

United Health Products, Inc.  
Form 10-Q/A  
May 13, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q/A**

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

For the quarterly period ended **March 31, 2015**

**.. 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:814-00717**

**UNITED HEALTH PRODUCTS, INC.**  
(Exact name of Company as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**84-1517723**  
(I.R.S. Employer  
Identification No.)

**10624 S. Eastern Ave., Suite A209**

**Henderson, NV**  
(Address of Company's principal executive offices)

**89052**  
(Zip Code)

**(877) 358-3444**

(Company's telephone number, including area code)

---

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

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 x No "

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the 12 preceding months (or such shorter period that the registrant was required to submit and post such file). Yes " No "

Indicate by checkmark 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	..
Accelerated Filer	..	Smaller Reporting Company	x

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

The number of shares outstanding of the Registrant's Common Stock, as of the filing date of this Form 10-Q/A was 140,856,035 after giving effect to the cancellation of 2,090,000 shares that Dr. Forman has agreed to cancel, the issuance of 3,000,000 shares to Dr. Forman pursuant to his employment agreement of November 2014 and the issuance of 4,536,909 shares paid and unissued as of March 31, 2015.

**Explanatory Note**

**The Company is filing the Amended 10-Q for the period ended March 31, 2015. The amended 10-Q/A addresses the valuation of inventory and related accounts payable and accrued expenses as discussed in Note 9 below.**

**UNITED HEALTH PRODUCTS, INC.**

**FORM 10-Q/A QUARTERLY REPORT**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014	4
Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and March 31, 2014 (unaudited)	5
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and March 31, 2014 (unaudited)	6
Notes to Condensed Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures	17
Item 4. Controls and Procedures	18
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	19
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	19
Item 3. Defaults Upon Senior Securities	19
Item 4. Mine Safety Disclosures	20
Item 5. Other Information	20
Item 6. Exhibits and Reports on Form 8-K	20

**SIGNATURES**

2  
-

**PART I – FINANCIAL INFORMATION**

**UNITED HEALTH PRODUCTS, INC**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

	<b>March 31, 2015 Restated</b>	<b>December 31, 2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 53,888	\$ 8,272
Inventory	58,643	31,873
Prepaid expenses	652	870
Total current assets	113,183	41,015
<b>Other Assets</b>	2,300	-
<b>TOTAL ASSETS</b>	<b>\$ 115, 483</b>	<b>\$ 41,015</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 205,064	\$ 372,483
Liability for unissued shares	557,043	567,043
Notes payable - related parties	6,000	542,776
Other current liabilities	289,224	168,223
Total current liabilities	1,057,331	1,650,525
<b>Commitments and Contingencies</b>		
<b>Stockholders' Deficiency</b>		
Common Stock - \$.001 par value, 150,000,000 Shares Authorized, 132,540,412 and 108,198,000 Shares Issued and Outstanding at March 31, 2015 and December 31, 2014, respectively	132,540	108,198
Additional Paid-In Capital	9,758,674	7,609,329
Stock subscriptions	406,723	341,250
Accumulated Deficit	(11,239,785)	(9,668,287)
Total Stockholders' Deficiency	(941,848)	(1,609,510)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>	<b>\$ 115,483</b>	<b>\$ 41,015</b>

See notes to consolidated financial statements.

**UNITED HEALTH PRODUCTS, INC**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

**For the Three Months**  
**Ended**  
**March 31,**  
**2015**                      **2014**  
**Restated**

Revenues	\$ 9,892	\$ 146,773
Cost of goods sold	5,045	43,187
Gross profit	4,847	103,586
<b>Operating Costs and Expenses</b>		
Amortization of Intangibles	-	(25,000)
Selling, general and administrative expenses	(1,576,345)	(227,773)
Total Operating Expenses	(1,576,345)	(252,773)
Loss from Operations	(1,571,498)	(149,187)
<b>Other expenses</b>		
Interest Expense, Net	-	(17,175)
Total other expenses	-	(17,175)
Net Loss	\$ (1,571,498)	\$ (166,362)
<b>Net Loss per common share:</b>		
Basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding	128,482,562	102,518,473

See notes to consolidated financial statements.



**UNITED HEALTH PRODUCTS, INC**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>For the Three Months</b>	
	<b>Ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>Restated</b>	
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (1,571,498)	\$ (166,362)
Adjustments to Reconcile Net loss to Net Cash Used In Operating Activities:		
Depreciation and Amortization	-	25,000
Interest accrued	-	17,175
Issuance of stock as compensation expense	1,347,224	34,000
Stock options expensed	-	8,853
Changes in assets and liabilities:		
Accounts Receivable	-	(8,158)
Inventory	(26,770)	21,343
Prepaid expenses	(218)	-
Other assets	2,300	-
Accounts Payable and Accrued Expenses	(167,046)	18,284
Other current liabilities	121,001	-
Net Cash Used In Operating Activities	(295,007)	(49,865)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Related Parties	6,000	58,838
Proceeds from stock subscription	334,623	-
Cash flow provided by financing activities	340,623	58,838
Increase (Decrease) in Cash and Cash Equivalents	45,616	(8,973)
Cash and Cash Equivalents - Beginning of period	8,272	1,855
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>\$ 53,888</b>	<b>\$ 10,828</b>
Schedule of Non-Cash Financing Activities:		
Issuance of Common Stock to settle or convert debt	\$ 542,776	\$ 15,000
Reduction in liability for unissued shares	\$ 10,000	-

See notes to consolidated financial statements.

**UNITED HEALTH PRODUCTS, INC. AND SUBSIDIARY COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(unaudited)**

**Note 1. Organization and Basis of Preparation**

United Health Products, Inc. (formerly United EcoEnergy Corp.) ("United" or the "Company") is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. The Company produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact. Epic Wound Care, Inc. ("Epic"), the Company's principal operating subsidiary, was dissolved by the State of Florida on September 23, 2011 and, accordingly, all operations are now directly in the Company.

While the Company has funded its initial operations with private placements and loans from a related party, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. The Company's ability to continue as a going concern is dependent on achieving sales and also dependent on many events outside of its direct control, including, among other things, improvement in the economic climate. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q/ A and Article 8 of Regulation S-X, as appropriate. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements for the interim period, have been included.

Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full year.

The condensed consolidated balance sheet at December 31, 2014 has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

These interim condensed financial statements should be read in conjunction with the Company's audited financial statements and notes for the period ended December 31, 2014 filed with the Securities and Exchange Commission on Form 10-K in April 2015.

## **Note 2. Significant Accounting Policies**

### **Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its former wholly owned subsidiary, Epic Wound Care, Inc. (which was dissolved by the State of Florida on September 23, 2011), as of the dates and for the fiscal years indicated. All intercompany accounts and transactions have been eliminated in consolidation.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Changes in the economic environment, financial markets, as well as in the healthcare industry, and any other parameters used in determining these estimates, could cause actual results to differ.

## **Income Taxes**

The Company accounts for income taxes using a method that requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities which is commonly known as the asset and liability method. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. The Company does not have a liability for any unrecognized tax benefits. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof, with due consideration given to the fact that tax periods are open to examination by tax authorities. Management believes the Company is no longer subject to income examinations for years prior to 2010.

As of December 31, 2014, the Company has approximately \$9.5 million of net operating loss carry-forwards available to affect future taxable income and has established a valuation allowance equal to the tax benefit of the net operating loss carry forwards and temporary differences as realization of the asset is not assured.

## **Revenue Recognition**

The Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of estimated sales returns and allowances.

Revenues are attributable to the sale of medical products through distributor agreements. The principal terms of the agreements provide that the distributor orders be accompanied by partial payment in advance, which at least equals 50% of total manufactured cost, as defined, for orders for distributor inventory and, in addition, an agreed portion of the distributor's gross profit on special orders. The balance of the manufactured cost is due from the distributor at the time of shipment. The Company is also entitled to an agreed percentage of the distributor's profit on receipt by the distributor.

## **Stock Based Compensation**

The Company issues restricted stock to consultants and employees for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock for non-employees is measured at the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached and expense is recognized during the term at which the counterparty's performance is earned or at the date the shares are considered non-forfeitable. The Company recognized consulting expenses and a corresponding increase to additional paid-in-capital related to stock issued for services. Compensation for employee stock grants are recognized at the fair market value of the shares at the date of grant and recognized at the grant date, as it is considered that the shares issued are considered non-forfeitable at the date of grant. Stock compensation for the periods presented were issued for past services provided, accordingly, all shares issued are fully vested, and there is no unrecognized compensation associated with these transactions.

## Per Share Information

Basic earnings per share are calculated using the weighted average number of common shares outstanding for the period presented. Diluted loss per share is the same as basic loss per share, as the effect of potentially dilutive securities (-0- options and -0- warrants at March 31, 2015 and 2,150,000 options and 1,698,378 warrants at March 31, 2014), is anti-dilutive.

## New Accounting Pronouncements; Recently Adopted Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The revenue recognition standard affects all entities that have contracts with customers, except for certain items. The new revenue recognition standard eliminates the transaction-and industry-specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. Public entities are required to adopt the revenue recognition standard for reporting periods beginning after December 15, 2016, and interim and annual reporting periods thereafter. Early adoption is not permitted for public entities. The Company has reviewed the applicable ASU and has not, at the current time, quantified the effects of this pronouncement, however it believes that there will be no material effect on the consolidated financial statements.

In June 2014, FASB issued Accounting Standards Update (ASU) No. 2014-12 *Compensation — Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition under Accounting Standards Codification (ASC) 718, *Compensation — Stock Compensation*. As a result, the target is not reflected in the estimation of the award's grant date fair value. Compensation cost would be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after 15 December 2015 and interim periods within those annual periods. Early adoption is permitted. Management has reviewed the ASU and believes that they currently account for these awards in a manner consistent with the new guidance, therefore there is no anticipation of any effect to the consolidated financial statements.

In August 2014, FASB issued Accounting Standards Update (ASU) No. 2014-15 *Preparation of Financial Statements — Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. Under generally accepted accounting principles (GAAP), continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. If and when an entity's liquidation becomes imminent, financial statements should be prepared under the liquidation basis of accounting in accordance with Subtopic 205-30, *Presentation of Financial Statements—Liquidation Basis of Accounting*. Even when an entity's liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. In those

situations, financial statements should continue to be prepared under the going concern basis of accounting, but the amendments in this Update should be followed to determine whether to disclose information about the relevant conditions and events. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company will evaluate the going concern considerations in this ASU, however, at the current period, management does not believe that it has met conditions which would subject these consolidated financial statements for additional disclosure.

The Company considers all new pronouncements and management has determined that there have been no other recently adopted or issued accounting standards that had or will have a material impact on its Consolidated Financial Statements.

### **Note 3. Related Party Transactions**

For the year ended December 31, 2014, payables to related parties totaled \$542,776. These monies, at December 31, 2014, were owed to Doug Beplate, our Chief Executive Officer. In January 2015, Douglas Beplate converted \$542,776 of indebtedness and a bonus of \$348,224 for a total of \$891,000 into 9.9 million shares of restricted Common Stock. Contemporaneously, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received as a bonus 11.1 million shares of restricted Common Stock.

In January 2015, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received a signing bonus of 11.1 million shares of restricted common stock and a monthly salary of \$8,333. Mr. Beplate is entitled to an annual restricted stock bonus equal to 2 ½% of gross sales with the number of shares computed based upon the average closing sales price of the Company's common stock in the month of December of each year. Upon the sale of all or substantially all of the assets of the Company or other change in control or merger transaction in which the Company is involved, Mr. Beplate will be rewarded with a number of shares of restricted common stock of the Company which equals 5% of the then outstanding shares of the Company's common stock on a fully diluted basis. The common shares issued, at fair market value of \$999,000, was recognized as expense in the first quarter of 2015.

### **Note 4. Issuances of Securities**

In July 2013, Dr. Forman voluntarily surrendered his ownership of 2,750,000 options and 2,090,000 shares of Common Stock of the Company. As of March 31, 2015, the Company has not received the 2,090,000 shares to be cancelled.



On January 18, 2014, the Company entered into a consulting agreement with an individual to assist the Company in the areas of corporate networking, sales, marketing and strategic planning. Pursuant to said agreement, the Company issued 200,000 shares of restricted stock and immediately upon executing the agreement an option to purchase an additional 300,000 shares of stock at \$0.12 per share from a third party. The shares were recorded as expense at the fair market value at the date of contract, in the amount of \$34,000. The options issued were valued using the Black Scholes valuation model, resulting in an expense of \$21,247. The assumptions used in determining the value were:

Expected volatility	102.0%
Expected dividend yield	0.0%
Risk-free interest rate	1.75%
Expected term (in years)	.5

On November 7, 2014, the Board of Directors approved the issuance and sale of 9.6 million shares of its Common Stock pursuant to various employment agreements and to consultants in exchange for services rendered valued at \$.083 per share. For the year ending December 31, 2014, the Company issued 6,500,000 shares, at the fair market value of \$539,500. The Company has not issued 100,000 shares to a director or 3,000,000 shares to be distributed to Phillip Forman, upon the submission of cancellation of the 2,090,000 shares. The Company has accrued a liability of \$324,000 for the issuance of these shares. In January 2015, the Company issued the director the 100,000 shares.

In the fourth quarter of 2014, the Company sold 4,121,486 shares of its Common Stock in a private placement offering at an offering price of \$.083 per share (166,666 shares were sold at \$.078 per share), for gross proceeds of \$341,250 which was received in 2014. These shares were issued subsequent to the year end. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In the first quarter of 2015, the Company sold 4,536,909 shares of its Common Stock in a private placement offering at offering prices ranging from \$.07 per share to \$.083 per share, for gross proceeds of \$334,623 which was received in the first quarter of 2015. These shares were issued subsequent to the year end. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In January 2015, Douglas Beplate converted \$542,776 of indebtedness and a bonus of \$348,224 for a total of \$891,000 into 9.9 million shares of restricted Common Stock. Contemporaneously, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received as a bonus 11.1 million shares of restricted Common Stock.

In January 2015, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received a signing bonus of 11.1 million shares of restricted common stock and a monthly salary of \$8,333. Mr. Beplate is entitled to an annual restricted stock bonus equal to 2 ½% of gross sales with the number of shares computed based upon the average closing sales price of the Company's common stock in the month of December of each year. Upon the sale of all or substantially all of the assets of the Company or other change in control or merger transaction in which the Company is involved, Mr. Beplate will be rewarded with a number of shares of restricted common stock of the Company which equals 5% of the then outstanding shares of the Company's common stock on a fully diluted basis. The common shares issued, at fair market value of \$999,000, was recognized as expense in the first quarter of 2015.

## **Note 5. Fair Value Measurements**

Accounting principles generally accepted in the United States define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities. The Company's investment in securities held for sale is fair valued by this method.

Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

## **Note 6. Litigation**

There are no legal proceedings pending or threatened against us, and we are unaware of any governmental authority initiating a proceeding against us.

## **Note 7. Material Agreements and Other Matters**

In May 2013, the Company entered into an agreement with Bibicoff & MacInnis, Inc. to provide stockholder financial community and investor relations and to serve as a consultant to the Company's Board of Directors. The agreement became effective May 1, 2013 and terminates on October 30, 2014. If the agreement is not terminated by September 1, 2014, the agreement will convert to a month-to-month basis after October 2014 until cancelled with 60 days prior written notice. Fees payable to Bibicoff are \$8,000 per month for the first four months, increasing to \$11,000 per month for the next four months and increasing to \$13,000 per month thereafter. The agreement with Bibicoff also

requires the payment of certain fees to Bibicoff in connection with financing transactions. In connection with said agreement, Mr. Bibicoff subscribed to purchase 507,864 shares of Common Stock at \$.04 per share at a subscription price of \$20,315. Mr. MacInnis subscribed to purchase 338,576 shares at \$.04 per share at a subscription price of \$13,543 (see note 5 above). The Company has not recorded the subscription receivable as of March 31, 2015 and will recognize the transaction upon payment in part or full.

On October 1, 2013, the Company entered into an Operating Agreement with Hemo Manufacturing LLC. Hemo Manufacturing is to act as the exclusive supplier of manufactured products for the Company's products. Pursuant to said agreement, 2,000,000, valued at \$231,270, restricted shares of the Company's Common Stock were issued. Under certain conditions, an additional 2,000,000 shares of the Company's Common Stock would be issued in the event the Company is bought out by a third party. The Company anticipates booking all sales directly to customers and making payment for goods directly to Hemo Manufacturing. The managing member of Hemo Manufacturing will retain 100% of the profits earned by Hemo Manufacturing unless the Company is sold to a third party. In the event of such a sale, the managing member of Hemo Manufacturing and the Company would have equal share in the gross profits.

In 2013, the Company entered into distribution agreements for Australasia and the military and the equestrian, dental and U.S. military markets.

In November 2014, the Company entered into employment agreement with Dr. Phillip Forman, Chairman of the Board, and Nate Knight, our Chief Financial Officer. Each employment agreement is terminable by the Company "at will." Dr. Forman and Mr. Knight receive cash compensation of \$5,000 per month and \$4,000 per month, respectively. Dr. Forman received 3,000,000 shares as a signing bonus, subject to his cancellation of 2,090,000 shares which he volunteered to cancel in July 2013. Dr. Forman has been reportedly unable to locate his certificates totaling 2,090,000 shares to cancel. Mr. Knight received 500,000 shares as a signing bonus pursuant to his employment agreement. The spouse of our Chief Executive Officer entered into an employment agreement for her services in November 2014 as an office administrator and she received as an employee "at will" 500,000 shares as a signing bonus and a monthly salary of \$4,000.

#### Note 8. Other Current Liabilities

As of March 31, 2015 and 2014, included in other current liabilities are four outstanding notes to various individuals aggregating approximately \$289,224 and \$139,000, respectively, in principal and accrued interest. Interest accrues at the rate of 9% - 14% per annum.

The Company has recognized a "Liability for unissued shares" for shares granted to employees and consultants, but unissued as of the balance sheet date. The granted shares are recorded at the fair market value of the shares to be issued at the grant date and a corresponding current liability is recorded for these unissued shares. The activity in this account and balances, classified as Liabilities for unissued shares, as of March 31, 2015 and December 31, 2014 was as follows:

	<b>March 31,</b>	<b>December</b>
	<b>2015</b>	<b>31, 2014</b>
Balance, beginning	\$ 567,043	\$ 160,543

Edgar Filing: United Health Products, Inc. - Form 10-Q/A

Stock based compensation recognized	-	421,500
Issuance of shares in satisfaction of liability	(10,000)	15,000
Balance, ending	\$ 557,043	\$ 567,043

The total number of shares granted but unissued were 5,595,711 shares as of December 31, 2014 and 6,790,343 shares as of March 31, 2015.

**Note 9. Restatement of Previously Issued Condensed Financial Statements**

The Company determined that the valuation of its inventory and related accounts payable were not properly recorded and the Company's previously issued financial statements needed to be restated. As such, the Company is restating in this Quarterly Report its financial statements for the quarterly period ended March 31, 2015. However, these restatements will have no impact on the Company's current or previously reported cash position, operating expenses or total operating, investing or financing cash flows.

Impact of the Restatement – March 31, 2015

<b>Balance Sheet Data (unaudited):</b>	<b>As of March 31, 2015</b>		
	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Restated</b>
Inventory	\$ 453,031	(394,388)	\$ 58,643
Total current assets	507,571	(394,388)	113,183
Total assets	509,871	(394,388)	115,483
Accounts payable and accrued expenses	599,452	(394,388)	205,064
Total current liabilities	\$ 1,451,719	(394,388)	\$ 1,057,331

<b>Cash Flows Data (unaudited):</b>	<b>Three Months Ended March 31, 2015</b>		
	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Restated</b>
Inventory	\$ (421,158)	394,388	\$ (26,770)
Accounts payable and accrued expenses	227,342	(394,388)	(167,046)

**Note 10. Subsequent Events**

The Company's Management has evaluated subsequent events through May 20, 2015 and there are none.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this quarterly report on Form 10-Q/A. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under 'Risk Factors' in our annual report on Form 10-K for the fiscal year ended December 31, 2014, filed with SEC in April 2015.*

### **OVERVIEW**

The Company develops, manufactures, and markets a patented hemostatic gauze for the healthcare and wound care sectors. The product HemoStyp, is derived from regenerated oxidized cellulose, which is all natural, and designed to absorb exudate/drainage from superficial wounds and helps control bleeding. The Company is focused on identifying new markets and applications for its product as well as ramping up sales in its current markets. The Company has received orders from the dental and medical markets and is pursuing multiple markets for HemoStyp, including the medical, sports, dental, military and veterinary sectors, each of which represents a multi-million dollar market.

### ***Manufacturing and Packaging of our Products***

On October 1, 2013, the Company entered into an Operating Agreement with Hemo Manufacturing LLC. Hemo Manufacturing is to act as the exclusive supplier of manufactured products for the Company's products. Hemo Manufacturing is responsible for overseeing quality control of products at our overseas (non-exclusive) manufacturer in China as well as the packaging and labeling of our products for distribution. Pursuant to said agreement, 2,000,000 restricted shares of the Company's Common Stock were issued upon execution of the agreement. Under certain conditions, an additional 2,000,000 shares of the Company's Common Stock would be issued in the event the Company is bought out by a third party. The Company anticipates recording all sales directly to customers and making payment for goods directly to Hemo Manufacturing. The managing member of Hemo Manufacturing will retain 100% of the profits earned by Hemo Manufacturing unless the Company is sold to a third party. In the event of such a sale, the managing member of Hemo Manufacturing and the Company would have equal share in the gross profits. While the managing member of Hemo Manufacturing LLC owns 51% of this entity and the Company owns 49% of this entity, in practicality these ownership percentages only relate to control of the entity and not to our profits and losses of being split.

### **Primary Strategy**

The Company's gauze products are designed for the wound care market and manufactured to our specifications by a manufacturing agent in China. The gauze can be used on any wound where bleeding is present. Upon contact with moisture, the gauze forms a gel-like substance that acts as a hemostatic agent to address bleeding quickly. The



hemostatic gauze derived from regenerated oxidized/cellulose, which is all natural and designed to absorb exudate/drainage from superficial wounds and helps to control bleeding. Once bleeding has ceased and coagulation has occurred, the product can be rinsed away with saline solution or lukewarm water. After acquiring the intellectual property rights, in 2009, we have devoted our time to obtaining necessary approvals to enable the hemostatic gauze product to be sold worldwide as well as establishing an international distribution network.

In August 2012, the Company's manufacturing agent in China of its gauze products identified as HemoStyp, received 510(k) approval from the U.S. Food and Drug Administration ("FDA") to be sold as a Class I device. The Company has the ability to represent to distributors and customers that its gauze products meet all FDA requirements as a Class I device. This approval now allows us to expand our potential customer base and pursue accounts that requested a current 510(k) FDA approval, including the prescription based medical arena, retail, hospital, EMS, military, state and national governmental agencies and veterinary markets. Our gauze products can be used to stop nose bleeds and for post dialysis treatment and venipuncture.

The Company's strategy is to engage distributors to market the Company's gauze products to the various worldwide markets. The Company has laid an initial foundation for the distribution of its hemostatic gauze products by entering into agreements with our first three distributors/partners (covering the dental, U.S. military and worldwide equestrian markets and Australasia). In 2015, the Company is seeking to expand on this base and is seeking to enter the international dialysis market. No assurances can be given that the Company will be successful in expanding its distribution market on terms satisfactory to us, if at all.

### **Current Economic Environment**

The U.S. economy is currently in a recession. The generally economic situation, together with the limited availability of debt and equity capital, including through bank financing, will likely have a disproportionate impact on the Company. As a result, we may not be able to execute our business plan as a result of inability to raise sufficient capital and/or be able to develop a customer base for our hemostatic gauze products.

### **Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business. Since our formation, we have not generated any significant revenues. We have not as yet attained a level of operations that allows us to meet our current overhead and may not attain profitable operations within its first few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. In August 2010, the FDA found that the Company's application for the designation of the Epic product as a Class III device was insufficient, which resulted in the temporary halt to sales by our distributor. In August 2012, our Chinese manufacturing agent received 510(k) approval from the FDA for our hemostatic gauze products to be sold as a Class I product.

We are dependent upon obtaining additional financing adequate to fund our operations. While we funded our initial operations with private placements and secured loans from a related party, there can be no assurance that adequate financing will continue to be available to us and, if available, on terms that are favorable to us. The report of our auditors on our financial statements for the year ended December 31, 2014 includes a reference to going concern risks. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including,

among other things, improvement in the economic climate. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

## Results of Operations

### *Three Months ended March 31, 2015 versus Three Months ended March 31, 2014*

During the first quarter of 2015 and 2014, the Company had \$9,892 and \$146,773 of revenues, respectively. These revenues are attributable to our distribution agreements. Management believes that the last three quarters of 2015 will show increased sales as a result of our distribution agreements. Total operating expenses for the first quarter of 2015 and 2014 were \$1,576,345 and \$252,773, respectively. The increase in operating expenses was due to a \$1,347,224 charge against operating expenses relating to a signing bonus of 11.1 million shares of our common stock which was issued to our Chief Executive Officer in connection with his employment agreement and an additional stock bonus of \$348,224. This charge to operations also caused our loss from operations to increase from \$149,187 for the three months ended March 31, 2014 to \$1,571,498 for the three months ended March 31, 2015. For the three months ended March 31, 2014, we incurred interest expenses of \$17,175. Our net loss for the first three months ended March 31, 2015 was \$1,571,498 as compared to \$166,362 for the comparable period of the prior year.

In August 2012, our Chinese manufacturing agent received 510(k) approval from the FDA to our hemostatic gauze products as a Class I device. Since then, products have been showcased in dental publications. We have obtained interest from distributors to sell our hemostatic gauze products to the U.S. Military, dental and equestrian markets and Australasia. Management believes that operating periods for the last three quarters of 2015 should begin to see substantial sales.

### ***Financial Condition, Liquidity and Capital Resources***

As of March 31, 2015, the Company had a negative working capital of \$944,148 and stockholders' deficiency of \$941,848. Since inception, we generated net cash proceeds in excess of \$2.4 million from equity placements and borrowed funds from related parties. The Company has not as yet attained a level of operations which allows it to meet its current overhead and may not attain profitable operations within the next few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. The report of our auditors on our 2014 financial statements includes a reference to going concern risks. While the Company has in the past funded its initial operations with private placements, and loans from related parties, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including, among other things, our ability to achieve our business goals and objectives, as well as improvement in the economic climate.

### ***Cash Flows***

The Company's cash on hand at March 31, 2015 and December 31, 2014 was \$53,888 and 8,272, respectively.

*Operating cash flows:* The sales process for our gauze product, which began late in 2009 with limited sales to our sales distributor, was halted in August 2010 as we develop a new marketing strategy and further study the necessity of making application for FDA clearance, which the Company received in August 2012.

Net cash used in operating activities for the three months ended March 31, 2015 was \$295,007. For the first quarter of 2015, the Company incurred a net loss of \$1,571,498 and an increase in inventory of \$26,770, partially offset through the issuance of stock relating to a compensation expense of \$1,347,224 and a decrease of payables and accrued expenses of \$167,419. Net cash provided from financing activities for the three months ended March 31, 2015 was \$340,623. This was primarily the result of sales of our common stock in the first quarter of 2015 totaling \$334,623. During the first quarter of 2015, our Chief Executive Officer converted \$542,776 of debt and a stock bonus of \$348,244 into 9.9 million shares of restricted common stock.

Net cash used in operating activities for the three months ended March 31, 2014 was \$49,865. For the three months ended March 31, 2014, our net loss of \$(166,362) was partially offset by depreciation and amortization of \$25,000, interest accrued of \$17,175 and increased accounts payable and accrued expenses of \$3,286. Cash flow from financing activities for the three months ended March 31, 2015 was \$58,836 as a result of loans from related parties.

### ***Off-Balance Sheet Arrangements***

As of March 31, 2015, we have no off-balance sheet arrangements.

***Critical Accounting Policies***

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

The Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of estimated sales returns and allowances.

Revenues are attributable to the sale of medical products through distributor agreements. The principal terms of the agreements provide that the distributor orders be accompanied by partial payment in advance, which at least equals 50% of total manufactured cost, as defined, for orders for distributor inventory and, in addition, an agreed portion of the distributor's gross profit on special orders. The balance of the manufactured cost is due from the distributor at the time of shipment. The Company is also entitled to an agreed percentage of the distributor's profit on receipt by the distributor.

The Company has recorded as intangibles amounts representing the rights we have obtained to technology, know-how, trademarks and etc. based upon an appraisal of the rights obtained. In the opinion of management there has been no diminution in their value.

We used the Black-Scholes option pricing model to determine the fair value of stock options in connection with stock based compensation charges as well as certain finance cost charges when we issued warrants in connection with the issuance of indebtedness. The determination of the fair value of stock-based payment awards or warrants on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends.

Due to our limited history as a public company, we have estimated expected volatility based on the historical volatility of certain companies as determined by management. The risk-free rate for the expected term of each option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on our intent not to issue a dividend as a dividend policy. Due to our limited operating history, management estimated the term to equal the contractual term.

If factors change and we employ different assumptions for estimating stock-based compensation expense in future periods or if we decide to use a different valuation model, the future periods may differ significantly from what we have recorded in the current period and could materially affect our operating income, net income and net income per share.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions including the expected stock price volatility. Because our stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models may not necessarily provide a reliable single measure of the fair value of its employee stock options.

Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. The Company does not have a liability for any unrecognized tax benefits. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Not applicable

## **Item 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

The Company is in the process of implementing disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports are recorded, processed, summarized, and reported within the time periods specified in rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our Chief Executive Officer to allow timely decisions regarding required disclosure.

As of March 31, 2015, the Chief Executive Officer and Chief Financial Officer carried out an assessment of the effectiveness of the design and operation of our disclosure controls and procedure and concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2015, because of the material weakness described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified during management's assessment was the lack of sufficient resources with SEC, generally accepted accounting principles (GAAP) and tax accounting expertise. This control deficiency did not result in adjustments to the Company's interim financial statements. However, this control deficiency could result in a material misstatement of significant accounts or disclosures that would result in a material misstatement to the Company's interim or annual financial statements that would not be prevented or detected. Accordingly, management has determined that this control deficiency constitutes a material weakness.

The Chief Executive Officer and Chief Financial Officer performed additional accounting and financial analyses and other post-closing procedures including detailed validation work with regard to balance sheet account balances, additional analysis on income statement amounts and managerial review of all significant account balances and disclosures in the Quarterly Report on Form 10-Q/A, to ensure that the Company's Quarterly Report and the financial statements forming part thereof are in accordance with accounting principles generally accepted in the United States of America. Accordingly, management believes that the financial statements included in this Quarterly Report fairly present, in all material respects, the Company's financial condition, results of operations, and cash flows for the periods presented.

### **Changes in Internal Control over Financial Reporting**



During the three months ended March 31, 2015, there were no changes in our system of internal controls over financial reporting.

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

There are no legal proceedings pending or threatened against us, and we are unaware of any governmental authority initiating a proceeding against us.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) From January 1, 2015 through March 31, 2015, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

<b>Date of Sale</b>	<b>Title of Security</b>	<b>Number Sold</b>	<b>Purchasers</b>	<b>Consideration Received</b>		<b>If Option, Warrant or Convertible Security, terms of exercise or conversion</b>
				<b>and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to</b>	<b>Exemption from Registration Claimed</b>	

Edgar Filing: United Health Products, Inc. - Form 10-Q/A

Jan. 2015	Common Stock	9,900,000 shares	\$821,000 in debt and stock bonus conversion into common stock; no cash compensation was paid.	Section 4(2)	Not applicable
Jan. – March 2015	Common Stock	4,536,909 common shares subscription receivable	\$334,623 received; no commissions paid	Rule 506	Not applicable
Jan. 2015	Common Stock	11,000,000 shares	Services rendered pursuant to employment agreement; no commissions paid	Section 4(2)	Not applicable
Jan. 2015	Common Stock	3,242,772 shares	\$269,150 received in fourth quarter of 2014; no commissions paid	Rule 506	Not applicable

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

(a) Exhibits

The following exhibits are filed with this report, or incorporated by reference as noted:

3(i) Articles of Incorporation of the Company, dated February 28, 1997. (2)

3(ii) Amendment to Articles of Incorporation. (1)

3(ii) By-laws of the Company. (2)

10.1 Employment Agreement – Dr. Phillip Forman (3)

10.2 Employment Agreement – Nate Knight (3)

10.3 Consulting Agreement with Douglas Beplate (4)

10.4 Employment Agreement with Douglas Beplate which supersedes and replaces consulting agreement in exhibit 10.3. (5)

21 Subsidiaries of the Registrant – none

31.1 Certification of Principal Executive Officer\*

31.2	Certification of Principal Financial Officer*
32.1	Section 1350 Certificate by Principal Executive Officer*
32.2	Section 1350 Certificate by Principal Financial Officer*
99.1	2013 Employee Benefit and Consulting Services Compensation Plan (2)

101.SCH Document, XBRL Taxonomy Extension (\*)

101.CAL Calculation Linkbase, XBRL Taxonomy Extension Definition (\*)

101.DEF Linkbase, XBRL Taxonomy Extension Labels (\*)

101.LAB Linkbase, XBRL Taxonomy Extension (\*)

101.PRE Presentation Linkbase (\*)

---

\* Filed herewith.

(1) Incorporated by reference to the Company's Form 10-Q for the quarter ended September 30, 2014.

(2) Incorporated by reference to the Company's Form 10-K for the year ended December 31, 2005.

(3) Incorporated by reference to Form 8-K dated November 23, 2014.

(4) Incorporated by reference to the Form 10-Q for the quarter ended June 30, 2013.

(5) Incorporated by reference to the Form 8-K dated January 16, 2015.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized on May 13, 2016.

**United Health Products, Inc.**

By: */s/ Douglas Beplate*  
Douglas Beplate

Principal Executive Officer

By: */s/ Nate Knight*

Nate Knight  
Principal Financial Officer