

XSUNX INC  
Form 10-Q  
February 19, 2008

**FORM 10-Q**  
**SECURITIES EXCHANGE COMMISSION**  
Washington, D.C. 20549

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

**For Quarter Ended December 31, 2007**

*Commission file number: 000-29621*

**XSUNX, INC.**

(Exact name of registrant as specified in its charter)

Colorado  
(State of incorporation)

84-1384159  
(I.R.S. Employer Identification No.)

65 Enterprise, Aliso Viejo, CA 92656  
(Address of principal executive offices) (Zip Code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class: None Name of each exchange on which registered: N/A

**Securities registered pursuant to Section 12(g) of the Act:**

Title of each class: None

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.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by checkmark 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. As of February 15, 2008 the number of shares outstanding of the registrant's only class of common stock was 173,402,188.

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**JASPERS + HALL, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**9175 E. Kenyon Avenue, Suite 100**  
**Denver, CO 80237**  
**303-796-0099**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors  
XSUNX, INC.  
Aliso Viejo, CA

We have reviewed the accompanying balance sheet of XSUNX, INC. (a development stage company) as of December 31, 2007, and the related statements of operations, stockholders' equity (deficit), and cash flows for the three-month period then ended. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). The review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States.

Jaspers + Hall, PC  
Denver, CO  
February 14, 2008

*/s/ Jaspers + Hall, PC*  
*Jaspers + Hall, PC*  
*Denver, Colorado*  
*February 14, 2008*

**XSUNX, INC.**  
**(A Development Stage Company)**  
**Balance Sheets**

	(Unaudited) December 31, 2007	(Audited) September 30, 2007
<b><u>ASSETS:</u></b>		
Current assets:		
Cash	\$ 2,188,260	\$ 1,773,748
Prepaid Expenses	6,481	54,377
<b>Total current assets</b>	<b>2,194,741</b>	<b>1,828,125</b>
Fixed assets:		
Office & Misc. Equipment	39,450	39,437
Research and Development Equipment	634,907	532,795
Leasehold Improvement	89,825	89,825
<b>Total Fixed Assets</b>	<b>764,182</b>	<b>662,057</b>
Less Depreciation	(292,147)	(162,189)
<b>Total fixed assets</b>	<b>472,035</b>	<b>499,868</b>
Other assets:		
Patents/Trade Marks		-
Security Deposit	5,815	5,815
Accrued Interest Receivable	234,192	143,452
Note Receivable	1,500,000	1,500,000
Marketable Prototype	1,765,000	1,765,000
<b>Total other assets</b>	<b>3,505,007</b>	<b>3,414,267</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,171,783</b>	<b>\$ 5,742,260</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY:</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 238,897	\$ 259,652
Accrued Expenses	55,077	53,036
Current Portion of Note Payable		
<b>Total current liabilities</b>	<b>293,974</b>	<b>312,688</b>
<b>Stockholders' Equity:</b>		
Preferred Stock, par value \$0.01 per share; 50,000,000 shares authorized; no shares issued and outstanding		
Treasury Stock, no par value; no shares where issued or outstanding		
Common Stock, no par value; 500,000,000 shares authorized; 164,753,188 shares issued and outstanding at December 31, 2007 and 157,919,856 shares were issued and outstanding at September 30, 2007		
	15,669,169	13,563,869
Paid in Capital - Common Stock Warrants & Fees	3,635,418	2,326,553
Deferred Stock Compensation	(1,051,000)	

Deficit accumulated during the development stage	(12,375,778)	(10,460,850)
Total stockholders' profit (deficit)	5,877,809	5,429,572
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,171,783</b>	<b>\$ 5,742,260</b>

**See Accountants' Review Report**

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**XSUNX, INC.**  
**(A Development Stage Company)**  
**Statement of Operations**  
**(Unaudited)**

	Three Months Ended December 31,		Feb. 25, 1997 (Inception) to December 31,
	2007	2006	2007
<b>Revenue</b>			
Service Income	\$ -	\$ -	\$ 14,880
Other Income			-
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	