

GTX CORP
Form 10-Q
May 20, 2013

FORM 10-Q

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
(Mark one)**

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

For the quarterly period ended March 31, 2013

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 number **000-53046**

GTX Corp

(Exact name of registrant as specified in its charter)

Nevada

98-0493446

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

117 W. 9th Street, Suite 1214, Los Angeles, CA, 90015

(Address of principal executive offices) (Zip Code)

(213) 489-3019

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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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. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 98,510,727 common shares issued and outstanding as of May 20, 2013.

GTX CORP AND SUBSIDIARIES

For the quarter ended March 31, 2013

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PART I**ITEM 1. FINANCIAL STATEMENTS****GTX CORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,033	\$ 30,649
Accounts receivable, net	14,398	6,069
Inventory	1,557	1,557
Other current assets	130,726	8,113
Total current assets	152,714	46,388
Property and equipment, net	84,110	108,635
Intangible assets	25,972	25,972
Total assets	\$ 262,796	\$ 180,995
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 264,642	\$ 231,633
Accrued expenses - related parties	418,714	392,834
Deferred revenue	37,150	28,722
Short-term debt	9,500	23,000
Short-term debt – related party	5,000	-
Convertible promissory note, net of discount	12,808	3,541
Derivative liability	45,114	30,380
Total current liabilities	792,928	710,110
Total liabilities	792,928	710,110
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 2,071,000,000 shares authorized; 92,460,727 and 85,401,372 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	92,460	85,401
Additional paid-in capital	13,563,682	13,316,439
Accumulated deficit	(14,186,274)	(13,930,955)
Total stockholders' deficit	(530,132)	(529,115)
Total liabilities and stockholders' deficit	\$ 262,796	\$ 180,995

See accompanying notes to consolidated financial statements.

GTX CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months ended March 31,	
	2013	2012
Revenues	\$ 45,446	\$ 219,399
Cost of goods sold	26,887	207,264
Gross margin	18,559	12,135
Operating expenses		
Wages and professional fees	188,487	288,317
General and administrative	44,753	67,308
Total operating expenses	233,240	355,625
Loss from operations	(214,681)	(343,490)
Other income/(expense)		
Finance costs	(35,687)	-
Derivative income, net	999	-
Interest expense	(5,950)	-
Total other expenses	(40,638)	-
Net loss	\$ (255,319)	\$ (343,490)
Weighted average number of common shares outstanding - basic and diluted	89,337,501	73,064,805
Net loss per common share - basic and diluted	\$ (0.00)	\$ (0.00)

See accompanying notes to consolidated financial statements.

GTX CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months ended March 31,	
	2013	2012
Cash flows from operating activities		
Net loss	\$ (255,319)	\$ (343,490)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	19,463	48,432
Impairment of software development costs	5,062	-
Stock-based compensation	49,915	72,938
Amortization of debt discounts	48,669	-
Change in fair value of derivative liability	(49,668)	-
Finance costs	35,687	-
Changes in operating assets and liabilities		
Accounts receivable	(8,329)	102,757
Inventory	-	143,450
Other current and non-current assets	(2,613)	5,325
Accounts payable and accrued expenses	36,209	(49,683)
Accrued expenses - related parties	57,880	49,672
Deferred revenues	8,428	(159,897)
Net cash used in operating activities	(54,616)	(130,496)
Cash flows from investing activities		
Purchase of property and equipment	 	