

Future Healthcare of America
Form 10-Q
August 11, 2017

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 June 30, 2017

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

For the transition period from
to

Commission File No. 000-54917

FUTURE HEALTHCARE OF AMERICA

(Exact name of registrant as specified in its charter)

WYOMING
(State or other jurisdiction of incorporation or organization)

45-5547692
(I.R.S. Employer Identification No.)

Edgar Filing: Future Healthcare of America - Form 10-Q

5001 Baum Blvd, Suite 770

Pittsburgh, PA 15213

(Address of Principal Executive Offices)

Registrant's Telephone Number: (561) 693-1422

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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. (1) Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging Growth company

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

As of August 9, 2017, there were 11,265,631 shares of common stock, par value \$0.001, of the registrant issued and outstanding.

PART I - FINANCIAL INFORMATION

The Unaudited Consolidated Financial Statements of Future Healthcare of America, a Wyoming corporation (the Company, FHA, we, our, us and words of similar import) were prepared by management and commence on the following page, together with related notes. In the opinion of management, the Unaudited Consolidated Financial Statements fairly present the financial condition of the Company.

Future Healthcare of America

Index to Unaudited Financial Statements

	Page
Unaudited Consolidated Balance Sheets	3
Unaudited Consolidated Statements of Operations	4
Unaudited Consolidated Statements of Cash Flows	5
Notes to Unaudited Consolidated Financial Statements	6

FUTURE HEALTHCARE OF AMERICA

UNAUDITED CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
CURRENT ASSETS:		
Cash	\$ 95,480	\$ 206,352
Accounts receivable	561,219	473,388
Prepaid expenses	57,949	60,799
Total current assets	714,648	740,539
Deferred tax asset, net	-	-
Total assets	\$ 714,648	\$ 740,539
CURRENT LIABILITIES:		
Accounts payable	99,831	70,658
Accrued expenses	447,916	350,715
Derivative liability	8,429	53,488
Deferred revenue	-	3,470
Note Payable	13,462	-
CONVERTIBLE SECURED DEBENTURE PAYABLE, net of discount of \$0 and \$0, respectively	1,010,000	1,010,000
Total current liabilities	1,579,638	1,488,331
Total liabilities	1,579,638	1,488,331
STOCKHOLDERS' (DEFICIT)		
Common stock	11,266	11,266
Additional paid-in capital	1,313,160	1,313,160
Accumulated (deficit)	(2,189,416)	(2,072,218)
Total stockholders' (deficit)	(864,990)	(747,792)
Total liabilities and stockholders' deficit	\$ 714,648	\$ 740,539

Future Healthcare of America and Subsidiaries Balance Sheet (Parenthetical)

Statement of Financial Position	June 30, 2017	December 31, 2016
Allowance for doubtful accounts	20,200	20,200
Common stock authorized	200,000,000	200,000,000
Common stock par value	0.001	0.001
Common stock outstanding	11,265,631	11,265,631

The accompanying notes are an integral part of these financial statements.

FUTURE HEALTHCARE OF AMERICA

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
REVENUE				
Total Revenue	955,423	1,010,981	1,950,851	2,069,557
COST OF SERVICES				
Total Cost of Services	697,887	769,757	1,399,372	1,537,047
Gross Profit	257,536	241,224	551,479	532,510
OPERATING EXPENSES				
Selling expenses	14,582	16,364	31,666	32,661
General and administrative	89,635	101,196	215,564	200,807
Salaries, wages and related expenses	177,895	175,812	347,736	347,095
Professional and consulting fees	20,684	29,617	67,983	79,860
Total Operating Expenses	302,796	322,989	662,949	660,423
LOSS FROM OPERATIONS	(45,260)	(81,765)	(111,470)	(127,913)
OTHER INCOME (EXPENSE):				
Interest income	127	107	208	202
Gain/(loss) on derivative	24,392	57,732	45,059	145,979
Interest expense	(25,518)	(25,250)	(50,993)	(50,500)
Other income (expense)	-	-	-	-
Total Other Income (Expense)	(999)	32,589	(5,726)	95,681
INCOME (LOSS) BEFORE INCOME TAXES	(46,259)	(49,176)	(117,196)	(32,232)
CURRENT INCOME TAX EXPENSE (BENEFIT)	-	-	-	-
DEFERRED INCOME TAX EXPENSE (BENEFIT)	-	-	-	-
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	(46,259)	(49,176)	(117,196)	(32,232)
BASIC INCOME PER COMMON SHARE	(0.004)	(0.004)	(0.01)	(0.003)
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	11,265,631 (0.004)	11,265,631 (0.004)	11,265,631 (0.01)	11,265,631 (0.003)

DILUTED INCOME PER COMMON
SHARE -
DILUTED WEIGHTED AVERAGE
COMMON

SHARES OUTSTANDING	11,265,631	11,265,631	11,265,631	11,265,631
--------------------	------------	------------	------------	------------

The accompanying notes are an integral part of these financial statements.

FUTURE HEALTHCARE OF AMERICA
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2017	2016
Cash Flows from Operating Activities		
Net income	\$ (117,197)	\$ (32,232)
Adjustments to reconcile net income to net cash used by operating activities:		
Interest to be paid with stock	50,500	50,500
Depreciation and amortization expense	-	33
Gain on derivative instruments	(45,059)	(145,979)
Change in assets and liabilities:		
Accounts receivable	(84,464)	139,157
Prepaid expenses	2,851	(4,774)
Accounts payable	29,172	21,927
Accrued expense	46,701	(22,491)
Deferred revenue	(6,838)	20,591
Net Cash Provided/(Used) by Operating Activities	(124,334)	26,732
Cash Flows from Investing Activities:		
Net Cash Provided/ (Used) by Investing Activities	-	-
Cash Flows from Financing Activities:		
Proceed from insurance financing	22,216	-
Re-payment of insurance financing	(8,754)	-
Net Cash Provided/ (Used) by Financing Activities	13,462	-
Net Increase (Decrease) in Cash	(110,872)	26,732
Cash at Beginning of Period	206,352	481,115
Cash at End of Period	\$ 95,480	\$ 507,847
Supplemental Disclosures of Cash Flow Information		
Cash paid during the periods for:		
Interest	-	-
Income taxes	-	-

Supplemental Disclosures of Non-Cash Investing and Financing Activities:

For the Six Months Ended
June 30,

Edgar Filing: Future Healthcare of America - Form 10-Q

NON-CASH EXPENDITURES	2017	2016
Depreciation expense	-	33
Interest expense to be paid with stock	50,500	50,500
Change in FMV of derivative liability	(45,059)	(145,979)
Total non-cash expenditures	5,441	(95,446)

The accompanying notes are an integral part of these financial statements.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization On June 22, 2012, FAB Universal (FAB) formed Future Healthcare of America (FHA), a wholly owned subsidiary. On October 1, 2012, FHA operations were spun-off in a 1 for 1 dividend to the shareholders of record of FAB on September 5, 2012, the record date. On November 14, 2014, FHA organized Future Healthcare Services Corp. (FHS), and transferred all the shares of Interim to FHS. Interim Healthcare of Wyoming, Inc. (Interim), a Wyoming corporation, a wholly owned subsidiary of FHS, was organized on September 30, 1991. Interim operates primarily in the home healthcare and healthcare staffing services in Wyoming and Montana. On April 3, 2007, Interim purchased the operations of Professional Personnel, Inc., d.b.a., Professional Nursing Personnel Pool.

Consolidation - The financial statements presented reflect the accounts of FHA, FHS and Interim. All inter-company transactions have been eliminated in consolidation.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management made assumptions and estimates for determining reserve for accounts receivable, obsolete inventory and in determining the impairment of definite life intangible assets and goodwill. Actual results could differ from those estimated by management.

Cash and Cash Equivalents The Company considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents. At June 30, 2017, the Company had no cash balances in excess of federally insured limits.

Accounts Receivable - Accounts receivable consist of trade receivables arising in the normal course of business. At June 30, 2017 and 2016, the Company has an allowance for doubtful accounts of \$20,200, which reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. During the six months ended June 30, 2017 and 2016, the Company adjusted the allowance for bad debt by \$0.

Depreciation - Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives.

Income/(Loss) Per Share - The Company computes income (loss) per share in accordance with Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 260 Earnings Per Share, which requires the Company to present basic earnings per share and diluted earnings per share when the effect is dilutive (see Note 7).

Leases - The Company accounts for leases in accordance with Financial FASB ASC Topic 840, (formerly Statement of Financial Accounting Standards SFAS No. 13 "Accounting for Leases"). Leases that meet one or more of the capital lease criteria of standard are recorded as a capital lease, all other leases are operating leases.

Income Taxes - The Company accounts for income taxes in accordance with FASB ASC Topic 740 Accounting for Income Taxes. This topic requires an asset and liability approach for accounting for income taxes (see Note 8).

Advertising Costs - Advertising costs are expensed as incurred and amounted to \$19,456 and \$20,281 for the periods ending June 30, 2017 and 2016, respectively.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value of Financial Instruments The Company accounts for fair value measurements for financial assets and financial liabilities in accordance with FASB ASC Topic 820. The authoritative guidance, which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Unless otherwise disclosed, the fair value of the Company's financial instruments including cash, accounts receivable, prepaid expenses, and accounts payable and accrued expenses approximates their recorded values due to their short-term maturities.

Revenue Recognition - Revenue is generated from various payers including Medicare, Medicaid, Insurance Companies, and various other entities and individuals. In accordance with FASB ASC Topic 605, Revenue is recognized when persuasive evidence of an arrangement exists, services have been provided, the price of services is fixed or determinable, and collection is reasonably assured. Payments received prior to services being provided are recorded as a liability (deferred revenue) until such services are performed. Revenue is recorded as net revenue where contractual adjustments and discounts are deducted from Gross Revenue to determine net revenue.

Derivative Financial Instruments The Company is required to recognize all of its derivative instruments as either assets or liabilities in the Consolidated Balance Sheets at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated, and is effective, as a hedge and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, or cash flow hedge. Gains and losses related to a hedge are either recognized in income immediately to offset the gain or loss on the hedged item or are deferred and reported as a component of Accumulated Other Comprehensive Income in the Stockholders' Equity and subsequently recognized in Net income when the hedged item affects Net income. The change in fair value of the ineffective portion of a financial instrument is recognized in Net income immediately. The gain or loss related to financial instruments that are not designated as hedges are recognized immediately in Net income.

Recently Enacted Accounting Standards - In May 2014, the Financial Accounting Standards Board (FASB) issued a new standard to achieve a consistent application of revenue recognition within the U.S., resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. On July 9, 2015, the FASB agreed to delay the effective date by one year; accordingly, the new standard is effective for us beginning in the first quarter of 2018 and we expect to adopt it at that time. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. We have not yet selected a transition method, nor have we determined the impact of the new standard on our consolidated financial statements.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In February 2016, the FASB issued changes to the accounting for leases that primarily affect presentation and disclosure requirements. The new standard will require the recognition of a right to use asset and underlying lease liability for operating leases with an initial life in excess of one year. This standard is effective for us beginning in the first quarter of 2019. We have not yet determined the impact of the new standard on our consolidated financial statements.

Other recent accounting pronouncements issued by the FASB did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America, which contemplate continuation of the Company as a going concern. However, the Company has incurred losses, an accumulated deficit and has a short-term note payable in excess of anticipated cash. These factors raise substantial doubt about the ability of the Company to continue as a going concern. There is no assurance that the Company will be successful in achieving profitable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 - PROPERTY & EQUIPMENT

The following is a summary of property and equipment at:

			June 31,	December 31,
	Life		2017	2016
Furniture, fixtures and equipment	2-10 yrs	\$	36,384	\$ 36,384
			36,384	36,384
Less: Accumulated depreciation			(36,384)	(36,384)
Property & equipment, net		\$	-\$	-

Depreciation expense for the periods ended June 30, 2017 and 2016 was \$0 and \$33, respectively.

NOTE 4 VARIABLE RATE SENIOR SECURED CONVERTIBLE DEBENTURE

On September 9, 2013, the Company closed a Subscription Agreement by which one institutional investor purchased a) a Variable Rate Senior Secured Convertible Note payable having a total principal amount of \$1,010,000, convertible into common shares of the Company at \$0.25 per share and maturing March 9, 2015; b) Warrants to purchase a total of 3,030,000 shares of common stock, at \$0.50 per share, exercisable for four years, and c) a greenshoe to purchase a total of 2,000,000 shares of common stock at \$0.25 per share, exercisable for one year from the closing date. On September 9, 2014 the greenshoe expired unexercised. On March 9, 2015, the Note matured. As the note has not been paid nor extended, the outstanding principal, plus accrued but unpaid interest, liquidated damages and other amounts, became due and payable at the election of the holder. The holder has not made such an election.

The fair value of the beneficial conversion feature of the warrants and greenshoe totaled \$952,254 and was recorded as a derivative liability. The Company recorded a discount on the note for beneficial conversion feature of the note. The \$952,254 discount on the beneficial conversion feature was amortized as interest expense over the term of the note. As of June 30, 2017, the Company has amortized \$952,254 of the discount, with no remaining unamortized discount being offset against the outstanding balance of the note in the accompanying balance sheet. As of June 30, 2017, the Company had accrued interest payable on the debenture of \$284,302.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 NOTE PAYABLE

On January 20, 2017, the Company financed the premium for directors and officers insurance. The Company borrowed \$22,216 at 6.00% interest, and the note will be repaid in 10 equal installments of \$2,883. As of June 30, 2017, the balance of the note payable was \$13,462.

NOTE 6 DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into a variable rate senior secured convertible debenture, wherein the Company agreed to register the underlying share, warrants and greenshoe. The fair value of the beneficial conversion feature of the warrants and greenshoe was estimated using the Black Scholes pricing model and totaled \$952,254 upon issuance and was recorded as a derivative liability. As of March 9, 2015 and March 31, 2015, the fair value of the unregistered conversion feature of the Note Payable based on the following assumptions (Life 0, risk-free interest rate 0, volatility of 0, and stock price of \$.15 and conversion price of \$.25) was \$0, resulting in the recording of a gain totaling \$311,244. As of June 30, 2017, the fair value of the warrants based on the following assumptions (Life .19 years, risk free interest rate 1.03%, volatility of 204.47%, stock price of \$.10 and exercise price of \$.50) was \$8,429, and a gain totaling \$45,059 was recorded for the six months ended June 30, 2017.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fair Value Measurement and Disclosure Topic of FASB and ASC:

.

Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;

.

Establishes a three-level hierarchy for fair value measurement based upon the transparency of inputs to the valuation as of the measurement date;

.

Expands disclosures about financial instruments measured at fair value.

Financial assets and financial liabilities record on the Balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

Level 2: Financial assets and financial liabilities whose values are based on the following:

Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in non-active markets or Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the assets or liability

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect our estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following tables summarize Level 1, 2 and 3 financial assets and financial (liabilities) by their classification in the Consolidated Balance Sheet:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
As of June 30, 2017:			
Derivative liability Conversion feature of warrants	-	-	(8,429)
As of December 31, 2016			
Derivative liability Conversion feature of warrants	-	-	(53,488)

NOTE 8 - CAPITAL STOCK

Common Stock - The Company has authorized 200,000,000 shares of common stock, \$0.001 par value. As of June 30, 2017, 11,265,631 shares were issued and outstanding.

NOTE 9 WARRANTS AND GREENSHOE

A summary of the status of the warrants granted is presented below for the six months ended:

	June 30, 2017		December 31, 2016	
	<u>Shares</u>	Weighted Average Exercise <u>Price</u>	<u>Shares</u>	Weighted Average Exercise <u>Price</u>
Outstanding at beginning of period	3,030,000	\$ 0.50	3,030,000	\$ 0.50
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	3,030,000	\$ 0.50	3,030,000	\$ 0.50

On September 9, 2013, the Company closed a Subscription Agreement wherein the Company granted warrants to purchase a total of 3,030,000 shares of common stock, at \$0.50 per share, exercisable for four years.

NOTE 10 - INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, Accounting for Income Taxes which requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting and any available operating loss or tax credit carryforwards.

Because of the uncertainty surrounding the realization of the loss carryforwards and significant changes in the ownership of the Company, a valuation allowance has been established equal to the tax effect of the loss carryforwards and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The net deferred tax assets are approximately \$1,300,000 as of June 30, 2017, with an offsetting valuation allowance of the same amount. The changes in the valuation allowance for the six months ended June 30, 2017 was approximately \$49,000.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 LEASES

Operating Lease - The Company leases office space in Casper, Wyoming for \$4,892 a month through June 2018. The Company further leases space in Billings, Montana for \$1,525 a month through June 2020.

The future minimum lease payments for non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2017 are as follows:

Twelve months ending June 30	Lease Payments
2018	77,004
2019	18,300
2020	16,775
2021	-
Thereafter	-
Total Minimum Lease Payments	\$ 112,079

Lease expense charged to operations was \$38,327 and \$38,292 for the six months ended June 30, 2017 and 2016, respectively.

NOTE 12 INCOME/ (LOSS) PER SHARE

The following data shows the amounts used in computing income (loss) per share and the weighted average number of shares of common stock outstanding for the periods presented for the periods ended:

	For the Three Months		For the Six Months	
	June 30	June 30	June 30	June 30
	2017	2016	2017	2016
Income (loss) from continuing operations available to common stockholders	\$ (46,259)	\$ (49,176)	\$ (117,196)	\$ (32,232)

Edgar Filing: Future Healthcare of America - Form 10-Q

(numerator)

Income (loss) available to common stockholders (numerator)	(46,259)	(49,176)	(117,196)	(32,232)
Weighted average number of common shares outstanding during the period used in loss per share (denominator)	11,265,631	11,265,631	11,265,631	11,265,631

At June 30, 2017 and 2016, the Company had 3,030,000 and 3,030,000, respectively, warrants to purchase common stock of the Company at \$0.50 per share, and a convertible debenture payable wherein the holder could convert the note and underlying accrued interest into a minimum of 7,269,953 and 5,817,076, respectively shares of common stock which were not included in the loss per share computation because their effect would be anti-dilutive.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date and time of this report.

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

Safe Harbor Statement.

Statements made in this Form 10-Q which are not purely historical are forward-looking statements with respect to the goals, plan objectives, intentions, expectations, financial condition, results of operations, future performance and business of the Company, including, without limitation, (i) our ability to gain a larger share of the home healthcare industry, our ability to continue to develop services acceptable to our industry, our ability to retain our business relationships, and our ability to raise capital and the growth of the home healthcare industry, and (ii) statements preceded by, followed by or that include the words "may", "would", "could", "should", "expects", "projects", "anticipates", "believes", "estimates", "plans", "intends", "targets", "tend" or similar expressions.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond the Company's control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following, in addition to those contained in the Company's reports on file with the Securities and Exchange Commission: general economic or industry conditions, nationally and/or in the communities in which the Company conducts business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, changes in the home healthcare industry, the development of services that may be superior to the services offered by the Company, competition, changes in the quality or composition of the Company's services, our ability to develop new services, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting the Company's operations, services and prices.

Accordingly, results actually achieved may differ materially from expected results in these statements.

Forward-looking statements speak only as of the date they are made. The Company does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Business Highlights

Based in Casper, Wyoming, and Billings, Montana, FHA's subsidiary, Interim Healthcare of Wyoming, Inc., a Wyoming corporation (Interim), is an independent franchisee of Interim HealthCare that has been serving its community for 20 years and is providing a wide range of visiting nurse services to the elderly, wounded and sick. It is one of the 300 independent home health agencies that comprise the Interim HealthCare network. Our business consists of providing healthcare services for those in need. We record all revenue and expenses and provide all services under one umbrella. Below is a description of our Home Healthcare and Staffing operations.

As the census (number of patients utilizing facilities) in the hospitals fluctuates, we are taking the necessary steps to position ourselves for the ups and downs of the census for these facilities. Our home healthcare service continued to generate the majority of our revenue during the second quarter of 2017.

During the second quarter of 2017, FHA experienced a 5% decrease in revenue over the second quarter of 2016. This was driven by a decrease in our Billings, Montana staffing businesses, which was partially off-set by an increase in home healthcare business in Billings, Montana and Casper, Wyoming.

During the second quarter of 2017, we have seen a significant decrease in the utilization staffing services in Billings, Montana as facilities that use our services receive directives to remove and reduce the use of staffing services. As for our operations, we anticipate the trends seen in the second quarter of 2017 to continue into the fourth quarter of 2017. We anticipate a continued slowing of the use of our staffing services. We also anticipate a slowing of the utilization of our home healthcare business in Casper. As such, we will continue to evaluate opportunities to expand the realm of services we offer. Promotional activities and operations are being managed as the offices experience fluctuations in the day-to-day activities and as we embark on new business opportunities.

Our home healthcare business continues to be a substantial revenue generator for our Company as our country's population ages and new methods of patient data capture become critical components for delivering high quality, affordable healthcare services in a patient's home.

Home Healthcare

Through trained health care professionals, the Company provides home care services including senior care and pediatric nursing, and physical, occupational and speech therapy. The Company offices deliver quality home care and treat each patient with genuine compassion, kindness and respect. The Company provides health care professionals at all skill levels, including registered nurses, therapists, LPN's and certified home health aides. FHA derives its revenue from multiple payer sources. These include Medicare, Medicaid, Insurance, Medicaid LTW, and Private Payers.

Because our offices are located in areas that do not contain a large population base (less than 200,000 residents), we continually explore opportunities to increase our revenue with our current payer sources and expand through new sources of revenue. The healthcare team is utilized across all payer sources, including staffing services. Our customer base comes from referrals from hospitals, rehab facilities, nursing homes, assisted living facilities and previous patients.

In addition to our professional team, we employ a management team at each facility to handle the day to day operations of the office. This is completed by our Administrators in each location. We also have a Director of Nursing in each location. This person is responsible for the day to day oversight of the service providers and ensuring the certified professionals obtain the necessary training to maintain their certificates as well as the training necessary to be in compliance with all regulating organizations.

Staffing

Interim offices provide nurses, nurse aides and management services to hospitals, prisons, schools, corporations and other health care facilities. Interim's success is based on our ability to recruit the best health care professionals and the responsiveness of our local managers to fill the needs of our clients in a timely manner. Additionally, we work with our clients should they decide they would like to hire our service professionals on a full time basis. Another key to our success is the personal relationship that our management and sales team build with each of our existing and new clients. As noted previously, in order to reduce turnover of our service team by providing as many hours as possible, similar to the hours of a full-time employee, we utilize the same service team members across all payer sources.

As each of our businesses is located in smaller based population areas of the country, the competition is significantly heightened and the relationships maintained with our clients become very critical to the continued success of our operations.

As we provide diversified services and accept payments from multiple payer sources, we are not heavily dependent on a few clients in order for our business to be successful.

Results of Operations

Six Months Ended June 30, 2017 and 2016.

During the six months ended June 30, 2017, FHA recorded revenues of \$1,950,851, a 6% decrease over revenues of \$2,069,557 for the same period in 2016. The decrease for 2017 reflects a decrease in revenue within our staffing services in the Billings, Montana location, with an off-set from an increase in revenue in home healthcare in the Billings, Montana and Casper, Wyoming locations.

For the six months ended June 30, 2017, cost of services totaled \$1,399,372, a 9% decrease compared to \$1,537,047 in the comparable period of 2016. This is a reflection of the costs associated with the overall reduction of revenue and the change in mix of the revenue lost. FHA posted a gross profit of \$551,479 during the first six months of 2017, versus a gross profit of \$532,510 for the first six months of 2016, an increase of 4%.

Edgar Filing: Future Healthcare of America - Form 10-Q

FHA recorded total operating expenses of \$662,949 during the first six months of 2017, a less than 1% increase as compared to operating expenses of \$660,423 in the same period of 2016. General and administrative expenses totaled \$215,564 in the first six months of 2017 versus \$200,807 in the first six months of 2016, an increase of 7%, due to an increase in directors and officers insurance and recruiting fees. Consulting fees decreased from \$79,860 to \$67,983 when comparing the first six months of 2016 versus 2017. The decrease was driven by a reduction in the use of a consultant in 2017. Salaries, wages and related expenses increased slightly to \$347,736 in the first six months of 2017 from \$347,095 in 2016. Selling expenses in the first six months of 2017 were \$31,666 versus \$32,661 in the comparable period of 2016.

For the first six months of 2017, other income and expense included \$45,059 for recognition of a gain on the derivative liability and \$50,993 of interest expense on the notes payable. For the first six months of 2016, other expense included \$145,979 for recognition of a gain on the derivative liability and \$50,500 of interest expense on the note payable.

FHA's net loss available to common shareholders was \$117,196 for the first six months of 2017. This represents a 264% increase from our net loss of \$32,232 in the first six months of 2016.

Three Months Ended June 30, 2017 and 2016.

During the three months ended June 30, 2017, FHA recorded revenues of \$955,423, a 5% decrease over revenues of \$1,010,981 for the same period in 2016. The decrease for 2017 reflects a decrease in revenue within our staffing services in the Billings, Montana location, with an off-set from an increase in revenue in home healthcare in the Billings, Montana and Casper, Wyoming locations.

For the quarter ended June 30, 2017, cost of services totaled \$697,887, a 9% decrease as compared to \$769,757 in the comparable period of 2016. This is a reflection of shift in the revenue mix, increased utilization, and reduction of revenue, resulting in FHA posting gross profit of \$257,536 during the second quarter 2017, versus a gross profit of \$241,224 for the second quarter of 2016, an increase of 7%.

FHA recorded total operating expenses of \$302,796 during the second quarter of 2017, a 6% decrease as compared to operating expenses of \$322,989 in the same period of 2016. General and administrative expenses totaled \$89,635 in the second quarter 2017 versus \$101,196 in the second quarter 2016, a decrease of 11%, due to efforts to control spending. Consulting fees decreased to \$20,684 from \$29,617 when comparing the second quarter of 2017 versus 2016. The decrease was driven by a reduction in the use of a consultant in 2017. Salaries, wages and related expenses increased to \$177,895 in the second quarter of 2017 from \$175,812 in 2016, an increase of 1%. Selling expenses in the second quarter of 2017 were \$14,582 versus \$16,364 in the comparable quarter of 2016.

FHA's net loss available to common shareholders was \$46,259 for the second quarter of 2017. This represents a 6% decrease from our net loss of \$49,176 in the second quarter of 2016.

Liquidity and Capital Resources.

Cash on hand was \$95,480 at June 30, 2017, a decrease of \$110,872 from the \$206,352 on hand at December 31, 2016. Cash used in operations for the six months ended June 30, 2017, was \$124,334, versus cash provided by operation of \$26,732 for the six months ended June 30, 2016. The decrease is driven by operating results coupled with a lack of collection of accounts receivables.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), which we refer to as disclosure controls, are controls and procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any control system. A control system, no matter how well conceived and operated, can provide only reasonable assurance that its objectives are met. No evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

As of June 30, 2017, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of such date, the design and operation of these disclosure controls were effective to accomplish their objectives at the reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), occurred during the fiscal quarter ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On June 17, 2016 and June 30, 2016 two complaints were filed with the Federal Equal Employment Opportunity Commission (EEOC) and the Wyoming State Department of Labor against the Company, alleging discrimination on the basis of sex and disability. The complaints do not seek any specific monetary relief. The complaints are being mediated by the Wyoming State Department of Labor. The Company and the Plaintiff are working a settlement with

the assistance of the Wyoming State Department of Labor. After reviewing the facts and circumstances, the Company believes the claims made are weak, at best, and the Company has retained counsel and intends to continue a vigorous defense. At this time, management cannot reasonably estimate the cost to defend or the outcome of the complaints, and we do not expect it will have a material financial impact on the Company.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

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

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Mine Safety Disclosures.

None; not applicable.

Item 5. Other Information.

(a)

None; not applicable.

(b) During the quarterly period ended June 30, 2017, there were no changes to the procedures by which shareholders may recommend nominees to the Company's board of directors.

Item 6. Exhibits.

Exhibit No.

Description

31.1

302 Certification of Christopher J. Spencer

31.2

302 Certification of John Busshaus

32

906 Certification.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FUTURE HEALTHCARE OF AMERICA

Date: 8/11/17

*By: /s/ Christopher J. Spencer
Christopher J. Spencer
Chief Executive Officer and President
and Director*

Date: 8/11/17

*/s/ John Busshaus
John Busshaus
Chief Financial Officer*

