets.

Potential investors in any company, including ours, will consider those factors and the relative risks to their investment capital. To limit their risks, these investors may limit the size of their investment, or provide it to the company in stages, that is contingent upon the company reaching stated goals e.g., production, marketing, distribution and revenues. The ultimate question for management is; how do you get the investors to commit to making what could be a high risk investment for them, although one that would correspondingly benefit the Company, however one that the investor could lose if the Company were to fail. Management considered both the equity and the debt financing options based on the Company's life cycle stage, economy, credit markets and other circumstances at the time, and reached the following conclusions;

Equity Financing - Management decided not to raise additional capital through an equity offering in its initial start-up and development stage for a variety of reasons;

(1) The Company would have had to go through the process of filing a registration statement e.g. S-1 with the SEC, which would have been very difficult to have received approved and would have been very time consuming, given our situation at that time.

(2) The direct and indirect flotation costs of the issuance of an equity capital raise could have run \$250,000 or more, and the Company did not have those funds available.

(3) It would have been very difficult to get an investment banker to underwrite a new issuance for a development stage company with a limited operating history and revenues.

(4) Many investors did not want to take an equity position in the Company at that time and the corresponding risks of ownership.

(5) The issuance of equity to these investors, after resolving the potential regulatory hurdles, legal issues, time constraints, and costs would have resulted in immediate dilution for the other shareholders, giving them only limited hopes that value would be created.

Therefore, due to the above stated reasons, the economic climate and the Company's circumstances at that time, management elected not to pursue raising capital through an equity offering at that time.

Debt Financing – Management elected to raise capital for the Company through debt financing for the following reasons;

- (1) Due to the Companies need for further development of our patents, it had immediate and continuous need for capital.
- (2) The investors were more willing to invest funds more expeditiously, and take a creditor's position instead of that as an owner by taking an equity position.
- (3) With those immediately available funds, management could continue to develop our technology and create short-term economic value to the Company by contracting with various vendors for work, prior to any equity dilution taking place.
- (4) The investors were issued Promissory Notes that were unsecured without any collateral (taking a high risk), except as called for in the agreements.
- (5) The Notes required no monthly payments which allowed us to use that free cash flow for operating expenses, reduced our cash outlays, interest payments and improve our budget, plans and forecast our cash flow.
- (6) The investors received the potential upside of conversion of the Notes into equity while protecting our downside with the use of the cash flow.
- (7) Should the investors decide to convert the Notes into common stock, then the Company's debt would be eliminated from its balance sheet.
- (8) The tax benefits of debt financing is that it's less expensive, while the Company is taxed on earnings, it is not generally taxed on borrowed money and the interest on the Notes is tax deductible.
- (9) Since the investors does not have any equity interests, it has no voting rights or other control over the management of the Company, its operations and no claim to its future earnings.
- (10) If the Company ever suffers a negative financial situation, it is much easier to re-negotiate the terms of the Notes with the individual investors than with a bank, or a group of investors through an equity or bond offering.

Based on the reasons above, and since the Company required immediate capital to rapidly expand, grow, restructure its operations, continue development, finance potential acquisitions, and execute its marketing plans; raising capital through debt financing, we believed, was our best alternative. This strategy resulted in our expanding on our technology patents; thereby, increasing our potential assets, market capitalization value and our shareholders owning a

portion of a much larger and more valuable company. As the Company continues to advance and develop through the different stages of its business life cycle, management will evaluate options, alternatives, and make strategic decisions for the best investment opportunities, financing and capital structure at that time.

(5)

Table of Contents

Introduction to the EyeTalk® Communicator

The Company has invested in the IP for several commanding wireless concepts enabling remote monitoring and efficient and effective security and entry management . The brand being established for the company's IP is "EyeTalk®". EyeTalk® will provide users the ability to remotely and interactively monitor, manage and communicate through a smart camera designed to interface with iPhone, Androids and other smart devices.

EyeTalk® will represent a new generation of camera technology with capabilities never considered before . Embedded processors and software will give EyeTalk® a very versatile platform to operate upon unlike any camera designed to date. Smart camera technology is cutting edge and unprecedented. Its possibilities are limited by imagination alone. The software platform may help assure legacy capabilities via upgrades and advancements.

EyeTalk® is being designed as primarily a smart camera technology supported by a software platform with a hardware component of an external unit deployed at a chosen location. The system's embedded processor will facilitate communication between the camera and the person triggering its activation and/or the designated users of the system. The smart capabilities of the system will allow for a live exchange between the end users and the person that triggered the camera or the camera will independently manage an activation on its own. Interface with the EyeTalk® system is being designed to be achieved via an iPhone, Android, Personal Data Assistant (PDA), Handheld Computer (HC), Smart phone, or other compatible device.

Current solutions for home security provide very marginal results and in many cases are ineffective and present a tremendous burden to municipalities because of the extremely high rate of false alarms. The EyeTalk® system will utilize smart technology to synergistically improve communication, security, convenience, messaging, and manage deliveries and guest. As a by-product, the system will also support the need for verification of emergency situations that now cripple many municipalities across the nation burdened with the incidence of false alarms. The EyeTalk® system will provide a means of owner verification prior to the triggering of an alarm.

Advances in wireless technology make it possible now to not only view events in and around a location, but also to record and/or initiate other actions that will serve as a better solution to entry management and security. Revolutionary Concepts has invested heavily in this area over the years and the returns on the company's investment are coming to bear. All related patents have now issued providing tremendous strength and latitude to the area of wireless monitoring.

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Another major application for the EyeTalk® technology will address the growing need to monitor the elderly and aging population. Features of the EyeTalk® smart camera technology not found in basic IP cameras will allow advanced monitoring capabilities and address a significant demand on the horizon as baby boomers become seniors. Also, as a medical application, the EyeTalk® technology could provide remote monitoring of patients and family members. The system is planned to incorporate fall prevention technology and offer a remote fall detection technology.

Additionally, the ability to monitor loved ones who may be many miles away will be another feature of the EyeTalk® system.

Additional patents are pending that offer very relevant and effective solutions for entry management in schools, universities, institutions, government buildings and other facilities requiring entry screening.

EyeTalk® is a brand that will establish itself as an industry leader as Revolutionary Concepts integrates its unique portfolio of technical solutions into the market place. The seeds that were planted over the years are coming to harvest and the alignment with wireless advances is almost perfect.

(6)

Table of Contents

Preemption, Prevention and Protection –

Why EyeTalk®? EyeTalk® is a disruptive technology that will, we contend, create a shift in the way security and entry management is conducted. EyeTalk® could have the ability to cause an impact in a mega industry. EyeTalk®, we believe, will offer capabilities like never before, and it will be efficient, effective and appropriate. Unlike systems in the market place that are responsive and reactive such as alarms that sound when there is a break-in or systems that monitor your home from the inside, EyeTalk® is being designed for the outside to be preemptive, preventative and protective, by providing detailed information to the owner the moment someone is on a property. A better solution is one that begins before a break in or an invasion. The ability to address a situation before it takes place is a much better solution. The ability to engage a person, to alert a person that their presence is acknowledged, and to verify a potential emergency before an event occurs is within EyeTalk®s capabilities. The EyeTalk® systems are being designed to be triggered and activated by an array of inputs such as motion, biometric sensors, metal detection underground fiber optic sensors, etc. When the system is activated by a trigger, it will be programmed to provide standard greetings, directives, commands, etc. The EyeTalk® could then notify designated personnel of the triggering event, sending images of the current situation and permitting audible responses and real time monitoring

The smart camera features planned could enable the system to talk independently and future generations of the technology could be equipped with voice recognition, a feature some would call artificial intelligence; we would like to refer to it as real intelligence.

Another key feature of the technology is that it will serve as a crime deterrent via the video evidence EyeTalk® would produce. The value of video in legal proceedings will help support prosecutions and crime reduction.

EyeTalk® is conceived as a very versatile technology and its offerings will be very broad and comprehensive as an entry management device. From monitoring children arriving home safely from school, to verifying and receiving deliveries, to responding to service appointments, etc. the EyeTalk® technology represents a leap forward in the way we manage a variety of day to day activities.

The Company management expects to compete by emphasizing the unique aspects of the EyeTalk® technology in marketing directly to distributors and end users. The Company also intends to compete by direct contact with larger end users such as hospitals, banks, and government agencies concerned with homeland security and plans to fully explore all licensing opportunities that may arise.

As with many development stage companies, the Company is currently considered to be in unsound financial condition. Our Auditor has expressed substantial doubt about our ability to continue as a going concern. Persons should not invest unless they can afford to lose their entire investments. The Company currently has a negative net worth, extremely limited cash and had net losses \$(1,767,337) at December 31, 2011 and \$(8,370,223) at December 31, 2012. We had accumulated deficits to our stockholder's equity of \$(4,581,383) and \$(12,951,606) for the years ended 2011 and 2012 respectively. Further, it may incur significant losses through 2012 and beyond, as it further develops and attempts to commercialize the remote network camera video system.

As of December 31, 2012, the Company had 335,949,025 shares of its common stock issued and outstanding.

Corporate Information and History

The Company was founded in 2004 as Revolutionary Concepts, Inc., a North Carolina corporation and its subsidiary, D.V. M. S., LLC for the purpose of developing a network camera video device. The Company reincorporated in Nevada in February 2005 as Revolutionary Concepts, Inc. to re-domicile the North Carolina corporation to a Nevada corporation by the same name.

Our principal executive offices are located at 13850 Ballantyne Corporate Place, Suite 500, Charlotte, NC 28277. The Company's telephone number is 980-225-5376. The President of the Company is Ronald Carter. The Company maintains a corporate website at www.revolutionaryconceptsinc.com. The contents of our website are not part of this annual report and should not be relied upon with respect to the annual report or incorporated by reference.

To date, our efforts have been largely devoted to developing the Company's corporate structure, supporting investor relations and seeking patent protection around verticals of the core system. The Company is currently focused on the development stage now that the supporting technologies for the EyeTalk® system have emerged. The company is actively involved in infringement review and identifying possible licensing opportunities. Product development remains a key goal of the company as well; however, it may or may not be as practical as once considered. We are exploring whether or not product development may be accomplished via licensing.

(7)

Table of Contents

Item 1A. RISK FACTORS

THE COMPANY CANNOT ASSURE THAT IT WILL EVER GENERATE SIGNIFICANT REVENUES, DEVELOP OPERATIONS, OR MAKE A PROFIT. ITS INDEPENDENT AUDITORS HAVE NOTED THAT THERE IS SUBSTANTIAL DOUBT ABOUT THE ABILITY TO CONTINUE AS A GOING CONCERN.

The Company's independent auditors have noted that there is substantial doubt that it can continue as a going concern. As reflected in our financial statements the Company has had cumulative operating losses. The Company currently has a negative net worth, extremely limited cash and had net losses \$(1,767,337) at December 31, 2011 and \$(8,370,223) at December 31, 2012. We had accumulated deficits to our stockholder's equity of \$(4,581,383) and \$(12,951,606) for the years ended 2011 and 2012 respectively. Management expects the losses to continue, thereby requiring addition capital, some of which may be generated from this offering. There can be no assurance that our plans will be successful. Our 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.

OUR OFFICERS HAVE RECEIVED LOANS THAT MAY HAVE TO BE EXPENSED AND WHICH MAY CREATE CERTAIN TAX OBLIGATIONS.

From our date of incorporation, February 2005, through the date of this filing, the officers of the Company have not taken salaries but have taken advances from the Company, some of which have been repaid. The Company has booked these loans to shareholders as unpaid capital contributions on the balance sheet. As of December 31, 2011, the Company had loans to shareholders of approximately \$80,345 to its officers and directors. As of December 31, 2012, the outstanding loans to the officers and directors were \$83,562, including accumulated interest. The loans carry an interest rate of 5% and have been recorded as "Unpaid Capital Contributions". If for any reason some of these loans default they will be written off as compensation expense in the income statement and the Company has already accrued estimated payroll taxes due at \$7,175 as of December 31, 2012 for the principal amount of the unpaid capital contributions.

The company is a development stage company with no operating history for you to evaluate and it has not proven an ability to generate profits.

The Company is a developmental stage company. Although it has developed a working prototype and has identified potential markets, product development can not be guaranteed... The Company has no meaningful revenues so it will

be difficult for you to evaluate an investment in the Company's securities. From inception to date, the Company has had no revenues. The Company may never be able to become profitable.

An investor should also consider the uncertainties and difficulties frequently encountered by companies such as ours, in their early stages of development. Our revenue and income potential is unproven and our business model is still emerging. If our business model does not prove to be profitable, investors may lose all of their investment.

The company has had no revenues and anticipates losses for the foreseeable future.

Since inception the Company has had no revenues. The Company has not achieved profitability and expects to continue to incur net losses throughout fiscal 2013 and possibly subsequent fiscal periods. The Company expects to incur significant operating expenses and, as a result, will need to generate significant revenues to achieve profitability, which may not occur. Even if it does achieve profitability, it may be unable to sustain or increase profitability on an ongoing basis.

If the company fails to implement its Commercialization strategy, the business, financial condition and results of operations could be materially and adversely affected.

The Company's future financial performance and success are dependent in large part upon its ability to implement the commercialization strategy successfully. It has engaged third party consultants to identify potential clients for the Company's technology, although the Company has no means to determine whether this strategy will be successful. The Company may not be able to successfully implement its commercialization strategy with or without the involvement of these third parties. If it is unable to do so, the long-term growth and profitability may be adversely affected. Even if it is able to successfully implement some or all of the initiatives of the business plan, operating results may not improve to the extent it expects, or at all.

Implementation of our commercialization strategy could also be affected by a number of factors beyond our control, such as increased competition, legal developments, general economic conditions, increased operating costs or expenses. In addition, to the extent, the Company has misjudged the nature and extent of industry trends or its competition; it may have difficulty achieving the strategic objectives. The Company may also decide to alter or discontinue certain aspects of its business strategy at any time. Any failure to successfully implement the business strategy may adversely affect the business, financial condition and results of operations and thus the ability to service its indebtedness, including its ability to make principal and interest payments on indebtedness.

Table of Contents

The Company depends on its patent and proprietary rights to develop and protect technologies and products, which rights may not offer sufficient protection from infringement by third parties.

The Company has been issued a patent by the U.S. Patent Office for its patented network camera video technology. Management believes that this is a valid patent. However, there can be no assurances that the patent and the network camera video technology will be enforceable or generate revenues for the Company.

The Company's inability to protect its intellectual property through sufficient patent protection will adversely affect that Company's ability to survive and other companies may be able to develop substantially similar technologies in competition with the Company. If those other companies enter the marketplace with their own similar products, the value of the Company's patent will be substantially diminished.

The Company's success will depend on its ability to obtain and enforce protection under United States and foreign patent laws and other intellectual property laws for the technology that the Company intends to market and license, to develop and preserve the confidentiality of trade secrets and to operate without infringing the proprietary rights of third parties.

The Company cannot assure you that our technology will not be breached, that it will have adequate remedies for any breach, or that its trade secrets and proprietary know-how will not otherwise become known or be independently discovered by others. Consequently, such breach could have a negative effect on its financial performance and results of operations.

Litigation to enforce its patent against unauthorized users will be expensive and time consuming, and their outcome is uncertain. Any delay or other factor which negatively affects the Company's ability to fund operations and develop revenues.

Litigation to enforce the Company's patented technology against unauthorized users can be a lengthy, time-consuming and expensive process and there can be no assurance of the results of such litigation. The Company has engaged patent counsel to consider enforcement actions against those using the technology but who do not have a licensing agreement for it. In addition, if the Company fails to provide adequate proprietary protection, our names, brand name

reputation, revenues and potential profitability may be negatively affected.

The company expects to have its product manufactured by third parties over which it has no control and it currently does not have any agreements for the manufacture of the product. the company is subject to fluctuations in the cost and availability of raw materials and the possible loss of suppliers.

While the Company has had discussions with third party suppliers regarding the manufacture of its product, it currently has no arrangements. The Company expects to depend on third party manufacturers over which it will have no control. The Company is dependent upon the pricing by these companies and the availability and pricing of raw materials to produce its products. The availability of suppliers and the price and availability of the raw materials will be affected by numerous factors beyond its control. The Company does not have the resources, facilities or experience to manufacture the EyeTalk® product or any of its component parts. Such contract manufacturers may be the sole source of production and may have limited experience at manufacturing, a product similar to the Company's product.

The company MAY have insufficient liquidity to CONTINUE.

The Company will need additional sources of capital or it may not be able to continue operations. The Company is devoting substantially all of its present efforts to establishing a new business and will need additional capital to continue implementing the business plan. The Company has generated no revenue. If it cannot raise additional capital from investors, it will have to seek other sources of financing or it may be forced to curtail or terminate business plans. There is no assurance that additional sources of financing will be available at all or at a reasonable cost.

The Company has estimated the costs of the initial product development to be approximately \$2,500,000 for the entry management solution for residential and commercial use.. If no other sources of capital can be negotiated, the Company will have to initiate discussions regarding loans through commercial banks or from other funding sources. It expects to continue these discussions in the hopes of arranging financing to provide sufficient liquidity. There is no assurance that any of these discussions will prove successful. Product development may also be accomplished via licensing.

(9)

Table of Contents

sales, marketing and distribution capabilities have not been fully implemented. If the company fails to effectively sell, market and distribute the EYETALK® product, the business and results of operations will suffer.

The Company does not currently have a sales staff, marketing plan or other distribution facilities. It has engaged third parties to assist in identifying potential users of the EyeTalk® technology. If it is unable to create sales, marketing and distribution capabilities or enter into licensing and similar agreements with third parties to perform these functions, it may not be able to successfully commercialize the EyeTalk® product. In order to successfully commercialize any of its product candidates, it must either internally develop sales, marketing and distribution capabilities or make arrangements with third parties to perform these services.

the company may have exposure to legal claim that could cause significant losses.

The EyeTalk® product will likely be relied upon to provide methods of security from personal harm or property loss. To the extent that the EyeTalk® product malfunctions or experiences down times, losses could occur which would give rise to legal claims against the Company. There is no accurate method to predict the extent of exposure to these potential claims. It may therefore be susceptible to lawsuits that could cause it to incur substantial liabilities and/or limit commercialization of its EyeTalk® product. Product liability insurance for the technology industry is generally expensive, if available at all. The Company does not currently have any product liability insurance. If it is unable to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims, it may be unable to commercialize the product candidates. A successful product liability claim brought against the Company in excess of its insurance coverage, if any, may cause it to incur substantial liabilities and, as a result, the business may fail.

Competition in the electronic security world is fierce and the company may not be able to compete and survive.

The electronic security industry is very competitive. It is constantly changing and the Company expects competition to intensify in the future. Increased competition will result in reduced profit margins on products. The Company believes that its ability to compete successfully depends on a number of factors, including establishing brand awareness and market presence on a rapid basis; the quality of its marketing services; ease of use; and industry and general economic trends. The failure of any number of these factors could cause additional losses.

CURRENT ADVERSE ECONOMIC CONDITIONS HAVE HAD A NEGATIVE IMPACT ON OUR ABILITY TO OBTAIN ADDITIONAL FINANCING. OUR INABILITY TO OBTAIN ADDITIONAL FINANCING WOULD HAVE A SIGNIFICANT ADVERSE EFFECT ON OUR OPERATIONS.

In early 2008, as the United States economy began to weaken and there were increased doubts about the ability of borrowers to pay debts. Housing values began to fall and marginal loans were first to default, triggering the sub-prime lending crisis. Financial institutions responded by tightening their lending policies with respect to counterparties determined to have sub-prime mortgage risk. This tightening of institutional lending policies led to the failure of major financial institutions late in the third quarter of 2008. Continued failures, losses, and write-downs at major financial institutions through 2012 intensified concerns about credit and liquidity risks and have resulted in a sharp reduction in overall market liquidity. The global credit crisis threatens the stability of the global economy and has adversely impacted consumer confidence and spending. We believe this global credit crisis has also had a negative impact on our ability to obtain additional financing. As discussed above, our inability to obtain additional financing would have a significant adverse effect on our operations, results and financial condition.

the company may incur significant costs to ensure compliance with corporate governance and accounting requirements.

The Company expects to incur significant costs associated with its public company reporting requirements, costs associated with applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the SEC. It expects all of these applicable rules and regulations to increase the legal and financial compliance costs and to make some activities more time-consuming and costly. While it has no experience as a public company, it estimates that these additional costs will total approximately \$50,000 per year. The Company also expects that these applicable rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for to attract and retain qualified individuals to serve on the board of directors or as executive officers. It is currently evaluating and monitoring developments with respect to these newly applicable rules, and cannot predict or estimate the amount of additional costs that may be incurred or the timing of such costs.

(10)

Table of Contents

the company HAS NOT YET ESTABLISHED AN INDEPENDENT AUDIT COMMITTEE OR COMPENSATION COMMITTEE.

The Company has not yet appointed an audit committee or compensation committee as required by Sarbanes-Oxley. The Company is working to appoint these committee members by the end of the current year.

Risks Relating to the company's SECURITIES

the company has never paid dividends on its common stock and you may never receive dividends. There is a risk that an investor in the company will never see a return on investment and the stock may become worthless.

The Company has never paid dividends on its common stock. It intends to retain earnings, if any, to finance the development and expansion of the business. Future dividend policy will be at the discretion of the Board of Directors and will be contingent upon future earnings, if any, the financial condition, capital requirements, general business conditions and other factors. Future dividends may also be affected by covenants contained in loan or other financing documents, which may be executed by the Company in the future. Therefore, there can be no assurance that cash dividends of any kind will ever be paid. If you are counting on a return on your investment in the common stock, the shares are a risky investment.

BECAUSE WE ARE QUOTED ON THE OTCQB INSTEAD OF AN EXCHANGE OR NATIONAL QUOTATION SYSTEM, OUR INVESTORS MAY HAVE A TOUGHER TIME SELLING THEIR STOCK OR EXPERIENCE NEGATIVE VOLATILITY ON THE MARKET PRICE OF OUR STOCK.

Our common stock is traded on the OTCQB. The OTCQB is often highly illiquid. There is a greater chance of volatility for securities that trade on the OTCQB as compared to a national exchange or quotation system. This volatility may be caused by a variety of factors, including the lack of readily available price quotations, the absence of consistent administrative supervision of bid and ask quotations, lower trading volume, and market conditions. Investors in our common stock may experience high fluctuations in the market price and volume of the trading market for our securities. These fluctuations, when they occur, have a negative effect on the market price for our securities. Accordingly, our stockholders may not be able to realize a fair price from their shares when they determine to sell them or may have to hold them for a substantial period of time until the market for our common stock improves.

Because the company's shares are deemed high risk "penny stocks," you may have difficulty selling them in the secondary trading market.

The Commission has adopted regulations which generally define a "penny stock" to be any equity security that has a market price (as therein defined) less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. Additionally, if the equity security is not registered or authorized on a national securities exchange, the equity security also constitutes a "penny stock." As the Company's common stock falls within the definition of penny stock, these regulations require the delivery, prior to any transaction involving its common stock, of a risk disclosure schedule explaining the penny stock market and the risks associated with it. These regulations generally require broker-dealers who sell penny stocks to persons other than established customers and accredited

investors to deliver a disclosure schedule explaining the penny stock market and the risks associated with that market. Disclosure is also required to be made about compensation payable to both the broker-dealer and the registered representative and current quotations for the securities. These regulations also impose various sales practice requirements on broker-dealers. In addition, monthly statements are required to be sent disclosing recent price information for the penny stocks. The ability of broker/dealers to sell the Company's common stock and the ability of shareholders to sell its common stock in the secondary market is limited. As a result, the market liquidity for its common stock is severely and adversely affected. The Company can provide no assurance that trading in its common stock will not be subject to these or other regulations in the future, which would negatively affect the market for its common stock.

(11)

Table of Contents

FAILURE TO ACHIEVE AND MAINTAIN EFFECTIVE INTERNAL CONTROLS IN ACCORDANCE WITH SECTION 404 OF THE SARBANES-OXLEY ACT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS AND OPERATING RESULTS.

It may be time consuming, difficult and costly for us to develop and implement the additional internal controls, processes and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal auditing and other finance staff in order to develop and implement appropriate additional internal controls, processes and reporting procedures. If we are unable to comply with these requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires of publicly traded companies.

If we fail to comply in a timely manner with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we are required to prepare assessments regarding internal controls over financial reporting and, furnish a report by our management on our internal control over financial reporting. We have begun the process of documenting and testing our internal control procedures in order to satisfy these requirements, which is likely to result in increased general and administrative expenses and may shift management time and attention from revenue-generating activities to compliance activities. While our management is expending significant resources in an effort to complete this important project, there can be no assurance that we will be able to achieve our objective on a timely basis. Failure to achieve and maintain an effective internal control environment or complete our Section 404 certifications could have a material adverse effect on our stock price.

In addition, in connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover “material weaknesses” in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines “significant deficiency” as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected.

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal control over financial reporting, to remediate any material weaknesses that we may identify or to implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of the periodic management evaluations of our internal controls and, in the case of a failure to remediate any material weaknesses that we may identify, would adversely affect the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

WE DO NOT INTEND TO PAY DIVIDENDS

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are rapid, there is no assurance with respect to the amount of any such dividend.

OPERATING HISTORY AND LACK OF PROFITS COULD LEAD TO WIDE FLUCTUATIONS IN OUR SHARE PRICE. THE PRICE AT WHICH YOU PURCHASE OUR COMMON SHARES MAY NOT BE INDICATIVE OF THE PRICE THAT WILL PREVAIL IN THE TRADING MARKET. YOU MAY BE UNABLE TO SELL YOUR COMMON SHARES AT OR ABOVE YOUR PURCHASE PRICE, WHICH MAY RESULT IN SUBSTANTIAL LOSSES TO YOU. THE MARKET PRICE FOR OUR COMMON SHARES IS PARTICULARLY VOLATILE GIVEN OUR STATUS AS A RELATIVELY UNKNOWN COMPANY WITH A SMALL AND THINLY TRADED PUBLIC FLOAT.

The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, as noted above, our common shares are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, we are a speculative or “risky” investment due to our limited operating history and lack of profits to date, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our common shares, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common shares will be at any time, including as to whether our common shares will sustain their current market prices, or as to what effect that the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and

undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

(12)

Table of Contents

VOLATILITY IN OUR COMMON SHARE PRICE MAY SUBJECT US TO SECURITIES LITIGATION, THEREBY DIVERTING OUR RESOURCES THAT MAY HAVE A MATERIAL EFFECT ON OUR PROFITABILITY AND RESULTS OF OPERATIONS.

As discussed in the preceding risk factors, the market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

COMPLIANCE WITH CHANGING REGULATION OF CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE WILL RESULT IN ADDITIONAL EXPENSES AND POSE CHALLENGES FOR OUR MANAGEMENT TEAM.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations promulgated thereunder, the Sarbanes-Oxley Act and SEC regulations, have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the U.S. public markets. Our management team will need to devote significant time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

In addition to the foregoing, the U.S. Congress and/or various state and local legislatures may enact additional legislation or regulatory action designed to address the current economic crisis or for other purposes that could have a material adverse effect on our ability to execute our business strategies. To the extent the market does not respond favorably to these initiatives or they do not function as intended, our business, financial condition and results of operations and our ability to pay distributions to our stockholders could be materially adversely affected.

SHOULD ONE OR MORE OF THE FOREGOING RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD THE UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED, INTENDED OR PLANNED.

Table of Contents

Item 1B. UNRESOLVED STAFF COMMENTS

This Item is not applicable to us as we are not an accelerated filer, a large accelerated filer, or a well-seasoned issuer

Item 2. PROPERTIES

The Company leases office space at 13850 Ballantyne Corporate Place, Suite 500 Charlotte, NC 28277. The Company lease is for one year at a rate of approximately \$1,330 per month, and includes all utilities, office phone and support staff for our President, Mr. Ronald Carter.

Item 3. LEGAL PROCEEDINGS

For several years, we have been engaged in litigation against its former patent attorneys for malpractice arising from a missed filing deadline relating to obtaining patents for our core technologies outside the United States. After a two-year fight over jurisdiction in the case, including wins for us 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. Our trial counsel has assured us that the judge's ruling is contrary to law and that good grounds exist for appeal. An appeal was filed in November 2012, and the Company is awaiting a decision from the court on the appeals.

On February 12, 2013, the North Carolina Court of Appeals held oral argument before a three-judge panel.

The Company also sued Emmanuel Ozoeneh in federal court. Ozoeneh was a former business partner in a prior business venture with CEO Ron Carter. Ozoeneh began making false claims that he was the inventor of the EyeTalk® system. RCI filed suit in federal court to have 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.

In July and August 2009, the Company issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and interest were due in May 2010. In 2009, the Board of Directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. The note became due in November 2010.

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 \$144,066.76 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663.02 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

On November 5, 2012, the company received notice Russell A. Patterson PA regarding Sea Pines Resort LLC seeking a hearing for judgement in the amount of \$5,235.96

On February 5, 2013, the Company received notification regarding an order signed by a Superior Court Judge and filed with the Clerk of Court in a civil action against Claude McDougal (a former officer and Director of the Company) by Omisun Azali (12-CVS-6243). The order places Revolutionary Concepts on notice that;

1. Any and all property of the judgment debtor Claude D. McDougall currently in the possession of any person, including but not limited to Revolutionary Concepts, Inc. be sold and the proceeds delivered to the judgment creditor and applied towards satisfaction of the judgment, and
2. Any and all monies owed to this judgment debtor by any person, including but not limited to Revolutionary Concepts Inc., be assigned to the judgment creditor and then said monies delivered to the judgment creditor and, at the time of delivery, be applied toward the satisfaction of the judgment, and;
3. The membership interest of the judgment debtor in Revolutionary Concepts, Inc., be charged with payment of the judgment and that Revolutionary Concepts, Inc., assign and deliver to the judgment creditor any distributions of money owed or allocations or earned salary that this judgment debtor is entitled to, not inconsistent with law and, at the time monies are delivered to the judgment creditor, the monies be applied towards the satisfaction of the judgment.

The Company intends to comply with the notice should any amounts owed to Mr. McDougal be released.

Item 4. MINE SAFETY DISCLOSURES.

Not applicable

(14)

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Shares of our common stock commenced trading on September 13, 2010, on the National Association of Securities Dealers Inter-dealer Quotation System Over The Counter Bulletin Board under the symbol "REVO.QB. For the periods indicated, the following table sets forth the high and low bid prices per share of common stock, as reported by the Over the Counter Bulletin Board. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	High	Low
Fiscal Year 2010		
Third Quarter (September 13– September 30 2010)	\$0.27	\$0.15
Fourth Quarter (October – December 2010)	\$0.82	\$0.24
Fiscal Year 2011		
First Quarter (January-March 2011)	\$0.60	\$0.05
Second Quarter (April-June 2011)	\$ 0.09	\$0.01
Third Quarter (July– September 2011)	\$0.08	\$0.04
Fourth Quarter (October – December 2011)	\$0.07	\$0.01
Fiscal Year 2012		
First Quarter (January – March 2012)	\$0.04	\$0.01
Second Quarter (April-June 2012)	\$0.005	\$0.03
Third Quarter (July– September 2012)	\$0.0011	\$0.0065
Fourth Quarter (October – December 2012)	\$0.0006	\$0.031
Fiscal Year 2013		
First Quarter (January – March 2013)	\$0.0019	\$0.01

On April 10, 2012, the closing bid price of our common stock was \$0.035

Holders

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

As of December 31, 2012, there were 335,949,025 shares of our common stock issued and outstanding and held by 251 holders of record. We believe many of the shares of our common stock are held in "street name" and, therefore, we believe the actual number of shareholders is slightly higher.

Dividends

We may never pay any dividends to our shareholders. We did not declare any dividends for the year ended December 31, 2012. Our Board of Directors does not intend to distribute dividends in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the Board of Directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors as the Board of Directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Recent sales of unregistered securities

On January 2, 2012 we 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 at \$0.015 per share.

On January 31, 2012, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$28,000 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On February 29, 2012, we 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 at \$0.005 per share.

On March 22, 2012, we issued 159,000 restricted common shares for professional services provided to us and expensed in 2011. The issuance will reduce our accounts payable by \$4,990.

On March 30, 2012, we 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 at \$0.005 per share.

On April 1, 2012 we entered into a two (2) year convertible Promissory Note with our 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

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

in accordance with his Employment Agreement. The holder has the right to convert the note to common stock at \$0.005.

On April 1, 2012 we entered into a two (2) year convertible Promissory Note with our 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 \$0.005.

On April 30, 2012 we 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 at \$0.005 per share.

On May 31, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$33,000 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On June 7, 2012 we 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 at 50% of the then current market prices. This was a partial reassignment and modification of a note dated August 30, 2011.

On June 12, 2012 we 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 at 50% of the then current market prices. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May 30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948.

On June 19, 2012 we 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 at 50% of the then current market prices.

On June 30, 2012 we 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 at \$0.005 per share.

On August 30, 2012 we 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 at \$0.005 per share.

On September 4, 2012 we entered into a one (1) year convertible Promissory Note with a non-related creditor for \$42,700 at 10% interest. The holder has the right to convert the note to common stock at 50% of the then current

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

market prices. From September 19, 2012 through September 28, 2012 the Company received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000.

On September 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$33,519 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

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 at 50% of the then current market prices.

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 at \$0.002 per share.

On November 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,390 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

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 at \$0.002 per share.

During the year ended December 31, 2012, we issued shares of our common stock and issued debt securities in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the debt holder or shareholder confirmed to us that they were “accredited investors,” as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the and issuance of the debt or shares; (c) the debt holder and shareholders acknowledged that the shares being issued were “restricted securities” for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act (specifically the holding period under Rule 144, when appropriate); and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

Issuer Purchases of Equity Securities

None.

Transfer Agent

Island Stock Transfer, 15500 Roosevelt Boulevard, Suite 301 Clearwater, Florida 33760 acts as transfer agent for our common stock.

(15)

Table of Contents

Item 6. SELECTED FINANCIAL DATA

Not required under Regulation S-K for “smaller reporting companies.”

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

The following is management's discussion and analysis ("MD&A") of certain significant factors that have affected our financial position and operating results during the periods included in the accompanying consolidated financial statements, as well as information relating to the plans of our current management. This report includes forward-looking statements. Generally, the words “believes,” “anticipates,” “may,” “will,” “should,” “expect,” “intend,” “estimate,” “continue,” and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, including the matters set forth in this report or other reports or documents we file with the Securities and Exchange Commission from time to time, which could cause actual results or outcomes to differ materially from those projected. Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to update these forward-looking statements.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information contained elsewhere in this Form 10-K

The Company's MD&A is comprised of significant accounting estimates made in the normal course of its operations, overview of the Company's business conditions, results of operations, liquidity and capital resources and contractual obligations. The Company did not have any off balance sheet arrangements as of December 31, 2011 or 2012.

The discussion and analysis of the Company's financial condition and results of operations is based upon its 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 its 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. The Company has described below what it believes are its most critical accounting policies. SEE ALSO NOTES 1 and 2 TO FINANCIAL STATEMENTS, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

SUMMARY OF CRITICAL 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

(Included in Accounting Standards Codification ("ASC") 718 "Share Based Payment", previously SFAS No. 123(R) "Accounting for 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, 2012, no stock options were committed to be issued to employees.

Table of Contents

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

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 and six 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 three 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 December 31, 2012 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.

(17)

Table of Contents

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.

Comprehensive Income

(Included in ASC 220 “Reporting Comprehensive Income” previously SFAS No. 130)

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 \$80,345 and \$83,562 in 2011 and 2012, respectively.

Management expects these loans on a rolling basis throughout the term of the five year loans. After deducting re-payments made by the officers and adding accumulated interest, balances were due as of year ended 2011 and 2012 as follows:

	12/31/11	12/31/12
Garry Stevenson	34,428	35,814
Bethiel Tesfasillasi	45,917	47,748
	\$80,435	\$83,562

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

Table of Contents

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.

Our Ability To Continue as a Going Concern

Our independent registered public accounting firm has issued its report in connection with the audit of our financial statements as of December 31, 2012 that included an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements as of December 31, 2012 have been prepared under the assumption that we will continue as a going concern. If we are not able to continue as a going concern, it is likely that holders of our common stock will lose all of their investment. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Overview – Business Conditions

We are a development stage company positioned to begin launch and license of its patented technologies in 2013. 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.

Our efforts to date have successfully accomplished the securing of seven (7) very relevant patent technologies in the wireless space. Six of the company's patents are related to the EyeTalk® smart camera technology and one (1) patent related to a new child's car seat, equipped with video monitoring, 2- way communication, gaming and a host of other cutting edge features.

Unlike many IP cameras that simply produce and transmit an image, we envision the EyeTalk® smart camera technology will have embedded capabilities that distinguish it as a significant technological advancement over traditional camera systems. Features such as voice recognition, audible response capability, messaging, alert technology, collectively will make the EyeTalk technology one of a kind.

In July of 2011, we engaged SIS Development Inc. to direct the development of this state of the art system. SIS Development, Inc. offers highly specialized, wing-to-wing commercial OEM product development services. SIS Development has an extensive track record of high volume product and software successes in Fortune 100 and startup environments alike.

We initially funded development through three private offerings in 2005, 2007 and 2009. We also borrowed \$307,500 from four non-related parties at 4% interest to fund ongoing operations, and new patent applications. These promissory notes began to become due in October 2008 and were repaid in November 2008 by issuing 630,811 shares of restricted common stock from authorized shares.

In July and August 2009, we issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and interest were due in May 2010. In 2009, our board of directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. The note became due in November 2010. On October 5, 2010, we 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 is \$100,996, plus interest at 18% and legal costs. On the 10th day of May 2011, a summary judgment was entered on behalf of the plaintiff against Mr. Carter and our company. On the 4th day of August 2011, we reached an agreement with a third party to negotiate and acquire the judgment award and to agree to a convertible note from our for its services. The total value of the convertible note is \$144,066.76 with no interest, of which we have received a promissory note from Mr. Carter for \$112,663.02 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed

In July 2010, we partnered with US Financial and Rainco Industries to consult in Investor Relations, introduction to institutional investors, assist with mergers and acquisitions, and to help develop a strategy to fund its growth. As a result of this partnership, we resolved additional debt obligations, are now trading on both the US and Frankfurt stock exchanges and are also now listed with Standards and Poors. In November 2011, we terminated our association with US Financial but retained the relationship with Rainco Industries.

(19)

Table of Contents

Introduction to EyeTalk®

Revolutionary Concepts is the patent holder of a wireless smart camera technology, branded EyeTalk®. EyeTalk® represents a very disruptive technology that integrates into an industry of new smart devices.... an industry on pace to establish a new era in everyday life across several industries.

From Wire Industry News – February 2012;

By most standards, the iPhone is considered by a lot of people to be one of the most successful products in business history, and there are many reasons why the majority of people and especially iPhone users think so.

So far, about 200 million iPhones have been sold since it was introduced in the spring of 2007, and 37 million of them in the last three months of 2011 alone.

And make no mistake-- the iPhone is a huge revenue generator! Just last quarter, it contributed to over \$24.39 billion in revenue for the fruity company from Cupertino, greater than the \$20.9 billion Microsoft made in all of its many businesses.

Apple also produces the iPad. iPad is a line of tablet computers designed, developed and marketed by Apple Inc., primarily as a platform for audio-visual media

Tech Crunch – March 2012

Following Apple's announcement yesterday of the new iPad's record weekend, which saw 3 million devices sold in three days, analysts are upping their predictions for the tablet's market share growth over the course of the year. In a note to investors, Gene Munster of Piper Jaffray says the firm is now forecasting as many as 66 million sales of the new device in 2012, up from the earlier prediction of 60 million. Meanwhile, Shaw Wu of Sterne Agee is now predicting 60 million, up from 55 million. Regardless of the final outcome, the bottom line impact the device will have on the market was summed up in Munster's bullish note: "we believe the unprecedented ramp of the iPad over the past year is evidence that the tablet market will be measurably larger than the PC market," he said.

Revolutionary Concepts EyeTalk® technology represents a camera system with embedded intelligence. Moving beyond the typical take a picture, take a video and transmit it technology, the EyeTalk® technology will activate and engage. The capabilities of the EyeTalk® system go beyond the ability to offer two-way communication by

incorporating an embedded processor that will ultimately be able to communicate and interpret while providing video surveillance and remote monitoring capabilities.

Wireless cameras, wireless communication devices such as smart phones and hand held devices represent the ultimate marriage of wireless technologies. Until we discover how to actually teleport people, wireless cameras and mobile monitors will virtually allow people to literally be in two places at once.

Our management believes our patents represent a very significant asset and advancement in camera technology.

The EyeTalk® technology is being designed as primarily a software platform with a hardware component of an external smart camera deployed at a chosen location. The system will offer two-way communication and will stream video to designated PC or handheld devices such as PDA's, smart phones or other smart devices. The software interface may allow the system to perform voice recognition and response, offer preprogrammed messages, greetings, commands, etc. The software will maintain information captured by the EyeTalk® system. Access to the information may be achieved via a Personal Data Assistant (PDA), Handheld Computer (HC), Smart phone, or other compatible device. The EyeTalk® software platform will be able to communicate with many of the smartphone and other devices that are currently available in the market place.

As a residential application, the EyeTalk® system may provide a very effective and efficient means of entry management allowing seamless communication to and from a location to the owner to interact remotely with anyone who approaches, with the benefit of audio, video and data communication. The system utilizes new technology to synergistically improve communication, security, convenience, messaging, entry management and access control.

According to USBX (US Business Exchange), "iSuppli, a respected technology market research firm, announced this quarter that they project IP video surveillance camera revenue to grow to more than \$9.0 billion by 2011, a compound annual growth rate of 13.2%". Declining cost of new surveillance technology have improved the viability of enhanced security systems while boosting the affordability and demand for basic security systems among families in the middle to lower-middle income strata of society."

The point of greatest significance is not the fact that our plans are to participate in this space, but the fact that our company owns IP rights to the much anticipated wireless activity in the space. We have a careful eye on the transition many traditional security companies are attempting to make to a more practical video solution. Fortunately for us, our company owns the rights to the use of wireless cameras and their interface with wireless handheld devices.

The EyeTalk® system will also record and archive data, video and audio records. The system will provide a centralized control system using a user-friendly application with a means for storing digital images and provides enhanced security features.

Our management also recognizes that we have entered an era where smartphone applications are just a matter of every day activity. An “APP” that offers individuals the ability to manage and monitor locations of interest is both very marketable and essential.

Our management expects the EyeTalk® technology to provide three primary benefits:

Protection – EyeTalk® as a standalone system will provide a much safer platform because of its preemptive capabilities, or the EyeTalk® system may augment current residential and commercial security systems.

Monitoring – EyeTalk® may allow the user to better facilitate the task of entry management in non-threatening circumstances, such as latch key school children, and deliveries allowing the user to maintain better control and understanding of what is going on at any given location or property at any given time.

Convenience – EyeTalk® will add convenience to home and business owners, by providing a more responsive and efficient means of responding to, screening, and monitoring activity at a given location. Deliveries and service appointments can be better managed with a system such as EyeTalk®.

For all intents and purposes, traditional security and alarm services are ineffective, inefficient and costly. Across the country, municipalities report false alarms at a rate exceeding 90%. The response time between an event and police arrival can be much too long. EyeTalk® represents a proactive response rather than a reactive one.

To insure the highest quality and product reliability, we entered into a development agreement with SIS Development to produce the initial EyeTalk® system. Our management are committed to producing a very high quality, reliable and sophisticated system; however, the first generation of the EyeTalk® technology will not have all of the feature sets intended for future models, and will simply serve as our company’s initial launch and introduction.

SIS Development, Inc. offers highly specialized, wing-to-wing commercial OEM product development services. SIS has managed formidable, leading-edge design teams shipping millions of products a year and has an extensive track record of high volume product and software successes in Fortune 100 and startup environments alike.

The President of SIS Development is Richard Kramer. Prior to founding SIS Development, Inc. and Security Industry Services, Inc., Richard Kramer served as General Manager-Technology and Vice President, Engineering at General Electric’s GE Security division, where he led a progressive 250+ person organization with more than \$500M per year

in revenue. He was responsible for managing 16 groups in 11 geographically dispersed locations, providing advanced Network, Software, Wireless, Enterprise/Commercial/Residential/Real Estate Solutions for the video surveillance (system software, IP solutions, communications, cameras, recorders, PTZs, video recognition technology), life safety (central station software, intrusion systems, software and sensors), and key control/real estate system software/product markets.

Product development has been a goal of the company, however not to the extent that the company feels any sense of urgency. Our goal is to achieve revenue, maximizing our opportunities through adequate diligence and exploration. Over the past year, the company is aware of patent rejections by the USPTO citing the Company patents as a basis. This discovery places greater focus and emphasis on licensing opportunities over the next 12 months. Product development is only essential to the Company from a standpoint of offering a technology that encompasses the total feature sets identified in our patents. Our management's diligence and patience has proven to be the best approach in maximizing the value of our company's total patent portfolio.

(20)

Table of Contents

INDUSTRY

Security industry stats from IMS Research

by Geoff Kohl

First up is 2009.

In the Americas, here's how differing industries compared in a rough financial year. The semiconductor market was down 30%; industrial automation was down 15%; vehicle production was down 33% and consumer technology was down 6%. Despite those significant downturns in many major industries, the electronic security industry was down only 0.2%. Basically, that means our industry stayed flat during 2009.

Also in 2009, IMS saw network video up 25% and analog video down 7%. They saw a terrible year for analytics companies. While analytics was having trouble, megapixel video surveillance had a good year, even as HD emerged as a potential format of choice. Megapixel could even outpace "standard resolution" IP video usage by 2012 or 2013 based on what IMS saw in 2009.

Now to the future...

In 2013, in the Americas, video surveillance is going to be 43% of the total physical security systems market; that means a huge increase in terms of video's role in the overall market. Fire will be 20% (that's down from current market share per IMS); intrusion will be 11.2% (also down in overall market share); and access control will be 7.8% (again, that's down in overall market share -- a loss chiefly attributed video's strong growth rather than any failing in the access control market).

*In 2010 (since that's the year we're dealing with now), IMS is forecasting a large number of mergers and acquisitions, which they think will happen because the capital funding for such purchase is finally coming back. They're expecting 2% growth in North America for security products as a whole, a growth number that pales in comparison to a 15.2% growth forecast for security products in China/India. While North America isn't going to see the banner year that China and India will see, it certainly is better than what IMS is forecasting for Europe -- which is a -4.8% decline in overall revenues attributed to the sale of security products.**

*Article not incorporated by reference.

The tipping point for when IP video takes over analog video in sales was delayed, in our managements opinion, for one year as a consequence of the downturn in the economy in 2009; now we forecast 2013 or 2014 when that transition happens.

How to Capitalize on the Fastest Growing Trend in Residential Security

By Jay Kenny – Feb 03, 2012

Security dealers and integrators are recognizing that consumers increasingly rely on smartphones, tablets and other mobile devices to control home security, automation and energy management services. Alarm.com, a provider of interactive security solutions, has evidence to support this trend.

*This shift in consumer behavior is driven both by the explosive adoption of mobile devices and the availability of dynamic apps and services for end users to unlock additional value from their security system. Usage trends are not limited to monitoring security events that occur in the home, but also extend to a range of relevant day-to-day interactive services such as receiving motion-triggered video clips when kids arrive home from school, alerts when cabinets are accessed, or the ability to remotely adjust thermostats, lights and door lock settings. It is a behavioral change that presents a new opportunity and should not be lost on security dealers and integrators. Mobile connection to the security system has proven to be a successful way to improve retention of existing customers, drive new customer acquisition, deliver additional revenue-generating services, and differentiate a product offering as new entrants hit the market.**

*Article not incorporated by reference.

EyeTalk® as stated previously is being designed to represent a technology with embedded intelligence. This one key feature that we term *smart camera* technology, combined with smart phone technology is a very powerful and compelling combination of technologies. A key reason we define EyeTalk® as a “disruptive technology”.

Mobile apps help close sales – Increasingly, feedback from Alarm.com partners is that one of the most powerful sales tactics is to show interactive system capabilities and features on a mobile device such as an iPhone, iPad or Android smartphone. This "mobile-first" approach in the sales cycle is more effective than showing mobile apps as a "nice-to-have" among a list of broader system features. Once prospective customers see how easy and convenient it is to use a free app to arm the system, adjust the lights or watch live video of their property, their perceived value increases dramatically and distances the product offering from that of competitors.

Mobile services keep customers "sticky" – In addition to helping dealers close more sales, the mobile app significantly drives day-to-day use of the system, in turn increasing customer stickiness and reducing customer attrition. In fact, analysis conducted by Alarm.com in 2011 confirmed a direct correlation between a consumer's consistent interaction with their interactive security system and reduced attrition. Through an independent third party analysis, it was proven that customers with interactive accounts stay on longer than traditional security customers and those who are actively logging into their accounts via the Alarm.com website or mobile app attrite even less.

Mobile apps help meet rising consumer expectations – Current mobile trending shows people are not just becoming more comfortable with technology, but that they prefer the convenience of the mobile app to monitor and control home security system settings. Mobile apps enhance the value of the security platform and deliver access to key services consumers expect on-demand wherever they are, and from any device.

Mobility isn't just about remote access – It would be reasonable to assume that customers are solely utilizing mobile devices remotely to monitor and interact with security, video, energy and automation functions. But dealers and integrators report that for many customers the mobile app offers much more. Customers appreciate the ability to change system settings, lock doors or turn off lights from the living room couch or bedroom rather than having to do so from a physical keypad. Mobile apps also offer a new level of awareness and comfort by enabling the user to stay connected and essentially extend the value of the security system.

Mobile apps can drive sales for other services – Mobile apps can expose customers to additional services anchored to the security platform, especially when used as a sales tactic for a whole home solution. The ease of controlling home energy and seeing video through the same platform can create higher system value as well as increase the opportunity to attach add-on services and generate more RMR. Mobile apps help drive sales for system-integrated services such as video, energy management and home automation.

Below is an illustration of the security market segments. (2011)

(21)

Table of Contents

Future Plans and Potential Markets

Our management believes the seven (7) awarded patents identify capabilities that make up a significant portion of a tremendous industry. Research and current trends suggest that the security industry will continue to experience increased spending and growth on detection devices such as EyeTalk®. Our Intellectual Property makes it more than just a provider but the outright owner of a very relevant and significant IP... a tremendous asset. Our management contends that the future of our company is bright and the options of development and/or licensing provide incredible latitude.

We have systematically filed patents over the past decade in the areas of medical, institutional, child monitoring, home healthcare and real estate markers. As these assets are now manifesting themselves one by one, the company's plans are unfolding perfectly. Each of the aforementioned markets is monumental and perfectly suited for the IP in our portfolio.

Our management also believes that EyeTalk® will have advantages over existing and competing technologies by virtue of its design of embedded intelligence and processing capabilities. Many of these capabilities may not relate to the security field at all, but may nonetheless be commercially useful. The additional commercial benefits of the EyeTalk® include:

- Virtual reception capabilities for offices and businesses
- Advanced operations management and remote supervision
- Remote on-line education and real-time teacher/student interface (homeschooling)
- Home healthcare monitoring and independent living capabilities
- Sports applications and entertainment

Commercialization

Licensing

We currently hold the IP that provides the use of 2-way audio and video communication via wireless technology covering a multitude of monitoring and reception applications. The IP is directly applicable to multiple residential and commercial industries including but not limited to security, hardware and service providers representing significant market opportunities. We are also engaged to monetize these IP opportunities and are currently pursuing licensing programs to companies who wish to utilize this technology. Our management will also aggressively defend its patent rights against those companies that may infringe on these IP applications.

Existing Security Companies

The use of wireless 2-way audio and video communication technology will become the predominate form of entrance reception and protection within the security industry. Applications for ancillary products to the primary application, covered by our IP, ranging from prerecorded reception messaging to remote door locking and unlocking are the primary marketing efforts of many industry leaders today and should become commonplace throughout the industry in the next 12 to 24 months. Competitive factors are creating a unique dynamic within the securities industry where these 2-way wireless entry applications are rapidly becoming "must have features" for security providers to stay competitive. Our management believes this trend will provide a substantive opportunity for the licensing to the industry participants encroaching on our IP. In addition, we intend to offer a wireless camera technology that we believe will be vastly superior because of its extensive capabilities protected by our IP. We are in the process of developing key relationships with industry leaders to position opportunities reflecting these trend lines encumbered by our IP.

Hardware Manufacturers

Our management is currently examining entrance hardware manufacturers and wireless camera manufacturers for possible relationships regarding its IP including but not limited to entrance locking applications, reception messaging applications and arrival sensing applications. Our management believes there are current applications in place with hardware manufacturer's products that afford our licensing opportunities within this industry and see this potential growing for the foreseeable future

(22)

Table of Contents

Patent and Intellectual Property

The United States Patent and Trademark Office issued the following patents to Revolutionary Concepts, Inc. from 2007 through 2012.

Patents Summary

U.S. Patent 7,193,644

Revolutionary Concepts Inc. of Charlotte, North Carolina, has been awarded U.S. patent 7,193,644 covering an audio-video communication and answering system. The system includes at least one wireless exterior module, a computerized controller, and a wireless router. The wireless exterior module has a proximity sensor, a video camera, a microphone, a speaker, a radio frequency transmitter, and a radio frequency receiver. The wireless router enables communication between the wireless exterior module and the computerized controller, and the computerized controller runs a software application that includes a graphic user interface that enables a user to view images and streaming video from the camera. The computerized controller also enables the coordination of multiple communication devices, and the computerized controller enables user defined responses to prompts and events. The system further includes a recording component that records video and audio communication that is transmitted to and from the exterior module, and a playing component that plays video and audio communication recorded by the recording component.

Additionally, the patent covers a method for audio-video greeting and communicating with visitors at a business or residence. The method utilizes at least one exterior module having a proximity sensor, a video camera, a microphone, a speaker, a radio frequency transmitter, a radio frequency receiver; a computerized controller, wherein the computerized controller has components for playing and recording video and audio media; a radio frequency switching device that enables communication between the exterior module and the computerized controller; and a software application. The method includes the steps of: detecting the presence of a visitor via the proximity sensor of the exterior module, where the exterior module is mounted at or near an entrance, and whereupon detection the computerized controller is signaled that a visitor is present; actuating the components for playing and recording video and audio media, and saving a recording in a location in the database with a beginning time-stamp; broadcasting that a visitor is present; issuing a greeting to the visitor, and asking the visitor to state a reason for their visit; observing an image or video of the visitor displayed on the computerized controller; if appropriate, issuing a prompt stating that occupant "y" is not available and asking the visitor if they wish to talk to occupant "y" or to leave a message; if appropriate, initiating a call to occupant "y"; if appropriate, asking the visitor to begin his message; attaching a message beginning with a timestamp and an occupant mailbox designation in the database; time stamping the end of message; if appropriate, issuing a closing statement; and when the visitor has finished the message and is out of the range of the proximity sensor, stopping all recording and time stamping the end of the recording, wherein the occupant "y" can, remotely or locally, selectively sort and view the entire recorded visit or just the message.

U.S. Patent 8,139,098

Revolutionary Concepts Inc. of Charlotte, North Carolina, has recently been awarded U.S. patent 8,139,098 covering a method for receiving a person at an entrance. The method includes the steps of detecting the presence of a person at the entrance; transmitting, to a computerized controller running a software application, video of the person at the

entrance that is recorded using a camera located proximate the entrance; and providing, with the application software running at the computerized controller, a graphical user interface to a remote peripheral device by which a user of the remote peripheral device may view the video of the person at the entrance.

U.S. Patent 8,144,183

Revolutionary Concepts Inc. of Charlotte, North Carolina, has recently been awarded U.S. patent 8,144,183 covering a method for two-way audio-video communications between a first person at an entrance and a second person. The method includes the steps of detecting the presence of a first person at the entrance; and following the detection, providing real time audio-video communications between the first person at the entrance and a second person using a wireless handheld device by, (i) transmitting, to the wireless handheld device of the second person, video of the first person at the entrance that is recorded using a camera located proximate the entrance, (ii) transmitting, to the wireless handheld device of the second person, audio of the first person at the entrance recorded using a microphone located proximate the entrance, and (iii) transmitting, to a speaker located proximate the entrance for playing to the first person, audio of the second person recorded using the wireless handheld device.

U.S. Patent 8,144,184

Revolutionary Concepts Inc. of Charlotte, North Carolina, has recently been awarded U.S. patent 8,144,184 covering a detection and viewing system. The system includes a wireless device associated with a door. The wireless device includes a camera and is configured to communicate video data from the camera. The system also includes a sensor for activating the camera and a computer. The computer is configured for communication with the wireless device and is configured for communication with each of a plurality of peripheral devices that is associated with a respective user. The computer executes software, in accordance with which the association of each of the peripheral devices with a respective user is maintained; video data from the wireless device is received by the computer upon actuation of the sensor; and a graphical user interface is provided, through which video data from the wireless device is accessible by each respective user using one of the peripheral devices.

Additionally, the patent separately covers a detection and viewing system. The system includes a wireless device associated with a door. The wireless device is configured to communicate video data. The system also includes a sensor associated with the door for activating the camera upon triggering of the sensor. A computer is included in the system that is configured for communication with the wireless device and is configured for communication, via the Internet, with each of a plurality of peripheral devices that is associated with a respective user. The computer executes software, in accordance with which the association of each of the peripheral devices with a respective user is maintained; video data from the wireless device is received and stored by the computer; and a graphical user interface is provided, through which video data from the wireless device is accessible, via the Internet, by each respective user using one of the peripheral devices. Additionally, in accordance with the software, each user is authenticated based on a biometric of the user. The authentication may be based, for example, on the voice of the user.

The patent also covers a detection and viewing system. The system includes a wireless device associated with a door. The wireless device includes a sensor, a camera, a microphone, a speaker, an radio frequency transmitter, and radio frequency receiver, and the wireless device is configured to communicate the audio and video data upon triggering of the sensor. The system also includes a sensor for activating the camera and a computer. The computer is configured for communication with the wireless device and is configured for communication with each of a plurality of peripheral devices that is associated with a respective user. The computer executes software, in accordance with which: the

association of each of the peripheral devices with a respective user is maintained; audio and video data from the wireless device is received by the computer; and a graphical user interface is provided, through which audio and video data from the wireless device is accessible via the Internet by each respective user using one of the peripheral devices. Additionally, in accordance with the software, audio and video data received from the wireless device is recorded, and access to the recorded audio and video data is provided through the graphical user interface.

U.S. Patent 8,154,581

Revolutionary Concepts Inc. of Charlotte, North Carolina, has recently been awarded U.S. patent 8,154,581 covering an audio-video communication system. The system includes a wireless exterior module located proximate an entrance and a computerized controller. The wireless exterior module has a proximity sensor for detecting a person at the entrance, a video camera for recording an image of the person at the entrance, a microphone for recording sound of the person at the entrance, a speaker for playing audio to the person at the entrance, a transmitter for communicating sounds and images of the person at the entrance, and a receiver for receiving communications at the wireless exterior module. The computerized controller is disposed in wireless electronic communication with the wireless exterior module via the transmitter and the receiver of the wireless exterior module, and the computerized controller is configured to control recording of communications with said wireless exterior module and playback of such recording. The computerized controller runs a software application that includes a graphic user interface that enables a user to view images from the video camera communicated from the wireless exterior module. The system further includes a remote peripheral device that is configured to electronically communicate with the computerized controller for viewing an image from the video camera communicated from the wireless exterior module.

U.S. Patent 8,164,614

Revolutionary Concepts Inc. of Charlotte, North Carolina, has recently been awarded U.S. patent 8,164,614 covering a communications and monitoring system. The system includes a wireless device, peripheral devices, and a computer with software. The computer is configured for communication with the wireless device. The wireless device is associated with a door and is configured to communicate audio and video data that is received by the computer. Each of the peripheral devices is associated with a respective user, which association is maintained by the computer. The computer is configured for communication with each of the peripheral devices and provides a graphical user interface through which audio and video data from the wireless device is made accessible by each respective user using one of the peripheral devices.

Additionally, the patent separately covers a communications and monitoring system including a wireless device, peripheral devices, and a computer with software. The computer is configured for communication with the wireless device. The wireless device is associated with a door and is configured to communicate audio and video data that is received and stored by the computer. Each of the peripheral devices is associated with a respective user, which association is maintained by the computer. The computer is configured for communication with each of the peripheral devices over the Internet, and the computer provides a graphical user interface through which audio and video data from the wireless device is made accessible, via the Internet, by each respective user using one of the peripheral devices. Additionally, each user is authenticated based on a biometric of the user. The authentication may be based, for example, on the voice of the user.

The patent also separately covers a communications and monitoring system including a wireless device, peripheral devices, and a computer with software. The computer is configured for communication with the wireless device. The wireless device includes a camera, a microphone, a speaker, a radio frequency transmitter, and radio frequency receiver. The wireless device is associated with a door and is configured to communicate audio and video data that is

received and recorded by the computer. Each of the peripheral devices is associated with a respective user, which association is maintained by the computer. The computer is configured for communication via the Internet with each of the peripheral devices, and the computer provides a graphical user interface through which audio and video data from the wireless device is made accessible, via the Internet, by each respective user using one of the peripheral devices.

U.S. Patent Number 8,016,676

Generally, the invention broadly relates to a child's car seat assembly and, in particular, to a child's car seat that includes built-in components enabling wireless gaming applications; to a child's car seat that includes built-in components enabling two-way, person-to-person communications; and to a child's car seat that includes built-in components enabling both wireless gaming applications and two-way, person-to-person communications. The car seat assembly of the invention is intended for use with an infant or toddler.

(23)

Table of Contents

Remote Gaming Access

Generally, in an aspect of the invention, a child's car seat assembly includes communication components that are incorporated into the car seat assembly and that enable wireless gaming applications to be played by a child who is retained in the car seat assembly.

In features of this aspect, the communication components include a transceiver or, alternatively, a separate receiver and a separate transmitter; a speaker; a display; and controls for operating the components. The communication components further may include a microphone and a camera. The car seat assembly also preferably includes a processing unit for locally executing software at the car seat assembly.

The components preferably are built-in and form part of the car seat assembly. Furthermore, the display and controls may be combined such as, for example, in a touch screen display, whereby a graphical user interface (GUI) may be provided on the display itself.

The gaming applications that are played in accordance with this aspect of the invention preferably provide educational benefits to the child and include educational media that is interactive. The gaming applications may be hosted remotely from the car seat assembly.

The gaming applications may be downloaded on demand and executed locally at the car seat assembly. Additionally, it is contemplated that the gaming applications are not sophisticated and that each gaming application is designed to attract and hold the attention of a child who is retained in the car seat assembly.

Remotely hosted applications, and applications that are downloaded on demand, are accessed using the communications capabilities of the car seat assembly. Specifically, the communication components preferably enable radio communications over a satellite or cellular network. Alternatively, where a WiMax or similar network is present, the communication components may enable communications over such a network. In any case, protocols for such communications may include, where applicable and as desired, the General Packet Radio Service (GPRS) protocol; the 3G protocol; the transmission control protocol (TCP), including TCP-IP protocol; and one or more 802.11 protocols.

Two-Way Person-to-Person Communications

This aspect of the invention enables two-way communications between a child seated in the car seat assembly and a person who is remotely located, i.e., someone who is not in the vehicle. In features of this aspect, the two-way communications include audio communications; the two-way communications include video communications; and the

two-way communications include both audio and video communications.

Legal

For several years, we have been engaged in litigation against its former patent attorneys for malpractice arising from a missed filing deadline relating to obtaining patents for our core technologies outside the United States. After a two-year fight over jurisdiction in the case, including wins for us 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. Our trial counsel has assured us that the judge's ruling is contrary to law and that good grounds exist for appeal. An appeal was filed in November 2012, and the Company is awaiting a decision from the court on the appeal.

The North Carolina Court of Appeals held oral argument before a three-judge panel on 12 February 2013. The oral argument was spirited and included many questions from the judges about specific points in the briefs. It is not always possible to discern from the questions and comments made by the individual judges as to which direction they are leaning, but if the questions and comments *are* an indication, we appear to be in good shape. As you know, I believe strongly that the Business Court erred by granting summary judgment. The judges seemed receptive to my argument that applying various rules and statutes as the Business Court did in this case results in absurd outcomes. On the whole, I believe we have put our best foot forward. We will know within a few months if it was enough.

The Company also sued Emmanuel Ozoeneh in federal court. Ozoeneh was a former business partner in a prior business venture with CEO Ron Carter. Ozoeneh began making false claims that he was the inventor of the EyeTalk® system. RCI filed suit in federal court to have 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.

In July and August 2009, the Company issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and interest were due in May 2010. In 2009, the Board of Directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. The note became due in November 2010.

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

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

convertible note is \$144,066.76 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663.02 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

On February 5, 2013, we received notification regarding an order signed by a Superior Court Judge and filed with the Clerk of Court in a civil action against Claude McDougal (a former officer and Director of the Company) by Omissun Azali (12-CVS-6243). The order places Revolutionary Concepts on notice that;

4. Any and all property of the judgment debtor Claude D. McDougall currently in the possession of any person, including but not limited to Revolutionary Concepts, Inc. be sold and the proceeds delivered to the judgment creditor and applied towards satisfaction of the judgment, and
 5. Any and all monies owed to this judgment debtor by any person, including but not limited to Revolutionary Concepts Inc., be assigned to the judgment creditor and then said monies delivered to the judgment creditor and, at the time of delivery, be applied toward the satisfaction of the judgment, and;
3. The membership interest of the judgment debtor in Revolutionary Concepts. Inc., be charged with payment of the judgment and that Revolutionary Concepts, Inc., assign and deliver to the judgment creditor any distributions of money owed or allocations or earned salary that this judgment debtor is entitled to, not inconsistent with law and, at the time monies are delivered to the judgment creditor, the monies be applied towards the satisfaction of the judgment.

The Company intends to comply with the notice should any amounts owed to Mr. McDougal be released.

(24)

Table of Contents

COMPETITION

We expect to compete with much larger and better financed companies in the remote monitoring industry, all of which have superior name recognition, such as ADT, Alarm Force, ATT, Pinkerton's and others. RCI owns the patent by which many of the aforementioned companies will be dependent upon and "MAY" already be infringing in some manner

Remote monitoring is available through a variety of media and processes, including systems integrators, closed circuit television systems, intrusion detection systems, and others. These systems typically incorporate ultrasonic, infrared, vibration, microwave and other sensors to detect door and window openings, glass breakage, vibration, motion, temperature, and noise and transmit through alarms and other peripheral equipment.

For example, the ATT remote monitor integrates with Cingular and Yahoo through cell phones and wireless internet. The user can remotely select the device and determine whether notification will be triggered by door sensors, motion sensors, temperature sensors or a combination. The user can remotely control cameras with pan, tilt and zoom features. The user can download and record or view live camera. The EyeTalk® system provides similar capabilities; however with two-way communication and a programmable software interface enabling the system to effectively manage itself if the user desires.

Industry analysts report that both Cysco and IBM are developing new hardware and software applications for remote monitoring that, if successful, could have profound implications for the industry.

Regulation

We are subject to the same federal, state and local laws as other companies conducting business in the software field. Our products are subject to copyright laws. We may become the subject of infringement claims or legal proceedings by third parties with respect to its current or future products. In addition, we may initiate claims or litigation against third parties for infringement of its proprietary rights, or to establish the validity of our proprietary rights. Any such claims could be time-consuming, divert management from our daily operations, result in litigation, cause product delays or lead us to enter into royalty or licensing agreements rather than disputing the merits of such claims. Moreover, an adverse outcome in litigation or a similar adversarial proceedings could subject us to significant liabilities to third parties, require the expenditure of significant resources to develop non-infringing products, require disputed rights to be licensed from others or require us to cease the marketing or use of certain products, any of which could have a material adverse effect on our business and operating results.

Results of Operations

Comparison of Twelve months Periods Ended December 31, 2010 and December 31, 2011

Assets. Assets increased by \$7,576 to \$136,497 as of December 31, 2012, or approximately 5.9%, from \$128,921 as of December 31, 2011. This increase was primarily due to additional value added to our patents by the accumulated depreciation and amortization. This is also net of the reserve of \$7,374,531 by our subsidiary Greenwood Finance Group, LLC for its notes receivables and accumulated interest income receivable.

Liabilities. Total liabilities increased by \$624,547 to \$2,358,844 as of December 31, 2012, or approximately 36%, from \$1,734,297 as of December 31, 2011. The increase was primarily due to increases notes payable, amortization related to our derivative liability notes payables, accrued payroll expenses for payroll and the related expected payroll liability and a contingent payroll liability that we have booked on unpaid capital contributions. As the Company continued to develop its technology, it has incurred additional development and legal cost associated with protecting its IP rights and furthering the abilities of the technology. Additionally, we plan to convert some of the accrued compensation and expenses of certain officers and vendors into long term notes payable, to reduce our current liabilities, improve our cash flow, and improve the Balance Sheet.

Stockholders' Equity. Stockholders' equity decreased by \$616,971 to \$(2,222,347) as of December 31, 2012 or approximately 38% from \$(1,718,039) as of December 31, 2011. The decrease was due primarily to increases in paid in capital from the issuance of stock for services and debt retirement valued at \$416,751 and a total net loss of \$8,370,464 for the year. Additionally, through our acquisition of Greenwood Finance Group, LLC, the reserve of \$7,374,531 for its notes receivables and accumulated interest income receivable.

We are still a development-stage company and have not had revenues from our operations or reached the level of our planned operations. Our general and administrative expenses were \$1,692,432 and \$850,594 for the years ended December 31, 2011 and 2012 respectively. General and administrative expenses principally consist of those costs required to maintain our corporate existence, and to meet our statutory requirements as a small public reporting company. Such costs include legal fees, accounting fees, auditing fees, transfer agent costs, marketing and other fees for filing our reports with the Securities and Exchange Commission. Other significant costs include continued research and development and professional fees both related to our further development of our principal product EyeTalk® and the related patents. Compensation to officers is being accrued, even though most of the accrued compensation will not likely be paid in cash.

Liquidity and Capital Resources

General. Our primary sources of cash have been sales of common stock through private placements and loans from affiliates. We are a developmental stage company moving from Research and Development (“R & D”) to the initial stages of development. The transition from R & D to development and production requires a greater focus on

operations, product infrastructure, distribution and channel partners and industry alliances. Over the next 6 - 12 months, we will be looking for the ideal acquisitions that will enable our company to take advantage of an existing customer base. Our management will also pursue appropriate Letter of Intent and Joint Ventures that will position our company to move its products into these ventures when successful production is completed.

Prior relationships with companies discussed in previous filings have been terminated. We are not involved with any of those companies that were very instrumental during the Research and Development stages, but are no longer engaged. We have engaged SIS Development as consulting technical officials for product development. SIS Development will assist RCI in identifying the necessary contracts and relationships moving forward. Additionally, industry expertise and consultation is being provided by advisors in the industry.

Overall, we had a net decrease in cash of \$184 for the year ended December 31, 2012 compared to an increase of \$184 over the same prior year end.

Cash Flows from Operating Activities. Net cash used in operations of \$874,277 for the twelve-months period ended December 31, 2012 was attributable to a net loss of \$8,370,223 and an increase in accounts payable and accrued expenses of \$95,252 which was offset by a non-cash expense for depreciation and amortization of \$6,666, amortization of debt discount and loss on derivative liabilities of \$280,175, a reserve on the notes receivable by our subsidiary in the amount of \$7,108,861 and the issuance of 264,667,836 shares for services received recorded at an average of \$0.00.0016 per share.

Cash Flows from Investing Activities. Net cash used by investing activities was \$14,243 for the year ended December 31, 2012.

Cash Flows from Financing Activities. Net cash provided by financing activities of \$888,519 for the twelve-month period ended December 31, 2012 was attributable to the issuance of notes payable \$1,053,867, less retirement of notes payable of \$578,881, issuance of stock for conversion of debt of \$416,751, plus the reduction of unpaid capital contributions in the amount of \$3,217.

Our Company's Capital Structure. In its efforts to grow and expand our company, management must obtain the necessary capital to achieve those objectives, decide on the best methods to obtain that capital, and adjust the capital structure of the Company as needed. The primary ways a company will raise capital is either through debt financing (borrowing money), or equity financing (selling a portion of the company via shares of stock) or a combination of both. The type of capital chosen (debt or equity), and methods of raising the capital depend on a number of factors including; the company's life cycle stage, e.g., start-up, development, high-growth or maturity, future growth prospects, strength of the national economy and the credit markets.

Potential investors in any company, including ours, will consider those factors and the relative risks to their investment capital. To limit their risks, these investors may limit the size of their investment, or provide it to the company in stages, that is contingent upon the company reaching stated goals e.g., production, marketing, distribution and revenues. The ultimate question for management is; how do you get the investors to commit to making what could

be a high risk investment for them, although one that would correspondingly benefit the Company, however one that the investor could lose if the Company were to fail. Management considered both the equity and the debt financing options based on the Company's life cycle stage, economy, credit markets and other circumstances at the time, and reached the following conclusions;

Equity Financing - Management decided not to raise additional capital through an equity offering in its initial start-up and development stage for a variety of reasons;

(1) The Company would have had to go through the process of filing a registration statement e.g. S-1 with the SEC, which would have required expenditures and resources with no assurances of receiving expeditious approval and would have been very time consuming, given our situation at that time.

(2) The direct and indirect flotation costs of the issuance of an equity capital raise could have run \$250,000 or more, and the Company did not have those funds available.

(3) It would have been very difficult to get an investment banker to underwrite a new issuance for a development stage company with a limited operating history and revenues.

(4) Many investors did not want to take an equity position in the Company at that time and the corresponding risks of ownership.

(5) The issuance of equity to these investors, after resolving the potential regulatory challenges, legal issues, time constraints, and costs would have resulted in immediate dilution for the other shareholders, giving them only limited hopes that value would be created.

Therefore, due to the above stated reasons, the economic climate and the Company's circumstances at that time, management elected not to pursue raising capital through an equity offering at that time.

Debt Financing – Management elected to raise capital for the Company through debt financing for the following reasons;

(1) Due to the Companies need for further development of our patents, it had immediate and continuous need for capital.

(2) The investors were more willing to invest funds more expeditiously, and take a creditor's position instead of that as an owner by taking an equity position.

- (3) With those immediately available funds, management could continue to develop our technology and create short-term economic value to the Company by contracting with various vendors for work, prior to any equity dilution taking place.
- (4) The investors were issued Promissory Notes that were unsecured without any collateral (taking a high risk), except as called for in the agreements.
- (5) The Notes required no monthly payments which allowed us to use that free cash flow for operating expenses, reduced our cash outlays, interest payments and improve our budget, plans and forecast our cash flow.
- (6) The investors received the potential upside of conversion of the Notes into equity while protecting our downside with the use of the cash flow.
- (7) Should the investors decide to convert the Notes into common stock, then the Company's debt would be eliminated from its balance sheet.
- (8) The tax benefits of debt financing is that it's less expensive, while the Company is taxed on earnings, it is not generally taxed on borrowed money and the interest on the Notes is tax deductible.
- (9) Since the investors do not have any equity interests, it has no voting rights or other control over the management of the Company, its operations and no claim to its future earnings.
- (10) If the Company ever suffers a negative financial situation, it is much easier to re-negotiate the terms of the Notes with the individual investors than with a bank, or a group of investors through an equity or bond offering.

Based on the reasons above, and since the Company required immediate capital to rapidly expand, grow, restructure its operations, continue development, finance potential acquisitions and execute its marketing plans; raising capital through debt financing was our best alternative. This strategy resulted in our expanding on our technology patents; thereby, increasing our potential assets, market capitalization value and our shareholders owning a portion of a much larger and more valuable company. As the Company continues to advance and develop through the different stages of its business life cycle, management will evaluate options, alternatives, and make strategic decisions for the best investment opportunities, financing and capital structure at that time.

Debt

In its efforts to expand and grow, we 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 shares of our common stock 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.

Our management believes that there are a number of benefits when issuing debt versus issuing equity capital. The interest paid on debt capital is tax exempt; hence, our loan costs are lowered. Outside of their contractual debt documents, creditors have no control in the conduct of the business, so by issuing debt capital, we do not dilute the ownership rights of our shareholders (unless and until any debt is converted into equity). Also, as the interest rates are

predetermined, the management is able to budget for the payments. Generally, debt is less costly and the time involved to be able to raise the capital is shortened. In many cases, raising capital through equity requires regulatory approval, which can take months and is dilutive to all shareholders.

(25)

Table of Contents

2012

On January 2, 2012 we 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 at \$0.015 per share.

On January 31, 2012, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$28,000 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On February 6, 2012, the Board of Directors approved a request for an adjustment to the conversion price of a Long Term Note dated April 30, 2011 for \$76,194 from \$0.005 to \$0.0022.

On February 29, 2012, we 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 at \$0.005 per share.

On March 22, 2012, we completed a partial conversion of one of our Notes payable dated April 30, 2011, with a principal amount of \$76,194. A total of \$26,000 worth of the Note was converted, and 11,817,900 common shares were issued for that part of the conversion, which leaves a remaining balance of \$50,194 of the principal of the Note. No accrued interest was paid on the Note upon conversion. This conversion of debt reduced our Long Term Notes payables by \$26,000.

On March 22, 2012, we issued 159,000 restricted common shares for professional services provided to us and expensed in 2011. The issuance will reduce our accounts payable by \$4,990.

On March 30, 2012, we completed a conversion of one of our Notes payable to one of our Officers and Directors Mr. Solomon Ali, dated October 1, 2011, with a principal amount of \$46,154. The Note was converted, and 9,230,768 common shares were issued for the conversion, No accrued interest was paid on the Note upon conversion. This conversion of debt reduced our Long Term Notes payables by \$46,154.

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

On March 30, 2012, we completed a conversion of one of our Notes payable to one of our Officers and Directors, Mr. Ronald Carter, dated October 1, 2011, with a principal amount of \$92,308. The Note was converted, and 18,461,544 common shares were issued for the conversion. No accrued interest was paid on the Note upon conversion. This conversion of debt reduced our Long Term Notes payables by \$92,308.

On March 30, 2012, we 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 at \$0.005 per share.

On April 1, 2012 we entered into a two (2) year convertible Promissory Note with our 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 \$0.005.

On April 1, 2012 we entered into a two (2) year convertible Promissory Note with our 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 \$0.005.

On April 30, 2012 we 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 at \$0.005 per share.

On May 31, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$33,000 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

(26)

Table of Contents

2012

On June 7, 2012 we 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 at 50% of the then current market prices. This was a partial reassignment and modification of a note dated August 30, 2011. On June 19, 2012, the Company received a notice of partial conversion. A total of \$4,000 was converted and 1,111,111 restricted common shares were issued, which leaves a remaining principal balance of \$23,000. This conversion of debt reduced our notes payables by \$4,000.

On June 12, 2012 we 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 at 50% of the then current market prices. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May 30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948. On June 18, 2012, the Company received a notice of partial conversion. A total of \$10,000 was converted and 3,030,303 restricted common shares were issued, which leaves a remaining principal balance of \$33,448. This conversion of debt reduced our notes payables by \$10,000.

On June 19, 2012 we 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 at 50% of the then current market prices.

On June 30, 2012 we 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 at \$0.005 per share.

From July 27, 2012 through September 25, 2012 we received several notices of partial conversion from an unrelated third party as part of a partial reassignment and modification of a note originally issued to a non-related third party on August 30, 2011. A total of \$17,500 was converted and 27,127,038 restricted common shares were issued, which leaves a remaining principal balance of \$5,500. This conversion of debt reduced our notes payables \$17,500.

On August 1, 2012, we received a notice of partial conversion from an unrelated third party as part of a partial reassignment of a note originally issued to a non-related third party on April 30, 2012, in the amount of \$76,194. A total of \$37,645 was converted and 17,128,475 restricted common shares were issued, which leaves a remaining principal balance of \$12,549. This conversion of debt reduced our notes payables \$37,645.

From August 22, 2012 through September 18, 2012 we received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May 30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948. A total of \$33,448 was converted and 38,618,636 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$33,448.

On August 30, 2012 we 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 at \$0.005 per share.

On September 4, 2012 we entered into a one (1) year convertible Promissory Note with a non-related creditor for \$42,700 at 10% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices. From September 19, 2012 through September 28, 2012 the Company received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000. A total of \$16,300 was converted and 23,857,143 restricted common shares were issued, which leaves a remaining principal balance of \$26,400. This conversion of debt reduced our notes payables \$16,300.

On September 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$33,519 at 12% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On October 4, 2012 we received a notice of partial conversion from an unrelated third party as part of a partial reassignment and modification of a note originally issued to a non-related third party on August 30, 2011. A total of \$5,500 was converted and 14,107,500 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$5,500.

From October 8, 2012 through December 13, 2012 we received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000. A total of \$26,400 was converted and 68,168,930 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$26,400.

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 at 50% of the then current market prices.

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

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 at \$0.002 per share.

On November 1, 2012 we received a notice of partial conversion from an unrelated third party as part of note originally issued to a non-related third party on August 4, 2011. A total of \$90,497 was converted and 18,099,488 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$90,497.

On November 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,390 at 12% interest. The holder has the right to convert the note to common stock at \$0.002 per share.

On December 26, 2012 we received a notice of partial conversion from an unrelated third party as part of a note originally issued on June 19, 2012. A total of \$11,000 was converted and 13,750,000 restricted common shares were issued, which leaves a remaining principal balance of \$16,500. This conversion of debt reduced our notes payables \$11,000.

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 at \$0.002 per share.

(27)

Table of Contents

2011

On January 15, 2011, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$42,500 at 10% interest. The holder has the right to convert the note to common stock. On August 4, 2011 this Note was converted to 8,500,068 restricted common shares of which 2,200,000 shares had previously been issued,

On April 30, 2011, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,194 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share. On February 6, 2012, the Board of Directors approved a request for an adjustment to the conversion price of a Long Term Note dated April 30, 2011 for \$76,194 from \$0.005 to \$0.0022. On March 21, 2012, \$26,000 of this note was converted to 11,817,900 shares of common stock, which leaves a remaining principal balance of \$50,194. This conversion of debt reduced our Long Term Notes payables by \$26,000.

On April 30, 2011, we 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 at \$0.005 per share.

On May 30, 2011, we 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 at \$0.005 per share.

On May 30, 2011, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$10,000 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On June 30, 2011, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$17,500 at 10% interest. The holder has the right to convert the note to common stock at \$0.005 per share.

On August 4, 2011, we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$140,663 and \$3,404 in interest. The holder has the right to convert the note to common stock at \$0.005 per share. On November 30, 2011, the holder converted \$50,166 of the note leaving a principal balance due of \$90,497.

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

On August 30, 2011, we 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 at \$0.005 per share. On June 12, 2012, \$27,000 of this note was modified and assigned by the original note holder to a non-related third party, leaving a principal balance of \$17,600 on the original Note.

On September 30, 2011, we 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 at \$0.005 per share.

On October 1, 2011, we entered into a two (2) year convertible Promissory Note with Ronald Carter, our 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. The holder has the right to convert the note to common stock at \$0.005 per share. On March 30, 2012, we completed a conversion of \$92,308. The Note was converted, and 18,461,544 common shares were issued for the conversion, No accrued interest was paid on the Note upon conversion. This conversion of debt reduced our Long Term Notes payables by \$92,308.

On October 1, 2011, we entered into a two (2) year convertible Promissory Note with our 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. The holder has the right to convert the note to common stock at \$0.005 per share. On March 30, 2012, we completed a conversion of \$46,154. The Note was converted, and 9,230,768 common shares were issued for the conversion, No accrued interest was paid on the Note upon conversion. This conversion of debt reduced our Long Term Notes payables by \$46,154.

On October 1, 2011, we 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 at \$0.005 per share. This note was originally dated 12/31/10

On October 1, 2011, we 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 at \$0.005 per share. This note was assigned to an unrelated third party and was originally issued 12/31/10.

On October 1, 2011, we 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 at \$0.005 per share. This note was assigned to an unrelated third party and was originally issued 12/31/10.

On October 30, 2011, we 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 at \$0.005 per share.

On November 30, 2011, we 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 at \$0.005 per share.

On December 30, 2011, we 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 at \$0.005 per share.

The investors and private equity firms are very astute and have many years of experience and expertise in making successful investments in many companies. They have been investing with the Company for several years, and have provided us with critical short and long-term funds that we have used for operations, working capital, and investment capital for our business acquisitions to expand and grow the Company. They have the option to convert their Notes into stock after a holding period per SEC guidelines. However, most have elected to hold their Notes for 1 to 3 years and therefore have taken a long-term investment strategy in the Company. Without their continuous long-term commitment to investment in the Company, it is unlikely that the growth and expansion that we have achieved would have been possible.

(28)

Table of Contents

Recent Accounting Pronouncements

FASB Accounting Standards Codification

In May 2011, FASB issued Accounting Standards Update No. 2011-04, “*Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*” (“ASU 2011-04”). ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively. The Company anticipates that the adoption of this standard will not materially expand its financial statement note disclosures.

In June 2011, FASB issued ASU No. 2011-05, “*Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income*” (“ASU 2011-05”), which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders’ equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies during the interim and annual periods beginning after December 15, 2011, with early adoption permitted. The Company is reviewing ASU 2011-05 to ascertain its impact on the Company’s financial position, results of operations or cash flows as it only requires a change in the format of the current presentation.

In September 2011, the FASB issued ASU 2011-08, “*Testing Goodwill for Impairment*”, which allows, but does not require, an entity when performing its annual goodwill impairment test the option to first do an initial assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount for purposes of determining whether it is even necessary to perform the first step of the two-step goodwill impairment test. Accordingly, based on the option created in ASU 2011-08, the calculation of a reporting unit’s fair value is not required unless, as a result of the qualitative assessment, it is more likely than not that fair value of the reporting unit is less than its carrying amount. If it is less, the quantitative impairment test is then required. ASU 2011-08 also provides for new qualitative indicators to replace those currently used. Prior to ASU 2011-08, entities were required to test goodwill for impairment on at least an annual basis, by first comparing the fair value of a reporting unit with its carrying amount. If the fair value of a reporting unit is less than its carrying amount, then the second step of the test is performed to measure the amount of impairment loss, if any. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted ASU 2011-08 during the first quarter of fiscal 2013. The adoption of ASU 2011-08 did not impact the Company’s results of operations or financial condition.

In December 2011, FASB issued Accounting Standards Update 2011-11, “*Balance Sheet - Disclosures about Offsetting Assets and Liabilities*” to enhance disclosure requirements relating to the offsetting of assets and liabilities on an entity's balance sheet. The update requires enhanced disclosures regarding assets and liabilities that are presented net or gross in the statement of financial position when the right of offset exists, or that are subject to an enforceable master netting arrangement. The new disclosure requirements relating to this update are retrospective and effective for annual and interim periods beginning on or after January 1, 2013. The update only requires additional disclosures, as such, the Company does not expect that the adoption of this standard will have a material impact on its results of operations, cash flows or financial condition.

In July 2012, the FASB issued ASU No. 2012-02, “*Testing Indefinite-Lived Intangible Assets for Impairment*”. The guidance allows companies to perform a “qualitative” assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, similar in approach to the goodwill impairment test.

ASU 2012-02 allows companies the option to first assess qualitatively whether it is more likely than not that an indefinite-lived intangible asset is impaired, before determining whether it is necessary to perform the quantitative impairment test. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not that the asset is impaired. Companies can choose to perform the qualitative assessment on none, some, or all of its indefinite-lived intangible assets or choose to only perform the quantitative impairment test for any indefinite-lived intangible in any period.

ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company is in the process of evaluating the guidance and the impact ASU 2012-02 will have on its consolidated financial statements.

Table of Contents

Subsequent Events

(Included in Accounting Standards Codification (“ASC”) 855 “Subsequent Events”, previously SFAS No. 165 “Subsequent Events”)

SFAS No. 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued (“subsequent events”). An entity is required to disclose the date through which subsequent events have been evaluated and the basis for that date. For public entities, this is the date the financial statements are issued. SFAS No. 165 does not apply to subsequent events or transactions that are within the scope of other GAAP and did not result in significant changes in the subsequent events reported by the Company. SFAS No. 165 became effective for interim or annual periods ending after June 15, 2009 and did not impact the Company’s financial statements. The Company evaluated for subsequent events through the issuance date of the Company’s financial statements. No recognized or non-recognized subsequent events were noted.

Determination of the Useful Life of Intangible Assets

(Included in ASC 350 “Intangibles — Goodwill and Other”, previously FSP SFAS No. 142-3 “Determination of the Useful Lives of Intangible Assets”)

FSP SFAS No. 142-3 amended the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under previously issued goodwill and intangible assets topics. This change was intended to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under topics related to business combinations and other GAAP. The requirement for determining useful lives must be applied prospectively to intangible assets acquired after the effective date and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. FSP SFAS No. 142-3 became effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of FSP SFAS No. 142-3 did not impact the Company’s financial statements.

Noncontrolling Interests

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

(Included in ASC 810 "Consolidation", previously SFAS No. 160 "Noncontrolling Interests in Financial Statements an amendment of ARB No. 51")

SFAS No. 160 changed the accounting and reporting for minority interests such that they will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS No. 160 became effective for fiscal years beginning after December 15, 2008 with early application prohibited. The Company implemented SFAS No. 160 at the start of fiscal 2009 and no longer records an intangible asset when the purchase price of a noncontrolling interest exceeds the book value at the time of buyout. The adoption of SFAS No. 160 did not have any other material impact on the Company's financial statements.

Consolidation of Variable Interest Entities — Amended

(To be included in ASC 810 "Consolidation", SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)")

SFAS No. 167 amends FASB Interpretation No. 46(R) "Consolidation of Variable Interest Entities regarding certain guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. SFAS No. 167 is effective for the first annual reporting period beginning after November 15, 2009, with earlier adoption prohibited. The Company will adopt SFAS No. 167 in fiscal 2010 and does not anticipate any material impact on the Company's financial statements.

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

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements.

Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions also identify forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. These forward-looking statements are based on management's expectations as of the date hereof, that necessarily contain certain assumptions and are subject to certain risks and uncertainties. The Company does not undertake any responsibility to update these statements in the future. The Company's actual future performance and results could differ from that contained in or suggested by these forward-looking statements as a result of the factors set forth in this Management's Discussion and Analysis of Financial Condition and Results of Operations, the Business Risks described in Item 1 of this Report on Form 10-K and elsewhere in the Company's filings with the Securities and Exchange Commission.

Item 8. Financial Statements and Supplementary Data

The information required as to this Item is incorporated by reference from the financial statements and supplementary data listed in Item 15 of Part IV of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no events required to be disclosed by the Item.

Item 9A. Controls and Procedures

As of the end of the period covered by this report, Revolutionary Concepts, Inc. management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that such disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to Revolutionary Concepts required to be included in Revolutionary Concepts' periodic filings under the Exchange Act.

Management's Report on Internal Control Over Financial Reporting

Our principal executive officer and our principal financial officer, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Management is required to base its assessment of the effectiveness of our internal control over financial reporting on a suitable, recognized control framework, such as the framework developed by the Committee of Sponsoring Organizations (COSO). The COSO framework, published in *Internal Control-Integrated Framework*, is known as the COSO Report. Our principal executive officer and our principal financial officer have chosen the COSO framework on which to base their assessment.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2012.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended December 31, 2012, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Ms. Judith Bentley resigned as a as a member of the Board of Directors on February 28, 2013.

(30)

Table of Contents

PART III

Item 10. Directors and Executive Officers and Corporate Governance

Directors and Executive Officers.

Set forth below is information regarding the Company's current and recent directors and executive officers. There are no family relationships between any of our directors or executive officers.

Name	Age	Title
Ronald Cater	58	Founder, President, CEO, Director
Garry Stevenson	62	CFO, Vice President, Director
Bethiel Tesfasillasie	39	Director
Judith Bentley	58	Director
Solomon Ali	50	Sr. Vice President, Director

*Resigned as of February 28, 2013.

Our Bylaws provide that we shall have that number of directors determined by the majority vote of the board of directors. Currently we have four directors. Each director will serve until our next annual shareholder meeting. Directors are elected for one-year terms. Our Board of Directors elects our officers at the regular annual meeting of the Board of Directors following the annual meeting of shareholders. Vacancies may be filled by a majority vote of the remaining directors then in office. Our directors and executive officers are as follows:

Ron Carter – Founder, President, CEO, Chairman and Director

Mr. Carter is the inventor of the EYETALK®. He is a North Carolina native, married with three children. As a career government employee, Mr. Carter has been responsible for housing code, planning and development in several metropolitan areas in North Carolina. Mr. Carter formerly worked from the City of Charlotte as the Chief Housing Development Specialist from 1995 until 2004. Prior to this position, Mr. Carter was served as the Housing Rehabilitation Supervisor in Winston-Salem, NC.

Mr. Carter is a graduate of North Carolina A&T State University in Greensboro, where he earned a BA degree in Political Science. He is the 1988 recipient of the President's Award presented by the North Carolina Section 8 Housing Association. He also founded the Professional Housing Rehabilitation Association of North Carolina Housing and served as Chairman of Education and Training for the NC Community Development Association.

Garry Stevenson – CFO, Vice President, Director, Secretary

Mr. Stevenson is a successful and proven entrepreneur. He has been the owner and CEO of Body Image, LLC, a fitness center for women and Point of Love and Grace Inc. of Shelby, NC, a group home for boys, since 2000. Mr. Stevenson has over thirty years of corporate experience; he served as Senior Vice President of World Connect Communications from 1997 until 2003. He worked for twenty-five years in corporate management as Division Manager at United Parcel Service where he retired in 1997.

Mr. Stevenson received a Juris Doctor Degree from North Carolina Central University School of Law in 1976. He is married and the father of three children.

Bethiel Tesfasillasia – Director

Ms. Tesfasillasia is an established professional. Ms. Tesfasillasia became the youngest vice president at World Connect Communications from 1999 until 2001. She also had a successful career as a Quality Inspector Technician for IBM from 1994 to 1998. From 2001 and 2003 she was in the sales and accounting department of a local car dealer. Ms. Tesfasillasia became a licensed real estate agent in 2003 and continues her real estate from time to time.

Ms. Tesfasillasia was born in East Africa and moved to the United States with her family when she was eleven years old. She was raised in Charlotte, NC and attended the Charlotte-Mecklenburg public schools. Ms. Tesfasillasia graduated from West Charlotte High School and received her Bachelor's Degree in Chemistry from University of North Carolina at Charlotte.

Ms. Tesfaillasia is a Board Member of the Charlotte Black Chamber of Commerce and speaks four languages. In 2001, Ms. Tesfaillasia filed for protection from creditors under a chapter of the U. S. Bankruptcy Code which was discharged and closed in 2005.

Solomon Ali – Sr. Vice President, Director

Solomon RC Ali was appointed as Senior Vice President of Corporate Finance and Investor Relations and Director on July 16, 2010. He has over 23 years' experience in investor relations, investment banking, mergers, acquisitions, corporate structure, marketing, asset management and is an expert in financial engineering and raising investment capital. He has personally managed and completed over 140 mergers and acquisitions in his career. As a highly qualified corporate executive he served as CEO of Rainco Industries, managed over 500 employees, managed over \$100 million in assets and arranged over \$250 million in investment capital and structured financing. His experience also includes corporate valuation, capitalization structure, development of Private Placement Memoranda, business plans, client positioning, managing the investment process with securities attorneys and accountants, for SEC and FINRA regulatory compliance and corporate registration filings. Mr. Ali has developed and implemented new policies, systems, procedures and strategically re-organized, re-structured, re-financed and turned around many troubled small cap companies and improved their operations and market capitalization value.

Judith Bentley – Director

Ms. Bentley has more than 25 years of Administrative and office management experience including hands on experience in logistics, operations, research, project and program management.

Prior to relocating to Charlotte, Judith worked as Project Coordinator and Executive Assistant with Pitney Bowes Corporate Headquarters in Stamford Connecticut, where she supported the Corporate Legal, IP, Communications, Diversity, Research, and Marketing Departments forecasting and managing a yearly budget in excess of \$15M and

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

working independently with more than 50 vendors across five corporate channels, including corporate marketing, corporate communications, corporate research, corporate diversity and community outreach. Ms. Bentley also served as the point of contact for Corporate Crisis Management where she was directly responsible for website content and graphic highlights serving as crisis management update to all Pitney Bowes employees worldwide. She began her employment with Pitney Bowes in 1999 until her relocation to Charlotte, North Carolina in 2008.

Ms. Bentley's significant career accomplishment while she was in the U.S. Military. As the Battalion's Legal Clerk she developed and produced the Battalion's legal Standard Operations Procedure Policy Manual (SOP) for a newly created Unit with 7 outlying companies throughout Germany, directly charting all legal procedures including military court martial and discharges, and is still being used to date.

Ms. Bentley attended the Warren Harding High School, Norwalk Technical College and Phoenix University and soon will complete and attain her dual Bachelor's degree in Office Management and Legal Studies. Her leadership style is – "set an example that mirrors the words you utter dispensing compassion and sincerity along the way." Ms. Bentley resigned as a as a member of the Board of Directors on February 28, 2013.

(31)

Table of Contents

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers, directors, and persons who own more than ten percent of a registered class of our equity securities to file reports of securities ownership and changes in such ownership with the SEC and NASDAQ. Officers, directors, and greater-than-ten-percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3, Forms 4, and Forms 5 furnished to us pursuant to Rule 16a-3 under the Exchange Act, we believe that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act during the year ended December 31, 2012 were timely filed, as necessary, by the officers, directors, and security holders required to file such forms, except that Mr. Carter filed one Form 4 late.

Conflicts of Interest

Members of our management are associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of our company. Although the officers and directors are engaged in other business activities, we anticipate they will devote an important amount of time to our affairs.

Our officers and directors are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to ours. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, we do not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

Our officers and directors are, so long as they are our officers or directors, subject to the restriction that all opportunities contemplated by our plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to us and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If we or the companies with which the officers and directors are affiliated both desire to take advantage of an opportunity, then said officers and directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if we should decline to do so. Except as set forth above, we have not adopted any other conflict of interest policy with respect to such transactions.

Involvement in Certain Legal Proceedings

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director or executive officer of our Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities, except as noted below; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the commodities futures trading commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

In July and August 2009, the Company issued two notes payable in the total amount of \$20,000. The two notes were later combined at the note holder's request into one note. The note bears interest at a rate of 10%. Principal and interest were due in May 2010. In 2009, the Board of Directors agreed to guarantee a personal loan to the President of the Company, Mr. Ron Carter of \$75,000 with interest of 10%, by a shareholder. The note became due in November 2010.

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 \$144,066.76 including interest, of which the Company has received a promissory note from Mr. Carter for \$112,663.02 for the part of the judgment, interest and fees that was from the personal promissory note that the Company guaranteed.

On June 8, 2011, the Company became aware of an investigation by the Secretary of State of North Carolina, into possible securities violations by Mr. Claude McDougal and US Financial Alliance Consultants, LLC, a company affiliated with Mr. McDougal. Mr. McDougal tendered his resignation as an officer of the Company, but maintained his Director position on the Board of Directors. The Company later became aware that Mr. McDougal and US Financial Alliance Consultants, LLC had signed a Consent Order with the Secretary of State of North Carolina barring certain securities transactions within the state of North Carolina. Mr. McDougal and US Financial Alliance Consultants, LLC voluntarily signed the Consent Order without denying or admitting the facts and allegations being investigated. On November 17, 2011, after providing a copy of the Consent Order to the Board of Directors, Mr. McDougal resigned as an officer of the Company and agreed to cancel the consulting agreement between the Company and US Financial Alliance Consultants, LLC.

Based on the facts reviewed by the Company, at no time were the activities of Mr. McDougal or US Financial Alliance Consultants, LLC that were being investigated, related to the Company.

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

On November 5, 2012, the company received notice Russell A. Patterson PA regarding Sea Pines Resort LLC seeking a hearing for judgement in the amount of \$5,235.96

On February 5, 2013, the company received notification regarding an order signed by a Superior Court Judge and filed with the Clerk of Court in a civil action against Claude McDougal by Omisun Azali (12-CVS-6243). The order places Revolutionary Concepts on notice that;

1. Any and all property of the judgment debtor Claude D. McDougall currently in the possession of any person, including but not limited to Revolutionary Concepts, Inc. be sold and the proceeds delivered to the judgment creditor and applied towards satisfaction of the judgment, and
2. Any and all monies owed to this judgment debtor by any person, including but not limited to Revolutionary Concepts Inc., be assigned to the judgment creditor and then said monies delivered to the judgment creditor and, at the time of delivery, be applied toward the satisfaction of the judgment, and
3. The membership interest of the judgment debtor in Revolutionary Concepts, Inc. be charged with payment of the judgment and that Revolutionary Concepts, Inc. assign and deliver to the judgment creditor any distributions of money owed or allocations or earned salary that this judgment debtor is entitled to, not inconsistent with law and, at the time monies are delivered to the judgment creditor, the monies be applied towards the satisfaction of the judgment.

Code of Conduct and Ethics

We are committed to maintaining the highest standards of business conduct and ethics. We have adopted a code of conduct and ethics applicable to our directors, officers and employees. The code of conduct and ethics reflects our values and the business practices and principles of behavior that support this commitment. The code of conduct and ethics satisfies SEC rules for a "code of ethics" required by Section 406 of the Sarbanes-Oxley Act of 2002, as well as the American Stock Exchange rules for a "code of conduct and ethics." A form of the code of conduct and ethics is filed as Exhibit 14.1 was filed as an Exhibit to the Company's Registration Statement on Form S-1 (Registration No. 333-151177).

(32)

Table of Contents**Item 11. Executive Compensation**

The shares issued in 2010 to directors Claude McDougal and Solomon Ali were issued as part of their agreements and valued at the market value at the time of issuance, \$0.10 per share. The shares issued to Directors in August 2011 were issued by the Board for their contributions to milestones reached by the Company over the previous year in lieu of compensation. The shares were and valued at the market value at the time of issuance, \$0.05 per share. The salaries recorded for 2012 have not been paid, but have been accrued.

The following table and the accompanying notes provide summary information for each of the last five fiscal years concerning cash and non-cash compensation paid or accrued.

Summary Compensation Table

Name And Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards	Option Awards(\$)	Non-Equity Incentive Plan Compensation	All Other Compensation (\$)	Total (\$)
Ronald Carter Chairman of Board, President And CEO	2007	0	0	0	0	0	\$ 0	0
	2008	0	0	0	0	0	46,937	46,937
	2009	35,446	0	0	0	0	0	35,446
	2010	92,308	0	0	0	0	0	92,308
	2011	200,000	0	90,000	0	0	0	290,000
	2012	200,000	0	0	0	0	0	200,000
Gary Stevenson CFO, Vice President And Director	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	60,000	0	0	0	60,000
	2012	0	0	0	0	0	0	0
Bethiel Tesfasillasie Director	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	60,000	0	0	0	60,000
	2012	0	0	0	0	0	0	0
Claude McDougal* Former Vice President And Director	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

	2010	46,154	0	188,271	0	0	0	234,425
	2011	103,856	0	185,459	0	0	0	289,315
	2012	0	0	0	0	0	0	0
Solomon Ali	2007	0	0	0	0	0	0	0
Sr. Vice President And	2008	0	0	0	0	0	0	0
Director	2009	0	0	0	0	0	0	0
	2010	46,154	0	282,407	0	0	0	328,561
	2011	150,000	0	60,000	0	0	0	210,000
	2012	200,000	0	0	0	0	0	200,000
Judith Bentley*	2007	0	0	0	0	0	0	0
Director	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

.The officers and directors have taken limited salary but have taken loans 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 \$80,435 and \$83,562 in 2011 and 2012, respectively and have been recorded as “Unpaid Capital Contributions”.

The Company expects these loans to be repaid on a rolling basis throughout the term of the five year loans. After subtracting re-payments made and adding in accumulated interest, the following balances were owed as of years ended 2011 and 2012.

	12/31/11	12/31/12
Garry Stevenson	34,428	35,814
Bethiel Tesfasillasie	45,917	47,748
	\$80,435	\$83,562

In the event that the loans are not fully repaid, any shortfall will be expensed as salary to the officers. The Company does not consider these advances to be management compensation, but we have been advised by tax counsel that there is a possibility that the Internal Revenue Service may disagree with its position, in which case it will be required to book the advances as compensation and will owe applicable taxes on the entire amounts, together with possible penalties and interest.

Table of Contents

2011 and 2012 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

NAME	Year	OPTION AWARDS				STOCK AWARDS				Equity Incentive Plan Awards: Market Payout of Unearned Rights That Have Not Vested (\$)
		Number of Securities Underlying Unexercised Options #	Number of Securities Underlying Unexercised Option #	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options #	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	
		Exercisable	Unexercisable							
Ronald Carter	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	
Garry Steveson	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	
Bethiel Tesfalillasie	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	
Claude McDougal	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	
Solomon Ali	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	
Judith Bentley	2011	0	0	0	0	0	0	0	0	
	2012	0	0	0	0	0	0	0	0	

(34)

Table of Contents**2011 and 2012 OPTION EXERCISES AND STOCK VESTED TABLE**

Name	Year	Option Awards	Stock Awards	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
		Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)		
Ronald Carter	2011	0	0	0	0
	2012	0	0	0	0
Garry Stevenson	2011	0	0	0	0
	2012	0	0	0	0
Betheil Tesfasillasie	2011	0	0	0	0
	2012	0	0	0	0
Claude McDougal*	2011	0	0	0	0
	2012	0	0	0	0
Solomon Ali	2011	0	0	0	0
	2012	0	0	0	0
Judith Bentley*	2011	0	0	0	0
	2012	0	0	0	0

(35)

Table of Contents

2011 and 2012 PENSION BENEFITS TABLE

Name	Plan Name	Number of	Present	Payments During Last
		Years	Value	Fiscal Year
		Credited Service	of Accumulated	
		(#)	Benefit	(\$)
Ronald Carter 2011-2012		0	0	0
Garry Stevenson 2011-2012		0	0	0
Bethiel Tesfasillasie 2011-2012		0	0	0
Claude McDougal* 2011-2012		0	0	0
Solomon Ali 2011-2012		0	0	0
Judith Bentley 2011-2012		0	0	0

Table of Contents**2011 and 2012 NONQUALIFIED DEFERRED COMPENSATION TABLE**

<u>Name</u>	<u>Executive Contributions</u> in Last Fiscal Year	<u>Registrant</u> <u>Contributions in Last</u> <u>Fiscal Year</u>	<u>Aggregate Earnings</u> in Last Fiscal Year	<u>Aggregate</u> <u>Withdrawals /</u> <u>Distributions</u>	<u>Aggregate Balance at</u> <u>Last Fiscal Year-End</u>
	(\$)	(\$)	(\$)	(\$)	(\$)
Ronald Carter	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	
Garry Stevenson	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	
Bethiel Tesfasillasie	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	
Claude McDougal*	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	
Solomon Ali	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	
Judith Bentley*	2011	0 0 0	0 0	0 0	
	2012	0 0 0	0 0	0 0	

(37)

Table of Contents**2011 and 2012 DIRECTOR COMPENSATION TABLE**

Name	Year	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Ronald Carter	2011	200,000	90,000	0	0	0	0	290,000
	2012	200,000	0	0	0	0	0	200,000
Garry Stevenson	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Bethiel Tesfalillasie	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Claude McDougal	2011	103,856	188,271	0	0	0	0	188,271
	2012	0	0	0	0	0	0	0
Solomon Ali	2011	150,000	60,000			0	0	210,000
	2012	200,000	0	0	0	0	0	200,000
Judith Bentley	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

Table of Contents**2011 and 2012 ALL OTHER COMPENSATION TABLE**

Name	Year	Perquisites and Other Personal Benefits (\$)	Tax Reimbursements (\$)	Insurance Premiums (\$)	Company Contributions to Retirement and 401(k) Plans (\$)	Severance Payments / Accruals (\$)	Change in Control Payments / Accruals (\$)	Total (\$)
Ronald Carter	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Garry Stevenson	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Bethiel Tesfasillasi	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Claude McDougal*	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Solomon Ali	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Judith Bentley*	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

(39)

Table of Contents**2011 and 2012 PERQUISITES TABLE**

NAME	Year	Personal Use of Company Car/Parking	Financial Planning/ Legal Fees	Club Dues	Executive Relocation	Total Perquisites and Other Personal Benefits
Ronald Carter	2011	0	0	0	0	0
	2012	0	0	0	0	0
Garry Steveson	2011	0	0	0	0	0
	2012	0	0	0	0	0
Bethiel Tesfalillasie	2011	0	0	0	0	0
	2012	0	0	0	0	0
Claude McDougal	2011	0	0	0	0	0
	2012	0	0	0	0	0
Solomon Ali	2011	0	0	0	0	0
	2012	0	0	0	0	0
Judith Bentley	2011	0	0	0	0	0
	2012	0	0	0	0	0

(40)

Table of Contents**2011 and 2012 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE**

NAME	Year	Benefit	Before	After	Voluntary	Death	Disability	Change in	Basic salary
			Change in Control Termination w/o Cause or for Good Reason	Change in Control Termination w/o Cause or for Good Reason					
Ronald Carter	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Garry Steveson	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Bethiel Tesfalillasie	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Claude McDougal	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Solomon Ali	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Judith Bentley	2011	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0

*Mr. McDougal resigned as a Director on June 8, 2011 and as Vice President on November 17, 2011 and Ms. Bentley resigned as a Director on February 28, 2013.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table contains certain information as of December 31, 2012 as to the number of shares of Common Stock beneficially owned by (i) each person known by the Company to own beneficially more than 5% of the Company's Common Stock, (ii) each person who is a Director of the Company, (iii) all persons as a group who are Directors and Officers of the Company, and as to the percentage of the outstanding shares held by them on such dates.

Current**Name and Position Shares Percentage**

Ron Carter		
	26,017,005	
President/CEO, Director		.0774
Garry Stevenson, Vice President, CFO, Director	2,908,517	.0086
Bethiel Tesfasillasie, Director	1,534,800	.0046
Solomon Ali, Vice President, Director	10,600,405	.0316
Judith Bentley, Director*	0	0
Totals	41,060,727	12.22%

*Resigned as of February 28, 2013

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 1,000,000,000 shares of Common Stock, par value \$.001 per share. The following statements relating to the capital stock set forth the material terms of our securities; however, reference is made to the more detailed provisions of, and such statements are qualified in their entirety by reference to, the Certificate of Incorporation, amendment to the Certificate of Incorporation and the By-laws, copies of which are filed as exhibits to this registration statement.

COMMON STOCK

Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the stockholders. Holders of common stock do not have cumulative voting rights. Holders of common stock are entitled to share ratably in dividends, if any, as may be declared from time to time by the Board of Directors in its discretion from funds legally available therefore. In the event of a liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. All of the outstanding shares of common stock are fully paid and non-assessable. Holders of common stock have no preemptive rights to purchase our common stock. There are no conversion or redemption rights or sinking fund provisions with respect to the common stock.

The Board of Directors does not at present intend to seek stockholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or stock exchange rules.

PREFERRED STOCK

The Company is authorized to issue 10,000,000 shares of Preferred Stock, \$0.001 par value, of which 10,000,000 shares have been reserved for our acquisition of Greenwood Finance Group, LLC. The Board of Directors may issue such shares of Preferred Stock in one or more series, with such voting powers, designations, preferences and rights or qualifications, limitations or restrictions thereof as shall be stated in the resolution or resolutions.

DIVIDENDS

Dividends, if any, will be contingent upon our revenues and earnings, if any, capital requirements and financial conditions. The payment of dividends, if any, will be within the discretion of our Board of Directors. We presently intend to retain all earnings, if any, for use in its business operations and accordingly, the Board of Directors does not anticipate declaring any dividends prior to a business combination.

INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Neither our Articles of Incorporation nor Bylaws prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statute ("NRS"). NRS Section 78.502, provides that a corporation shall indemnify any director, officer, employee or agent of a corporation against expenses, including attorneys' fees,

actually and reasonably incurred by him in connection with any the defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.502(1) or 78.502(2), or in defense of any claim, issue or matter therein.

NRS 78.502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

NRS Section 78.502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

No pending material litigation or proceeding involving our directors, executive officers, employees or other agents as to which indemnification is being sought exists, and we are not aware of any pending or threatened material litigation that may result in claims for indemnification by any of our directors or executive officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act

and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed hereby in the Securities Act and we will be governed by the final adjudication of such issue.

Amendment of our Bylaws

Our bylaws may be adopted, amended or repealed by the affirmative vote of a majority of our outstanding shares. Subject to applicable law, our bylaws also may be adopted, amended or repealed by our Board of Directors.

(42)

Table of Contents

Item 13. Certain Relationships and Related Transactions, and Director Independence

None

Unpaid Capital Contributions

As of December 31, 2011, the Company had loans from shareholders of the Company of approximately \$80,435 to its officers and directors. As of December 31, 2012, the outstanding loans were \$83,562. The advances carry an interest rate of 5% and have been recorded as "Unpaid Capital Contributions". In the event that the loans are not fully repaid, any shortfall will be written off as compensation expense in our income statement.

Stock Option Agreements

The 2011 Stock Option Plan provides for the granting of (i) options to purchase Common Stock that qualify as "incentive stock options" ("Incentive Stock Options" or "ISOs") within the meaning of Section 422 of the Internal Revenue Code (the "Code"), (ii) options to purchase Common Stock that do not qualify as Incentive Stock Options ("Nonqualified Options" or "NQSOs") and (iii) restricted stock. The total number of shares of Common Stock with respect to which awards may be granted under the 2011 Stock Option Plan shall be 2,000,000 shares of common stock.

To date, no options have been awarded pursuant to the 2011 Stock Option Plan.

The 2011 Stock Option Plan is administered by a committee currently consisting of the Board of Directors (the "Committee"). The Committee is generally empowered to interpret the Stock Option Plan; to prescribe rules and regulations relating thereto; to determine the terms of the option agreements; to amend the option agreements with the consent of the optionee; to determine the key employees and directors to whom options are to be granted; and to determine the number of shares subject to each option and the exercise price thereof. The per share exercise price of options granted under the Stock Option Plan will be not less than 100% (110% for ISOs if the optionee owns more than 10% of the common stock) of the fair market value per share of common stock on the date the options are granted. The Stock Option also provides for the issuance of stock appreciation rights at the discretion of the Committee and provides for the issuance of restricted stock awards at the discretion of the Committee.

Options will be exercisable for a term that will not be greater than ten years from the date of grant (five years from the date of grant of an ISO if the optionee owns more than 10% of the common stock). In the event of the termination of the relationship between the option holder and the Company for cause (as defined in the Stock Option Plan), all options granted to that option holder terminate immediately. Options may be exercised during the option holder's lifetime only by the option holder or his or her guardian or legal representative.

Options granted pursuant to the Stock Option Plan which are ISOs are intended to enjoy the attendant tax benefits provided under Sections 421 and 422 of the Internal Revenue Code of 1986, as amended. Accordingly, the Stock Option Plan provides that the aggregate fair market value (determined at the time an ISO is granted) of the common stock subject to ISOs exercisable for the first time by an option holder during any calendar year (under all plans of the Company) may not exceed \$100,000. The Board of Directors of the Company may modify, suspend or terminate the Stock Option Plan; provided, however, that certain material modifications affecting the Stock Option Plan must be approved by the stockholders, and any change in the Stock Option Plan that may adversely affect an option holder's rights under an option previously granted under the Stock Option Plan requires the consent of the option holder.

The Committee may grant shares of Common Stock on such terms and conditions and subject to such repurchase or forfeiture restrictions, if any, as the Committee shall determine in its sole discretion ("Restricted Stock"), which terms, conditions and restrictions shall be set forth in the instrument evidencing the Restricted Stock award. The Committee may provide that the forfeiture restrictions shall lapse on the passage of time, the attainment of one or more performance targets established by the Committee or the occurrence of such other event or events determined to be appropriate by the Committee. The grantee of a Restricted Stock award shall have the right to receive dividends with respect to the shares of Common Stock subject to a Restricted Stock award, to vote the shares of Common Stock subject thereto and to enjoy all other stockholder rights with respect to the shares of Common Stock subject thereto, except that, unless provided otherwise, (i) the grantee shall not be entitled to delivery of the Common Stock certificate until the applicable forfeiture restrictions have expired, (ii) the Company or an escrow agent shall retain custody of the shares of Common Stock until the forfeiture restrictions have expired, (iii) the grantee may not transfer the Common Stock until the forfeiture restrictions have expired and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock agreement shall cause a forfeiture of the Restricted Stock award.

The Committee may grant Stock Appreciation Rights (SARs). A stock appreciation right generally permits a Participant who receives it to receive, upon exercise, shares of Common Stock equal in value to the excess of (a) the fair market value, on the date of exercise, of the shares of Common Stock with respect to which the SAR is being exercised, over (b) the exercise price of the SAR for such shares. The 2011 Stock Option Plan provides for the grant of SARs, either in tandem with options or on a freestanding basis. With respect to a tandem SAR, the exercise of the option (or the SAR) will result in the cancellation of the related SAR (or option) to the extent of the number of shares in respect of which such option or SAR has been exercised.

The Committee, in its sole discretion, may waive the repurchase or forfeiture period and any other terms, conditions or restrictions on any Restricted Stock under such circumstances and subject to such terms and conditions as the Committee shall deem appropriate. However, the Committee may not waive the repurchase or forfeiture period with respect to a Restricted Stock award that has been granted if such award has been designed to meet the exception for performance-based compensation under Section 162(m) of the Code.

The 2011 Stock Option Plan may be amended, terminated or suspended by the Board at any time. The 2011 Stock Option Plan will terminate not later than the ten-year anniversary of its effective date. However, awards granted before the termination of the 2011 Stock Option Plan may extend beyond that date in accordance with their terms.

The Board of Directors of the Company believes that the 2011 Stock Option Plan reserves sufficient additional shares to provide for additional grants to employees in the near future in order to attract and retain such key personnel.

The Board of Directors of the Company believes that the 2011 Stock Option Plan reserves sufficient additional shares to provide for additional grants to employees in the near future in order to attract and retain such key personnel.

The 2011 Stock Option Plan was ratified by the shareholders by written consent on August 1, 2011 (as published in Schedule 14C, filed on November 9, 2011 with the Securities and Exchange Commission.,

(43)

Table of Contents

Item 14. Principal Accounting Fees and Services

The financial statements for the years ended December 31, 2011 and 2012 have been audited by our auditors, Bongiovanni & Associates, P.A. The Chief Executive Officer pre-approves all audit and non-audit services prior to the performance of services by our independent accountants. The percentage of hours expended on the audit by persons other than full time, permanent employees of each accounting firm was 20 hours.

Audit Fees

Aggregate fees billed to us during years ended December 31, 2011 and 2012 for professional services by our principal accountants, for the audit of our annual financial statements and the review of quarterly financial statements were \$22,000 and \$22,000, respectively.

Audit-Related Fees

There were no fees billed to us in the previous two fiscal years for assurance and related services our principal accountants that are reasonably related to the performance of the audit or review of our financial statements and that are not reported in the previous paragraph.

Tax Fees

Aggregate fees billed to us during the years ended December 31, 2011 and 2012 for professional services by our principal accountants for tax compliance, tax advice, and tax planning were \$0 and \$0, respectively.

All Other Fees

Aggregate fees billed during the years ended December 31, 2011 and 2012 for products or other services by our principal accountants that are not reported in the previous three paragraphs were \$0 and \$0, respectively.

(44)

Table of Contents

Item 15. Exhibits, Financial Statement Schedules

A. Documents included as part of this report:	PAGE
1. The financial statements for the Registrant are included in this report.	
Balance Sheets at December 31, 2011 and 2012;	47
Statements of Operations for the years ended December 31, 2011 and 2012;	48
Statements of Stockholders' Deficit for the years ended December 31, 2011 and 2012;	49
Statements of Cash Flows for the years ended December 31, 2011, and 2012;	50
Notes to Financial Statements	51
2. See the Index to Exhibits on page 53 of this Form 10-K	
B. Exhibits required by Item 601 of Regulation S-K. See item (a) 3 above	

(45)

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of

Revolutionary Concepts, Inc. and its subsidiary

We have audited the accompanying consolidated balance sheets of Revolutionary Concepts, Inc. and its subsidiary (A Development Stage Company) (“The Company”) as of December 31, 2012 and 2011, and the consolidated statements of operations, consolidated stockholders’ deficit, and consolidated cash flows for the years ended December 31, 2012 and 2011. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness for the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Revolutionary Concepts, Inc. and its subsidiary (A Development Stage Company) as of December 31, 2012 and 2011, the results of its operations and its cash flows for the years ended December 31, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses, negative cash flows from operations and has a net

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

working capital deficiency, factors which raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are described in note 10. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/ Bongiovanni & Associates, CPA's/

Bongiovanni & Associates, CPA's

Certified Public Accountants

Cornelius, North Carolina

The United States of America

April 12, 2013

www.bai-cpa.com

(46)

Table of Contents

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

CONSOLIDATED BALANCE SHEETS

as of:

	December 31, December	
	2012	31, 2011
	\$	\$
ASSETS		
Current Assets		
Cash and Cash equivalents	—	—
Accrued interest receivable, net of reserve \$265,670 (see note 2)		
Total Current Assets	—	—
Fixed Assets		
Furniture and equipment	13,028	12,231
Accumulated depreciation	(11,448)	(10,626)
Total Net Fixed Assets	1,580	1,606
Other Assets		
Patent costs	112,985	99,539
Accumulated amortization	(92,231)	(86,387)
Total Patent Costs net of accumulated amortization	20,754	13,152
Related party note receivable	112,663	112,663
Notes receivable, net of reserve \$7,036,861 (see note 3)	—	—
Security deposits	1,500	1,500
Total Other Assets net of accumulated amortization	134,917	127,315
TOTAL ASSETS	\$ 136,497	\$ 128,921
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	\$ 165,630	\$ 220,225
Checks in excess of bank balance	840	—
Derivative liability	82,222	51,140
Convertible note, net of discounts of \$ 27,913 and \$-0-, respectively	21,086	—
Current portion of long-term debt	516,657	—
Other accrued expenses	721,478	572,470
Total Current Liabilities	1,507,913	843,836
Long-term Debt		
Notes payable	476,930	752,000
Notes payable - related parties	374,000	138,462
Total Long-term Debt	850,930	890,461
Stockholders' Deficit		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 10,000,000 and -0- shares reserved and outstanding	10,000	—

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Common stock, \$.001 par value, 335,949,025 and 71,281,189 shares issued and outstanding, 1,000,000,000 authorized, respectively	335,949	71,281
Additional paid in capital	10,466,872	2,985,071
Unpaid capital contributions (see note 3)	(83,562)	(80,345)
Deficit accumulated during the development stage	(12,951,606)	(4,581,383)
	(2,222,347)	(1,605,376)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 136,497	\$ 128,921

The Report of Independent Registered Public Accounting Firm and accompanying notes are an integral part of these consolidated financial statements

(47)

Table of Contents

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For The Years Months Ending December 31, 2011 and 2012

And The Period From March 12, 2004 (Inception) To December 31, 2012

	For The Years Ending		March 12, 2004 (Inception) to December 31, 2012
	December 31, 2012	2011	
OPERATING EXPENSES			
Automobile expense	—	3,456	28,943
Bank charges	1,557	756	9,147
Compensation	—	793,735	35,446
Unpaid accumulated compensation	391,750	—	1,370,109
Depreciation & amortization expense	6,666	11,833	106,749
License and permits	8,005	1,588	15,925
Marketing	251,893	—	251,893
Office expense	—	2,880	20,117
Office supplies	995	599	16,159
Payroll taxes	(4,288)	48,109	77,140
Printing and reproduction	633	809	17,062
Professional fees	160,642	776,245	2,505,045
Rent expense	17,042	5,671	22,713
Research and development expense	269	35,480	596,707
Telephone expense	5,096	2,098	28,491
Travel expense	9,076	6,558	114,561
Website development expense	222	356	14,331
Other expenses	1,037	2,259	55,003
Total Operating Expenses	850,594	1,692,432	5,285,540
OTHER INCOME & (EXPENSE)			
Interest income	268,887	(15,892)	285,886
Reserve of interest income	(265,670)	—	(265,670)
Reserve for notes receivable	(7,108,861)	—	(7,108,861)
Other income	—	—	490
Loss on derivatives	(134,941)	—	(134,941)
Interest expense & amortization of debt discount	(279,044)	(59,013)	(442,968)
Total Other Income and Expense	(7,519,629)	(74,905)	(7,666,065)
NET (LOSS)	(8,370,223)	(1,767,337)	(12,951,606)

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Weighted average number of common shares outstanding	88,376,464	24,688,868	65,471,340	
Net (Loss) per common shares outstanding	\$(0.09)\$(0.07)\$(0.20)
* less than \$0.01				

The Report of Independent Registered Public Accounting Firm and accompanying notes are an integral part of these consolidated financial statements

(48)

Table of Contents**REVOLUTIONARY CONCEPTS, INC.**

(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' DEFICIT

For the period of Inception (March 12, 2004) and

For the Years Ended December 31, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011

	Number of Preferred Shares	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid in Capital	Unpaid Capital Contribution	Deficit Accumulated During the Development Stage	Total
Balance as of March 12, 2004 (Date of Inception)			100,000	\$1	\$32,499	\$—	\$(3,991)) \$28,509
Contributed Capital					99,500) 99,500
Unpaid capital contributions (see note 3)						(21,695)) (21,695)
Net (Loss)							(86,084)) (86,084)
Balance as of December 31, — 2004		—	10,000	1	131,999	(21,695)	(90,075)) 20,230
Common Shares issued after re-domicile			15,990,000	15,999) 15,999
Common Shares for services received			1,000,000	1,000	99,000) 100,000
Private placement memorandum I issued from March 2005 to December 2005 at \$0.50/share			850,000	850	455,151) 456,001
Unpaid capital contributions						(130,532)) (130,532)

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

(see note 3)

Net (Loss)

(518,270) (518,270)

**Balance as of
December 31, —
2005**

— 17,850,000 17,850 686,150 (152,227) (608,345) (56,572)

Private
placement
memorandum

I issued from
January 2006
to March 2006
at \$0.50/share
Shares

150,000 150 61,994 62,144

purchased
with cash

(144,000) (144) (9,500) (9,644)

Unpaid capital
contributions
(see note 3)

26,496 26,496

Net (Loss)

(77,222) (77,222)

**Balance as of
December 31, —
2006**

— 17,856,000 17,856 738,644 (125,731) (685,567) (54,798)

Private
placement
memorandum

II issued from
May 2007 to
Oct. 2007 at
\$0.50/share

646,200 642 320,458 321,100

Common
Shares for
Services
received

313,500 314 156,436 156,750

Unpaid capital
contributions
(see note 3)

18,335 18,335

Net (Loss)

(464,718) (464,718)

**Balance as of
December 31, —
2007**

— 18,811,700 18,812 1,215,538 (107,396) (1,150,285) (23,331)

Shares issued
for retirement
of debt

630,811 631 631

Additional
paid in capital
Unpaid capital
contributions

314,775 314,775

(see note 3)

(79,776) (79,776)

Net (Loss)

(221,484) (221,484)

**Balance as of
December 31, —**

— 19,442,511 19,443 1,530,313 (187,172) (1,371,769) (9,185)

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

2008

Shares issued for warrants 10,000 class A at \$0.95/share	20,000	20	15,480			15,500
Private placement memorandum II issued from April 21 to Sep. 30, 2009 at \$1.25/share	111,600	112	139,388			139,500
Common Shares for services received	32,500	32	40,593			40,625
Unpaid capital contributions (see note 3)				29,587		29,587
Net (Loss)					(529,798)	(529,798)
Balance as of December 31, —	—	19,606,611	19,607	1,725,774	(157,585)	(1,901,567)

2009

Shares issued for warrants: 14,538 class A at \$0.65/share and 10,000 class B at \$0.90/share	24,538	25	18,425			18,450
Common shares issued for retirement of debt	13,517,260	13,517	38,483			52,000
Common Shares for services received	4,709,124	4,709	465,969			470,678
Unpaid capital contributions (see note 3)				35,633		35,633
Net (Loss)					(912,479)	(912,479)

Balance as of

December 31, —	—	37,857,533	37,858	2,248,651	(121,952)	(2,814,046)
-----------------------	---	------------	--------	-----------	-----------	-------------

2010

Common Shares for services received	6,549,436	6,549	310,923			317,472
-------------------------------------	-----------	-------	---------	--	--	---------

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Common shares issued for officer compensation			6,600,000	6,600	333,400			340,000
Common shares issued for retirement of debt			20,274,220	20,274	92,097			112,371
Unpaid capital contributions (see note 3)						41,607		41,607
Net (Loss)							(1,767,337)	(1,767,337)
Balance as of December 31, 2011	—	—	71,281,189	\$71,281	\$2,985,071	\$(80,345)	\$(4,581,383)	\$(1,605,376)
Preferred shares reserved for acquisition	10,000,000	10,000			7,098,861			7,108,861
Common shares for services received			159,000	159	4,831			4,990
Common shares issued for retirement of related party debt			27,692,312	27,692	110,769			138,461
Common shares issued for retirement of debt			236,816,524	236,817	41,473			278,290
Unpaid capital contributions (see note 3)						(3,217)		(3,217)
Adjustment to derivative liability for value of conversion					225,867			225,867
Net (loss)							(8,370,223)	(8,370,223)
Balance as of December 31, 2012	10,000,000	10,000	335,949,025	\$ 335,949	\$ 10,466,872	\$(83,562)	\$(12,951,606)	\$(2,222,347)

The Report of Independent Registered Public Accounting Firm and accompanying notes are an integral part of these consolidated financial statements

(49)

Table of Contents

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Twelve Months December 31, 2012 And 2011
and the period from March 12, 2004 (Inception) to December 31, 2012

	December 31, 2012	December 31, 2011	March 12, 2004 (Inception) to December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss)	\$ (8,370,223)	\$(1,767,337)	\$ (12,951,606)
Adjustments to reconcile (net loss) to net cash (used in) operating activities:			
Reserve for notes receivable	7,108,861	—	7,108,861
Depreciation and amortization	6,666	11,833	103,679
Amortization of debt discount	145,234	145,234	
Loss on derivative liability	134,941	134,941	
(Increase) in other assets	—	(112,663)	(114,163)
Common shares issued for services received and officer compensation	4,990	657,472	1,483,146
Increase (decrease) in accounts payable	(54,596)	141,417	165,630
Increase (decrease) in accrued expenses and other liabilities	149,848	319,410	773,458
NET CASH (USED IN) OPERATING ACTIVITIES	(874,277)	(749,868)	(3,150,819)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of computer equipment	(797)	(900)	(13,028)
Investment in patent costs	(13,446)	(11,233)	(112,985)
NET CASH (USED BY) INVESTING ACTIVITIES	(14,243)	(12,133)	(126,013)
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 common stock shares for conversion of debt	416,751	112,371	529,122
Issuance of notes payable	1,053,867	643,175	2,287,164
Retirement of notes payable	(578,881)	(35,336)	(921,717)
Paid in capital from private placements and warrants	—	—	992,471
Capital contributions	—	—	462,774

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Common stock shares repurchased with cash	—	—	(9,644)
Unpaid capital contributions (see note 3)	(3,217)	41,607	(83,562)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	888,519	761,817	3,276,831
NET INCREASE (DECREASE) IN CASH	(\$0)	(184)	(\$0)
CASH AND CASH EQUIVALENT BALANCE BEGINNING OF PERIOD	\$ —	\$184	\$ —
CASH AND CASH EQUIVALENT BALANCE END OF PERIOD	(\$0)	\$—	(\$0)
SUPPLEMENTAL DISCLOSURES			
Cash paid during the period for interest	\$ —	\$—	\$ 344,503
Cash paid during the period for income taxes	\$ —	\$—	\$ —
Reserve of preferred stock for acquisition	\$ 7,108,861	\$—	\$ 7,108,861
Interest income, net of reserve \$265,670	\$ —	\$—	\$ —
Issuance of common stock for the conversion of debt	\$ 416,751	\$769,843	\$ 2,012,268

The Report of Independent Registered Public Accounting Firm and accompanying notes are an integral part of these consolidated financial statements

(50)

Table of Contents

REVOLUTIONARY CONCEPTS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS as of December 31, 2012

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 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 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.

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 ratably 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 three months ended December 31, 2012 and for the periods from inception (March 12, 2004) to December 31, 2012, 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 – None.

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.

Table of Contents

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.

In May 2011, FASB issued Accounting Standards Update No. 2011-04, “*Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*” (“ASU 2011-04”). ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively. The Company anticipates that the adoption of this standard will not materially expand its financial statement note disclosures.

In June 2011, FASB issued ASU No. 2011-05, “*Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income*” (“ASU 2011-05”), which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders’ equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies during the interim and annual periods beginning after December 15, 2011, with early adoption permitted. The Company is reviewing ASU 2011-05 to ascertain its impact on the Company’s financial position, results of operations or cash flows as it only requires a change in the format of the current presentation.

In September 2011, the FASB issued ASU 2011-08, “*Testing Goodwill for Impairment*”, which allows, but does not require, an entity when performing its annual goodwill impairment test the option to first do an initial assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount for purposes of determining whether it is even necessary to perform the first step of the two-step goodwill impairment test. Accordingly, based on the option created in ASU 2011-08, the calculation of a reporting unit’s fair value is not required unless, as a result of the qualitative assessment, it is more likely than not that fair value of the reporting unit is less than its carrying amount. If it is less, the quantitative impairment test is then required. ASU 2011-08 also provides for new qualitative indicators to replace those currently used. Prior to ASU 2011-08, entities were required to test goodwill for impairment on at least an annual basis, by first comparing the fair value of a reporting unit with its carrying amount. If the fair value of a reporting unit is less than its carrying amount, then the second step of the test is performed to measure the amount of impairment loss, if any. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted ASU 2011-08 during the first quarter of fiscal 2013. The adoption of ASU 2011-08 did not impact the Company’s results of operations or financial condition.

In December 2011, FASB issued Accounting Standards Update 2011-11, “*Balance Sheet - Disclosures about Offsetting Assets and Liabilities*” to enhance disclosure requirements relating to the offsetting of assets and liabilities on an entity's balance sheet. The update requires enhanced disclosures regarding assets and liabilities that are presented net or gross in the statement of financial position when the right of offset exists, or that are subject to an enforceable master netting arrangement. The new disclosure requirements relating to this update are retrospective and effective for annual and interim periods beginning on or after January 1, 2013. The update only requires additional disclosures, as such, the Company does not expect that the adoption of this standard will have a material impact on its results of operations, cash flows or financial condition.

In July 2012, the FASB issued ASU No. 2012-02, “*Testing Indefinite-Lived Intangible Assets for Impairment*”. The guidance allows companies to perform a “qualitative” assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, similar in approach to the goodwill impairment test.

ASU 2012-02 allows companies the option to first assess qualitatively whether it is more likely than not that an indefinite-lived intangible asset is impaired, before determining whether it is necessary to perform the quantitative impairment test. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not that the asset is impaired. Companies can choose to perform the qualitative assessment on none, some, or all of its indefinite-lived intangible assets or choose to only perform the quantitative impairment test for any indefinite-lived intangible in any period.

ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company is in the process of evaluating the guidance and the impact ASU 2012-02 will have on its consolidated financial statements.

In August 2012, the FASB issued ASU 2012-03, “*Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114. , Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)*” in Accounting Standards Update No. 2012-03. This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU 2012-03 is not expected to have a material impact on our financial position or results of operations.

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-04, “*Technical Corrections and Improvements*” in Accounting Standards Update No. 2012-04. The amendments in this update cover a wide range of Topics in the Accounting Standards Codification.

These amendments include technical corrections and improvements to the Accounting Standards Codification and conforming amendments related to fair value measurements. The amendments in this update will be effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 is not expected to have a material impact on our financial position or results of operations.

Table of Contents

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 December 31, 2012 and December 31, 2011, the advances totaled \$83,562 and \$80,345, 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 provides for a base salary of \$200,000 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 provides for a base salary of \$200,000 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.

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 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.

(53)

Table of Contents**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable consist of the following:	12/31/11	12/31/12
Professional fees	\$33,267	\$77,684
Other	11,693	2,277
Legal fees	125,063	77,468
Consulting fees	50,200	8,200
	\$220,225	\$165,629

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, and the Company is awaiting a decision from the court on the appeal.

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.

NOTE 6 – INTELLECTUAL PROPERTY

The patent number US 7,193,644 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 are patent pending applications; Video system for individually selecting and viewing events at a venue. 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 December 31, 2012 and 2011, respectively.

Patent costs	112,985	99,539
Accumulated amortization	(92,231)	(86,387)
Total Patent Costs net of accumulated amortization	20,754	13,152

(54)

Table of Contents

NOTE 7 – COMMON STOCK SHARES FOR SERVICES RECEIVED

For the year ended December 31, 2012, the Company issued 159,000 restricted common shares for professional services provided to the Company and expensed in 2011. The issuance reduced the Company's accounts payable and accrued expenses by a total of \$4,990.

NOTE 8 – CONVERSION OF DEBT TO EQUITY

On March 21, 2012, the Company completed a partial conversion of one of its Notes payable dated April 30, 2011, with a principal amount of \$76,194. A total of \$26,000 worth of the Note was converted, and 11,817,900 common shares were issued for that part of the conversion, which leaves a remaining balance of \$50,194 of the principal of the Note. No accrued interest was paid on the Note upon conversion. This conversion of debt reduced the Company's Long Term Notes payables by \$26,000.

On March 21, 2012, the Company issued 159,000 restricted common shares for professional services provided to the Company and expensed in 2011. The issuance reduced the Company's accounts payable by \$4,990.

On March 30, 2012, the Company completed a conversion of one of its Notes payable to one of our Officers and Directors, Mr. Solomon Ali, dated October 1, 2011, with a principal amount of \$46,154. The Note was converted, and 9,230,768 common shares were issued for the conversion. No accrued interest was paid on the Note upon conversion. This conversion of debt reduced the Company's Long Term Notes payables by \$46,154.

On March 30, 2012, the Company completed a conversion of one of its Notes payable to one of our Officers and Directors, Mr. Ronald Carter, dated October 1, 2011, with a principal amount of \$92,308. The Note was converted, and 18,461,544 common shares were issued for the conversion. No accrued interest was paid on the Note upon conversion. This conversion of debt reduced the Company's Long Term Notes payables by \$92,308.

On June 18, 2012, the Company received a notice of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May 30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948. A total of \$10,000 was converted and 3,030,303

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

restricted common shares were issued, which leaves a remaining principal balance of \$33,448. This conversion of debt reduced our notes payables \$10,000.

On June 19, 2012, the Company received a notice of partial conversion from an unrelated third party as part of a partial reassignment and modification of a note originally issued to a non-related third party on August 30, 2011. A total of \$4,000 was converted and 1,111,111 restricted common shares were issued, which leaves a remaining principal balance of \$23,000. This conversion of debt reduced our notes payables \$4,000.

From July 27, 2012 through September 25, 2012 the Company received several notices of partial conversion from an unrelated third party as part of a partial reassignment and modification of a note originally issued to a non-related third party on August 30, 2011. A total of \$17,500 was converted and 27,127,038 restricted common shares were issued, which leaves a remaining principal balance of \$5,500. This conversion of debt reduced our notes payables \$17,500.

On August 1, 2012, the Company received a notice of partial conversion from an unrelated third party as part of a partial reassignment of a note originally issued to a non-related third party on April 30, 2012, in the amount of \$76,194. A total of \$37,645 was converted and 17,128,475 restricted common shares were issued, which leaves a remaining principal balance of \$12,549. This conversion of debt reduced our notes payables \$37,645.

From August 22, 2012 through September 18, 2012 the Company received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May 30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948. A total of \$33,448 was converted and 38,618,636 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$33,448.

From September 19, 2012 through September 28, 2012 the Company received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000. A total of \$16,300 was converted and 23,857,143 restricted common shares were issued, which leaves a remaining principal balance of \$26,400. This conversion of debt reduced our notes payables \$16,300.

On August 1, 2012, we received a notice of partial conversion from an unrelated third party as part of a partial reassignment of a note originally issued to a non-related third party on April 30, 2012, in the amount of \$76,194. A total of \$37,645 was converted and 17,128,475 restricted common shares were issued, which leaves a remaining principal balance of \$12,549. This conversion of debt reduced our notes payables \$37,645.

From August 22, 2012 through September 18, 2012 we received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated May 30, 2011 for \$12,000, May

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

30, 2011 for \$10,000 and a note dated June 30, 2011 for \$17,500 and accumulated interest of \$3,948. A total of \$33,448 was converted and 38,618,636 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$33,448.

On September 4, 2012 we entered into a one (1) year convertible Promissory Note with a non-related creditor for \$42,700 at 10% interest. The holder has the right to convert the note to common stock at 50% of the then current market prices. September 19, 2012 through September 28, 2012 the Company received several notices of partial conversion from an unrelated third party This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000. A total of \$16,300 was converted and 23,857,143 restricted common shares were issued, which leaves a remaining principal balance of \$26,400. This conversion of debt reduced our notes payables \$16,300.

On October 4, 2012 we received a notice of partial conversion from an unrelated third party as part of a partial reassignment and modification of a note originally issued to a non-related third party on August 30, 2011. A total of \$5,500 was converted and 14,107,500 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$5,500.

From October 8, 2012 through December 13, 2012 we received several notices of partial conversion from an unrelated third party. This was a partial reassignment and modification of notes dated October 30, 2011 for \$8,700, November 30, 2011 for \$8,500 and a note dated January 31, 2012 for \$28,000. A total of \$26,400 was converted and 68,168,930 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$26,400.

On November 1, 2012 we received a notice of partial conversion from an unrelated third party as part of note originally issued to a non-related third party on August 4, 2011. A total of \$90,497 was converted and 18,099,488 restricted common shares were issued, which leaves a remaining principal balance of \$0. This conversion of debt reduced our notes payables \$90,497.

On December 26, 2012 we received a notice of partial conversion from an unrelated third party as part of a note originally issued on June 19, 2012. A total of \$11,000 was converted and 13,750,000 restricted common shares were issued, which leaves a remaining principal balance of \$16,500. This conversion of debt reduced our notes payables \$11,000.

Table of Contents**NOTE 9 –NOTES PAYABLE**

	December 31, 2012	December 31,2011
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, this \$37,645 of this Note was converted	12,549	76,194
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
On May 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. On June 12, 2012, this Note was modified and was assigned by the original note holder to an unrelated third party.	—	12,000
On May 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$10,000 at 10% interest. The holder has the right to convert the note to common stock. On June 12, 2012, this Note was modified and was assigned by the original note holder to an unrelated third party.	—	10,000
On June 30, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$17,500. The holder has the right to convert the note to common stock. On June 12, 2012, this Note was modified and was assigned by the original note holder to an unrelated third party.	—	17,500
On August 4, 2011 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$140,663 and \$3,404 in interest. The holder has the right to convert the note to common stock. On November 30, 2011, the holder converted \$50,166 of the note leaving a principal balance due of \$90,497. On November 1, 2012 a total of \$90,497 was converted which leaves a remaining principal balance of \$0.	—	90,497
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.	17,600	44,600
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	—	92,308

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

compensation owed to him for the fiscal year 2010 in accordance with his Employment Agreement. On March 30, 2012, this Note was converted.

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.	—	46,154
--	---	--------

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	8,700
--	-------	-------

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	—	8,500
--	---	-------

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
---	-------	-------

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	—
--	--------	---

On January 31, 2012 the Company entered into a two (2) year convertible Promissory Note with a non-related creditor for \$28,000 at 12% 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.	—	—
---	---	---

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	—
---	-------	---

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	70,000	—
---	--------	---

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

convert the note to common stock.

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. 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. 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 —

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 —

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. — —

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. — —

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 16,500 —

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 —

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. 46,600 —

On September 4, 2012 the Company entered into a one (1) year convertible Promissory Note with a non-related creditor for \$42,700, at 12% interest. The holder has the right to convert the note to common stock. \$16,300 of this note was converted on various dates between July 1 and September 30, 2012. The holder converted the remaining \$26,400 on various dates between October 8 through December 13, 2012. — —

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

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	—
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.	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	—
On November 30, 2012 we entered into a two (2) year convertible Promissory Note with a non-related creditor for \$76,390 at 12% interest. The holder has the right to convert the note to common stock.	76,390	—
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.	88,000	—
Total notes payable	\$1,416,587	\$890,461
Less Current Portion	\$(516,657)	\$—
Less Debt Discount	\$(27,913)	\$—
Less convertible notes, net	\$(21,086)	\$—
Total Long Term Notes Payable	\$850,930	\$890,461

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's 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.

Principal maturities of notes payable as of December 31, 2012 for the next five years and thereafter is as follows:

2012	\$-0-
2013	\$565,657
2014	\$850,930
2015	\$-0-
2016	\$-0-
Total	\$1,416,587

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 0.14% to 0.19%, grant dates of Notes, the term of the Notes, conversion prices of 50% of current stock prices on the measurement date ranging from \$0.0005 to \$0.0075, and the computed measure of the Company’s stock volatility, ranging from 321% to 379%.

Included in the December 31, 2012, is a derivative liability in the amount of \$82,222 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 twelve months ended December 31, 2012 are \$134,941 and \$145,234 in non-cash charges pertaining to the derivative liability as it pertains to change in derivative liability and amortization of debt discount, respectively.

(56)

Table of Contents

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 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 and allow Rainco the right, not the obligation, to recommend three members in the event of any vacancies, to serve in accordance with the Company bylaws. The restrictive covenants will terminate upon the elimination of the outstanding obligations of RCI to Rainco.

Each share of Preferred Stock is convertible, at the discretion of the holder, into 1.8 shares of Company common stock (with provisions which reduce the conversion ratio to one share of Preferred Stock for one share of Company common stock under specified conditions). The Preferred Stock has liquidation preferences and may be cancelled and returned to the Company in exchange for the Member Interests under certain restrictive circumstances.

The foregoing summary description of the Purchase Agreement, the Preferred Stock and the transaction, is not complete and is subject to and qualified in its entirety by reference to the Purchase Agreement, a copy of which is on file with the Commission as Exhibit 2.1 of the 8-k filed on December 20, 2012, and the Preferred Stock, of which is attached hereto as Exhibit 3.1, and the terms of which are incorporated herein by reference.

The Purchase Agreement and the right, preferences and designations of the Preferred Stock have been attached as Exhibits to this report in order to provide investors and security holders with information regarding its terms. It is not intended to provide any other financial information about the Company, Rainco, Greenwood, or their respective subsidiaries and affiliates. The representations, warranties and covenants contained in the Purchase Agreement and Preferred Stock were made only for purposes of that agreement and as of specific dates; were solely for the benefit of the parties to the Purchase Agreement and Preferred Stock; may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company, Rainco, Greenwood or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Company.

Based on its long-term business strategy, management has decided to reserve the entire value of the gain on sales of notes and the valuation of the notes receivable through our subsidiary, Greenwood Finance Group, LLC. We will recognize the assets and revenue as cash payments are received against the notes receivables and as interest payments. This may also allow the company to maximize its tax planning strategy. The following table summarizes the consideration paid by the Company and the amounts of the assets acquired at the acquisition date based on the above noted reserves:

Edgar Filing: Revolutionary Concepts Inc - Form 10-K

Purchase Price Allocation Consideration:	December 7 , 2012
Equity instruments (10,000,000 Preferred Class A Shares of Revolutionary Concepts, Inc.)	\$ 18,000,000
Recognized amounts of identifiable assets acquired:	
Accumulated Interest Income (\$265,670 reserved)	—
Notes Receivable (\$7,108,861 reserved)	—
Total assets (\$7,374,531 reserved)	\$—
Fair value of total assets (\$7,374,531 reserved)	\$—

The following (unaudited) proforma consolidated results of operations have been prepared as if the acquisition had occurred at January 1, 2011 and 2012.

	2012	2011
REVENUES	\$—	\$—
Net Loss (net of \$7,374,531 reserved)	(8,370,223)	(1,767,337)
Net loss per share basic and diluted	\$(0.09)	\$(0.07)
Weighted average of shares outstanding	88,376,465	24,688,868

(57)

Table of Contents

NOTE 12 – SUBSEQUENT EVENTS

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. The holder has the right to convert the note to common stock at 50% of the then current market prices.

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. The holder has the right to convert the note to common stock at \$0.003 per share.

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.

(58)

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Revolutionary Concepts, Inc.

By: /s/ Ron Carter April 15, 2013

Ron Carter

President and Chief Executive Officer

By: /s/ Garry Stevenson April 15, 2013

Garry Stevenson

Chief Financial Officer, Principal Accounting Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
------------------	--------------	-------------

<u>/s/</u> Ron Carter		
-----------------------	--	--

	Director	April 15, 2013
--	----------	----------------

Name: Ron Carter

/s/ Garry Stevenson

Director April 15, 2013

Name: Garry Stevenson

/s/ Bethiel Tesfasillasie

Director April 15, 2013

Name: Bethiel Tesfasillasie

/s/ Solomon Ali Director April 15, 2013

Name: Solomon Ali

(59)

Table of Contents

Exhibit Index

The following is a list of Exhibits on file with the commission:

Exhibit No. Description of Exhibit

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

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

31.1 Certification of our Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(2)

31.2 Certification of our Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(2)

32.1 Certification of our Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)

32.2 Certification of our Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)

99.2* US Patent

- Previously filed as an Exhibit to the Company's Registration Statement on Form S-1 (Registration No. 333-151177) and incorporated herein by reference.

