

United Health Products, Inc.  
Form 10-K  
April 17, 2018

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

**FORM 10-K**

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF  
1934

FOR THE FISCAL YEAR ENDED **DECEMBER 31, 2017**

COMMISSION FILE NUMBER: **000-27781**

**UNITED HEALTH PRODUCTS,  
INC.**

(Exact name of Registrant as specified in its charter)

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

**84-1517723**  
(I.R.S. Employee Identification Number)

**10624 S. Eastern Avenue, Ste. A209**

**Henderson, NV**  
(Address of principal executive offices)

**89052**  
(Zip Code)

Registrant's telephone number, including area code: **(877) 358-3444**

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

Securities registered pursuant to Section 12 (b) of the Act: **None**

Securities registered pursuant to Section 12 (g) of the Act: **Common Stock, \$.001 Par Value**

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

Check whether the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions 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"/>            |

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. Yes  No

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 June 30, 2017, the number of shares held by non-affiliates was approximately 145,843,000 shares. The approximate market value based on the last sale (i.e. \$0.08 per share as of June 30, 2017, the last business day of the second quarter) of the Company's Common Stock was approximately \$11,667,447.

The number of shares outstanding of the Registrant's Common Stock, as of April 16, 2018 was 182,932,164.

*Forward-looking Statements*

Statements in this annual report on Form 10-K that are not historical facts constitute forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Those factors include, among other things, those listed under "Risk Factors" and elsewhere in this annual report. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. Moreover, neither we nor any other person assumes responsibility.

## PART I

### ITEM 1. BUSINESS

#### *Company Overview*

United Health Products, Inc. ("United" or 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 veterinarian, dental and medical markets and is pursuing multiple markets for HemoStyp, including the medical, sports, dental and military sectors, each of which represents multi-million-dollar markets.

#### *Recent Developments*

The following developments in the Company's business have occurred since the beginning of 2017:

- Patterson Veterinary/AHI is a distributor of our HemoStyp products to the United States animal and dental market. Patterson is one of the largest animal health companies in the United States.
- Τη Χομπανψ σ 2 ξ 4 Τραυμα Γαυζε προδουχτησ βεεν σελεχτεδ ασ τη φεατυρε χομπονεντ φορ α νεω Αδωανχεδ Ωουνδ Χαρε Κιτ φορ Διχκ σ Σπορτινγ Γοοδσ (ΝΨΣΕ ΔΚΣ). Ωιτη τοδαψ σ ενωιρονμεντ ωην τη νεξπεχτεδ χαν ηαππεν ανψωηερε, βοτη ιν τη ωιλδ ανδ ιν υρβαν αρεασ, ηαωινγ αν αδωανχεδ τραυμα κιτ χαν βε τη διφφερενχε βετωεεν συρτωιτωαλ ανδ τραγεδψ. Τη Ηεμοστψπ→ πουχηεσ ηαωε βεεν ινχλυδεδ υνδερ τη Φιελδ ανδ Στρεαμ λαβελ ανδ αρε αωαιλαβλε ιν τηειρ στορεσ νατιονωιδε σινχε Φεβρυαρη 2018 ανδ αρε δισπλαψεδ ιν παριουσ λοχατιονσ τηρουγηουτ τηε στορεσ.

- 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.

### *Primary Strategy*

The Company's gauze products are designed for the wound care market and manufactured to our specifications at various facilities. We have engaged in Quality Control audits to bring those facilities online. This allows us rapid production expansion while protecting the company from any one specific facility causing any slowdown. We believe redundancy and protection of our manufacturing is key to our short-term success. The gauze can be used on any wound where bleeding is present. Upon contact with moisture, the gauze forms a gel-like substance that acts as a hemostatic agent to address bleeding quickly. The hemostatic gauze derived from regenerated oxidized/cellulose, which is all natural and designed to absorb exudate/drainage from superficial wounds and helps to control bleeding. Once bleeding has ceased and coagulation has occurred, the product can be rinsed away with saline solution or lukewarm water. After acquiring the intellectual property rights, in 2009, we have devoted our time to obtaining necessary approvals to enable the hemostatic gauze product to be sold worldwide as well as attempting to establish an international distribution network.

The Company has the ability to represent to distributors and customers that its gauze products meet all the FDA requirements. This approval now allows us to expand our potential customer base and pursue accounts that requested a current 510(k) FDA approval, including the prescription based medical arena, veterinary, retail, hospital, EMS, military, state and national governmental agencies and veterinary markets. Our gauze products can be used to stop nose bleeds and for post dialysis treatment and venipuncture.

The Company's strategy is to engage distributors to market the Company's gauze products to the various worldwide markets. The Company has an initial foundation for the distribution of its hemostatic gauze products by entering into agreements with our several distributors/partners (covering the dental, veterinarian, U.S. retail, U.S. military and worldwide equestrian markets and Australasia). We have distribution agreements to commence in South Korea, South Africa and additional parts of Asia upon individual regulatory country approvals. The Distributor (SSEM) for the South African market has signed their agreement in late 2017 and was shipped their opening stock order in December of 2017.



### *Our HemoStyp Gauze Products*

HemoStyp Hemostatic Gauze is a collagen-like natural substance created from chemically treated cellulose. It is an effective hemostatic agent registered with the FDA to help control bleeding from open wounds and body cavities. The HemoStyp hemostatic material contains no chemical additives, thrombin or collagen, and is hypoallergenic. When it comes in contact with blood it expands slightly and converts to an adhesive gel that subsequently dissolves into glucose and saline. Because of its purity and the fact it simply degrades to these end products, it does not cause significant delay in healing as do other hemostatic materials that may have a similar appearance. Our HemoStyp gauze products are sold in different sizes for use in superficial trauma cases. It is also sold as a dental gauze and as a nasal dressing. Additional testing shows Hemostyp is 100% absorbable in one hour or less. Additionally, tests have been conducted to show the effectiveness of Hemostyp in Thoracic and Abdominal procedures. The Company continues to test for the effectiveness and the IFU for Abdominal and Thoracic Procedures.

HemoStyp Hemostatic Gauze is applied by simply folding the gauze once or twice, depending on the size of the wound, and then putting it as far into the wound as possible. Putting a bandage on top of the gauze is optional and in many cases unnecessary. On smaller cuts, it may be helpful to first cut the Gauze in half before applying it to the wound. When this is done, it may not be necessary to fold it first. Since EMS work is pre-hospital, rinsing the gauze out with saline or water is not necessary. This is because after the patient reaches the hospital, a wound will be debrided and possibly reopened prior to suturing.

The Company's hemostatic gauze product line includes various configurations. The Company's product line has been developed to address the specific needs of our market segments and our existing customers, including the U.S. military. The Company's hemostatic gauze product line now includes the following products:

- Veterinary Market;
- Dental gauze for oral surgery;
- Four versions of Trauma Gauze™ for battlefield trauma; and
- Two island dressings to support intravenous procedures.

### *Sales and Marketing*

Our technology is marketed as HemoStyp Gauze, but is also available to customers with customized private labeling. We are customer driven. We distribute both nationally and internationally. We are servicing (or intend to service) our customers through distributors, sales representatives, industry-specialized telephone support, and the Internet. Our current and potential customer base for our HemoStyp includes, without limitation:



- Hospitals, Clinics, and Physicians
- EMS, Fire Departments and Other First Responders
- Public Safety, Police Departments and Military
- Correctional Facilities
- Schools, Universities and Day Care Facilities
- Nursing Homes and Assisted Living Environments
- Home Care Providers
- Dental offices
- Sports Medicine Providers
- Veterinarians
- Municipalities and Government Agencies and
- Occupational and Industrial Healthcare Professionals.

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 CtQ Pilot Program was created to identify products that have a chemical makeup of demonstrated safe interaction with the body –as evidenced by years of prior product usage and studies-- to be approved for Class III internal surgical use. The program’s intent is to allow products that have demonstrated repeated safe interaction to enter the market in a more efficient manner. The market for 2017 internal surgical market for hemostatic products is estimated at in excess of seven billion dollars, of that the estimated market size for ORC or similar products is estimated to be 2.7 Billion USD. The market is expected to grow at 7.1% annually over the next few years. Our strategy is to continue to seek out distributors for the internal medical device market in Europe now that the company has secured CE Class III designation and to actively seek a medical/Acquisition partner candidate.

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

The Company has established various contract manufacturing facilities to replace its original agreement with Hemo Manufacturing. All of these facilities have been vetted and have supplied multiple Quality Control program certificates and are registered FDA facilities. The facilities have been confirmed as part of our PMA submission and includes the FDA inspection records of these facilities. They are currently compliant and meet all the current standards required by the FDA

### ***Patents and Trademarks***

In September 2012, the Company announced that its hemostatic gauze products were granted patent protection by the U.S. Patent and Trademark Office, which patent protection currently runs through 2029. However, if our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in future intellectual property litigation, our business could be adversely affected. Our success depends in part on our ability to defend our intellectual property rights. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific and factual questions. Third parties may seek to challenge, invalidate or circumvent our intellectual property rights. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. Also, there are third parties who have patents or pending patent applications that they may claim necessitate payment of a royalty or prevent us from commercializing our patent in certain territories. Patent disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products.

### ***Competition***

The disposable medical supply market in the United States is dominated by large companies such as Baxter International, Bristol-Myers Squibb Company, Johnson & Johnson and 3M Company. Our hemostatic gauze product will directly compete in the gauze markets dominated by these majors. However, the market for hemostatic products, which includes gauzes, gels, bandages and powders, is largely composed of smaller, privately-held companies with the exception of Johnson & Johnson, which manufactures Surgicel®. In this market, competitive factors include price, product offerings, value-added service programs, service and delivery, credit terms, and customer support.

### ***Government Regulation***

We are subject to oversight by various federal and state governmental entities and we are subject to, and affected by, a variety of federal and state laws, regulations and policies.

The U.S. Drug Enforcement Administration ("DEA"), the U.S. Food and Drug Administration ("FDA") and various state regulatory authorities regulate the purchase, storage, and/or distribution of pharmaceutical products. The DEA, FDA and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of applicable laws and regulations. As a wholesale distributor of pharmaceuticals and certain related products, we are subject to these laws and regulations. We must have all necessary licenses and other regulatory approvals and are required to be in compliance with all applicable pharmaceutical wholesale distribution requirements needed to conduct our operations. See "Recent Developments."

In recent years, some states have passed or proposed laws and regulations that are intended to protect the safety of the pharmaceutical supply channel. These laws and regulations are designed to prevent the introduction of counterfeit, diverted, adulterated or mislabeled pharmaceuticals into the distribution system. In addition, the FDA Amendments Act of 2007 (the "2007 Act") requires the FDA to establish standards and identify and validate effective technologies for the purpose of securing the pharmaceutical supply chain against counterfeit drugs. These standards may include track-and-trace or authentication technologies, such as radio frequency identification devices and other technologies. The 2007 Act required the FDA to develop a standardized numerical identifier by April 1, 2010.

As a result of political, economic and regulatory influences, the healthcare delivery industry in the United States is under intense scrutiny and subject to fundamental changes. Although there was substantial Federal legislation enacted during 2010 that impacted our healthcare system in the United States, we expect that the administration, Congress and certain state legislatures will continue to review and assess alternative healthcare delivery systems and payment methods in order to reform the healthcare system. Thus, we cannot predict the impact on us of the 2010 legislation and/or additional regulation governing the delivery or pricing of healthcare products that may be passed. Nor can we predict the impact on us of potential changes to the structure of the present healthcare delivery system, if any, when they may be adopted.

The costs associated with complying with federal and state regulations could be significant and the failure to comply with any such legal requirements could have a significant impact on our results of operations and financial condition.

### ***Environmental Matters***

Our business activities are subject to extensive federal, state, and local environmental laws and regulations relating to water, air, hazardous substances and wastes that may restrict or limit such business activities. Although the Company does not currently directly manufacture its own products, we may still be subject to existing environmental laws by way of regulatory agencies or other third party claimants. Examples of U.S. Federal environmental legislation that may have adverse effects on the Company include the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, Compensation and Liability Act (aka CERCLA or Superfund) and the Resource Conservation and Recovery Act. By no means do we certify this list as being complete, as there are many laws and regulations that exist or that may come to pass that we cannot foresee that may also have an impact on the Company. The multitude of regulations issued by federal, state, provincial and local administrative agencies can be burdensome and costly and we determined to change our business model as a result. There are currently no pending legal proceedings with any government regulatory agencies.

*Research and Development Expenditures*

In fiscal 2017 and 2016, we incurred \$0 and \$0, respectively, in research and development expenditures.

*Employees*

As of March 31, 2018, we have eight employees of the Company.

**ITEM 1A. RISK FACTORS**

As a smaller reporting company, we are not required to provide the information required by this Item.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None

**ITEM 2. DESCRIPTION OF PROPERTY**

The Company is utilizing on a temporary basis rent free, as a central mailing address as its principal executive office, space located at 10624 S. Eastern Avenue, Ste. A209, Henderson, NV 89052. Conference facilities are available upon request at a fee. The Company is a virtual company with employees in Nevada and six other states.

**ITEM 3. LEGAL PROCEEDINGS**

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

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.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

None.

**PART II****ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.***(a) Market information*

The common shares of the Company trade on the OTCPink under the symbol UEEC. There has been only limited trading activity to date. The following table sets forth the high and low sales price of the common stock on a quarterly basis for the periods presented.

|                            | <b>High</b> | <b>Low</b> |
|----------------------------|-------------|------------|
| <b>For Year Ended 2017</b> |             |            |
| First Quarter              | \$ 0.09     | \$ 0.035   |
| Second Quarter             | 0.093       | 0.0637     |
| Third Quarter              | 0.25        | 0.075      |
| Fourth Quarter             | 0.75        | 0.15       |

|                            |         |         |
|----------------------------|---------|---------|
| <b>For Year Ended 2016</b> |         |         |
| First Quarter              | \$ 0.09 | \$ 0.06 |
| Second Quarter             | 0.11    | 0.08    |
| Third Quarter              | 0.10    | 0.07    |
| Fourth Quarter             | 0.10    | 0.08    |

*(b) Holders*

As of April 16, 2018, there were 244 holders of record of the Company's issued and outstanding shares of common stock.

*(c) Dividends*



The Company has not paid any dividends to date, has not yet generated earnings sufficient to pay dividends, and currently does not intend to pay dividends in the foreseeable future.

***(d) Stock Issuances and Repurchases***

During the year ended December 31, 2017, the Company issued the following unregistered securities:

| <b>Date of Sale</b> | <b>Title of Security</b>    | <b>Number Sold</b>     | <b>Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security Afforded to Purchasers</b> | <b>Exemption from Registration Claimed</b> | <b>If Option, Warrant or Convertible Security, terms of exercise or conversion</b> |
|---------------------|-----------------------------|------------------------|---|--|--|
| Fiscal 2017         | Common Stock                | 7,694,269 Shares       | \$ 6 8 3 , 9 7 5 received; no commissions paid  | Rule 506; Section 4(2)                     | Not applicable   |
| September 2017      | Convertible Promissory Note | \$162,500 in principal | Conversion of accounts payable into note; no commissions paid   | Rule 4(2)                                  | (1)  |

(1) The Convertible Promissory Note was converted at \$0.065 per share into 2,500,00 restricted shares of Common Stock after issuance.

During the period January 1, 2017 through December 31, 2017, there were no repurchases of the Company's unregistered securities.

## ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Financial Data" and our financial statements and related notes appearing elsewhere in this annual report on Form 10-K. 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' and elsewhere in this annual report on Form 10-K.*

### Results of Operations

#### *Year ended December 31, 2017 versus year ended December 31, 2016*

During 2017, the Company had \$645,652 of revenues as compared to \$242,007 for the comparable period of the prior year. These revenues are attributable to our distribution agreements. Management believes that the fiscal 2018 will show increased sales as a result of our distribution agreements.

Total operating expenses for 2017 and 2016 were \$1,297,954 and \$641,551, respectively. The increase in operating expenses primarily due to an increase in consulting and professional fees and advertising and marketing as the Company is beginning to increase operations and generate revenues. The Company issued 1,700,000 shares of common stock for \$429,000 in stock for services for consulting and professional fees during the year ended 2017. The Company had \$0 in stock for services during 2016. The Company's advertising and marketing expenses were \$53,050 and \$0 during the years ended December 31, 2017 and 2016, respectively.

Other income (expense) for 2017 and 2016 were \$215,650 and \$18,260, respectively. The increase in other expense was due to the Company issuing a total of 2,500,000 shares of common stock to settle notes payable balance of

\$162,500 and accounts payable balance of \$31,850 during the year. The fair value of the stock issued was \$379,000 and the Company recorded loss on debt settlement of \$184,650. The increase in expenses is primarily due to an increase in consulting and professional fees as the Company is beginning to increase operations and generate revenues. The Company also had interest expense of \$31,000 during 2017 compared to interest expense of \$18,260 during 2016 for an increase of \$12,740 in interest expense. The increase is due to the Company borrowing additional funds during the year and having larger outstanding balances.

Our net loss for 2017 was \$934,968 as compared to a net loss of \$535,735 for the comparable period of the prior year. The primary change in our net loss for 2017 relates to an increase in gross profit from \$124,076 in 2016 to \$578,636 in 2017 offset by an increase of \$656,403 in operating expenses and an increase of \$197,390 in other expenses as explained in the preceding paragraphs.

We have obtained interest from distributors to sell our hemostatic gauze products to the U.S. Military and retail, veterinarian, dental and equestrian markets and Australasia. Management believes that operating periods for 2018 should begin to see substantial sales.

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

As of December 31, 2017, the Company had a negative working capital of \$261,265. 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 and 2016 financial statements includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. While the Company has funded its initial operations with private placements, and secured loans from related parties, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including, among other things, our ability to achieve our business goals and objectives, as well as improvement in the economic climate.

### ***Cash Flows***

The Company's cash on hand at December 31, 2017 and December 31, 2016 was \$189,942 and \$29,367, respectively.

During fiscal 2017 and fiscal 2016, the Company had net cash used in operating activities of \$645,900 and \$473,352, respectively. During 2017, the Company incurred a net loss of \$934,968, and increase in accounts receivable of \$362,569, an increase in inventory of \$101,566 and an increase in prepaid and other current assets of \$12,114 offset by \$429,000 in stock for services, \$184,650 in loss on debt settlement, \$20,226 in bad debt expense and an increase in inventory of \$44,941 and an increase in accrued liabilities – related party of \$86,500. During 2016, the Company had a net loss of \$535,735 along with an increase in accounts payable and accrued expenses of \$178,990 offset by an increase in accounts receivable of \$96,773 and an increase in inventory of \$20,050.

Cash flows from financing activities in fiscal 2017 and fiscal 2016 resulted in cash being provided of \$806,475 and \$501,238, respectively. In 2017, the Company received net proceeds from related party of \$90,000, net proceeds on notes payable of \$32,500 and \$683,975 from the sale of common stock. During 2016, the Company received proceeds from related party of \$66,138, proceeds on notes payable of \$150,000 and \$285,100 from the sale of common stock.

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

As of December 31, 2017 and 2016, we have no off-balance sheet arrangements.

***Related Parties***

Information concerning related party transactions is included in the financial statements and related notes, appearing elsewhere in this annual report on Form 10-K.

***Critical Accounting Policies***

***Revenue Recognition***

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

Trade Accounts Receivable

We record accounts receivable at the invoiced amount and we do not charge interest. We review the accounts receivable by amounts due from customers which are past due, to identify specific customers with known disputes or collectability issues. In determining the amount of the reserve, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We will also maintain a sales allowance to reserve for potential credits issued to customers. We will determine the amount of the reserve based on historical credits issued.

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.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements required by Item 8 can be found beginning on Page F-1 of this report.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Stockholders of United Health Products, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheet of United Health Products, Inc. (the Company) as of December 31, 2017, and the related statements of operations, stockholders' deficiency, and cash flows for the year ended December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Consideration of the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred losses, has not generated sufficient revenue to cover its operating costs, and may be unable to raise further equity in support of operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Haynie & Company

Salt Lake City, Utah

April 17, 2018

We have served as the Company's auditor since 2018.

F-1



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and

Stockholders of United Health Products, Inc.

We have audited the accompanying balance sheets of United Health Products, Inc. as of December 31, 2016, and the related statements of operations, stockholders' deficiency, and cash flows the year ended December 31, 2016. United Health Products, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Health Products, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses, has not generated sufficient revenue to cover its operating costs, and may be unable to raise further equity in support of operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Pritchett, Siler & Hardy, P.C.

**PRITCHETT, SILER & HARDY, P.C.**

Farmington, Utah

June 1, 2017

F-2

**UNITED HEALTH PRODUCTS, INC**

**Balance Sheets**

|   | <b>December 31,</b> | <b>December 31,</b> |
|---|---------------------|---------------------|
|   | <b>2017</b>         | <b>2016</b>         |
| <b>ASSETS</b>   |                     |                     |
| <b>Current Assets</b>   |                     |                     |
| Cash and Cash Equivalents   | \$ 189,942          | \$ 29,367           |
| Accounts receivable   | 447,970             | 105,627             |
| Inventory   | 163,534             | 61,968              |
| Prepaid and other current assets  | 12,114              | -                   |
| Total current assets  | 813,560             | 196,962             |
| <b>TOTAL ASSETS</b>   | <b>\$ 813,560</b>   | <b>\$ 196,962</b>   |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>   |                     |                     |
| <b>Current Liabilities</b>  |                     |                     |
| Accounts payable and accrued expenses   | \$ 325,654          | \$ 475,063          |
| Accrued liabilities – related party   | 86,500              | -                   |
| Liability for unissued shares   | 211,843             | 145,543             |
| Notes payable - related parties   | 268,328             | 178,328             |
| Other notes payable   | 182,500             | 150,000             |
| Total current liabilities   | 1,074,825           | 948,934             |
| <b>Commitments and Contingencies</b>  |                     |                     |
| <b>Stockholders' Deficiency</b>   |                     |                     |
| Common Stock - \$.001 par value, 300,000,000 shares authorized, 164,969,663 and 153,780,156 shares issued and outstanding at December 31, 2017 and 2016, respectively | 164,969             | 153,780             |
| Additional Paid-In Capital  | 13,304,617          | 11,890,131          |
| Accumulated Deficit   | (13,730,851)        | (12,795,883)        |
| Total Stockholders' Deficiency  | (261,265)           | (751,972)           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>   | <b>\$ 813,560</b>   | <b>\$ 196,962</b>   |

See notes to financial statements.



**UNITED HEALTH PRODUCTS, INC**

**Statements of Operations**

**For the Years Ended**

**December 31,**

**2017                      2016**

|   |    |             |    |             |
|---|----|-------------|----|-------------|
| Revenues                                      | \$ | 645,652     | \$ | 242,007     |
| Cost of sales                                 |    | 67,016      |    | 117,931     |
| Gross profit                                  |    | 578,636     |    | 124,076     |
| <b>Operating Costs and Expenses</b>           |    |             |    |             |
| Selling, general and administrative expenses  |    | 1,297,954   |    | 641,551     |
| Total Operating Expenses                      |    | 1,297,954   |    | 641,551     |
| Loss from Operations                          |    | (719,318)   |    | (517,475)   |
| <b>Other income (expenses)</b>                |    |             |    |             |
| Interest Expense                              |    | (31,000)    |    | (18,260)    |
| Loss on settlement of debt                    |    | (184,650)   |    | -           |
| Total other income (expense)                  |    | (215,650)   |    | (18,260)    |
| Net Loss                                      | \$ | (934,968)   | \$ | (535,735)   |
| <b>Net Loss per common share:</b>             |    |             |    |             |
| Basic and diluted                             | \$ | (0.01)      | \$ | (0.00)      |
| Weighted average number of shares outstanding |    | 156,390,830 |    | 152,097,840 |

See notes to financial statements.

**UNITED HEALTH PRODUCTS, INC**

**Statements of Stockholders' Deficiency**

**For the Years Ended December 31, 2017 and 2016**

|  | <b>Common Stock<br/>Shares</b> | <b>Common Stock<br/>Amount</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Stock<br/>Subscription</b> | <b>Accumulated<br/>Deficit</b> | <b>Total</b> |
|--|--------------------------------|--------------------------------|---|-------------------------------|--------------------------------|--------------|
| Balance at December 31,<br>2016            | 148,003,140                    | \$ 148,003                     | \$ 11,172,455                             | \$ 139,625                    | \$ (12,260,148)                | \$ (800,065) |
| Write-off of prior related<br>party debt   | -                              | -                              | 298,728                                   | -                             | -                              | 298,728      |
| Sale and issuance of<br>common stock       | 5,777,016                      | 5,777                          | 418,948                                   | (139,625)                     | -                              | 285,100      |
| Net Loss                                   | -                              | -                              | -   | -                             | (535,735)                      | (535,735)    |
| Balance at December 31,<br>2016            | 153,780,156                    | \$ 153,780                     | \$ 11,890,131                             | -                             | \$ (12,795,883)                | \$ (751,972) |
| Issuance of shares for notes<br>payable    | 2,500,000                      | 2,500                          | 232,500                                   | -                             | -                              | 235,000      |
| Issuance of shares for<br>accounts payable | 200,000                        | 200                            | 143,800                                   | -                             | -                              | 144,000      |
| Issuance of common stock<br>for services   | 1,700,000                      | 1,700                          | 427,300                                   | -                             | -                              | 429,000      |
| Sale and issuance of<br>common Stock       | 6,789,507                      | 6,789                          | 610,886                                   | -                             | -                              | 617,675      |
| Net Loss                                   | -                              | -                              | -   | -                             | (934,968)                      | (934,968)    |
| Balance at December 31,<br>2017            | 164,969,663                    | \$ 164,969                     | \$ 13,304,617                             | -                             | \$ (13,730,851)                | \$ (261,265) |

See notes to financial statements.



**UNITED HEALTH PRODUCTS, INC**

**Statements of Cash Flows**

**For the Years Ended December 31,**

|   | <b>2017</b>       | <b>2016</b>      |
|---|-------------------|------------------|
| <b>Cash Flows from Operating Activities:</b>                                |                   |                  |
| Net Loss  | \$ (934,968)      | \$ (535,735)     |
| Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities: |                   |                  |
| Stock for services  | 429,000           | -                |
| Loss on settlement of debt  | 184,650           | -                |
| Bad debt expense  | 20,226            | -                |
| Changes in assets and liabilities:  |                   |                  |
| Accounts receivable   | (362,569)         | (96,773)         |
| Inventory   | (101,566)         | (20,050)         |
| Prepaid and other current assets  | (12,114)          | 216              |
| Accounts payable and accrued expenses                                       | 44,941            | 178,990          |
| Accrued liabilities – related party   | 86,500            | -                |
| Net Cash Used In Operating Activities                                       | (645,900)         | (473,352)        |
| <b>Cash Flows from Financing Activities:</b>                                |                   |                  |
| Net Cash Used in Investing Activities                                       | -                 | -                |
| <b>Cash Flows from Financing Activities:</b>                                |                   |                  |
| Repayment to related parties  | (21,500)          | -                |
| Proceeds from related parties   | 111,500           | 66,138           |
| Repayments on notes payable   | (77,500)          | -                |
| Proceeds from notes payable   | 110,000           | 150,000          |
| Proceeds from issuance of common stock                                      | 683,975           | 285,100          |
| Net Cash Provided By Financing Activities                                   | 806,475           | 501,238          |
| Increase in Cash and Cash Equivalents                                       | 160,575           | 27,886           |
| Cash and Cash Equivalents - Beginning of period                             | 29,367            | 1,481            |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>                            | <b>\$ 189,942</b> | <b>\$ 29,367</b> |
| Supplemental cash flow information:   |                   |                  |
| Cash paid for interest  | \$ 16,000         | \$ -             |
| Cash paid for income taxes  | \$ -              | \$ -             |
| Schedule of Non-Cash Financing Activities:                                  |                   |                  |
| Issuance of stock for accounts payable                                      | \$ 144,000        | \$ -             |
| Write-off of related party debt   | \$ -              | \$ 298,728       |



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

|   |    |         |    |         |
|---|----|---------|----|---------|
| Issuance of subscribed stock  | \$ | -       | \$ | 139,625 |
| Reclass of common stock and additional paid-in capital to liability for unissued shares | \$ | 66,300  | \$ | -       |
| Accounts payable converted to note payable  | \$ | 162,500 | \$ | -       |
| Common stock issued for settlement of debt  | \$ | 235,000 | \$ | -       |

See notes to financial statements.

F-6

**UNITED HEALTH PRODUCTS, INC. AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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.

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

**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 net losses of \$934,968 and \$535,735 for the years ending December 31, 2017 and 2016, respectively. The Company's history of recurring losses resulted in an accumulated deficit of \$13,730,851. The Company has negative working capital and operations have not provided cash flows. 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, the Company's ability to continue as a going concern is dependent upon the Company's ability to expand operations and to achieve a level of profitability. 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.

### **Cash and Cash Equivalents**

The Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

## **Fair Value Measurements**

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

Level 1 — Quoted prices in active markets for identical assets or liabilities.

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

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

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2017 and 2016. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments.

## **Income Taxes**

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

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. The Company does not have a liability for any unrecognized tax benefits. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof, with due consideration given to the fact that tax periods are open to examination by tax authorities. The Company is no longer subject to U.S federal or state income tax examinations by tax authorities before 2012.

As of December 31, 2017 and 2016, the Company has approximately \$12.1 and \$11.4 million of net operating loss carry-forwards, respectively, available to affect future taxable income and has established a valuation allowance equal to the tax benefit of the net operating loss carry forwards and temporary differences as realization of the asset is not assured.

### **Revenue Recognition**

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

### Trade Accounts Receivable and Concentration Risk

We record accounts receivable at the invoiced amount and we do not charge interest. We review the accounts receivable by amounts due from customers which are past due, to identify specific customers with known disputes or collectability issues. In determining the amount of the reserve, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We will also maintain a sales allowance to reserve for potential credits issued to customers. We will determine the amount of the reserve based on historical credits issued.

There was no provision for doubtful accounts recorded at December 31, 2017 and 2016. The Company recorded \$20,226 and \$0 in bad debt expense for the years ended December 31, 2017 and 2016.

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 31, |         | December 31, |        |
|----------------|--------------|---------|--------------|--------|
|                | 2017         |         | 2016         |        |
| Raw materials  | \$           | 34,270  | \$           | 61,968 |
| Finished goods |              | 129,264 |              | -      |
|                | \$           | 163,534 | \$           | 61,968 |

### Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. The Company incurred \$53,050 and \$0 in advertising and marketing costs during the years ended December 31, 2017 and 2016, respectively.

### **Shipping and Handling Costs**

The Company includes shipping and handling cost as part of cost of goods sold.

### **Stock Based Compensation**

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

### **Per Share Information**

Basic earnings per share are calculated using the weighted average number of common shares outstanding for the period presented. Diluted loss per share is the same as basic loss per share, as there are no potentially dilutive securities as of December 31, 2017 and 2016.

## **New Accounting Pronouncements, Recently Adopted Accounting Pronouncements**

In August 2016, the FASB issued Accounting Standards Update (ASU) No. ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*” and in November issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-15 addresses the presentation and classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-18 is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the cash flows statement. The statement requires that restricted cash and restricted cash equivalents to be included as components of total cash and cash equivalents as presented on the statement of cash flows. These pronouncements go into effect for periods beginning after December 15, 2017. The Company does not believe these standards will have a material impact on its financial statements.

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.

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. This guidance on revenue from contracts with customers will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*”. ASU 2016-08 clarifies implementation guidance on principal versus agent considerations in ASU 2014-09. ASU 2016-10 was issued to clarify ASC Topic 606 related to (i) identifying performance obligations; and (ii) the licensing implementation guidance. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers - Narrow-Scope Improvements and Practical Expedients*”, to clarify certain narrow aspects of Topic 606 such as assessing the collectability criterion, presentation of sales taxes and other similar taxes collected from customers, noncash consideration, contract modifications at transition, completed contracts at transition, and technical correction. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017 (early adoption is permitted but not sooner than the annual reporting periods beginning after December 15, 2016). The guidance permits the use of either a retrospective or cumulative effect transition method. The Company has evaluated its various agreements subject to these updates and completed its assessment. The Company has concluded that the adoption of this pronouncement will not have a material effect on its financial statements and related disclosures in 2018.



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.

F-10

### **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 December 31, 2017 and 2016, notes payable to related parties totaled \$268,328 and \$178,328, respectively. These amounts are owed to Doug Beplate, our Chief Executive Officer. During the years ended December 31, 2017 and 2016, Mr. Beplate provided loans to the Company of \$111,500 and \$66,138, respectively. 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 is entitled to an annual restricted stock bonus equal to 2 ½% of gross sales with the number of shares computed based upon the average closing sales price of the Company's common stock in the month of December of each year. No stock bonus related to gross sales was accrued for 2016 or 2017 as such stock bonuses were immaterial and were waived by Mr. Beplate. 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. During the year ended December 31, 2017, he received \$93,500 of compensation and the remaining balance of \$86,500 has been recorded as accrued liabilities – related party on the balance sheet.

In November 2014, the Company entered into employment agreement with Nate Knight, our Chief Financial Officer. Mr. Knight received 500,000 shares as a signing bonus and a monthly salary of \$4,000 (which has been increased to \$5,000) pursuant to his employment agreement, which is also terminable "at will." The spouse of our Chief Executive Officer entered into an employment agreement for her services in November 2014 as an office administrator and she received as an employee "at will" 500,000 shares as a signing bonus and a monthly salary of \$4,000 (which has been increased to \$5,000).

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

In May 2013, the Company entered into an agreement with Bibicoff & MacInnis, Inc. to provide stockholder financial community and investor relations and to serve as a consultant to the Company's Board of Directors. In connection with said agreement, Mr. Bibicoff subscribed to purchase 507,864 shares of Common Stock at \$.04 per share at a subscription price of \$20,314. Mr. MacInnis subscribed to purchase 338,576 shares at \$.04 per share at a subscription price of \$13,543. In each case the subscription price is payable pursuant to promissory notes payable with interest at 1.5% quarterly and due February 21, 2016. These shares won't be issued until the promissory notes are paid in full. The Company has not recorded the subscription receivable as of the date of this report and will recognize the transaction upon payment in part or full.

In July 2015, the Company entered into a Financial Advisory Agreement with Maxim Group LLC, a leading full service investment bank, securities and wealth management firm. Pursuant to this agreement, Maxim was issued 4,000,000 shares of restricted common stock valued at \$360,000. Maxim and the Company entered into an amendment to this agreement in January 2018 pursuant to which Maxim continues to perform merger and acquisition services in exchange for the original consideration paid in 2015. The 4,000,000 shares are subject to a lock-up agreement and release provisions during 2018.

During 2016, the Company issued 5,777,016 shares of common stock for total proceeds of \$424,725, of which 1,861,666 shares were issued for the \$139,625 of common stock subscribed on the balance sheet as of December 31, 2015. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In 2017, the Company sold 7,694,269 shares of its Common Stock in a private placement offering for gross proceeds of \$683,975. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

During 2017, the Company issued 200,000 shares of stock with a fair value of \$144,000 to settle an accounts payable balance of \$31,850. The Company recorded \$112,150 as loss on settlement of debt.

During 2017, a consultant converted \$162,500 in accounts payable to a promissory note. The consultant then converted this promissory note into 2,500,000 shares of common stock. The shares of stock had a fair value of \$235,000 and the Company recorded \$72,500 as loss on settlement of debt.

In December 2017, the Company issued 1,700,000 shares of common stock to various individuals and consultants for services performed. The shares had a fair market value of \$429,000.

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

On October 1, 2013, the Company entered into an Operating Agreement with Hemo Manufacturing LLC. Hemo Manufacturing is to act as the exclusive supplier of manufactured products for the Company's products. Pursuant to said agreement, 2,000,000, restricted shares of the Company's Common Stock valued at \$231,270, were issued. Under certain conditions, an additional 2,000,000 shares of the Company's Common Stock would be issued in the event the

Company is bought out by a third party. The Company anticipates booking all sales directly to customers and making payment for goods directly to Hemo Manufacturing. The managing member of Hemo Manufacturing will retain 100% of the profits earned by Hemo Manufacturing unless the Company is sold to a third party. In the event of such a sale, the managing member of Hemo Manufacturing and the Company would have equal share in the gross profits. The Company's operating agreement with Hemo Manufacturing was terminated in the first quarter of 2017.

See also Notes 3 and 4 for material agreements entered into with officers and directors of the Company and Maxim Group, LLC.

#### **Note 7. Other Notes Payable**

At December 31, 2015, included in other current liabilities were four outstanding notes to various individuals aggregating \$177,370 in principle and accrued interest, respectively. Interest accrued at the rate of 9% - 14% per annum. These notes were related to the former management and officers of the Company who were removed from their positions beginning in December 2013, when Doug Beplate became CEO and appointed new management and officers. The former management and officers have not been involved with the Company since that time and it was determined these amounts were not owed. Accordingly, the loan balances and related accrued interest totaling \$258,338 were written off and recorded in additional paid-in capital during 2016. The Company also determined \$40,390 of prior related party accounts payable should be written-off and was recorded in additional paid-in capital during 2016.

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. The balance of \$150,000 was owed as of December 31, 2017 and 2016.

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 the period and the balance of \$32,500 and \$0 was owed as of December 31, 2017 and December 31, 2016, respectively.

The Company borrowed \$35,000 in April 2017 related to a note payable, with original issue discount of \$3,500. The note was paid off in full in May 2017.

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 December 31 was as follows:

|   | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
| Balance, beginning  | \$ 145,543  | \$ 145,543  |
| Reclass of previous shares purchased and recorded in equity | 66,300      | -           |
| Issuance of shares in satisfaction of liability             | -           | -           |
| Balance, ending   | \$ 211,843  | \$ 145,543  |

The total number of shares granted but unissued were 2,483,806 and 1,579,044, as of December 31, 2017 and 2016, respectively.

#### **Note 8. Income Tax**

The Company accounts for income taxes under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 740, Income Taxes ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary

differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (the Tax Act) was enacted into law including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. We are required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, remeasuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities. The Company does not have any foreign earnings and therefore, we do not anticipate the impact of a transition tax. We have remeasured our U.S. deferred tax assets at a statutory income tax rate of 21%. Since the Tax Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, we consider the accounting of any transition tax, deferred tax re-measurements, and other items to be incomplete due to the forthcoming guidance and our ongoing analysis of final year-end data and tax positions. We expect to complete our analysis within the measurement period in accordance with SAB 118, and no later than fiscal year end December 31, 2018.

The Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the years ended December 31, 2017 or 2016. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the period presented. The Company had no accruals for interest and penalties at December 31, 2017.

The Company's federal income tax returns for the years ended December 31, 2014 through December 31, 2017 remain subject to examination by the Internal Revenue Service as of December 31, 2017.

During 2017 and 2016, the Company incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved.

|  | <b>December 31,</b> |              |
|--|---------------------|--------------|
|  | <b>2017</b>         | <b>2016</b>  |
| Income tax provision (benefit) at statutory rate | \$ (196,000)        | \$ (182,000) |
| Change in valuation allowance                    | 196,000             | 182,000      |
| <b>Income Tax Expense</b>                        | <b>\$ -</b>         | <b>\$ -</b>  |

Net deferred tax assets and liabilities were comprised of the following:

|                                |              |              |
|--------------------------------|--------------|--------------|
| Net Operating Losses           | \$ 2,522,000 | \$ 3,884,000 |
| Accrued officer compensation   | 34,800       | -            |
| Stock for services             | 170,000      | -            |
| Valuation allowance            | (2,726,800)  | (3,884,000)  |
| <b>Deferred tax asset, net</b> | <b>\$ -</b>  | <b>\$ -</b>  |

As of December 31, 2017 and 2016, the Company has taxable net loss carryovers of approximately \$12.1 million and \$11.4 million, respectively. The change in the valuation allowance for the years ended December 31, 2017 and 2016 was (\$1,331,435) and \$182,000, respectively. The Company reduced its valuation allowance by approximately \$1,485,000 during 2017 due to the change in tax rates to 21%. Under the Internal Revenue Code of 1986, as amended, these losses can be carried forward twenty years. Net operating losses will expire through 2037.

## **Note 9. Subsequent Events**

The Company has evaluated events from December 31, 2017, through the date whereupon the financial statements were issued and has determined that the items below need to be disclosed.

In January 2018, the Company issued an aggregate of 17,987,500 shares of common stock to various persons, including 17,700,000 shares for services rendered and the remaining 287,500 shares for cash consideration. Included in the stock issuance were 750,000 shares and 1,600,000 shares issued to Robert Denser and Nate Knight, respectively, who are executive officers and/or directors of the Company and 500,000 shares issued to the office



administrator, who is a person affiliated with the Company's CEO.

On April 16, 2018, 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.

F-14

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

### **(1) Previous Independent Auditors**

Effective August 18, 2016, our Board of Directors approved the appointment of Pritchett Siler & Hardy, P.C. (referred to as Pritchett) as our independent registered public accounting firm. During the years ended December 31, 2015 and 2014 and through August 18, 2016, we did not nor did anyone acting on our behalf, consult Pritchett regarding the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on our financial statements, or any reportable events described under Item 304(a)(2)(ii) of Regulation S-K.

### **(2) New Independent Accountants**

On March 29, 2018 (the “Resignation Date”) Pritchett, Siler and Hardy P.C. (“PSH”) resigned as the independent registered public accounting firm for United Health Products, Inc. (the “Company”) due to the sale of certain of PSH’s assets. On March 29, 2018, the Company engaged Haynie & Company, Salt Lake City, Utah, as its new independent registered public accounting firm. The change of the Company’s independent registered public accounting firm from PSH to Haynie & Company was approved unanimously by our board of directors.

During the Company’s two most recent fiscal years and in the subsequent interim period through the Resignation Date, the Company has not consulted with Haynie & Company regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Haynie & Company concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

## **ITEM 9A. CONTROLS AND PROCEDURES**

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

The Company needs to implement 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 the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

As of December 31, 2017, 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 procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). As of the date of this assessment, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2017, because of the material weakness described below.

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 Annual Report on Form 10-K, to ensure that the Company's Annual 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 Annual Report fairly present, in all material respects, the Company's financial condition, results of operations, and cash flows for the periods presented.

## **Management's Report on Internal Control over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the interim or annual financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Chief Executive Officer and Chief Financial Officer assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. In performing its assessment of the effectiveness of the Company's internal control over financial reporting, management applied the criteria described in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO - 2013").

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. However, these control deficiencies 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 these control deficiencies constitute a material weakness.

Because of the material weakness, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2017, based on the criteria in Internal Control-Integrated Framework issued by COSO -2013.

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

There were no reported changes in internal control over financial reporting for the year ended December 31, 2017.

### **ITEM 9B. OTHER INFORMATION**

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

##### Directors and Executive Officers

Our directors and executive officers of the Company as of the filing date of this Form 10-K are as follows:

| Name               | Age | Position with Company  |
|--------------------|-----|--|
| Douglas K. Beplate | 62  | Chief Executive, Chief Operating Officer and Chairman of the Board |
| Nate Knight        | 67  | Chief Financial Officer, Secretary, Treasurer and Director         |
| Robert Denser      | 47  | Director   |

Our directors hold office for one-year terms and until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the Board.

**Douglas K. Beplate**, Chief Executive Officer of the Company since November 2014 and Chief Operating Officer of the Company since November 2013. Mr. Beplate became a director and Chairman of the Board of the Company in 2015. Mr. Beplate has been working on the development and marketing of the Hemostyp gauze since 2010. Mr. Beplate's present responsibilities include daily operations and oversight of sales, marketing, product development and intellectual property. From 1996 to 2007, Mr. Beplate was founder and President of Emergency Filtration Products, Inc. (EFP) where his responsibilities included product design, research and development, patent work and production. During his time at EFP, Mr. Beplate was awarded a grant through California State University San Bernardino for development of nanotechnology for the U.S. government and military sector. Prior to his position at EFP he was a consultant to various medical products firms from where he was involved in research and development, and product design.

**Nate Knight**, a director of the Company since December 2012 and Chief Financial Officer of the Company since 2013, brings to the Company years of business experience and knowledge of the Company's HemoStyp product. Mr. Knight was a principal in Med Spring, Inc., the Company that originally developed the HemoStyp gauze products prior to the Company's acquisition of the rights to same. Mr. Knight has been a public accountant for over 30 years and has owned and operated his own accounting business. Mr. Knight previously held a Series 7 license and since February 2012, he has been employed by an internal auditor with Prime Alliance Bank. Between 2004 and 2010, Mr. Knight served as Chief Financial Officer of MedSpring Group Inc., a privately owned medical device company. Mr.

Knight with his extensive accounting experience and particular knowledge of the Company's HemoStyp product line as well as its potential applications, makes him an ideal candidate to continue to serve on our Board of Directors as an independent director.

**Robert J. Denser**, a director of the Company since November 2014. Mr. Denser graduated from the University of California, Santa Barbara in 1993 with a BA degree in Business Economics. Over the past 10 years his main focus has been to assist federal and state agencies, first responders, EMS agencies and hospitals with their planning and procurement of the necessary medical equipment needed to be adequately prepared for any type of natural or man-made disaster. This includes working with the Medical Directors and their teams from the State of California and Los Angeles County with the development and fulfillment of a \$60 million project that will give hospitals the caches of medical equipment needed to properly respond to the surge of patients that will result from a disaster. For the past five years Mr. Denser has been a member of ETL Response, LLC and has been in the role of Director of Sales and Finance. In this role he coordinates all ETL projects as needed. ETL Response, LLC is our joint venture partner in Hemo Manufacturing LLC. Hemo is acting as the exclusive supplier of manufactured products to all the Company's customers, distributors and end users. Mr. Denser's background experience also includes direct access to key decision makers within the VA hospital system, as well as federal and private disaster response agencies, like FEMA and the Red Cross, that are on the front lines of any disaster. Management believes that the foregoing experience of Mr. Denser makes him an ideal candidate to continue to serve on our Board of Director as an independent director.

### **Directors' and Officers' Liability Insurance**

We are currently looking to obtain directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance also would insure us against losses which we may incur in indemnifying our officers and directors. In addition, we may enter into indemnification agreements with key officers and directors and such persons shall also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

### **Corporate Governance**

Our business, property and affairs are managed by, or under the direction of, our Board, in accordance with the General Corporation Law of the State of Nevada and our By-Laws. Members of the Board are kept informed of our business through discussions with the Chief Executive Officer and other key members of management, by reviewing materials provided to them by management.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the appropriate corporate governance policies and practices for our Company. We have adopted changes and will continue to adopt changes, as appropriate, to comply with the Sarbanes-Oxley Act of 2002 and subsequent rule changes made by the SEC and any applicable securities exchange.

### **Director Qualifications and Diversity**

The board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the board's deliberations and decisions. Candidates shall have substantial experience with one or more publicly traded companies or shall have achieved a high level of distinction in their chosen fields. The board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in the finance and capital market industries.

In evaluating nominations to the Board of Directors, our Board also looks for certain personal attributes, such as integrity, ability and willingness to apply sound and independent business judgment, comprehensive understanding of a director's role in corporate governance, availability for meetings and consultation on Company matters, and the



willingness to assume and carry out fiduciary responsibilities. Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, national origin or disability.

## **Risk Oversight**

Enterprise risks are identified and prioritized by management and each prioritized risk is assigned to the full board for oversight. These risks include, without limitation, the following:

Risks and exposures associated with strategic, financial and execution risks and other current matters that may present material risk to our operations, plans, prospects or reputation.

Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines and credit and liquidity matters.

Risks and exposures relating to corporate governance; and management and director succession planning.

Risks and exposures associated with leadership assessment, and compensation programs and arrangements, including incentive plans.

## **Board Leadership Structure**

In accordance with the Company's By-Laws, the Chairman of the Board presides at all meetings of the Board. Mr. Beplate currently holds both the position of Chairman of the Board and Chief Executive Officer. The Company has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer.

## **Code of Ethics**

We have adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-K of the Exchange Act. This Code of Ethics applies to our directors and senior officers, such as the principal executive officer, principal financial officer and persons performing similar functions. Our Code of Ethics is available as Exhibit 14 to our Annual Report on Form 10-K filed April 16, 2010.

## **Committees**

As of the filing date of this Form 10-K, the Board of Directors has no committees. Robert Denser may be deemed an independent director of the Company as that term is defined under the Exchange Act of 1934, as amended. Mr. Denser is not deemed to be a financial expert. The term "Financial Expert" is defined under the Sarbanes-Oxley Act of 2002, as amended, as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file. Mr. Beplate made delinquent filings of one or more Form 4's in 2017.

## Communications with the Board of Directors

Stockholders may communicate with the Board of Directors by sending a letter to United Health Products, Inc. Board of Directors, c/o our securities counsel, Morse & Morse, PLLC, 1400 Old Country Road, Suite 302, Westbury, NY 11590. Our securities counsel will receive the correspondence and forward it to the Chairman or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, and illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Chairman of the Board has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

## Advisory Board

The Company has formed an Advisory Board consisting of the following persons:

**Gerard Abate, MD** Former Executive Director, Medical Affairs for Fortune 500 company Quest Diagnostics, where he directed 80+ Medical Affairs group that includes 8 clinical franchise medical directors, (oncology, genetics, women's health, cardiovascular-metabolism, neurology, infectious disease/inflammation), HEOR team, publications group, MSLS, genetic counselors and project management.

**Joseph M. Chalil, MD, MBA, FACHE**, Chairman of the Global Clinical Trial Network of American Association of Physicians of Indian Origin (AAPI), the second largest physician organization in the US second only to AMA. He serves on the Healthcare Advisory Board and currently an Adjunct Professor at Nova Southeastern University. Dr. Chalil has over 15 years of Pharmaceutical and Biotechnology management experience. Formerly, a Physician Executive at Boehringer Ingelheim and a veteran of the U.S. Navy Medical Corps, Dr. Chalil is also board certified in healthcare management, and has been awarded Fellowship by the American College of Healthcare Executives.

**Michael Erik Jessen MD** Professor and Chairman, and Frank M. Ryburn, Jr. Distinguished Chair in Cardiothoracic Surgery and Transplantation, Department of Cardiovascular and Thoracic Surgery, University of Texas Southwestern Medical Center.

**Richard Massoth, DDS, MSD** received his specialty training in Endodontics and his Master of Science in Dentistry from Boston University in 1982. He has been an Adjunct Professor at the UCLA School of Dentistry and has been in clinical practice for 36 years. Dr. Massoth has been a published author and a symposium speaker on “Endodontic Microsurgery” and “The Use of Cone Beam CT Scans in Endodontic Diagnosis.”

**David W. Ramey DVM** Thirty-four years of clinical experience as a full-time veterinarian, specializing in the care of performance and pleasure horses: thirteen books, five book chapters, and over seventy papers published in professional journals. Frequent speaker on various veterinary topics at universities, conventions, and continuing education seminars around the United States, as well as Canada, Australia, and the UK.

**Zachariah P. Zachariah, MD** Medical Director, UHealth Cardiology Fort Lauderdale. Clinical Faculty, Department of Cardiology, University of Miami. Board member Florida Board of Governors. Member Board of Trustees, Chairman, Technology Transfer Committee Member- Executive Committee. Member, Academic Affairs & Strategic Planning Committee, Nova Southeastern University.

As the company continues to pursue its application to have HemoStyp approved for clinical use in the United States and South Korea, it looks forward to calling upon these experts in the fields of medicine, veterinary medicine and dental medicine to pursue various opportunities in these different markets.

## ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the overall compensation earned over the fiscal years ended December 31, 2017 and 2016 by (1) each person who served as the principal executive officer of the Company or its subsidiary during fiscal year 2017; (2) our most highly compensated (up to a maximum of two) executive officers as of December 31, 2017 with compensation during fiscal year ended 2017 of \$100,000 or more; and (3) those two individuals, if any, who would have otherwise been included in section (2) above but for the fact that they were not serving as an executive of us as of December 31, 2017.

| Fiscal | Salary | Bonus | Total |
|--------|--------|-------|-------|
|--------|--------|-------|-------|

| Year  | (\$) | (\$)       | Stock Awards<br>(\$) | Options Awards<br>(\$)(1) | Non-Equity Incentive Plan<br>Compensation<br>(\$) | Non-qualified Deferred Compensation<br>Earnings<br>(\$) | All Other Compensation<br>(\$)(2)(3) | (\$)       |
|---|------|------------|----------------------|---------------------------|---|---|--------------------------------------|------------|
| Douglas Beplate<br>Chief Executive<br>Officer | 2017 | \$ 180,000 | \$ -0-               | \$ -0-                    | \$ -0-  | \$ -0-  | \$ -0-                               | \$ 180,000 |
|   | 2016 | \$ 180,000 | \$ -0-               | \$ -0-                    | \$ -0-  | \$ -0-  | \$ -0-                               | \$ 180,000 |

(1) FASB ASC Topic 718 requires the company to determine the overall full grant date fair value of the restricted stock awards and options as of the date of grant based upon the Black-Scholes method of valuation which total amounts are set forth in the table above under the year of grant, and to then expense that value over the service period over which the restricted stock awards and options become vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock awards and options. For a description FASB ASC Topic 718 and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the financial statements included with this Form 10 K.

- (2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than \$10,000; (ii) any "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.
- (3) Includes compensation for service as a director described under Director Compensation, below.

For a description of the material terms of each named executive officers' employment arrangements, including the terms of any contract, agreement, plan or other arrangement that provides for any payment to a named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of the company see section below entitled "Employment Arrangements."

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer were repriced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout.

### **Employment Agreement – Douglas Beplate**

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 is entitled to an annual restricted stock bonus equal to 2 ½% of gross sales with the number of shares computed based upon the average closing sales price of the Company's common stock in the month of December of each year. No stock bonus related to gross sales was accrued for 2016 or 2017 as such stock bonuses were immaterial and were waived by Mr. Beplate. 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.

On April 16, 2018, 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.

### **Employment Agreements of Other Executive Officers and the Spouse of our CEO**

In November 2014, the Company entered into employment agreement with Nate Knight, our Chief Financial Officer. His employment agreement is terminable by the Company "at will." Mr. Knight receives cash compensation of \$4,000 per month, which has been increased to \$5,000 per month. Mr. Knight received 500,000 shares as a signing bonus pursuant to his employment agreement and a stock bonus of 1,600,000 common shares in January 2018.

The spouse of our Chief Executive Officer entered into an employment agreement for her services in November 2014 as an office administrator and she receives as an employee "at will" 500,000 shares as a signing bonus and a monthly salary of \$4,000, which has been increased to \$5,000 per month. She also received a January 2018 stock bonus of 500,000 common shares.

### **Executive Officer Outstanding Equity Awards At Fiscal Year-End**

As of the filing date of this form 10-K, the Company has no outstanding Common Stock Options and none were issued in the year ended December 31, 2017 or 2016 to executive officers or directors of the Company.

### **Review of Risks Arising from Compensation Policies and Practices**

We have reviewed our compensation policies and practices for all employees and concluded that any risks arising from our policies and practices are not reasonably likely to have a material adverse effect on the Company.

## **DIRECTOR COMPENSATION**

### *Cash Fees and Options*

Currently the Company has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors, although it intends to establish an audit, compensation and corporate governance committee in the near future. No cash fees have been paid to board members for serving on the board. The Company has rewarded its directors with restricted shares and/or options.

During fiscal 2017, the Company did not grant any of its directors cash, securities or other remuneration for serving on the Board.

### *Travel Expenses*

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

### *2013 Stock Option Plan*



On August 8, 2013, the Board of Directors approved the 2013 Employee Benefit and Consulting Services Compensation Plan which has 15,000,000 shares that may be issued under said Plan. The Plan provides for the direct issuance of shares of common stock under the Plan and for the grant of non-statutory stock options on terms established by the Board of Directors or committee thereof. While the Plan provides for incentive stock options, no incentive stock options may be granted under the Plan since no stockholder approval was obtained on or before August 8, 2014. In September 2013, the Company issued 6,000,000 shares of stock under said Plan to Douglas Beplate pursuant to his consulting contract. The Company has not granted any options under the Plan since its approval.

### *Stock Issuance*

In January 2018, the Company issued an aggregate of 17,987,500 shares of common stock to various persons, including 17,700,000 shares for services rendered and the remaining 287,500 shares for cash consideration. Included in the stock issuance were 750,000 shares and 1,600,000 shares issued to Robert Denser and Nate Knight, respectively, who are executive officers and/or directors of the Company and 500,000 shares issued to the office administrator, who is a person affiliated with the Company's CEO.

## **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

As of April 15, 2018, the Company had outstanding 182,932,164 shares of Common Stock. The only persons of record who presently hold or are known to own (or believed by the Company to own) beneficially more than 5% of the outstanding shares of such class of stock is listed below. The following table also sets forth certain information as to holdings of the Company's Common Stock of all officers and directors individually, and all officers and directors as a group.

| Name and Address of Beneficial Owner (1)             | Number of     |            |
|--|---------------|------------|
|  | Common Shares | Percentage |
| <i>Officers and Directors:</i>                       |               |            |
| Nate Knight  | 2,100,000     | 1.1%       |
| Douglas K. Beplate (2)                               | 4,590,253     | 2.5%       |
| Robert Denser  | 1,350,000     | *          |
| All directors and officers as a group (four persons) | 8,040,253     | 4.4%       |

\* Represents less than 1%



- (1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and is generally determined by voting powers and/or investment powers with respect to securities. Unless otherwise noted, all of such shares of common stock listed above are owned of record by each individual named as beneficial owner and such individual has sole voting and dispositive power with respect to the shares of common stock owned by each of them. Such person or entity's percentage of ownership is determined by assuming that any options or convertible securities held by such person or entity, which are exercisable within sixty (60) days from the date hereof, have been exercised or converted as the case may be, but not for the purposes of determining the number of outstanding shares held by any other named beneficial owner. All addresses are c/o United Health Products, Inc., 10624 S. Eastern Ave., Ste. A209, Henderson, NV 89052.
- (2) Excludes 500,000 shares owned by his spouse. Also excludes a 15% post stock issuance bonus to be issued to Mr. Beplate on or before December 31, 2019. See Item 11.

Securities Authorized for Issuance under Equity Compensation Plans.

On August 8, 2013, the Board of Directors approved the 2013 Employee Benefit and Consulting Services Compensation Plan which has 15,000,000 shares that may be issued under said Plan. In September 2013, the Company issued 6,000,000 shares of stock under said Plan to Douglas Beplate pursuant to his consulting contract. No options have been granted under the Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

As of December 31, 2017 and 2016, notes payable to related parties totaled \$268,328 and \$178,328, respectively. These amounts are owed to Doug Beplate, our Chief Executive Officer. During the years ended December 31, 2017 and 2016, Mr. Beplate provided loans to the Company of \$90,000 and \$66,138. These loans were for operating expenses of the Company, are due on demand and have no interest rate.

As of December 31, 2017, Doug Beplate is owed \$86,500 for unpaid compensation per his employment agreement.

Director Independence

Robert Denser is deemed by management to be an independent director of the Company as that term is defined under Section 10 of the Securities Exchange Act of 1934, as amended.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Pritchett Siler & Hardy PC are our former independent registered accountants and the following table sets forth the fees billed by them for fiscal 2017 and 2016 for the categories of services indicated.

|                    | <b>Year Ended</b>            |             |
|--------------------|------------------------------|-------------|
|                    | <b>December 31,<br/>2017</b> | <b>2016</b> |
| Audit fees         | \$ 20,500                    | \$ 7,500    |
| Audit-related fees | -0-                          | -0-         |
| Tax fees           | -0-                          | -0-         |
| All other fees     | -0-                          | -0-         |

(1) Other fees include quarterly reviews.

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements and the review of the quarterly financial statements. All other fees relate to other professional services rendered.

*Audit Committee Pre-Approval Policy*

We understand the need for the accounting firm to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair their objectivity, our Audit Committee has restricted the non-audit services that they may provide to us.

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(1) Financial Statements

The financial statements required by Item 8 are submitted in a separate section of this report, beginning Page F-1, incorporated herein and made a part hereof.

(2) Financial Statement Schedules

Schedules have been omitted because of the absence of conditions under which they are required or because the required information is included in the financial statements or notes thereto.

(3) Exhibits

(a) Exhibits

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

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

|             |  |
|-------------|--|
| <u>10.1</u> | <u>Employment Agreement – Nate Knight (4)</u>                              |
| <u>10.2</u> | <u>January 2015 Employment Agreement with Douglas Beplate (6)</u>          |
| 21          | Subsidiaries of the Registrant – none                                      |
| <u>31.1</u> | <u>Certification of Principal Executive Officer*</u>                       |
| <u>31.2</u> | <u>Certification of Principal Financial Officer*</u>                       |
| <u>32.1</u> | <u>Section 1350 Certificate by Principal Executive Officer*</u>            |
| <u>32.2</u> | <u>Section 1350 Certificate by Principal Financial Officer*</u>            |
| <u>99.1</u> | <u>2013 Employee Benefit and Consulting Services Compensation Plan (7)</u> |

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) Left blank intentionally.
- (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.

**SIGNATURES**

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

**UNITED HEALTH PRODUCTS, INC.**

Dated: April 17, 2018

By: */s/ Douglas Beplate*  
Douglas Beplate  
Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

| <b>Signatures</b>                                 | <b>Title</b>   | <b>Date</b>    |
|---|--|----------------|
| By: <i>/s/ Douglas Beplate</i><br>Douglas Beplate | Principal Executive Officer and<br>Chairman of the Board | April 17, 2018 |
| By: <i>/s/ Nate Knight</i><br>Nate Knight         | Principal Financial Officer and Director                 | April 17, 2018 |
| By: <i>/s/ Robert Denser</i><br>Robert Denser     | Director   | April 17, 2018 |

Douglas Beplate, Nate Knight and Robert Denser represent all the current members of the Board of Directors.