

Future Healthcare of America
Form 10-Q
November 08, 2013

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 September 30, 2013

[] 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.)

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5001 Baum Boulevard, Suite 770

Pittsburgh, Pennsylvania 15213

(Address of Principal Executive Offices)

Registrant's Telephone Number: (412) 621-0902

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 or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

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

As of November 4, 2013, there were 10,163,249 shares of common stock, par value \$0.001, of the registrant issued and outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements. 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

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FUTURE HEALTHCARE OF AMERICA

UNAUDITED CONSOLIDATED BALANCE SHEETS

| | September 30, 2013 | December 31, 2012 |
|--|-----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash | 1,289,271 | 208,458 |
| Accounts receivable | 523,209 [1] | 576,116 [1] |
| Prepaid expenses | 54,931 | 71,925 |
| Deferred tax asset, current | 7,318 | 7,318 |
| Total current assets | 1,874,729 | 863,817 |
| | | |
| PROPERTY AND EQUIPMENT, net | 222 | 615 |
| GOODWILL | 79,809 | 79,809 |
| DEFERRED TAX ASSET, NET | 424,264 | 424,264 |
| Total assets | 2,379,024 | 1,368,505 |
| | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 93,835 | 64,503 |
| Accrued expenses | 140,980 | 155,569 |
| Deferred revenue | - | 1,949 |
| Derivative Liability | 776,847 | - |
| Total current liabilities | 1,011,662 | 222,021 |
| | | |
| CONVERTIBLE NOTE PAYABLE, net of discount | 97,024 | - |
| | | |
| Total liabilities | 1,108,686 | 222,021 |
| | | |
| STOCKHOLDERS' EQUITY | | |
| | | |
| Common stock | 10,163 [2] | 10,063 [3] |
| Additional paid-in capital | 1,220,123 | 1,205,223 |
| Retained earnings (deficit) | 40,052 | (68,802) |
| Total stockholders' equity | 1,270,338 | 1,146,484 |
| Total liabilities and stockholders' equity | 2,379,024 | 1,368,505 |

[1] net of \$20,200 allowance

[2] \$.001 par value, 200,000,000 shares authorized, 10,163,249 shares issued and outstanding.

[3] \$.001 par value, 200,000,000 shares authorized, 10,063,249 shares issued and outstanding.

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

FUTURE HEALTHCARE OF AMERICA

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

| | July 1 to Sept. 30, 2013 | July 1 to Sept. 30, 2012 | Jan. 1 to Sept. 30, 2013 | Jan. 1 to Sept. 30, 2012 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| REVENUE | | | | |
| Total Revenue | 1,102,016 | 1,056,038 | 3,397,815 | 3,231,286 |
| COST OF SERVICES | | | | |
| Total Cost of Services | 783,165 | 745,822 | 2,361,007 | 2,173,458 |
| Gross Profit | 318,851 | 310,216 | 1,036,808 | 1,057,828 |
| OPERATING EXPENSES | | | | |
| Selling expenses | 20,696 | 18,574 | 58,437 | 59,461 |
| General and administrative | 106,422 | 73,540 | 320,831 | 233,574 |
| Salaries, wages and related expenses | 225,928 | 341,852 | 545,042 | 614,762 |
| Professional and consulting fees | 73,560 | 3,859 | 137,523 | 11,726 |
| Total Operating Expenses | 426,606 | 437,825 | 1,061,833 | 919,523 |
| INCOME (LOSS) FROM OPERATIONS | (107,755) | (127,609) | (25,025) | 138,305 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest income | 29 | 53 | 74 | 192 |
| Gain on derivative instruments | 175,407 | - | 175,407 | - |
| Interest expense | (43,991) | - | (43,991) | - |
| Other income (expense) | 1 | 1,000 | 2,388 | 1,892 |
| Total Other Income (Expense) | 131,446 | 1,053 | 133,878 | 2,084 |
| INCOME (LOSS) BEFORE INCOME TAXES | 23,691 | (126,556) | 108,853 | 140,389 |
| CURRENT INCOME TAX EXPENSE | | | | |
| (BENEFIT) | - | - | - | - |
| DEFERRED INCOME TAX EXPENSE | | | | |
| (BENEFIT) | - | - | - | - |
| NET INCOME (LOSS) AVAILABLE TO COMMON | | | | |
| SHAREHOLDERS | 23,691 | (126,556) | 108,853 | 140,389 |
| BASIC INCOME PER COMMON SHARE | 0.002 | (0.01) | 0.01 | 0.01 |
| BASIC WEIGHTED AVERAGE COMMON SHARES | | | | |
| OUTSTANDING | 10,163,249 | 10,063,249 | 10,110,502 | 10,063,249 |
| DILUTED INCOME PER COMMON SHARE - DILUTED WEIGHTED AVERAGE COMMON | | | | |
| SHARES OUTSTANDING | 10,163,249 | 10,063,249 | 10,110,502 | 10,063,249 |

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

FUTURE HEALTHCARE OF AMERICA
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | September 30, 2013 | September 30, 2012 |
|---|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | |
| Net income | \$ 108,853 | \$ 140,389 |
| Adjustments to reconcile net income to net cash provided by | | |
| operating activities: | | |
| Depreciation and amortization expense | 393 | 2,668 |
| Stock issued to employee | 15,000 | - |
| Accretion on discount | 39,278 | - |
| Gain on derivative instruments | (175,407) | - |
| Change in assets and liabilities: | | |
| Accounts receivable | 57,824 | (120,157) |
| Prepaid expenses | 16,994 | (12,145) |
| Accounts payable | 29,333 | (11,937) |
| Accrued expense | (14,588) | 241,029 |
| Deferred revenue | (6,867) | 614 |
| Net Cash Provided by Operating Activities | 70,813 | 240,461 |
| Cash Flows from Investing Activities: | | |
| Purchase of property & equipment | - | - |
| Net Cash Used in Investing Activities | - | - |
| Cash Flows from Financing Activities: | | |
| Payments (to)/from FAB Universal | - | (369,905) |
| Issuance of convertible note payable | 1,010,000 | - |
| Net Cash Provided/ (Used) by Financing Activities | 1,010,000 | (369,905) |
| Net Increase (Decrease) in Cash | 1,080,813 | (129,444) |
| Cash at Beginning of Period | 208,458 | 535,144 |
| Cash at End of Period | \$ 1,289,271 | \$ 405,700 |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid during the periods for: | | |
| Interest | - | - |
| Income taxes | - | - |

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

FUTURE HEALTHCARE OF AMERICA
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

Supplemental Disclosures of Non-Cash Investing and Financing

Activities:

| | For the Nine Months Ended September 30, | |
|--|---|-------|
| | 2013 | 2012 |
| NON-CASH EXPENDITURES | | |
| Amortization of discount on note payable | 39,278 | - |
| Depreciation expense | 393 | 2,668 |
| Interest expense to be paid with stock | 4,713 | - |
| Change in FMV of derivative liability | (175,407) | - |
| Expenditures paid with issuance of stock | 15,000 | - |
| Total non-cash expenditures | (116,023) | 2,668 |

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. Interim Healthcare of Wyoming, Inc. ("Interim"), a Wyoming corporation, a wholly owned subsidiary of Future Healthcare of America, 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.

Spin-Off The common shares outstanding, common stock and additional paid in capital have been restated in the September 30, 2012 financial statements to reflect the 10,063,249 common shares, issued by Future Healthcare of America to shareholders of record of FAB Universal on September 5, 2012 to effectively spin-off the operations.

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.

Reclassification The financial statements for the period ended prior to September 30, 2013 have been reclassified to conform to the headings and classifications used in the September 30, 2013 financial statements.

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 September 30, 2013, the Company had \$671,524 in excess of federally insured limits.

Accounts Receivable - Accounts receivable consist of trade receivables arising in the normal course of business. At September 30, 2013 and 2012, 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 nine months ended September 30, 2013 and 2012, the Company adjusted the allowance for bad debt by \$0 and \$0,

respectfully.

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

Goodwill - Goodwill is evaluated for impairment annually in the fourth quarter of the Company's fiscal year, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of goodwill or a significant decrease in expected cash flows. The company recorded an impairment charge of \$1,109,852 on goodwill during the quarter ended December 31, 2012 as the estimated fair value of the reporting units was less than their estimated fair values.

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 8).

Leases - The Company accounts for leases in accordance with Financial FASB ASC Topic 840, ("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.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 6).

Advertising Costs - Advertising costs are expensed as incurred and amounted to \$34,999 and \$38,120 for the nine months ending September 30, 2013 and 2012, respectively.

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