

WEARABLE HEALTH SOLUTIONS, INC.
Form 10-K
October 13, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2016

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 333-153290

WEARABLE HEALTH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-3534190

(I.R.S. Employer Identification No.)

200 W. Church Road

Suite B

King of Prussia, PA 19406

(Address of principal executive offices)

(877) 639-2929

(Registrant's telephone number, including area code)

Securities registered pursuant to

Edgar Filing: WEARABLE HEALTH SOLUTIONS, INC. - Form 10-K

Securities registered pursuant to Section 12(g) of the Act:	
Section 12(b) of the Act:	(Title of Each Class)
None	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by 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 15(d) of the Exchange 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

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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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.
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 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

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant, based upon the closing bid quotation for the registrant's common stock, as reported on the OTC OB quotation service, as of December 31, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$1,812,095.

As of October 11, 2016, the registrant had 44,874,177 shares of common stock issued and outstanding, respectively.

Annual Report on Form 10-K

For the Fiscal Year Ended June 30, 2016

INDEX

TABLE OF CONTENTS

Part I

ITEM 1.	<u>Business</u>	1
ITEM 1A.	<u>Risk Factors</u>	10
ITEM 1B.	<u>Unresolved Staff Comments</u>	10
ITEM 2.	<u>Properties</u>	10
ITEM 3.	<u>Legal Proceedings</u>	11
ITEM 4.	<u>Mine Safety Disclosures</u>	11

Part II

ITEM 5.	<u>Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchasers of Equity Securities</u>	11
ITEM 6.	<u>Selected Financial Data</u>	12
ITEM 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
ITEM 8.	<u>Financial Statements and Supplementary Data</u>	18
ITEM 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	18
ITEM 9A.	<u>Controls and Procedures</u>	18
ITEM 9B.	<u>Other Information</u>	20

Part III

ITEM 10.	<u>Directors, Executive Officers and Corporate Governance</u>	21
ITEM 11.	<u>Executive Compensation</u>	23
ITEM 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	24
ITEM 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	25
ITEM 14.	<u>Principal Accountant Fees and Services</u>	25

Part IV

ITEM 15.	<u>Exhibits and Financial Statement Schedules</u>	27
Signatures		28

Part I

Special Note Regarding Forward-Looking Statements

On one or more occasions, we may make forward-looking statements in this Annual Report on Form 10-K regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events. Words or phrases such as “anticipates,” “may,” “will,” “should,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “targets,” “will continue” or similar expressions identify forward-looking statements. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to those listed below and those business risks and factors described elsewhere in this report and our other Securities and Exchange Commission filings.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent annual and periodic reports filed with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K and Proxy Statements on Schedule 14A.

References herein to “we,” “us,” “our” or “the Company” refer to Wearable Health Solutions, Inc. and its subsidiaries.

ITEM 1. Business

General

Wearable Health Solutions, Inc. (f/k/a Medical Alarm Concepts Holding, Inc.) (the “Company” or “Wearable Health”) was formed in June 2008 and, on June 24, 2008 we acquired 100% of the membership interests in Medical Alarm Concepts, LLC, a Delaware limited liability corporation.

Overview

Our principal executive offices are located at 200 West Church Road, Suite B, King of Prussia, PA 19406, and our telephone number is (877) 639-2929. Our website addresses’ are www.medipendant.com, www.ihelpalarm.com and www.wearablehealthsolutions.com.

Table of Contents

The Company manufactures medical alarm devices that are used to summon help in the event of an emergency. While these devices are primarily designed for the elderly, there is also a market for those who are physically disabled, as well as for persons living alone.

The Company was organized in mid-2008. The operation was financed with a considerable amount of toxic convertible debt. This type of financing, along with several other issues, prevented the Company from realizing a robust growth rate for its first few years of operation. Since that time, considerable management time has been spent and investor money utilized to turn the Company's operation around.

Our flagship product is called the MediPendant®, which is a personal emergency alarm that is used to summon help in the event of an emergency at home. Currently, approximately 60% of all medical alarms being sold in the United States are first-generation technologies that require the user to speak and listen through a central base station unit. The MediPendant®, however, offers a product that has the speaker in the pendant, enabling the user to simply speak and listen directly through the pendant in the event of an emergency.

We also manufacture the iHelp™ mobile medical alarm device. The iHelp™ is a next-generation medical alarm that utilizes T-Mobile's 2G network. Users of the iHelp™ mobile medical alarm can take the device with them wherever there is cellular service. There is no base station and the iHelp™ only requires a cellular signal in order to work.

The company has invested time, manpower, and money into the development of this product. On September 30, 2014, the company signed an agreement for a \$300,000 line of credit to enable it to launch the iHelp™, and to build the infrastructure that allowed the Company to buy and track air time from T-Mobile for cellular operation of this unit. The credit line was increased to \$500,000 in January 2015. The iHelp™ has enhanced features and functions including an advanced GPS system, the ability to remotely locate a loved one, and a dealer portal that enables dealers to manage their own iHelp™ customer base. A significant amount of time was spent on the backend systems, including the dealer portal. iHelp™ dealers have significant benefits, most importantly the ease of use in ordering product, activating and deactivating customers, tracking their customer usage, and creating and printing a variety of reports to assist in billing and collecting revenues. The iHelp™ dealer program is a turn-key program that offers the dealer the opportunity to provide his/her customers with the latest products without having to change his/her own backend.

We are in the process of discontinuing the iHelp™ and implementing a new product called the iHelp+ 3G™. The iHelp+ 3G™ is a cellular medical alert system that operates on a 3G network. In March 2016 and May 2016 the company raised an additional \$612,500 and \$425,000 to further develop the 3G product. Initially, it will be operating on the AT&T network (GSM - Global), and ultimately it will be able to operate on the Verizon (CDMA - USA) network as well. It is Bluetooth and Wi-Fi enabled. It has a much broader reach than the iHelp™, as well as additional functions, such as fall detection and geo-fencing (ability to pre-set an area and alert loved ones if the user leaves or enters the pre-set area). As of this date we have gained FCC, CE, and PTCRB approval. Expected product launch date is now Dec 2016.

Table of Contents

It is planned that by the end of 2017 the iHelp+3G™ will be used as the communication device for Low Energy Bluetooth 4.0-enabled devices, and used for collecting and sending vital sign data, in any requested manner, to encrypted HIPAA-compliant cloud servers for access by proper parties.

New Product Development

The design and development of wearable ‘biosensor’ devices, such as the iHelp+3G™ for health and wellness, has garnered much attention in the public and healthcare community during the last few years. This is primarily motivated by increasing healthcare costs and propelled by recent technology advances in miniature bio-sensing devices, micro-computing technology, and wireless communications. The advance of wearable sensor-based systems will potentially transform the future of “telehealth”, personal emergency response (PERS, mPERS) and remote monitoring, by enabling ubiquitous, convenient-to-use, cost-effective and proactive personal health management with real and near real-time monitoring and archiving of personal safety, health, and environmental conditions.

Beyond the recent emergence of smart mobile wireless and geographic location solutions, these systems will integrate via Bluetooth low energy 4.0 and other technologies with FDA approved medical devices and biosensors. The Company will be able to collect data on vital signs, send this data to HIPAA compliant servers in the cloud, and allow access by caregivers, nurses, doctors, hospitals, and other health organizations. This process can facilitate low-monthly-cost wearable solutions for the implementation of monitoring of users, all day and anywhere, for emergency, health, and activity status changes. This evolution will change the face of the traditional PERS device into a WHAM (Wearable Health & Alarm Monitoring) market.

Market Background

Living arrangements have changed greatly in the United States among older people and other potentially vulnerable segments of the population, including those with physical disabilities and/or medical conditions. During the 20th century, one of the most dramatic changes in the lives of the aging in the United States was the rise of the number of aging people living at home alone. In 1910, for example, only 12% of widows age 65 or older lived alone. In 1970, this figure was 70% and today it is estimated to be impressively higher.

Table of Contents

In the 21st century, this trend has gained momentum and become stronger than ever, with more of the aging and medically at risk population living alone at present than at any other time in the past, especially with the rise of the aging Baby Boomer population. The Baby Boomers, those born between 1946 and 1964, started turning 65 years old in 2011, with the number of older people set to increase dramatically during the 2010 to 2030 time period. According to a 2009 analysis of U.S. Current Population Survey data, “between 2010 and 2030, the number of people age 65 and older is projected to grow by 31.7 million or 79.2%.” Thus, the older population in 2030 is projected to be twice as large as in 2000, growing from 35 million to 71.5 million, representing 20% of the total U.S. population around the year 2030.

This social dynamic of a rising older population is true in both the United States as well as in many developed nations worldwide. Likewise, social change, technological advancements, and general lifestyle choices have promoted increased independence and the ability to live alone among other potentially vulnerable segments of the population such as those with physical disabilities or medical conditions. These groups can be especially susceptible to health problems and concerns for their physical wellbeing. Experts and even common sense agree that in order to help facilitate independence and safety, more help is needed to provide these people with a point of contact in case of emergency, or the benefit of support in a time of need. It was in response to this situation that the personal emergency response systems (PERS) industry emerged in the United States and developed the first personal medical alarm. The most obvious and common use for personal medical alarms is as a safeguard for the aged and persons with certain medical conditions, in case of an age or health related incident that requires immediate attention, and in which the victim is unable to reach out for assistance via traditional means, including the ability to make a telephone call.

Effective personal emergency response systems with their emergency alert capabilities, are a key technology solution that can greatly help the vulnerable segment of the population live a more free and active life while maintaining the security of being able to access immediate assistance as needed. In fact, there has been a boom in the PERS market in recent years because of the growing aging population worldwide. According to Forrester Research, Inc., the PERS market in the United States has grown at double digit rates, from approximately \$350 million in 2004 to \$2 billion in 2012 and increasing every year thereafter.

Today, however, while the PERS industry has been around for a long time, much of the technology within the industry has unfortunately remained stagnant. Many of the original PERS solutions are still designed today to provide alerts whereby a push of a button simply triggers a call center operator to respond by calling the device user at home, with two-way voice communication done through a centralized speaker box and not the actual device itself. Thus, traditional PERS solutions currently on the market offer communication between user and a call center only through a speaker box. This greatly inhibits the user’s freedom and limits their mobility to an area near the speaker box.

Mobile medical alerts have recently been introduced to the market. They are designed for the younger and more active person with medical issues, and also the active elderly adult.

Table of Contents

And with the emergence of telehealth and biosensor technology, the market is changing again, to an even younger people with medical issues that need to be tracked on a regular basis.

Wearable Health Solutions offers a wide range of solutions for the user from a simple at home medical alarm to a mobile device that enables the user to get help anywhere they go. With the introduction of the telehealth product by the end of 2017, users will be able to get help, before they even know they need it.

Market Opportunity

The healthcare industry is the largest industry in the world, with the home healthcare market in developed countries in particular growing rapidly, driven in part by aging baby boomers and a growing shift toward moving some types of healthcare away from the hospital and into the home.

These trends help make the home healthcare sector an increasingly attractive market for successful companies that offer effective solutions in the PERS industry space.

The most obvious and common use for personal medical alarms is as a safeguard for the aged and persons with certain medical conditions, not only in case of an age or health related incident that requires immediate attention, but in which the victim is unable to reach out for assistance via traditional means, including the placement of a telephone call. While very few things can prevent falls by aged persons or other unforeseen medical emergencies, medical alarms mitigate the potential harm and expensive hospital stays done by initiating a timely response to such an incident. And tracking devices, like the iHelp+3G™ for wearable biosensors will be able to monitor people with pre-existing conditions.

In fact, there has been a boom in the PERS market in recent years because of the growing aging population worldwide and in the United States in particular. According to the U.S. Census Bureau, the number of people over 65 in the United States is set to jump from approximately 34 million today to approximately 65 million in 2025. By 2050, this number is projected to reach 86.7 million, with many of them living at home or in an alternative home-type environment. Worldwide, this figure number is expected to double from some 550 million people currently at age 65 years old to over 1.2 billion seniors by the time period around the year 2025.

Not surprisingly, experts in the health care industry expect many of these seniors will want to continue living independently at home for as long as possible. Likewise, more than any aging generation of the past, this population is expected to be more technology-savvy as consumers of healthcare are very interested in playing an active role in personally managing their health and well-being. Importantly, they will likely look to technologies that help them gain access to medical care while being able to remain independent and outside a hospital environment.

Table of Contents

Effective personal emergency response systems (PERS), with their emergency alert capabilities, are a key technology solution that can greatly help the vulnerable segment of the population live a more free and active life while maintaining the security of being able to access immediate assistance as needed. According to Forrester Research, Inc., the PERS market in the United States has grown at double digit rates, from approximately \$350 million in 2004 to \$2 billion in 2012 and increasing every year thereafter.

According to statistics from some of the industry's largest providers of traditional PERS solutions, customers of these emergency alert systems are typically individuals over the age of 75 years old whom are predominantly female and live alone, with the actual buyers of PERS systems often being the end user's children who purchase the medical alarms for their parents.

Regarding purchases of PERS solutions worldwide, the large majority of customers currently pay for their PERS products out-of-pocket, with government reimbursement for PERS items varying from country to country. In the United States, for example, 25% of PERS sales were government reimbursed in 2004, compared to 35% in Germany, just over 50% in France and nearly 100% in the United Kingdom. Furthermore, it is estimated government reimbursement for PERS will ramp up in a number of countries, further fueling demand for these products.

Interestingly, as an approximation of the potential PERS market size in the United States, Lifeline Systems, Inc., the founder of the PERS industry in the U.S. approximately 35 years ago, served 250,000 users in the United States and Canada around the time frame of 1992. Today, Philips Medical Systems' acquisition of Lifeline Medical Alarm has positioned it as the largest provider of traditional PERS systems with over 700,000 monitored accounts, implying that the total market size of users is likely much larger.

Sales and Marketing

The company's marketing efforts are focused in four main areas, 1) Internet sales & marketing, 2) retail distribution, 3) wholesale distribution and 4) international markets.

Internet Sales & Marketing - the Company markets the MediPendant® through its website at www.MediPendant.com and its iHelp™ mobile medical alarm to dealers at www.ihelpalarm.com. Due to the complex sales process for medical alarms, which often require several phone calls among the end user customer's family members before a decision is reached, the MediPendant® and iHelp™ websites are used mainly for informational purposes with the actual sale typically taking place over the phone with one of our customer service representatives or one of our many dealers. The company uses a variety of techniques, such as Internet paid ad campaigns and social media, in order to drive web traffic to the websites, and initiate potential customer sales calls.

Table of Contents

Retail Distribution - During 2012, the company announced its plans to promote the MediPendant® product utilizing an e-commerce marketing strategy program designed specifically for Costco Wholesale Corporation and its members. Costco began offering the MediPendant® to its customers via its website during the spring of 2012.

Wholesale Distribution - The Company currently has several relationships with wholesalers who resell the MediPendant® and the iHelp™ in conjunction with their own monitoring services. The company believes its relationships with its strategic partners is good. The company is currently in discussions with several other wholesale groups looking to distribute our products through their own independent channels. With the introduction of the iHelp+ 3G™, Wearable Health Solutions will be selling only through Wholesale Distribution and in International Markets.

International Markets – The Company also distributes its products in a wholesale manner to selected international markets. To date, the company has made sales in Denmark, Ireland, Bermuda, and the People’s Republic of China. There has recently been a lot of International interest in the company’s new iHelp+ 3G™, and the company plans to distribute its product initially in Canada and Europe, and expand from there.

Competition

The market for Personal Emergency Response Systems (PERS) is highly fragmented. Because the vast majority of the market participants are private corporations, only limited information about competitors is available.

The vast majority of competitors market first generation PERS systems that rely on a centralized base station for communication between the user and the monitoring center. The second largest of these market participants is believed to be Life Alert, which was founded in 1987. The largest participant is thought to be Philips Medical Systems, which several years ago purchased Lifeline Medical Alarms. Additionally, there are dozens of smaller organizations marketing PERS devices and monitoring services.

Mobile Medical Alerts have recently been introduced to the market. They are designed for the younger and more active person with medical issues and also the active elderly adult.

Table of Contents

Termination of Patent Purchase Agreement and New Patent Licensing Agreement

On July 10, 2008, the Company entered into a Purchase Agreement and Patent Assignment Agreement (the “Agreement”) effective July 31, 2008. The Company was obligated to pay the seller \$2,500,000 on June 30, 2012. The Agreement specifies interest of 6% payable monthly, commencing on July 31, 2008. The seller had the right to reacquire all patents and applications if payment was not made on June 30, 2012; however, this agreement has been extended quarterly since June 30, 2012. The patent purchase agreement refers to patent #RE41845 and RE41392. The scope of the patents are as follows: A personal emergency communication system includes a user-carried portable communication unit having a single button, which when depressed by the user, wirelessly sends a call request signal to a base unit. The base unit initiates a telephone call through a dial-up network to an emergency response center and places an operator at the emergency center responder in wireless voice communication with the portable unit when the call is connected. The telephone number to be called can be stored in at least one of the portable unit and the base unit. A speech synthesizer operating in combination with automated voice messages stored in at least one of the base unit and portable unit system memory are used to advise the user of the status of the call, and to provide the user with verbal confirmation that functional systems of the base unit are operating properly.

In June 2015, the Company made a decision to terminate its patent agreement with Nevin Jenkins, the patent holder. Mr. Jenkins and the Company agreed to a new revised licensing agreement whereby the company still has the ability to order and sell product utilizing the patent. The company feels that the old agreement was too costly, and money would be better served based on its decision of investing in more cellular type mPERS devices. Its new agreement with Mr. Jenkins will enable the Company to continue selling the MediPendant® based on a cost plus structure.

Products

The Company’s primary focus is the sale of its medical alarm and safety alert devices, which are some of the most advanced systems on the market today.

Table of Contents

MediPendant®

MediPendant® is the Company's traditional medical alarm product and the world's first monitored two-way voice speakerphone pendant for the PERS (personal emergency response) industry. It allows the user to speak and listen to the operator directly through the pendant. Wearable Health Solutions' alarm pendant also offers superior range radio frequency capabilities and an enhanced communication range that enable the user to move freely in and about the home, including up to an extended range that is revolutionary in the PERS industry. Specifically, the MediPendant® system enables the device wearer to move up to 600+ feet (line of sight) away from the main base station, a distance that far exceeds competitive offerings on the market today that instead require the user to be within speaking distance of the base station box, a situation that may not be conducive to an emergency if the end user is not at the base station.

As part of the MediPendant® product offering, users receive Wearable Health Solutions' two-way communication pendant, base station unit and a subscription to the Company's around-the-clock personal response service monitoring center.

Emergency calls made through the Company's MediPendant® device are always handled by certified operators who are available around the clock 24-hours a day and guaranteed to remain on the line with MediPendant® subscribers until the problem is resolved and/or help arrives. Operators are trained to immediately assess the situation and can either connect the caller to a loved-one or dispatch medical personnel to the user's location. All emergency operators are prepared to bring calm, professional, knowledgeable insight to any situation. Additionally, the call center can also maintain an important list of personal information for all MediPendant® users that includes an updated list of medications, health information and the subscriber's contact information including home address for location and dispatch purposes. This personal information and medical history are securely stored by the monitoring center and can be provided to the dispatched authority and emergency responders as necessary.

Table of Contents

*iHelp*TM

The company recently announced the launch of a new, advanced medical alarm device called the *iHelp*TM. The *iHelp*TM is an advanced mobile medical alert system, designed to be easy to use, lightweight yet durable, but with significantly advanced features. The company has invested time, manpower, and money into the development and launch of this product. The *iHelp*TM has enhanced features and functions including an advanced GPS system, the ability to remotely locate a loved one, voice prompts, and a dealer portal that enables dealers to manage their own *iHelp*TM customer base. A significant amount of time was spent on the back end systems, including the dealer portal. *iHelp*TM dealers have significant benefits, most importantly the ease of use in ordering product, activating and deactivating customers, tracking their customer usage, and creating and printing a variety of reports. The *iHelp*TM dealer program is a turn-key program that offers the dealer the opportunity to provide his/her customers with the latest products without having to change his/her own “back end” systems. With the introduction of the new and greatly improved *iHelp+* 3GTM unit, the *iHelp*TM will no longer be produced.

iHelp + TM 3G

The *iHelp+* 3GTM is currently in the final approval stage and is expected to be available to the marketplace by December 2016. The *iHelp+* 3GTM is similar to the *iHelp*TM in that it is an mPERS product. However, the *iHelp+* 3GTM will have more advanced features and functions, including the ability to detect if the wearer of the unit falls such as in the shower, have Geo-Fencing and Tracking ability, will operate on the “3G” networks, and be telehealth enabled via blue tooth low energy 4.0. The unit will have superior audio quality, an extended battery life, and will operate on GSM networks allowing for use with AT&T providers both domestically and internationally (with AT&T partners), therefore enabling extended coverage almost anywhere the user may go.

ITEM 1A. Risk Factors

As a small reporting company, we are not required to provide this information.

ITEM 1B. Unresolved Staff Comment

None.

ITEM 2. Properties

Our business office is located at 200 West Church Road Suite B, King of Prussia, PA 19406. This office is leased. We believe the facilities we are now using are adequate and suitable for business requirements.

Table of Contents

ITEM 3. Legal Proceedings

There are no legal claims currently pending or threatened against us that in the opinion of our management would be likely to have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. Mine Safety Disclosures

Not applicable.

Part II

ITEM 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchasers of Equity Securities

Market Information

Our common stock has been quoted on the OTC Bulletin Board system under the symbol "MDHI" since January 2, 2009. It is now quoted on the OTCQB under the symbol WHSI.

The market price of our common stock will be subject to significant fluctuations in response to variations in our quarterly operating results, general trends in the market, and other factors, over which we have little or no control. In addition, broad market fluctuations, as well as general economic, business and political conditions, may adversely affect the market for our common stock, regardless of our actual or projected performance.

	High	Low
Fiscal 2016		
First Quarter	\$0.12	\$0.08
Second Quarter	\$0.49	\$0.10
Third Quarter	\$0.24	\$0.03
Fourth Quarter	\$0.19	\$0.07

Fiscal 2015		
First Quarter	\$0.50	\$0.30
Second Quarter	\$0.47	\$0.15
Third Quarter	\$0.35	\$0.10
Fourth Quarter	\$0.17	\$0.11

* Price Not available for Period

Table of Contents

Holders

As of October 10, 2016, there were approximately 130 shareholders of record of our common shares.

Dividend Policy

Our policy is to reinvest earnings in order to fund future growth. Therefore, we have not paid, and currently do not plan to declare dividends on our common stock. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future.

Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

Equity Compensation Plan Information

We do not have any equity compensation plans under which equity securities of the Company are authorized for issuance and we have not granted any stock options.

ITEM 6. Selected Financial Data

Not applicable.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto in Part II, Item 8 to this Annual Report on Form 10-K. This discussion contains forward-looking statements reflecting our current expectations. Actual results and the timing of events may differ significantly from those projected in forward-looking statements due to a number of factors, including those set forth in Item 1A "Risk Factors" of this Annual Report on Form 10-K.

Given these uncertainties, readers of this filing and investors are cautioned not to place undue reliance on such forward-looking statements.

Table of Contents

Results of Operations

Revenue

Revenue generated during the years ended June 30, 2016 and 2015 were \$1,295,524 and \$1,147,099, respectively; representing a 13% or \$148,425 increase in the year ended June 30, 2016 comparing with last year. This increase is due mainly to the sale of the iHelp 2G, the mPERS product that was introduced by us in early 2015 and is being sold only through dealer networks. The result of selling hardware to our dealers will help the company increase sales and margins, and decrease manpower.

Cost of Revenue

Cost of revenue incurred during years ended June 30, 2016 and 2015 were \$395,862 and \$369,558, respectively, representing a 7% or \$26,304 increase in the year ended June 30, 2016 comparing with last year. The increase of cost of sales was consistent with the higher sales during the current fiscal year as compared with the previous fiscal year. During years ended June 30, 2016 and 2015, the Company charged \$10,260 and \$2,856 of markdown of inventory into cost of revenue.

Gross Profit

Gross profit generated during fiscal 2016 and 2015 was \$899,662 and \$777,541, representing 16% or \$122,121 increase in the year ended June 30, 2016 compared with the year ended June 30, 2015. The gross profit margin for fiscal 2016 and 2015 were 69% and 68%, respectively. The increase of gross profit was the result increased sales resulting from the decision to distribute product directly to dealers.

Selling Expenses

Selling expenses incurred during fiscal 2016 and 2015 was \$82,069 and \$305,738, respectively, representing \$223,669 or 73% decrease in the year ended June 30, 2016 comparing with last year. The decrease in selling expenses was mainly due to the reduced amount of marketing expenses charged by one of the vendors, and a reduction in sales commissions due to a change in business direction to distribute our products directly to dealers

Table of Contents

General and Administrative

General and administrative expenses for fiscal 2016 and 2015 were \$1,372,328 and \$984,179 respectively, representing 39% or \$388,149 increase in the year ended June 30, 2016 comparing with last year, mainly due to an increase in salary and consulting fees, and expenses associated with our new business plan to redirect our efforts to our new iHelp+3G mobile medical alert device.

On October 19, 2015, the Company issued 400,000 shares to two consultants for services performed per consulting agreements and 200,000 shares to one of the owners of MNY for compensation of increasing the line of credit to \$500,000. These shares were valued at \$120,000 and \$28,000, respectively, based on the quoted market price at the date of grant. On January 13, 2015, the Company issued 280,000 shares of common stock to an unrelated individual for services he provided to the Company. Such shares were valued \$20,000. As a result, during fiscal year ended June 30, 2016, the Company issued total amount of 880,000 shares, which were valued \$168,000 for services.

During the year ended June 30, 2015, the Company issued 1,375,000 shares of common stock to consultants for services performed. Those shares were valued at \$284,370 which was amortized over service period.

Research and Development

During fiscal year ended June 30, 2016 and 2015, the Company incurred research and development expenses of \$32,400 and \$0, respectively.

Change in Fair Value of Derivative Instrument

Changes in fair value of derivative instrument generated \$19,160 income during fiscal 2016; while expense generated from the changes in fair value of derivative instrument during 2015 was \$11,335.

Interest Expense – Related Party

Interest expense-related party was \$25,653 and \$8,436 for the fiscal years ended June 30, 2016 and 2015, respectively.

Table of Contents

Interest Expense

Interest expense for fiscal 2016 and 2015 were \$156,735 and \$117,350, respectively. During fiscal 2016, the Company charged \$79,374 amortization of debt discount into interest expense. On March 3, 2016, the Company issued convertible notes two to investors with total amount of \$673,750, with original issuance discount of \$40,832.

Gain from Termination of Patent Agreement

On July 10, 2008, the Company entered into a Purchase Agreement and Patent Assignment Agreement (the "Agreement") effective July 31, 2008. The Company was obligated to pay the seller \$2,500,000 on June 30, 2012. The Agreement specifies interest of 6% payable monthly, commencing on July 31, 2008. The seller had the right to reacquire all patents and applications if payment was not made on June 30, 2012. This agreement had been extended quarterly since June 30, 2012. This patent was recorded as an intangible asset and amortized over its estimated useful life. In June 2015, the Company made decision to terminate the Agreement. Upon termination of this Agreement, the loan payable of \$2,500,000 and unamortized balance of intangible asset of \$1,023,804 were written off and a gain of \$1,476,196 was recorded. There were no gains or losses in this fiscal year ended June 30, 2016.

Loss from write-off of loan receivable

On December 4, 2014, the Company loaned \$30,000 to an employee of the Company. The note was due December 31, 2015 and was non-interest bearing. On June 1, 2016 the Company wrote off the Note Receivable and this amount was charged to employee compensation.

Net Income (Loss)

Net loss for 2016 was \$780,363; in contrast net income for 2015 was \$826,699, which resulted primarily from a one-time, non-cash gain from termination of the patent agreement in the amount of \$1,476,196, without which there would be net loss of \$649,497.

Liquidity and Capital Resources

As of June 30, 2016 and 2015, we had \$106,411 and \$1,335 in cash, respectively.

During fiscal 2016 and 2015, operating activities used net cash of \$774,022 and \$466,372, respectively. Main reasons for the 65% or \$300,910 increase in net cash used in operating activities were outlined below:

Table of Contents

Net loss incurred during 2016 was \$780,363. Net income in 2015 was \$826,699, which resulted primarily from a one-time, non-cash gain from termination of the patent agreement in the amount of \$1,476,196, without which there would be a net loss of \$649,497.

Stock issued for services was \$168,000 and \$284,370 in 2016 and 2015, respectively; On October 19, 2015, the Company issued 400,000 shares to two consultants for services performed per consulting agreements and 200,000 shares to one of the owners of MNY for compensation of increasing the line of credit to \$500,000. These shares were valued at \$120,000 and \$28,000, respectively, based on the quoted market price at the date of grant.

On January 13, 2015, the Company issued 280,000 shares of common stock to an unrelated individual for services he provided to the Company. Such shares were valued \$20,000.

Changes in fair value of derivative instrument during 2016 generated net non-cash income of \$19,160 in fiscal 2015 such changes generated non-cash loss of \$11,335, respectively;

4. During 2016 and 2015, the Company charged \$10,260 and \$2,856 as markdown of inventory; During 2016, the Company wrote-off a loan to an employee of \$30,000, this amount was charged to employee compensation; there was no such non-cash transaction during fiscal 2015;

6. During 2015, termination of patent purchase agreement generated non-cash gain of \$1,476,196; there was no transaction of similar nature during 2016;

7. During fiscal 2016, decrease of accounts receivable generated net cash inflow of \$20,822; in contrast, during 2015, the increase of accounts receivable generated net cash outflow of \$62,924.

8. During 2016, the Company generated net cash inflow of \$50,220 as a result of the decrease of inventory; during 2015, the Company had net cash outflow of \$48,012 to purchase inventory;

9. During 2016 and 2015, the Company spent \$253,055 and \$27,995, respectively to increase prepaid expenses and advances to suppliers.

10. During 2016, the Company incurred net cash outflow of \$62,643 to repay its accounts payables; during 2015, the Company generated net cash inflow of \$25,446 by increasing accounts payable;

During 2015, the Company loaned \$30,000 to an employee. During 2016, the Company also invested \$53,625 to develop product software and additions to the website(s). There was no such capitalization during 2015.

During fiscal 2016 and 2015, financing activities generated net cash inflow of \$932,703 and \$490,034, respectively. The increase of \$442,669 was mainly due the following reasons.

1. During 2016, the Company received \$612,500 from proceeds of issuance of convertible notes. The Company did not raise any finance through issuance of convertible notes during 2015;

2. During 2016 the Company repaid \$80,057 to note payable; in Contrast during 2015, proceeds from note payable was \$81,294;

3. During 2016 and 2015, proceeds from credit line were of \$9,500 and \$388,000, respectively; During 2016, the Company repaid \$20,240 to its related parties; in contrast, during 2015, the Company raised \$20,740 through borrowing from related parties;

5. During 2016, proceeds from sales of preferred stock generated net cash inflow of \$398,500, which was the gross amount of \$425,000 net of legal fees and escrow fees of \$26,500; the Company did not raise any finance through sales of preferred stock during 2015;

6. During 2016, the Company raised proceeds of \$12,500 when investor exercised his warrants; the Company did not raise any finance from investor exercise warrants during 2015.

Table of Contents

We believe we can satisfy our cash requirements for the next twelve months with our current cash flow from business operations, although there can be no assurance to that effect. If we are unable to satisfy our cash requirements, we may be unable to proceed with our plan of operation. We do not anticipate the purchase or sale of any significant equipment. We also do not expect any significant additions to the number of employees. The foregoing represents our best estimate of our cash needs based on current planning and business conditions. In the event we are not successful in reaching our initial revenue targets, additional funds may be required, and we may not be able to proceed with our business plan for the development and marketing of our core services. Should this occur, we may be forced to suspend or cease operations.

We anticipate incurring operating losses in the foreseeable future. Therefore, our auditors have raised substantial doubt about our ability to continue as a going concern.

Going Concern

The Company has working capital deficit, did not generate cash from its operations, had stockholders' deficit, and had operating losses since inception. These circumstances, among others, raise substantial doubt about the Company's ability to continue as a going concern. While the Company is attempting to generate sufficient revenues, the Company's cash position may not be enough to support the Company's daily operations. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues. We may incur operating losses in the foreseeable future. Therefore, our auditors have raised substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

At June 30, 2016, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise had we engaged in such relationships.

Table of Contents

ITEM 8. Financial Statements and Supplementary Data

The full text of our audited consolidated financial statements as of June 30, 2016 and 2015 begins on page F-1 of this annual report.

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

Not available.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

Ronnie Adams, our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of our fiscal year ended June 30, 2016 pursuant to Rules 13a-15(b) or 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, as appropriate, to allow timely decisions regarding required disclosure. Based on their evaluation, Mr. Adams concluded that our disclosure controls and procedures were ineffective as of June 30, 2016 to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

In order to rectify our ineffective disclosure controls and procedures, we are developing a plan to ensure that all information will be recorded, processed, summarized and reported accurately, and as of the date of this report, we have taken the following steps to address our ineffective disclosure controls and procedures:

We will continue to educate our management personnel to comply with the disclosure requirements of the Exchange Act and Regulation S-K; and

- We will increase management oversight of accounting and reporting functions in the future.

Table of Contents

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 future 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

Management's Annual Report on Internal Control Over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer/Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included an assessment of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this evaluation, our Chief Executive Officer/Chief Financial Officer concluded as of June 30, 2016 that our internal controls over financial reporting were ineffective due to the material weakness identified.

A material weakness in internal controls is a deficiency in internal control, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a material misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. In the course of making our assessment of the effectiveness of internal controls over financial reporting, we identified the following material weakness in our internal control over financial reporting:

The Company is lacking qualified resources to perform the internal audit functions properly. In addition, the scope and effectiveness of the Company's internal audit function are yet to be developed.

- The Company is relatively inexperienced with certain complexities within US GAAP and SEC reporting.

Table of Contents

Remediation Initiative

We are committed to establishing the disclosure controls and procedures but due to limited qualified resources in the region, we were not able to hire sufficient internal audit resources by June 30, 2016. However, internally we established a central management center to recruit more senior qualified people in order to improve our internal control procedures. Externally, we are looking forward to engaging an accounting firm to assist the Company in improving the Company's internal control system based on the COSO Framework. We also will increase our efforts to hire the qualified resources.

We intend to establish an audit committee of the board of directors as soon as practicable. We envision that the audit committee will be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls.

Conclusion

The Company did not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of generally accepted accounting principles accepted in the United States of America commensurate with the Company's disclosure controls and procedures requirements, which resulted in a number of deficiencies in disclosure controls and procedures that were identified as being significant. The Company's management believes that the number and nature of these significant deficiencies, when aggregated, was determined to be a material weakness.

Despite of the material weaknesses and deficiencies reported above, the Company's management believes that its consolidated financial statements included in this report fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented and that this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this Annual Report.

ITEM 9B. Other Information

None.

Table of Contents

Part III

ITEM 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

Our executive officers and directors and their respective ages as of June 30, 2016 are as follows:

Name	Age	Position
Ronnie Adams	67	Chief Executive Officer, President, and Chairman of the Board of Directors
Allen Polsky	71	Director

Set forth below is a brief description of the background and business experience of our executive officers and directors for the past five years.

Ronnie Adams

Ronnie Adams serves as our CEO, President, Chief Financial Officer, and Director. He has also served as President and Chief Financial Officer of a NASDAQ company that he started from inception and grew to over \$60 million. Mr. Adams was the recipient of the prestigious Entrepreneur of the Year Award in 1996, sponsored by Dow Jones, NASDAQ, and Ernst & Young.

Allen Polsky

Allen Polsky has 30 years of experience in the security and life safety industry and currently serves as Medical Alarm Concepts' Vice President of Strategic Alliances. Prior to joining MAC, he was a Senior Security consultant for JM resources, a structured wiring company. He was also a co-founder of Connective Home Acquisition.

Table of Contents

Family Relationships

Anthony Chetta is the Chief Technology Officer and the son in law of the Company's CEO & President.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and certain persons holding more than 10 percent of a registered class of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Officers, directors and certain other shareholders are required by the SEC to furnish the Company with copies of all Section 16(a) forms they file. To the best of the Company's knowledge, based solely upon a review of the copies of such reports. The Company's quarterly report on Form 10-Q for quarterly period ended March 31, 2013 was filed with the SEC on May 29, 2014. The Company's annual report on Form 10-K for fiscal year ended June 30, 2013 was filed with the SEC on July 17, 2014. The Company's quarterly report on Form 10-Q for period ended September 30, 2013, December 31, 2013 and March 31, 2014 were filed with the SEC on September 12, September 25 and October 8, 2014, respectively, all other required filings were not made on a timely basis.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code") that is applicable to all employees, consultants and members of the Board of Directors, including the Chief Executive Officer, Chief Financial Officer and Secretary. This Code embodies our commitment to conduct business in accordance with the highest ethical standards and applicable laws, rules and regulations. We will provide any person a copy of the Code, without charge, upon written request to the Company's Secretary. Requests should be addressed in writing to Mr. Ronnie Adams at the Company's mailing address.

Director Nominees Recommended by Stockholders

We have not implemented any changes to the procedures by which stockholders may recommend nominees to our board of directors since we last disclosed those procedures in our most recent proxy statement filed with the SEC.

Board Composition; Audit Committee and Financial Expert

Our Board of Directors is currently composed of two members: Ronnie Adams and Allen Polsky. All board actions require the approval of a majority of the directors in attendance at a meeting at which a quorum is present.

Table of Contents

We currently do not have an audit committee. We intend, however, to establish an audit committee of the board of directors as soon as practical. We envision that the audit committee will be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls. Currently such functions are performed by our Board of Directors.

The Board has determined that none of the board members qualifies as a “financial expert” as defined by SEC rules implementing Section 407 of the Sarbanes-Oxley Act. Neither Mr. Adams nor Mr. Polsky meet the definition of an “independent” director set forth in Rule 4200(a) (15) of the Market Place Rules of the Nasdaq Stock Market, which is the independence standard that we have chosen to report under.

Board meetings and committees; annual meeting attendance.

During fiscal year 2016, the Board of Directors had one meeting in total. All members of the Board of Directors attended the meetings. All members of the Board of Directors are required to attend the annual meetings of securities holders. On December 18, 2015, all members of the Board of Directors attended the meeting of the Board of Directors.

ITEM 11. Executive Compensation

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended June 30, 2016 and 2015 in all capacities for the accounts of our executive officers, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

Summary Compensation Table

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended June 30, 2016 and 2015 in all capacities for the accounts of our executive officers, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

Summary Compensation Table

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total Compensation (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ronnie Adams	2016	\$ 115,370	Nil	Nil	Nil	Nil	Nil	\$ 6,040	\$ 121,410
CEO	2015	\$ 56,800	Nil	Nil	Nil	Nil	Nil	\$ 6,040	\$ 62,840
Allen Polsky	2016	\$ 26,500	Nil	Nil	Nil	Nil	Nil	\$ Nil	26,500
	2015	\$ 12,000	Nil	Nil	Nil	Nil	Nil	\$ Nil	12,000

Table of Contents

Option Grants

There were no individual grants of stock options to purchase our common stock made to the executive officers named in the Summary Compensation Table through June 30, 2016.

Aggregated Option Exercises and Fiscal Year-End Option Value.

There were no stock options exercised during period ending June 30, 2016 by the executive officers named in the Summary Compensation Table.

Long-Term Incentive Plan (“LTIP”) Awards.

There were no awards made to the named executive officers in the last completed fiscal year under any LTIP.

Compensation of Directors

Directors are permitted to receive fixed fees and other compensation for their services as directors. The Board of Directors has the authority to fix the compensation of directors.

Employment Agreements

We do not have any employment agreements in place with our executive officers and directors.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth as of Oct 1 2016, certain information with respect to the beneficial ownership of our common stock by (i) each of our executive officers, (ii) each person who is known by us to beneficially own more than 5% of our outstanding common stock, and (iii) all of our directors and executive officers as a group. Percentage ownership is calculated based on 44,874,177 shares of our common stock outstanding as of Oct 10, 2016. None of the shares listed below are issuable pursuant to stock options or warrants of the Company.

Table of Contents

Title of class	Name and Address of Beneficial Ownership	Amount and Nature of Beneficial Owner	Percentage of class
	Ronald Adams		
Common Stock	200 West Church Road, Suite B King of Prussia, PA 19406 Alan Polsky	30,634,164	68.27 %
Common Stock	200 West Church Road, Suite B King of Prussia, PA 19406	2,727,478	6.08 %
Common Stock	All officers and directors as a group (2 persons) Change in Control	33,361,642	74.34 %

None.

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

See Note 6,7,8,11 to consolidated financial statements.

ITEM 14. Principal Accountant Fees and Services

Fees Paid to Independent Public Accountants for 2016 and 2015.

Audit Fees

For the Company's fiscal years ended June 30, 2016 and 2015, we were billed approximately \$52,500 and \$42,500, respectively, for professional services rendered for the audit and review of our financial statements.

Table of Contents

Tax Fees

For the Company's fiscal years ended June 30, 2016 and 2015, we were billed \$1,000 and \$900 for professional services rendered for tax compliance, tax advice, and tax planning.

All Other Fees

None.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Since we did not have a formal audit committee, our board of directors served as our audit committee. We have not adopted pre-approval policies and procedures with respect to our accountants in 2016. All of the services provided and fees charged by our independent registered accounting firms in 2016 were approved by the board of directors.

Table of Contents

Part IV

ITEM 15. Exhibits and Financial Statement Schedules

Exhibit No.	Description	Reference in Document
3.1	Amendment to the Articles of Incorporation Filed on September 24, 2009 with the Nevada Secretary of State	Filed as Exhibit 3.1 to the Form 8-K filed on September 30, 2009 and incorporated herein by reference.
3.2	Amendment of Articles of Incorporation Filed on January 13, 2014	Filed as Exhibit 3.1 to the Form 8-K filed on January 16, 2014 and incorporated herein by reference.
31.1	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934</u>	Filed herewith.
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith.

Table of Contents

Signatures

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

Date: October 13, 2016

WEARABLE HEALTH SOLUTIONS, INC.

By: /s/ Ronnie Adams

Ronnie Adams

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer, Principal Financial and Accounting Officer)

By: /s/ Allen Polsky

Allen Polsky

Director

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ronnie Adams

Ronnie Adams

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer, Principal Financial and Accounting Officer)

By: /s/ Allen Polsky

Allen Polsky

Director

-28-

Table of Contents

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Cash Flows	F-5
Consolidated Statements of Stockholders' Deficiency	F-6
Notes to Consolidated Financial Statements	F-7

F-1

Table of Contents

15 Warren Street, Suite 25

Hackensack, New Jersey 07601

Paritz & Company, P.A. (201)342-7753

Fax: (201) 342-7598

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Wearable Health Solutions, Inc. (f/k/a Medical Alarm Concepts, Inc.)

We have audited the accompanying balance sheets of Wearable Health Solutions, Inc. (f/k/a Medical Alarm Concepts, Inc.) as of June 30, 2016 and 2015, and the related statements of operations, stockholders' deficiency, and cash flows for each of the years in the two year period ended June 30, 2016. Wearable Health Solution's management is responsible for these financial statements. Our responsibility is to express an opinion on these 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 audit 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 of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of Wearable Health Solutions, Inc. as of June 30, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two year period ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in note 3 to the financial statements, the Company has a working capital deficit of \$771,145, did not generate cash from operations, has stockholders' deficit of \$1,119,288 and had operating losses since inception.

Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Paritz &
Company, P.A.

Hackensack, NJ

October 13, 2016

F-2

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****CONSOLIDATED BALANCE SHEETS**

	June 30, 2016	June 30, 2015
ASSETS		
Current assets		
Cash	\$ 106,411	\$ 1,335
Accounts receivable net of allowance of \$12,646 and \$9,123 as of June 30, 2016 and 2015, respectively	77,837	98,659
Inventory	7,515	67,995
Loan to employee	—	30,000
Prepaid expenses	45,019	76,664
Advance to supplier	284,700	—
Total current assets	521,482	274,653
Other assets		
Property and equipment, net of accumulated depreciation of \$4,268 and \$0, respectively	49,357	—
Total assets	\$570,839	274,653
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ 30,108	92,751
Deferred revenue	320,978	368,864
Due to related party	500	20,740
Note payable	6,237	86,294
Derivative liabilities	328,087	—
Convertible notes payable, net of discount	453,859	—
Accrued expenses and other current liabilities	152,858	126,697
Total current liabilities	1,292,627	695,346
LONG-TERM LIABILITIES		
Credit line payable - related party	397,500	388,000
TOTAL LIABILITIES	1,690,127	1,083,346
STOCKHOLDERS' DEFICIT		
Series A Convertible Preferred Stock: \$0.0001 par value; 100,000 shares authorized; 688 shares issued and outstanding as of June 30, 2016 and 2015, respectively	—	—
Series B Convertible Preferred Stock: \$0.0001 par value; 62,500 shares authorized; 9,938 shares issued and outstanding as of June 30, 2016 and 2015, respectively	1	1
	14	—

Edgar Filing: WEARABLE HEALTH SOLUTIONS, INC. - Form 10-K

Series C preferred stock: \$0.0001 par value; 6,944,445 authorized, 138,888 and nil issued and outstanding as of June 30, 2016 and 2015, respectively		
Series D preferred Stock: \$0.0001 par value; 425,000 issued and outstanding as of June 30, 2016 and 2015, respectively	43	—
Common stock: \$0.0001 par value; 400,000,000 shares authorized; 7,878,676 and 6,998,676 shares issued and outstanding as of June 30, 2016 and 2015, respectively	788	700
Additional paid-in capital	13,074,514	12,576,891
Stock to be issued	—	28,000
Accumulated deficit	(14,194,648)	(13,414,285)
Total stockholders' deficit	(1,119,288)	(808,693)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$570,839	274,653

See accompanying notes to the consolidated financial statements.

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****CONSOLIDATED STATEMENTS OF OPERATIONS**

	For fiscal years ended	
	June 30,	
	2016	2015
Revenue	\$1,295,524	\$1,147,099
Cost of revenue	395,862	369,558
Gross profit	899,662	777,541
Operating expenses		
Selling expense	82,069	305,738
General and administrative	1,372,328	984,179
Research and development	32,400	—
Total operating expenses	1,486,797	1,289,917
Loss from operations	(587,135)	(512,376)
Other (income) expenses		
Change in fair value of derivative instrument	(19,160)	11,335
Gain from termination of patent agreement	—	(1,476,196)
Interest expense - related party	25,653	8,436
Interest expense	156,735	117,350
Loss from write off of loan receivable – employee	30,000	—
Total other (income) expenses	193,228	(1,339,075)
Loss before provision for income tax	(780,363)	826,699
Provision for income tax	—	—
Net (loss) income	\$(780,363)	\$826,699
Net (loss) income per common share - basic and diluted	\$(0.10)	\$0.13
Weighted average number of common shares - basic and diluted	7,547,498	6,206,090

See accompanying notes to the consolidated financial statements.

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the years ended June 30,	
	2016	2015
Net (loss) income	\$ (780,363)	\$ 826,699
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued for services	168,000	284,370
Change in fair value of derivative instrument	(19,160)	11,335
Inventory markdown	10,260	2,856
Write-off employee loan	30,000	—
Write-off of patent	—	(1,476,197)
Amortization of debt discount	79,374	—
Amortization and depreciation	4,268	75,694
Bad debt expense	—	1,217
Change in operating assets and liabilities		
Accounts receivable	20,822	(62,924)
Inventory	50,220	(48,012)
Prepaid expense and advances to suppliers	(253,055)	(27,995)
Accounts payable	(62,643)	25,446
Accrued expenses and other current liabilities	26,161	(67,328)
Deferred revenue	(47,886)	(11,533)
Net cash used in operating activities	(774,022)	(466,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to employee	—	(30,000)
Additions of software and website	(53,625)	—
Net cash used in investing activities	(53,625)	(30,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible notes issued	612,500	—
Proceeds from (repayment to) note payable - other	(80,057)	81,294
Proceeds from credit line - related party	9,500	388,000
Advance from (repayment to) related party	(20,240)	20,740
Proceeds from sales of preferred stock	398,500	—
Proceeds from warrants exercised	12,500	—
Net cash provided by financing activities	932,703	490,034
NET INCREASE (DECREASE) IN CASH	105,076	(6,338)
CASH AT BEGINNING OF YEAR	1,335	7,673

CASH AT END OF YEAR	\$106,411	\$1,335
---------------------	-----------	---------

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest expense	\$49,700	\$113,250
Convertible note - related party and related derivative liability classified to additional paid in capital upon forgiveness	\$—	\$68,009
Stock issued for services record as prepaid expenses	\$—	\$48,669

See accompanying notes to the consolidated financial statements.

F-5

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**

	Series A Preferred Stock	Series B Preferred Stock	Series C Preferred Stock	Series D Preferred Stock	Common Stock	Stock to be issued	Additional Paid-in Capital	Deficit Accumul
	Shares	Amount	Shares	Amount	Shares	Amount		
Balance at June 30, 2014	688	\$—	9,938	\$1	—	\$—	—	(14,240,826,699)
Net income	—	—	—	—	—	—	—	826,699
Issuance of common stocks for services	—	—	—	—	—	—	304,901	—
Forgiveness of convertible note	—	—	—	—	—	—	25,908	—
Derivative liability classified to additional paid-in capital upon conversion of related convertible notes	—	—	—	—	—	—	42,101	—
Balance at June 30, 2015	688	—	9,938	1	—	—	12,576,891	(13,414,780,363)
Net loss	—	—	—	—	—	—	—	(780,363)
Issuance of common stocks for services	—	—	—	—	—	—	167,912	—
Issuance of Preferred C shares as a result of warrant conversion	—	—	—	138,889	14	—	79,608	—
Issuance of Preferred D	—	—	—	—	425,000	43	250,103	—

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

On June 4, 2008 the Company was incorporated as Medical Alarm Concepts Holding, Inc. under the laws of the State of Nevada. The Company was formed for the sole purpose of acquiring all of the membership units of Medical Alarm Concepts LLC, a Pennsylvania limited liability company (“Medical LLC”). On May 26, 2016, the Company filed an Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada to change its name from “Medical Alarm Concepts, Inc.” to “Wearable Health Solutions Inc.”

The Company utilizes new technology in the medical alarm industry to provide 24-hour personal response monitoring services and related products to subscribers with medical or age-related conditions.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant inter-company transactions and balances among the Company and its subsidiary are eliminated upon consolidation.

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include the collectability of accounts receivable and deferred taxes and related valuation allowances. Certain of our estimates, including evaluating the collectability of accounts receivable, could be affected by external conditions, including those unique to our industry, and general economic conditions. It is possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

F-7

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash and cash equivalents.

Accounts receivable and allowance for doubtful accounts receivable

We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to our customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for potential bad debts if required. We determine whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. We may also record a general allowance as necessary. Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that we should abandon such efforts.

Inventory

The Company values inventory, consisting of purchased products, at the lower of cost or market. Cost is determined on the first-in and first-out (“FIFO”) method. The Company regularly reviews its inventories on hand and, when necessary, records a provision for excess or obsolete inventories based primarily on current selling price and spot market prices. The Company recorded inventory markdown of \$10,260 and \$2,856 for the year ended June 30, 2016 and 2015, respectively.

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Software Development Costs

The Company accounts for software development cost in accordance with ASC 985-20 whereby cost of developing computer software to be sold, leased, or otherwise marketed includes software that is part of a product or process to be sold to a customer shall be accounted for under ASC 985-20. All cost incurred to establish technological feasibility of a computer software product to be sold, leased or otherwise marketed are research and development cost. These cost are charged to expense when incurred. The technological feasibility of a computer software product is established when the entity has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. Cost of producing product masters incurred subsequent to establishing technological feasibility shall be capitalized. Those cost include coding and testing performed subsequent to establishing technological feasibility. Capitalization of computer software cost shall cease when the product is available for general release to customers.

Once a project reaches the development stage, the Company allocates a portion of salaries to be capitalized based on estimated hours spent developing the software. During the year ended June 30, 2016, the Company capitalized \$45,900 of such costs. These costs will be amortized over their useful life of 3 years. Amortization expense on these costs for the year ended June 30, 2016 was \$3,975.

Convertible instruments and derivative financial instruments

The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB ASC and paragraph 815-40-25 of the FASB ASC. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the conversion date and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated,

the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

F-9

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On January 1, 2009, the Company adopted Section 815-40-15 of the FASB ASC (“Section 815-40-15”) to determine whether an instrument (or an embedded feature) is indexed to the Company’s own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument’s contingent exercise and settlement provisions. The adoption of Section 815-40-15 has affected the accounting for (i) certain freestanding warrants that contain exercise price adjustment features and (ii) convertible bonds issued by foreign subsidiaries with a strike price denominated in a foreign currency.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB ASC for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB ASC (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value pursuant to GAAP and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company’s financial assets and liabilities, such as cash, accounts receivable, inventory, prepaid expenses, accounts payable, deferred revenues and accrued liabilities, approximate their fair values because of the short maturity of these instruments. The Company’s convertible notes payable approximate the fair value of such instruments based upon management’s best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2016 and 2015.

The derivative liability which consists of embedded conversion feature and warrants issued in connection with our convertible debt, classified as a level 3 liability, are the only financial liability measured at fair value on a recurring basis. (See Note 10)

F-10

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC Topic 740, "Income Tax," which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are measured using the enacted tax rate 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. The Company establishes a valuation when it is more likely than not that the assets will not be recovered.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Revenue Recognition

The Company's revenues are derived principally from utilizing new technology in the medical alarm industry to provide 24-hour personal response monitoring services and related products to subscribers with medical or age-related conditions. The Company applies paragraph 605-10-S99-1 of the FASB ASC for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement that the services have been rendered to the customer, the sales price is fixed or determinable, and collectability is reasonably assured.

All revenues from subscription arrangements are recognized ratably over the term of such arrangements. The excess of amounts received over the income recognized is recorded as deferred revenue on the consolidated balance sheet.

Shipping and handling costs

The Company accounts for shipping and handling fees in accordance with paragraph 605-45-45-19 of the FASB ASC. While amounts charged to customers for shipping products are included in revenues, the related costs are classified in cost of goods sold as incurred.

F-11

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Research and Development

The Company expenses all research and development costs as incurred. For the years ended June 30, 2016 and 2015, the amounts charged to research and development expenses were \$32,400 and \$0, respectively.

Stock-based compensation

We recognize compensation expense for stock-based compensation in accordance with ASC Topic 718. For employee stock-based awards, we calculate the fair value of the award on the date of grant using the Black-Scholes method for stock options and the quoted price of our common stock for unrestricted shares; the expense is recognized over the service period for awards expected to vest. For non-employee stock-based awards, we calculate the fair value of the award on the date of grant in the same manner as employee awards. However, the awards are revalued at the end of each reporting period and the pro rata compensation expense is adjusted accordingly until such time the nonemployee award is fully vested, at which time the total compensation recognized to date equals the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient's performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

The Black-Scholes option valuation model is used to estimate the fair value of the warrants or options granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options or warrants. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants or options granted.

Net income per common share

Net income per common share is computed pursuant to section 260-10-45 of the FASB ASC. Basic net income per common share is computed by taking net income divided by the weighted average number of common shares outstanding for the period. Diluted net income per common share is computed by dividing net income by the weighted

average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through stock options, warrants, and convertible debt. These potential shares of common stock were not included as they were anti-dilutive.

F-12

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB ASC to report accounting for contingencies. 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 can be reasonably estimated.

Cash flows reporting

The Company adopted paragraph 230-10-45-24 of the FASB ASC for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method (“Indirect method”) as defined by paragraph 230-10-45-25 of the FASB ASC to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments.

Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company evaluates subsequent events through the date when the financial statements are issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”), which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Company beginning in its first quarter of 2019. The Company does not believe the adoption of ASU 2016-01 will have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), which modifies the measurement of expected credit losses of certain financial instruments. ASU 2016-13 will be effective for the Company beginning in its first quarter of 2021 and early adoption is permitted. The Company does not believe the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in its first quarter of 2019 and early adoption is permitted.

Subsequently, the FASB has issued the following standards related to ASU 2014-09: ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (“ASU 2016-08”); ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing (“ASU 2016-10”); and ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients (“ASU 2016-12”). The Company must adopt ASU 2016-08, ASU 2016-10 and

ASU 2016-12 with ASU 2014-09 (collectively, the “new revenue standards”).

There were no other recent accounting pronouncements that have had a material effect on the Company’s financial position or results of operations.

F-14

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3.

GOING CONCERN

These consolidated financial statements are presented on the basis that we will continue as a going concern. The going concern concept contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has working capital deficit of \$771,145, did not generate cash from its operations, had stockholders' deficit of \$1,119,288 and had operating losses since inception. These circumstances, among others, raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to generate sufficient revenues, the Company's cash position may not be enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering but there is no assurance that it will be successful. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

4.

LOAN TO EMPLOYEE

On December 4, 2014, the Company loaned \$30,000 to an employee of the Company. The note was due December 31, 2015 and was non-interest bearing. On June 1, 2016, the Company wrote off the note receivable and recorded the amount due from the employee as compensation.

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.**

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

The following table presents accrued expenses and other current liabilities. Accrued expenses are expenses that have been incurred but not yet paid, mainly include legal fees, audit fees and other professional fees as well as interests accrued in connection with credit line. Other current liabilities include credit card balance, small amount of tax payable that were being outstanding as of balance sheet date.

	June 30, 2016	June 30, 2015
Accrued expenses	\$ 125,111	\$ 114,397
Other current liabilities	27,747	12,300
Total	\$ 152,858	\$ 126,697

6.

PROPERTY AND EQUIPMENT

The following table depicts the property and equipment for the Company as of June 30, 2016 and 2015, respectively.

	June 30, 2016	June 30, 2015
Costs related to programming expenses	\$45,900	\$ 0
Cost related to web design, logo and brand package and related fees	\$7,725	\$ 0
Accumulated depreciation	\$(4,268)	\$ 0
Property and equipment, net	\$49,357	\$ 0

7.

LOANS TO EMPLOYEES

In April 2016, the Company advanced six employees \$1,120 each for a total of \$6,720. There were no loan agreements signed, therefore, the advances are non-interest bearing and due on demand. One of these loans was lent to a related party.

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. CREDIT LINE – RELATED PARTY

On September 30, 2014, the Company entered into a line of credit with Medi Pendant New York, Inc. (“MNY”), which is partially owned by the Company’s CEO. Under the line of credit agreement, the Company will be able to borrow up to \$300,000 with the rate of interest of 6.5% per annum. The maturity date of the credit line is September 30, 2017. The Company has the option to extend the maturity date for one year to September 30, 2018. On January 31, 2015, the limit on the line of credit was increased to \$500,000 with same interest rate and due date. The Company recorded accrued interest on the credit line of \$25,653 and \$8,436 for the years ended June 30, 2016 and 2015, respectively.

The company agreed to issue 200,000 shares of common stock to one of the owners of MNY to exchange for the increase of line of credit. These shares were value at \$28,000 which was the fair market value at the grant date and were issued on October 19, 2015.

9. NOTE PAYABLE – OTHER

On December 15, 2015, the Company entered into a purchase agreement with Knight Capital Funding, an unrelated financing company, in the amount of \$40,020 less an original discount of \$11,020 for net proceeds of \$29,000. Under the terms of the agreement the Company sells, assigns, and transfers to Knight Capital Funding all of its interests in each of its future receivables due to the Company from its customers and credit card processor, until the loan is paid off. The Company and Knight Capital Funding have agreed that the payment of the purchase amount will be repaid by the Company in 154 payments of \$260 due each business day beginning on the first day after the loan was disbursed, until the full amount due under the agreement is paid. The agreement is personally guaranteed by the Chief Executive Officer of the Company. The Company has recorded the amount of the total repayment as a financing debt, with the difference between the proceeds received and the total repayment amount as a discount, which is being amortized as imputed interest (at an effective rate of 119%) over the life of the agreement which is the date that the total repayments will be made assuming the Company is timely in all of its payments. As of June 30, 2016, outstanding balance of note payable is \$6,236.

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. CONVERTIBLE NOTES PAYABLE

On March 1, 2016 and March 3, 2016, the Company closed the private placement and received an aggregate of \$612,500 by issuing \$660,000 and \$13,750 unsecured convertible notes (“convertible notes”) and warrants to two investors, net of original issue discount of \$61,250 per the subscription agreements. The convertible notes bear no interest and are due one year from the date of issuance. The convertible notes are convertible into shares of the Company’s common stock at a conversion price equal to \$0.01 per share. Warrants were issued to purchase 6,804,172 shares of Series C Convertible Preferred Stock at \$0.09 per share. The conversion and warrant exercise prices are subject to certain price adjustment terms.

The Company is prohibited from effecting a conversion of convertible notes and the Preferred C Shares to the extent that, as a result of such conversion, such Investor would beneficially own more than 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of the Preferred C Shares, which beneficial ownership limitation may be increased by the holder up to, but not exceeding, 9.99%.

The Company has determined that the conversion feature embedded in the notes constitutes a derivative and has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt, on the accompanying balance sheet, and revalued to fair market value at each reporting period.

The following table summarizes the convertible notes movement:

Balance at June 30, 2015	\$—
Convertible notes issued	673,750
Convertible notes converted	—
Total	673,750
Less: debt discount	(219,891)
Balance at June 30, 2016	\$453,859

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**11. **WARRANTS AND DERIVATIVE LIABILITIES**

The Company has evaluated the application of ASC 815 Derivatives and Hedging and ASC 815-40-25 to the warrants to purchase Series C Convertible Preferred Stock issued with the Convertible Notes. Based on the guidance in ASC 815 and ASC 815-40-25, the Company concluded these instruments were required to be accounted for as derivatives due to the down round protection feature on the conversion price and the exercise price. The Company records the fair value of these derivatives on its balance sheet at fair value with changes in the values of these derivatives reflected in the statements of operations as “Change in fair value of derivative instrument” These derivative instruments are not designated as hedging instruments under ASC 815 and are disclosed on the balance sheet under Derivative Liabilities.

The fair value of the warrants underlying the convertible notes issued at the time of their issuance was calculated pursuant to the Black-Scholes option pricing model. The fair value was recorded as a reduction to the convertible notes payable and was charged to operations as interest expense in accordance with effective interest method within the period of the convertible notes.

Significant assumptions used in calculating fair value of warrants and conversion feature of convertible notes at issuance date are as follows.

Expected dividend	Expected volatility	Risk-free Rate of interest	Expected term (year)	Exercise price	Common stock price per shares
0.00%	400.42%	0.12%	As set forth by each convertible note and warrant	\$ 0.01	0.12

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Significant assumptions used in calculating fair value of outstanding warrants at June 30, 2016 are as follows.

Expected dividend	Expected volatility	Risk-free Rate of interest	Expected term (year)	Exercise price	Common stock price per shares
0.00%	400.42%	0.12%	As set forth by each convertible note and warrant	\$ 0.01	0.12

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis as of June 30, 2016 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the liability, and includes situations where there is little, if any, market activity for the liability:

Description	Level 1	Level 2	Level 3
The table below provides a reconciliation of the beginning and ending balances for the liabilities measured using fair significant unobservable inputs (Level 3):			
Beginning balance as of June 30, 2015			-
Issuance of convertible notes and warrants on March 3, 2016			265,678
Warrants exercised			(66,785)
Issuance of series D preferred shares and warrants on April 21, 2016			58,484
Issuance of series D preferred shares and warrants on June 14, 2016			89,870
Change in fair value during period			(19,160)
Ending balance as of June 30, 2016			\$328,087

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12.

STOCKHOLDERS EQUITY

On October 19, 2015, the Company issued 400,000 shares to two consultants for services performed per consulting agreements and 200,000 shares to one of the owners of MNY for compensation of increasing the line of credit to \$500,000. These shares were valued at \$120,000 and \$28,000, respectively, based on the quoted market price at the date of grant.

On January 13, 2015, the Company issued 280,000 shares of common stock to an unrelated individual for \$20,000 for professional services provided.

On March 1, 2016 and March 3, 2016, pursuant to two subscription agreements, the Company issued warrants to two investors to purchase 6,805,561 shares of Series C Convertible Preferred Stock at \$0.09 per share. On March 1, 2016, one investor paid \$12,500 to exercise warrants and purchased 138,889 shares of Series C Convertible Preferred Stock at \$0.09 per share.

On April 21, 2016, the Company closed the sale of one unit (the "Unit") for \$400,000, pursuant to subscription agreements with an accredited investor entered into on April 21, 2016 at a purchase price of \$400,000 per Unit. The Unit consisted of (i) 400,000 shares of Series D Preferred Stock, par value \$0.0001 per share. Each of the Preferred D Shares are convertible into 100 shares of the Company's common stock, par value \$0.0001 per share and (ii) one warrant to purchase 40,000,000 shares of Common Stock, \$0.001 par value per share, at an exercise price of \$0.01 per share.

On June 14, 2016, Wearable Health Solutions, Inc. closed the sale of one unit for \$25,000 (the "Unit"), pursuant to a subscription agreement with an accredited investor entered into on June 14, 2016 at a purchase price of \$25,000 per Unit with a single accredited investor. The Unit consisted of (i) 25,000 shares of Series D Preferred Stock, par value \$0.0001 per share which are convertible into 100 shares of Common Stock per Preferred Share and (ii) one warrant to purchase 25,000 shares of Common Stock, \$0.0001 par value per share, at an exercise price of \$0.01 per share.

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS

Interest expenses for credit line were \$25,653 and \$8,436 for the years ended June 30, 2016 and 2015, respectively, zero amount was paid during the years ended June 30, 2016 and 2015. (See Note 6)

On September 30, 2014, the Company entered into a line of credit with Medi Pendant of New York, Inc. (“MNY”), which is partially owned by the Company’s CEO. Under the line of credit agreement, the Company will be able to borrow up to \$300,000 with the rate of interest of 6.5% per annum. The maturity date of the credit line is September 30, 2017. The Company has the option to extend the maturity date for one year to September 30, 2018.

On November 2, 2014, the holder of convertible note informed the Company that it will no longer be seeking repayment of \$25,908. Since the holder of convertible note was a related party, the Company recorded the forgiveness of the debt and related derivative liability as additional paid-in capital.

On January 31, 2015, the limit on the line of credit was increased to \$500,000 with same interest rate and due date. As of June 30, 2015, outstanding balance under the line of credit was \$388,000. The company also agreed to issue 200,000 shares of common stock to one of the owner of MNY to exchange for the increase of line of credit. These shares were valued at the market value of \$28,000 which was the fair market value at the grant date and recorded as shares to be issued since those share were issued in the subsequent period.

During the year ended June 30, 2015, the Company’s CEO advanced \$20,740 to the Company. The amount is non-interest bearing and due on demand. During fiscal year ended 2016 the company made partial payment to the Company’s CEO, as of June 30, 2016, amount due to related party was \$500.

The Company’s Chief Technology Officer, who is also a related party, was compensated with a salary of \$72,000 during 2016 and the granting of 100,000 shares of common stock in October 2014.

Table of Contents**WEARABLE HEALTH SOLUTIONS, INC.****(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

14.

INCOME TAX

The reconciliation of income tax benefit at the U.S. statutory rate of 34% for the twelve months ended June 30, 2016 and 2015 to the Company's effective tax rate is as follows:

	2016	2015
U.S. federal statutory rate	(34.00)%	(34.00)%
State income tax, net of federal benefit	(9.99)%	(9.99)%
Change in valuation allowance	43.99 %	43.99 %
Income tax provision (benefit)	0.00 %	0.00 %

The benefit for income tax is summarized as follows:

	2016	2015
Federal:		
Current	\$—	\$—
Deferred	(271,838)	(284,932)
State and local:		
Current	—	—
Deferred	(79,872)	(83,720)
Change in valuation allowance	351,710	368,652
Income tax provision (benefit)	\$—	\$—

The tax effects of temporary differences that give rise to the Company's net deferred tax liability as of June 30, 2016 and 2015 are as follows:

	2016	2015
Net operating losses carried forward	\$4,767,791	\$4,416,080
Less: valuation allowance	(4,767,791)	(4,416,080)
Deferred tax assets	\$—	\$—

As of June 30, 2016, the Company had approximately \$ 11 million of federal and state net operating loss carryovers ("NOLs") which begin to expire in 2028. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations.

Table of Contents

WEARABLE HEALTH SOLUTIONS, INC.

(F/K/A MEDICAL ALARM CONCEPTS HOLDING, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against the entire deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

The Company files U.S. federal and states of Pennsylvania tax returns. These returns remain subject to examination by taxing authorities for all years after June 30, 2013.

15. CONCENTRATION AND CREDIT RISK

Sales in 2016 to one customer accounted for \$250,829 or approximately 19% of total sales. This compares with the same concentration of sales of 19% of the Company's revenue for the year ended June 30, 2015. Accounts Receivable had a concentration of 94.4% and 0% for the year ended 2016 and 2015 respectively.

The Company had only two and one supplier during the years ended June 30, 2016 and 2015, respectively.

16. SUBSEQUENT EVENT

In May 2016, the Board of Directors approved to issue total amount of 50,000,000 shares of common stocks to Ronnie Adams, President and CEO, and employees, directors and consultants for future services to be rendered and in order to make sure that Company's officers and directors maintain a vested interest in light of the potential exercise of certain convertible instruments that have been issued for financing purposes.

Pursuant to this board resolution, on July 29, 2016 the Company issued 35.5 million shares of common stocks to related parties and consultants. The following table illustrates the individuals to whom the shares have been issued to and the number of shares issued.

Holder	Date	Number of shares issued
Ronald Adams	July 29, 2016	30,000,000
Allen Polsky	July 29, 2016	2,500,000
Anthony Chetta	July 29, 2016	1,000,000
New Venture Group, Inc.	July 29, 2016	1,000,000

Jennifer Loria	July 29, 2016	1,000,000
Total		35,500,000

F-24