

United Health Products, Inc.
Form 10-Q
May 21, 2018

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2018**

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

For the transition period from _____ to _____

Commission file number: 000-27781

**UNITED HEALTH PRODUCTS,
INC.**

(Exact name of Company as specified in its charter)

Nevada
(State or other jurisdiction of incorporation
or organization)

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

10624 S. Eastern Ave., Suite A209

89052

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

Henderson, NV

(Address of Company's principal executive offices)

(Zip Code)

(877) 358-3444

(Company's telephone number, including area code)

None

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the 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 checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the 12 preceding months (or such shorter period that the registrant was required to submit and post such file). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

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

The number of shares issued of the Registrant's Common Stock, as of May 18, 2018 was 183,994,628 with 169,994,628 considered outstanding.

UNITED HEALTH PRODUCTS, INC.

FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

	PAGE
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. Financial Statements (Unaudited)	
<u>Condensed Balance Sheets as of March 31, 2018 and December 31, 2017 (unaudited)</u>	3
<u>Condensed Statements of Operations for the Three Months Ended March 31, 2018 and March 31, 2017 (unaudited)</u>	4
<u>Statements of Cash Flows for the Three Months Ended March 31, 2018 and March 31, 2017 (unaudited)</u>	5
<u>Notes to Condensed Financial Statements (unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3. <u>Quantitative and Qualitative Disclosures</u>	14
Item 4. <u>Controls and Procedures</u>	14
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	16
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	16
Item 3. <u>Defaults Upon Senior Securities</u>	16
Item 4. <u>Mine Safety Disclosures</u>	16
Item 5. <u>Other Information</u>	16
Item 6. <u>Exhibits and Reports on Form 8-K</u>	17

SIGNATURES

18

2

Table of Contents**PART I – FINANCIAL INFORMATION**

UNITED HEALTH PRODUCTS, INC.
Condensed Balance Sheets
(Unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 159,666	\$ 189,942
Accounts Receivable	451,810	447,970
Inventory	157,538	163,534
Prepaid and other current assets	12,114	12,114
Total current assets	781,128	813,560
TOTAL ASSETS	\$ 781,128	\$ 813,560
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 298,162	\$ 325,654
Liability for unissued shares	298,843	211,843
Accrued liabilities - related parties	86,500	86,500
Notes payable – related parties	198,328	268,328
Other notes payable	-	182,500
Total current liabilities	881,833	1,074,825
Commitments and Contingencies		
Stockholders' Deficiency		
Common Stock - \$.001 par value, 300,000,000 Shares		
Authorized, 183,172,888 and 164,969,663 Shares Issued at March 31, 2018 and December 31, 2017, respectively and 169,022,888 and 164,969,663		
Shares Outstanding at March 31, 2018 and December 31, 2017, respectively	183,173	164,969
Additional Paid-In Capital	17,437,013	13,304,617
Accumulated Deficit	(17,720,891)	(13,730,851)
Total Stockholders' Deficiency	(100,705)	(261,265)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 781,128	\$ 813,560

See notes to unaudited condensed financial statements.

Table of Contents

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

For the Three Months Ended

	March 31,	
	2018	2017
Revenues	\$ 29,928	\$ 227,129
Cost of goods sold	8,877	15,382
Gross profit	21,051	211,747
Operating Costs and Expenses		
Selling, general and administrative expenses	378,591	149,754
Total Operating Expenses	378,591	149,754
Income/(Loss) from Operations	(357,540)	61,993
Other expenses		
Interest Expense	-	(10,000)
Loss on settlement of debt	(3,632,500)	-
Total other expenses	(3,632,500)	(10,000)
Net Income/(Loss)	\$ (3,990,040)	\$ 51,993
Net Loss per common share:		
Basic and diluted	\$ (0.02)	\$ 0.00
Weighted average number of shares outstanding	168,143,298	153,780,156

See notes to unaudited condensed financial statements.

Table of Contents

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

For the Three Months

Ended March 31,
2018 2017

Cash Flows from Operating Activities:

Net Income (Loss)	\$	(3,990,040)	\$	51,993
Adjustments to Reconcile Net income (loss) to Net Cash Used In Operating Activities:				
Stock based compensation		54,500		-
Loss on settlement of debt		3,632,500		
Changes in assets and liabilities:				
Accounts Receivable		(3,840)		(128,587)
Inventory		5,997		(71)
Accounts Payable and Accrued Expenses		(17,493)		(16,487)
Net Cash Used In Operating Activities		(318,376)		(93,152)

Cash Flows from Investing Activities:

- -

Cash Flows from Financing Activities:

Proceeds from related party		-		4,000
Repayments to related party		(70,000)		-
Proceeds from notes payable		-		75,000
Repayment on notes payable		(10,000)		-
Proceeds from sale of common stock		368,100		-
Cash flow provided by financing activities		288,100		79,000
Increase (Decrease) in Cash and Cash Equivalents		(30,276)		(14,152)
Cash and Cash Equivalents – Beginning of period		189,942		29,367

CASH AND CASH EQUIVALENTS – END OF PERIOD

\$ 159,666 \$ 15,215

Supplemental cash flow information:

Cash paid for interest	\$	5,000	\$	-
Cash paid for income taxes	\$	-	\$	-

Non-cash Investing & Financing Activities:

Shares issued for debt and accrued interest	\$	182,500	\$	-
Shares issued related to liability for unissued shares	\$	5,000	\$	-
Shares issued and held in escrow	\$	14,150	\$	-

See notes to unaudited condensed financial statements.

Table of Contents

UNITED HEALTH PRODUCTS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(unaudited)

Note 1. Organization and Basis of Preparation

United Health Products, Inc. (formerly United EcoEnergy Corp.) ("United" or the "Company") is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. The Company produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact.

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

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

These interim condensed financial statements should be read in conjunction with the Company's audited financial statements and notes for the period ended December 31, 2017 filed with the Securities and Exchange Commission on Form 10-K filed on April 17, 2018. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, as permitted by the SEC, although we believe the disclosures which are made are adequate to make the information presented not misleading.

Note 2. Significant Accounting Policies

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred recurring net losses and has a negative working capital deficit. Additionally, the Company does not currently have sufficient revenue producing operations to cover its operating expenses and meet its current obligations. In view of these matters, there is substantial doubt about the Company's ability to continue as a going concern. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity securities with some additional funding from other traditional financing sources, including term notes until such time that funds provided by operations are sufficient to fund working capital requirements. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Chief Executive Officer has agreed to advance funds or make payments of the Company's obligations at his discretion. There is no written agreement to continue this support.

Use of Estimates

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

Table of Contents**Trade Accounts Receivable and Concentration Risk**

There was no provision for doubtful accounts recorded at March 31, 2018 and December 31, 2017. The Company recorded \$0 and \$20,226 in bad debt expenses for the three months ended March 31, 2018 and for the year ended December 31, 2017, respectively.

For the three months ended March 31, 2018, one customer made up 99.9% of the Company's outstanding accounts receivable balance. For the three months ended March 31, 2018, two customers accounted for 61.1% and 29.0% of the Company's net revenue, respectively.

For the year ended December 31, 2017, one customer made up 99.9% of the Company's outstanding accounts receivable balance. For the year ended December 31, 2017 one customer accounted for 93.2% of the Company's net revenue.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. Inventory on the balance sheet consists of raw materials purchased by the Company and finished goods.

	December	
	March 31,	31,
	2018	2017
Raw materials	\$ 34,270	\$ 34,270
Finished goods	123,268	129,264
	\$ 157,538	\$ 163,534

Stock Based Compensation

The Company issues restricted stock to consultants and employees for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock for non-employees is measured at the date at which a firm

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

The Company issued 14,150,000 shares of common stock and placed them in escrow during the period. The shares are to be issued to various individuals upon change of control of the Company. The Company is unable to estimate when a change of control may occur and has not recorded any expenses related to these shares. The shares were valued at their fair market value of \$1.09 per share and have a total value of \$15,423,500.

Per Share Information

Basic earnings per share are calculated using the weighted average number of common shares outstanding for the period presented. Diluted earnings per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the shares of common stock held in escrow. The dilutive effect of potential common shares is not reflected in diluted earnings per share because the Company incurred a net loss for the three month period ended March 31, 2018 and the effect of including these potential common shares in the net loss per share calculations would be anti-dilutive. The Company did not have any potential common shares as of December 31, 2017.

The total potential common shares as of March 31, 2018 and December 31, 2017 include 14,150,000 and 0, respectively, of common stock held in escrow until a change of control in the Company occurs.

Table of Contents

New Accounting Pronouncements, Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. ASU 2016-02, *Leases*, which amends existing lease accounting guidance, including the requirement to recognize most lease arrangements on the balance sheet. The adoption of this standard will result in the Company recognizing a right-of-use asset representing its rights to use the underlying asset for the lease term with an offsetting lease liability. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the potential impact of the adoption of this accounting pronouncement to its financial statements.

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

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Note 3. Related Party Transactions

As of March 31, 2018 and December 31, 2017, notes payable to related parties totaled \$198,328 and \$268,328, respectively. These amounts are owed to Doug Beplate, our Chief Executive Officer. During the three months ended March 31, 2018 the Company repaid \$70,000 of the outstanding notes payable. These loans were for operating expenses of the Company, are due on demand and have no interest rate.

In January 2015, the Company entered into an employment agreement with Douglas Beplate with a monthly salary of \$8,333, which was later increased to \$15,000. Mr. Beplate will also receive upon the sale of all or substantially all of the assets of the Company or other change in control or merger transaction in which the Company is involved, Mr. Beplate will be rewarded with a number of shares of restricted common stock of the Company which equals 5% of the then outstanding shares of the Company's common stock on a fully diluted basis.

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

During the year ended December 31, 2017, he received \$93,500 of compensation and the remaining balance of \$86,500 was recorded as accrued liabilities – related party on the balance sheet. As of March 31, 2018, \$86,500 remains owed to Mr. Beplate.

During the three months ended March 31, 2018 the Company issued 1,600,000 shares to Nate Knight who is the Chief Financial Officer of the Company and 500,000 shares issued to the office administrator, who is a person affiliated with the Company's CEO. These shares have a fair market value of \$2,289,000 and were placed in escrow and will be released when a change of control occurs. Management is unable to determine when a change of control will occur and \$0 has been expensed as of March 31, 2018.

Table of Contents

Note 4. Issuances of Securities

During the three months ended March 31, 2018, the Company issued an aggregate of 18,203,225 shares of common stock. The Company issued 50,000 shares of common stock valued at fair market value of \$1.09 for services, 440,725 shares of common stock were sold for total proceeds of \$276,100, \$92,000 of proceeds were received for 133,333 shares of common stock not yet issued and recorded as liability for unissued shares, 62,500 shares of common stock were issued related to \$5,000 of previously recorded liability for unissued shares and 14,150,000 shares of common stock with a fair market value of \$15,423,500 were issued and placed in escrow. The shares will be released from escrow upon the change of control of the Company. Management is unable to determine when a change of control will occur and \$0 has been expensed as of March 31, 2018. The Company also issued 3,500,000 shares of common stock to convert \$172,500 of notes payable and \$10,000 of accrued interest. The shares were valued at their fair market value of \$1.09 which resulted in a loss on debt settlement of \$3,632,500.

Note 5. Litigation

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

A Complaint was filed with the United States District Court, Southern District of New York by Steven Safran as Plaintiff against the Company and Douglas Beplate, its CEO, as Defendant. This court case was transferred to the United States District Court in Las Vegas, Nevada. Mr. Safran is seeking damages and monies allegedly owed pursuant to an employment agreement and allegedly unpaid loans of \$245,824 provided to Defendants. The Company has denied Plaintiff's allegations and intends to vigorously defend said lawsuit.

Note 6. Other Notes Payable

During the year ended December 31, 2016, the Company received \$150,000 related to a note payable. The note is due on demand and interest accrues at the rate of 10% per annum. During the three month period ended March 31, 2018, the Company issued 2,500,000 shares of common stock to settle the outstanding balance of \$150,000 and accrued interest of \$10,000. The balance was \$0 and \$150,000 as of March 31, 2018 and December 31, 2017, respectively.

Table of Contents

During the year ended December 31, 2017, the Company received a total of \$75,000 related to a note payable. The note had a maturity date of May 15, 2017 and interest accrues at the rate of 20% per annum and is currently in default. The Company paid \$42,500 during 2017. During the three months ended March 31, 2018, the Company paid \$10,000 and issued 1,000,000 shares of common stock to settle the remaining balance of \$22,000. The balance was \$0 and \$32,500 as of March 31, 2018 and December 31, 2017, respectively.

The Company has recognized a "Liability for unissued shares" for shares granted to employees and consultants along with shares purchased by investors, but unissued as of the balance sheet date. The granted shares are recorded at the fair market value of the shares to be issued at the grant date and a corresponding current liability is recorded for these unissued shares. The activity in this account and balances, classified as Liabilities for unissued shares, as of March 31, 2018 and December 31, 2017 was as follows:

	March 31,	December
	2018	31,
		2017
Balance, beginning	\$ 211,843	\$ 145,543
Reclass of previous shares purchased and recorded in equity	-	66,300
Shares purchased by investors but unissued	92,000	-
Issuance of shares in satisfaction of liability	(5,000)	-
Balance, ending	\$ 298,843	\$ 211,843

The total number of shares granted but unissued were 2,554,639 and 2,483,806, as of March 31, 2018 and December 31, 2017, respectively.

Note 7. Subsequent Events

The Company has evaluated events from March 31, 2018, through the date whereupon the financial statements were issued and has determined that the items below need to be disclosed.

The Company issued 21,740 shares of common stock for proceeds of \$15,000 and issued 800,000 shares of common stock to various individuals for services related to the medical advisory board.

The Company by board resolution approved an executive compensation stock bonus package for Mr. Beplate such that upon the sale of all or substantially all of the assets of the Company or other change in control or merger transaction in which the Company is involved, or in the event that no such transaction occurs by December 31, 2019, Mr. Beplate shall receive an amount equal to 15% post issuance of the then outstanding shares of the Company's common stock on a fully diluted basis. It is intended that the board approved stock bonus package will be in lieu of the 5% stock bonus that Mr. Beplate is already entitled to in the event of a sale of the Company's assets or change in control or merger transaction per his employment agreement.

Table of Contents

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed financial statements and related notes appearing elsewhere in this quarterly report on Form 10-Q. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under 'Risk Factors' in our annual report on Form 10-K for the fiscal year ended December 31, 2017, filed with SEC on April 17, 2018.

OVERVIEW

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

Recent Developments

The following developments in the Company's business have occurred since the beginning of 2018:

- In February 2018, the Company completed and submitted to the FDA all materials relevant for the pre-market approval ("PMA") for HemoStyp under the FDA's new and innovative CtQ Pilot-Program as a Class III application for internal surgical procedures.
- The FDA selected UHP's HemoStyp as only one of nine participants for the program. The Company's management scheduled and had its first face-to-face meeting with FDA experts on January 17, 2018 to provide the agency with whatever information it needs to advance the application for premarket approval (PMA).
- The Company's 2" x 4" Trauma Gauze™ product has been selected as the feature component for a new Advanced Wound Care Kit for Dick's Sporting Goods (NYSE DKS). With today's environment when the unexpected

can happen anywhere, both in the wild and in urban areas, having an advanced trauma kit can be the difference between survival and tragedy. The Hemostyp® pouches have been included under the Field and Stream label and are available in their stores nationwide since February 2018 and are displayed in various locations throughout the stores.

Table of Contents

- In January 2018, the Company's distribution partner Quantum Health Group filed an application for class III use in general internal surgical procedures with the Ministry of Food and Drug Safety (MFDS) in South Korea. Quantum anticipates a response within 70 days. The Ministry of Food and Drug Safety provides the vision of "Safe Food and Drug, Healthy People, Well-being Society" and making extensive efforts to safeguard consumers and promote the public health by ensuring the safety of all foods, drugs, cosmetics, herbal medicines, and medical devices that South Koreans have in their daily lives. The importance of risk management for food and drug safety is ever growing and the scope of management is expanding. As more and more people are seeking to maintain a healthy lifestyle, it is crucial to ensure that the food and drugs they have are safe and effective.
- In March 2018, the Company obtained Class III and CE mark approval for HemoStyp in the European Economic Area (EEA). The EEA comprises the 28 European Union members and a number of other countries. Accordingly, HemoStyp is approved for use in internal surgical procedures in more than 30 countries. The approval was received following the provision of all required documentation by the relevant regulatory agencies. The CE marking— CE is an acronym for the French term "Conformité Européenne"—certifies that a product has met EEA health, safety, and environmental requirements, which ensure consumer safety. Manufacturers in the EEA and abroad must meet CE marking requirements where applicable to market their products in Europe. A manufacturer who has gone through the conformity assessment process may affix the CE mark to its product. With the CE marking, the product may be marketed throughout the EEA, which comprises 33 countries with a population of exceeding 517 million and a GDP exceeding \$17 trillion.

Results of Operations

Three Months ended March 31, 2018 versus Three Months ended March 31, 2017

During the first quarter of 2018 and 2017, the Company had \$29,928 and \$227,129 of revenues, respectively. Revenues decreased compared to the prior year due to the Company shipping large orders of product to its customers during the 4th quarter of 2017 and those customers not needing as much product during the current period. Total operating expenses for the first quarter of 2018 and 2017 were \$378,591 and \$149,754, respectively. The increase in operating expenses is due primarily to an increase in consulting/professional fees. The Company issued 50,000 shares of common stock for services valued at \$54,500 during the first quarter of 2018 compared to \$0 during the first quarter of 2017. The Company has also hired additional consultants as the Company's operations have begun to increase.

Our net loss for the quarter ended March 31, 2018 was \$3,990,040 as compared to our net income of \$51,993 for the comparable period of the prior year. The increase in the net loss is due to the shares issued for services of \$54,500 as mentioned above along with the issuance of 3,500,000 shares of common stock to settle \$172,500 of outstanding notes payable and \$10,000 of accrued interest. The Company recorded a \$3,632,500 loss on settlement of debt related to this transaction. The Company did not have either of these transactions during the first quarter of 2017.

Financial Condition, Liquidity and Capital Resources

As of March 31, 2018, the Company had a negative working capital of \$100,705 and stockholders' deficiency of \$100,705. The Company has not as yet attained a level of operations which allows it to meet its current overhead and may not attain profitable operations within the next few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. The report of our independent registered public accounting firm on our 2017 financial statements includes a reference to going concern which indicated substantial doubt about our ability to continue as a going concern. While the Company has in the past funded its initial operations with private placements, and loans from related parties, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including, among other things, our ability to achieve our business goals and objectives, as well as improvement in the economic climate.

Table of Contents

Cash Flows

The Company's cash on hand at March 31, 2018 and December 31, 2017 was \$159,666 and \$189,942, respectively.

Net cash used in operating activities for the three months ended March 31, 2018 was \$318,376. The Company had net loss of \$3,990,040 offset by stock issued for services of \$54,500 and loss on settlement of debt of \$3,632,500. The Company also had an increase in accounts receivable of \$3,840, a decrease in inventory of \$5,997 and an increase in accounts payable and accrued expenses of \$17,493. Net cash provided by financing activities was \$288,100. This was due to the Company receiving \$368,100 in proceeds from the sale of stock and repaying \$70,000 in related party advances and \$10,000 in notes payable.

Net cash used in operating activities for the three months ended March 31, 2017 was \$93,152. For the first quarter of 2017, the Company had a net loss of \$51,993 and an increase in accounts receivable of \$128,587 and a decrease of payables and accrued expenses of \$16,4875. Net cash provided from financing activities for the three months ended March 31, 2017 was \$79,000. This was the result of receiving \$4,000 from related parties and \$75,000 from notes payable during the period.

Off-Balance Sheet Arrangements

As of March 31, 2018, we have no off-balance sheet arrangements.

Critical Accounting Policies

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

Table of Contents

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Table of Contents

As of March 31, 2018, the Chief Executive Officer and Chief Financial Officer carried out an assessment of the effectiveness of the design and operation of our disclosure controls and procedure and concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2018, because of the material weakness described below.

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

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

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

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2018, there were no changes in our system of internal controls over financial reporting.

Table of Contents**PART II – OTHER INFORMATION****Item 1. Legal Proceedings**

Except as set forth in the notes to Condensed Financial Statements, there are no legal proceedings pending or threatened against us. We are unaware of any governmental authority initiating a proceeding against us.

Item 1A. Risk Factors

Not required for smaller reporting companies.

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

(a) From January 1, 2018 through March 31, 2018, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to Purchasers	Exemption from Registration Claimed	If Option, Warrant or Convertible Security, terms of exercise or conversion
Jan. – March 2018	Common Stock	18,203,225	\$368,100 in cash, \$54,500 in services rendered, \$15,423,500 placed in escrow and \$182,500 of notes payable and accrued interest; no commissions paid	Rule 506; Section 4(2)	Not applicable

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

16

Table of Contents

Item 6. Exhibits

4(a) Exhibits

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

3(i) Articles of Incorporation of the Company, dated February 28, 1997. (1)

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

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

3(iv) August 2015 Amendment to Articles of Incorporation. (3)

10.1 Employment Agreement – Nate Knight (4)

10.2 Employment Agreement with Douglas Beplate (6)

21 Subsidiaries of the Registrant – none

31.1 Certification of Principal Executive Officer*

31.2 Certification of Principal Financial Officer*

32.1 Section 1350 Certificate by Principal Executive Officer*

32.2 Section 1350 Certificate by Principal Financial Officer*

99.1 2013 Employee Benefit and Consulting Services Compensation Plan (7)

101.SCH Document, XBRL Taxonomy Extension (*)

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

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

101.LAB Linkbase, XBRL Taxonomy Extension (*)

101.PRE Presentation Linkbase (*)

* Filed herewith.

- (1) Incorporated by reference to the Company's Form 10-Q for the quarter ended September 30, 2014.
- (2) Incorporated by reference to the Company's Form 10-K for the year ended December 31, 2005.
- (3) Incorporated by reference to Form 8-K dated August 7, 2015 – date of earliest event filed on August 10, 2015.
- (4) Incorporated by reference to Form 8-K dated November 23, 2014.
- (5) Incorporated by reference to Form 10-Q for the quarter ended June 30, 2015.
- (6) Incorporated by reference to the Form 8-K dated January 16, 2015.
- (7) Incorporated by reference to Form 10-Q for the quarter ended June 30, 2015.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized on May 21, 2018.

United Health Products, Inc.

By: */s/ Douglas Beplate*
Douglas Beplate

Principal Executive Officer

By: */s/ Nate Knight*

Nate Knight
Principal Financial Officer