

CYIOS CORP  
Form 10-Q/A  
August 26, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the quarterly period ended

**June 30, 2011**

OR

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

EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 000-27243

CYIOS CORPORATION

(Exact name of Registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or  
organization)

03-7392107  
(I.R.S. Employer Identification Number)

1300 PENNSYLVANIA AVE, SUITE 700  
WASHINGTON DC  
(Address of principal executive offices)

20004  
(Zip/Postal Code)

(202) 204-3006

(Telephone Number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer  Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date. There were 36,311,640 common stock shares and 29,713 preferred shared convertible to common at a 1:1 ratio, par value \$0.001, as of August 24, 2011.

#### Note Regarding FORWARD-LOOKING STATEMENTS

In addition to historical information, this Report contains forward-looking statements. Such forward-looking statements are generally accompanied by words such as "intends," "projects," "strategies," "believes," "anticipates," "plans," and similar terms that convey the uncertainty of future events or outcomes. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to; those discussed in Part Item 2 of this Report, the section entitled "MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION and Part II Item 1a Risk Factors."

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof and are in all cases subject to the Company's ability to cure its current liquidity problems. There is no assurance that the Company will be able to generate sufficient revenues from its current business activities to meet day-to-day operation liabilities or to pursue the business objectives discussed herein.

The forward-looking statements contained in this Report also may be impacted by future economic conditions. Any adverse effect on general economic conditions and consumer confidence may adversely affect the business of the Company. CYIOS Corporation undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. In addition, readers should carefully review the factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

### **Table of Contents**

#### Part I - FINANCIAL INFORMATION

---

### **CYIOS Corporation and Subsidiaries Consolidated Balance Sheet**

## Edgar Filing: CYIOS CORP - Form 10-Q/A

	June 30, <u>2011 (unaudited)</u>	December 31, <u>2010 (audited)</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 44,568	\$ 27,603
Accounts Receivable	191,674	172,937
Interest Receivable--Related Party	34,663	25,903
Prepaid and Other Current Assets	550	76,717
<b>TOTAL CURRENT ASSETS</b>	<b>271,454</b>	<b>303,160</b>
<b>FIXED ASSETS, NET</b>	<b>-</b>	<b>1,436</b>
<b>OTHER ASSETS</b>		
Related Party Loan	219,284	219,284
<b>TOTAL OTHER ASSETS</b>	<b>219,284</b>	<b>219,284</b>
<b>TOTAL ASSETS</b>	<b>\$ 490,739</b>	<b>\$ 523,880</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Line of Credit	\$ 41,270	\$ 51,468
Convertible Note Payable	-	36,000
Accounts Payable	-	9,452
Accruals and Other Payables	59,190	60,888
<b>TOTAL LIABILITIES</b>	<b>100,460</b>	<b>157,808</b>
<b>STOCKHOLDERS' EQUITY</b>		
Convertible Preferred Stock (\$.001 par value, 5,000,000 authorized: 29,713 and 29,713 issued and outstanding)	30	30
Common Stock (\$.001 par value, 100,000,000 shares authorized: 36,311,650 and 37,711,640 shares issued and outstanding)	36,311	37,711
Additional Paid-in-Capital	24,496,376	24,592,976
Accumulated Deficit	(24,142,438)	(24,264,645)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>390,279</b>	<b>366,072</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 490,739</b>	<b>\$ 523,880</b>

the accompanying notes are an integral part of these unaudited consolidated financial statements

**Balance Sheet (Parenthetical)**

	<b>June 30, 2011</b> <b><u>(unaudited)</u></b>	<b>December 31, 2010</b> <b><u>(audited)</u></b>
<b>STOCKHOLDERS' EQUITY</b>		
Convertible Preferred stock par value	\$ 0.001	\$ 0.001
Convertible Preferred Stock authorized	5,000,000	5,000,000
Convertible Preferred Stock issued	29,713	29,713
Convertible Preferred Stock outstanding	29,713	29,713
Common Stock par value	\$ 0.001	\$ 0.001
Common Stock shares authorized	100,000,000	100,000,000
Common Stock shares issued	36,311,650	37,711,640
Common Stock shares outstanding	36,311,650	37,711,640

The accompanying notes are an integral part of these unaudited consolidated financial statements

*Statement of Operations 3 months*

[back to Table of Contents](#)

<b>CYIOS Corporation and Subsidiaries</b>		
<b>Consolidated Statement of Operations--(unaudited)</b>		
	<b>For the three months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>SALES AND COST OF SALES</b>		
Sales	\$ 495,049	\$ 459,679
Cost of Sales	215,606	264,142
Gross Profit	279,443	195,537
<b>EXPENSES</b>		
Selling, general and administrative	28,994	25,048
Payroll Expense--Indirect Labor	141,732	148,179
Consulting and Professional Fees Expense	34,100	18,876
Payroll Expense--Stock Compensation	-	-
Consulting Expense--Stock Compensation	2,250	21,667
Depreciation	-	196
<b>TOTAL EXPENSES</b>	<b>207,076</b>	<b>213,966</b>
Net Income/(Loss) from Operations	72,367	(18,429)
<b>OTHER INCOME/(EXPENSE)</b>		
Interest Income--Related Party	4,386	4,674
Interest Expense	(2,514)	(2,635)
Loss on Disposal of Equipment	-	-
<b>NET OTHER INCOME/(EXPENSE)</b>	<b>1,872</b>	<b>2,039</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>74,238</b>	<b>(16,390)</b>
Net Income/(Loss)	\$ 74,238	\$ (16,390)
Net income/(loss) per share--basic and fully diluted	\$ 0.00	\$ (0.00)
Weighted average shares outstanding--basic and fully diluted	36,341,353	35,728,690

The accompanying notes are an integral part of these unaudited consolidated financial statements

*Statement of Operations 6 months*

[back to Table of Contents](#)

**Consolidated Statement of Operations COMPREHENSIVE--(unaudited)**

<b>CYIOS Corporation and Subsidiaries</b>		
<b>Consolidated Statement of Operations COMPREHENSIVE--(unaudited)</b>		
	<b>For the six months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>SALES AND COST OF SALES</b>		
Sales	\$ 970,138	\$ 905,955
Cost of Sales	487,257	530,441
Gross Profit	482,881	375,514
<b>EXPENSES</b>		
Selling, general and administrative	44,611	53,300
Payroll Expense--Indirect Labor	283,389	306,249
Consulting and Professional Fees Expense	68,426	47,256
Payroll Expense--Stock Compensation	-	350,000
Consulting Expense--Stock Compensation	(31,833)	35,833
Depreciation	-	393
<b>TOTAL EXPENSES</b>	<b>364,592</b>	<b>793,031</b>
Net Income/(Loss) from Operations	118,288	(417,517)
<b>OTHER INCOME/(EXPENSE)</b>		
Interest Income--Related Party	8,759	5,981
Interest Expense	(3,405)	(5,282)
Loss on Disposal of Equipment	(1,437)	-
<b>NET OTHER INCOME/(EXPENSE)</b>	<b>3,918</b>	<b>699</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>122,206</b>	<b>(416,818)</b>
Net Income/(Loss)	\$ 122,206	\$ (416,818)
Net income/(loss) per share--basic and fully diluted	\$ 0.00	\$ (0.01)
Weighted average shares outstanding--basic and fully diluted	36,341,353	35,728,590

The accompanying notes are an integral part of these unaudited consolidated financial statements

**CYIOS Corporation and Subsidiaries**  
**Consolidated Statement of Stockholders' Equity (Unaudited)**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Totals
	Shares	Amount	Shares	Amount			
Balances, December 31, 2009	29,713	\$ 30	30,148,877	\$ 30,149	\$ 24,199,038	\$ (23,870,594)	\$ 358,623
Shares issued for consulting services	-	-	1,000,000	1,000	36,500	-	37,500
Shares issued to executive officer as a bonus	-	-	5,000,000	5,000	345,000	-	350,000
Portion of Note Payable converted	-	-	1,562,763	1,562	12,438	-	14,000

to Shares							
Net Income (loss)	=	=	=	=		<u>(394,051)</u>	<u>(394,051)</u>
Balances,							
December 31, 2010	29,713	\$ 30	37,711,640	\$ 37,711	\$ 24,592,976	\$ (24,264,645)	\$ 366,072
Return of Shares							
issued for							
consulting services	-	-	(1,400,000)	(1,400)	(96,600)	-	(98,000)
Net Income (loss)	=	=	=	=	=	<u>122,206</u>	<u>122,206</u>
Balances, June 30,							
2011	<u>29,713</u>	<u>\$ 30</u>	<u>36,311,640</u>	<u>\$ 36,311</u>	<u>\$ 24,496,376</u>	<u>\$ (24,142,439)</u>	<u>\$ 390,278</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements

### *Statement of Cash Flows*

[back to Table of Contents](#)

### **CYIOS Corporation and Subsidiaries Consolidated Statements of Cash Flows (Unaudited)**

	For the six months ended June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income/(loss)	\$ 122,206	\$ (416,818)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	-	392
Loss on Disposal of Computer Equipment	1,436	-
Value of Shares returned for services not performed	(98,000)	374,000
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(18,737)	9,306
(Increase) in Interest Receivable--Related Party	(8,760)	-
Decrease in Prepaid and Other Current Assets	76,167	5,854
Increase in Accruals and Other Payables	(1,698)	4,733
(Decrease) in Accounts Payable	(9,452)	(50)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>63,162</b>	<b>(22,583)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Convertible Note Payable	-	50,000
Payoff of Convertible Note Payable	(36,000)	-
Principal Payments Made on line of Credit	(10,197)	(9,648)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(46,197)</b>	<b>40,352</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,965</b>	<b>17,769</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of Period	27,603	76,448
End of Period	\$ 44,568	\$ 94,217

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW  
INFORMATION:****CASH PAID DURING THE PERIOD FOR:**

<b>Interest</b>	<b>\$ 2,514</b>	<b>\$ 2,635</b>
<b>Taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**NON CASH INVESTING AND FINANCING****ACTIVITIES:**

<b>Shares of Common Stock Returned for Consulting</b>	<b>\$ (98,000)</b>	<b>\$ -</b>
<b>Services not Performed</b>		
<b>Shares of Common Stock Issued for Prepaid Consulting</b>	<b>\$ -</b>	<b>\$ 18,000</b>
<b>Services</b>		
<b>Stock Issued for Consulting Services/Employee Bonus</b>	<b>\$ -</b>	<b>\$ 356,000</b>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**CYIOS CORPORATION. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****June 30, 2011****(Unaudited)****NOTE A - ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES****BASIS OF PRESENTATION**

The interim consolidated financial statements and summarized notes included herein were prepared in accordance with accounting principles generally accepted in the United States of America for interim consolidated financial information, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in complete consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, it is suggested that these consolidated financial statements be read in conjunction with the Consolidated Financial Statements and the Notes thereto, included in CYIOS Corporations 10-K filed April 15, 2011. These interim consolidated financial statements and notes hereto reflect all adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim periods presented. Such financial results should not be construed as necessarily indicative of future results

**USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**CASH EQUIVALENTS**

All highly liquid investments purchased with an original maturity of three months or less are considered to be