

Future Healthcare of America  
Form 10-Q  
November 10, 2016

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

**FORM 10-Q**

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

For the quarterly period ended September 30, 2016

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

For the transition period from  
to

Commission File No. 000-54917

FUTURE HEALTHCARE OF AMERICA

(Exact name of registrant as specified in its charter)

WYOMING  
(State or other jurisdiction of incorporation or organization)

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

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5001 Baum Blvd, Suite 770

Pittsburgh, PA 15213

(Address of Principal Executive Offices)

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

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

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

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

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

As of November 7, 2016, there were 11,265,631 shares of common stock, par value \$0.001, of the registrant issued and outstanding.



PART I - FINANCIAL INFORMATION

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

**Future Healthcare of America**

**Index to Unaudited Financial Statements**

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## FUTURE HEALTHCARE OF AMERICA

## UNAUDITED CONSOLIDATED BALANCE SHEETS

|  | September 30,<br>2016 | December 31,<br>2015 |
|--|-----------------------|----------------------|
| <b>CURRENT ASSETS:</b>   |                       |                      |
| Cash   | \$ 350,209            | \$ 481,115           |
| Accounts receivable  | 443,400               | 584,487              |
| Prepaid expenses   | 47,256                | 41,358               |
| Total current assets   | 840,865               | 1,106,960            |
| Property and equipment, net  | -                     | 36                   |
| Deposit  | -                     | 14,112               |
| Total assets   | \$ 840,865            | \$ 1,121,108         |
| <b>CURRENT LIABILITIES:</b>  |                       |                      |
| Accounts payable   | 61,695                | 65,669               |
| Accrued expenses   | 287,069               | 246,026              |
| Derivative liability   | 54,093                | 263,532              |
| Deferred revenue   | 13,023                | -                    |
| CONVERTIBLE SECURED DEBENTURE PAYABLE, net of<br>discount of \$0 and \$0, respectively | 1,010,000             | 1,010,000            |
| Total current liabilities  | 1,425,880             | 1,585,227            |
| Total liabilities  | 1,425,880             | 1,585,227            |
| <b>STOCKHOLDERS' (DEFICIT)</b>   |                       |                      |
| Common stock   | 11,266                | 11,266               |
| Additional paid-in capital   | 1,313,160             | 1,313,160            |
| Accumulated (deficit)  | (1,909,441)           | (1,788,545)          |
| Total stockholders' (deficit)  | (585,015)             | (464,119)            |
| Total liabilities and stockholders' deficit  | \$ 840,865            | \$ 1,121,108         |

**Future Healthcare of America and Subsidiaries Balance Sheet (Parenthetical)**

|                                 | September 30,<br>2016 | December 31,<br>2015 |
|---------------------------------|-----------------------|----------------------|
| Statement of Financial Position |                       |                      |
| Allowance for doubtful accounts | 20,200                | 20,200               |
| Common stock authorized         | 200,000,000           | 200,000,000          |
| Common stock par value          | 0.001                 | 0.001                |
| Common stock outstanding        | 11,265,631            | 11,265,631           |

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

## FUTURE HEALTHCARE OF AMERICA

## UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

|   | For the Three Months Ended |              | For the Nine Months Ended |                |
|---|----------------------------|--------------|---------------------------|----------------|
|   | Sept. 30,                  | Sept. 30,    | Sept. 30,                 | Sept. 30,      |
|   | 2016                       | 2015         | 2016                      | 2015           |
| REVENUE                                   |                            |              |                           |                |
| Total Revenue                             | \$ 856,039                 | \$ 973,647   | \$ 2,925,596              | \$ 2,875,340   |
| COST OF SERVICES                          |                            |              |                           |                |
| Total Cost of Services                    | 667,617                    | 648,954      | 2,204,664                 | 1,987,266      |
| Gross Profit                              | 188,422                    | 324,693      | 720,932                   | 888,074        |
| OPERATING EXPENSES                        |                            |              |                           |                |
| Selling expenses                          | 18,274                     | 38,276       | 50,935                    | 103,530        |
| General and administrative                | 97,214                     | 121,967      | 298,021                   | 329,938        |
| Salaries, wages and related expenses      | 176,297                    | 175,034      | 523,392                   | 458,951        |
| Professional and consulting fees          | 23,587                     | 51,612       | 103,447                   | 198,191        |
| Total Operating Expenses                  | 315,372                    | 386,889      | 975,795                   | 1,090,610      |
| LOSS FROM OPERATIONS                      | (126,950)                  | (62,196)     | (254,863)                 | (202,536)      |
| OTHER INCOME (EXPENSE):                   |                            |              |                           |                |
| Interest income                           | 77                         | 43           | 279                       | 137            |
| Gain/(loss) on derivative                 | 63,460                     | (801,355)    | 209,439                   | (652,413)      |
| Interest expense                          | (25,250)                   | (25,250)     | (75,750)                  | (440,744)      |
| Other income (expense)                    | -                          | 1            | -                         | 1              |
| Total Other Income (Expense)              | 38,287                     | (826,561)    | 133,968                   | (1,093,019)    |
| LOSS BEFORE INCOME TAXES                  | (88,663)                   | (888,757)    | (120,895)                 | (1,295,555)    |
| CURRENT INCOME TAX EXPENSE                |                            |              |                           |                |
| (BENEFIT)                                 | -                          | -            | -                         | -              |
| DEFERRED INCOME TAX EXPENSE               |                            |              |                           |                |
| (BENEFIT)                                 | -                          | -            | -                         | -              |
| NET LOSS AVAILABLE TO COMMON SHAREHOLDERS | \$ (88,663)                | \$ (888,757) | \$ (120,895)              | \$ (1,295,555) |
| BASIC LOSS PER COMMON SHARE               | \$ (0.008)                 | \$ (0.08)    | \$ (0.01)                 | \$ (0.12)      |
| BASIC WEIGHTED AVERAGE COMMON SHARES      |                            |              |                           |                |
| OUTSTANDING                               | 11,265,631                 | 10,796,066   | 11,265,631                | 10,708,305     |
| DILUTED LOSS PER COMMON SHARE -           | \$ (0.008)                 | \$ (0.08)    | \$ (0.01)                 | \$ (0.12)      |
|   | 11,265,631                 | 10,796,066   | 11,265,631                | 10,708,305     |



DILUTED WEIGHTED AVERAGE  
COMMON

SHARES OUTSTANDING

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

FUTURE HEALTHCARE OF AMERICA  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | September 30,<br>2016 | September 30,<br>2015 |
|---|-----------------------|-----------------------|
| Cash Flows from Operating Activities                    |                       |                       |
| Net loss  | \$ (120,895)          | \$ (1,295,555)        |
| Adjustments to reconcile net income to net cash used by |                       |                       |
| operating activities:                                   |                       |                       |
| Interest to be paid with stock                          | 75,750                | 75,750                |
| Stock issued to consultants                             | -                     | 7,000                 |
| Depreciation and amortization expense                   | 36                    | 49                    |
| Accretion on discount                                   | -                     | 364,994               |
| Gain on derivative instruments                          | (209,439)             | 652,413               |
| Change in assets and liabilities:                       |                       |                       |
| Accounts receivable                                     | 126,073               | (96,911)              |
| Prepaid expenses  | 8,214                 | 20,662                |
| Accounts payable  | (3,974)               | 14,706                |
| Accrued expense   | (34,707)              | 56,921                |
| Deferred revenue  | 28,036                | (5,773)               |
| Net Cash Used by Operating Activities                   | (130,906)             | (205,744)             |
| Cash Flows from Investing Activities:                   |                       |                       |
| Issuance of Note Receivable                             | -                     | (40,000)              |
| Net Cash Used in Investing Activities                   | -                     | (40,000)              |
| Cash Flows from Financing Activities:                   |                       |                       |
| Payments (to)/from FAB Universal                        |                       |                       |
| Net Cash Provided/ (Used) by Financing Activities       | -                     | -                     |
| Net Increase (Decrease) in Cash                         | (130,906)             | (245,744)             |
| Cash at Beginning of Period                             | 481,115               | 793,193               |
| Cash at End of Period                                   | \$ 350,209            | \$ 547,449            |
| Supplemental Disclosures of Cash Flow Information       |                       |                       |
| Cash paid during the periods for:                       |                       |                       |
| Interest  | -                     | -                     |
| Income taxes  | -                     | -                     |

## Supplemental Disclosures of Non-Cash Investing and Financing

Activities:

For the Nine Months Ended

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|   | September 30, |           |
|---|---------------|-----------|
| NON-CASH EXPENDITURES                           | 2016          | 2015      |
| Amortization of discount on note payable        | -             | 364,994   |
| Depreciation expense                            | 36            | 49        |
| Interest expense to be paid with stock          | 70,750        | 70,750    |
| Change in FMV of derivative liability           | (209,439)     | 652,413   |
| Expenditures paid with issuance of common stock | -             | 7,000     |
| Total non-cash expenditures                     | (138,653)     | 1,095,206 |

The accompanying notes are an integral part of these financial statements

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

**Cash and Cash Equivalents** The Company considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents. At September 30, 2016, the Company had \$64,845 cash balances in excess of federally insured limits.

**Accounts Receivable** - Accounts receivable consist of trade receivables arising in the normal course of business. At September 30, 2016 and December 31, 2015, the Company has an allowance for doubtful accounts of \$20,200, which reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. During the nine months ended September 30, 2016 and 2015, the Company adjusted the allowance for bad debt by \$0.

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

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

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

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

**Advertising Costs** - Advertising costs are expensed as incurred and amounted to \$26,427 and \$32,775 for the nine months ending September 30, 2016 and 2015, respectively.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

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

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

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In 2015, the FASB issued an amended standard requiring that we classify all deferred tax assets and liabilities as non-current on the balance sheet instead of separating deferred taxes into current and non-current. The amended standard is effective for us beginning in the first quarter of 2017; early adoption is permitted and we are evaluating whether we will early adopt. The amended standard may be adopted on either a prospective or retrospective basis. We do not expect that the adoption of this standard will have a significant impact on our financial position or results of operations.

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

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

NOTE 2 - GOING CONCERN

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

NOTE 3 - PROPERTY & EQUIPMENT

The following is a summary of property and equipment at:



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|                                   |          | September 30, |          | December 31, |          |
|-----------------------------------|----------|---------------|----------|--------------|----------|
|                                   | Life     | 2016          |          | 2015         |          |
| Furniture, fixtures and equipment | 2-10 yrs | \$            | 36,384   | \$           | 36,384   |
|                                   |          |               | 36,384   |              | 36,384   |
| Less: Accumulated depreciation    |          |               | (36,384) |              | (36,348) |
| Property & equipment, net         |          | \$            | -        | \$           | 36       |

Depreciation expense for the periods ended September 30, 2016 and 2015 was \$36 and \$49, respectively.

NOTE 4 VARIABLE RATE SENIOR SECURED CONVERTIBLE DEBENTURE

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

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 VARIABLE RATE SENIOR SECURED CONVERTIBLE DEBENTURE - Continued

The fair value of the beneficial conversion feature of the warrants and greenshoe totaled \$952,254 and was recorded as a derivative liability. The Company recorded a discount on the note for beneficial conversion feature of the note. The \$952,254 discount on the beneficial conversion feature was amortized as interest expense over the term of the note. As of September 30, 2016, the Company has amortized \$952,254 of the discount, with no remaining unamortized discount being offset against the outstanding balance of the note in the accompanying balance sheet. As of September 30, 2016, the Company had accrued interest payable on the debenture of \$208,552.

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into a variable rate senior secured convertible debenture, wherein the Company agreed to register the underlying share, warrants and greenshoe. The fair value of the beneficial conversion feature of the warrants and greenshoe was estimated using the Black Scholes pricing model and totaled \$952,254 upon issuance and was recorded as a derivative liability. As of September 30, 2016, the fair value of the warrants based on the following assumptions (Life 0.94 years, risk free interest rate 0.59%, volatility of 184.32%, stock price of \$.07 and exercise price of \$.50) was \$54,093, and a gain totaling \$209,439 was recorded for the nine months ended September 30, 2016.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

.

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

.

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

.

Expands disclosures about financial instruments measured at fair value.

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

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

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

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

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

## FUTURE HEALTHCARE OF AMERICA

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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

| As of September 30, 2016:                             | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|----------------|----------------|----------------|
| Derivative liability - Conversion feature of warrants | -              | -              | (54,093)       |

## NOTE 7 - CAPITAL STOCK

**Common Stock** - The Company has authorized 200,000,000 shares of common stock, \$0.001 par value. As of September 30, 2016, 11,265,631 shares were issued and outstanding.

On January 7, 2015, the Company issued 50,000 unregistered common shares valued at \$7,000 for consulting services.

## NOTE 8 WARRANTS AND GREENSHOE

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

|                                    | September 30, 2016 |   | December 31, 2015 |   |
|------------------------------------|--------------------|---|-------------------|---|
|                                    | <u>Shares</u>      | Weighted<br>Average<br>Exercise<br><u>Price</u> | <u>Shares</u>     | Weighted<br>Average<br>Exercise<br><u>Price</u> |
| Outstanding at beginning of period | 3,030,000          | \$ 0.50   | 3,030,000         | \$ 0.50   |
| Granted                            | -                  | -   | -                 | -   |

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|                              |           |         |           |         |
|------------------------------|-----------|---------|-----------|---------|
| Exercised                    | -         | -       | -         | -       |
| Forfeited                    | -         | -       | -         | -       |
| Expired                      | -         | -       | -         | -       |
| Outstanding at end of period | 3,030,000 | \$ 0.50 | 3,030,000 | \$ 0.50 |

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

NOTE 9 - INCOME TAXES

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

Because of the uncertainty surrounding the realization of the loss carryforwards and significant changes in the ownership of the Company, a valuation allowance has been established equal to the tax effect of the loss carryforwards and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The net deferred tax assets are approximately \$1,300,000 as of September 30, 2016, with an offsetting valuation allowance of the same amount.

FUTURE HEALTHCARE OF AMERICA

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 LEASES

**Operating Lease** - The Company leases office space in Casper, Wyoming for \$4,892 a month through June 2018. The Company further leases space in Billings, Montana for of \$1,490 a month through February 2017.

The future minimum lease payments for non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2016 are as follows:

Twelve months ending September 30

Lease Payments

2017

\$

66,154

2018

44,028

2019

-

2020

-

Thereafter

=

Total Minimum Lease Payments

\$

Lease expense charged to operations was \$57,438 and \$57,055 for the nine months ended September 30, 2016 and 2015, respectively.

#### NOTE 11 INCOME/ (LOSS) PER SHARE

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

|   | For the Three Months |              | For the Nine Months |                |
|---|----------------------|--------------|---------------------|----------------|
|   | <u>September 30</u>  |              | <u>September 30</u> |                |
|   | 2016                 | 2015         | 2016                | 2015           |
| Loss from continuing operations available to common stockholders (numerator)                                | \$ (88,663)          | \$ (888,757) | \$ (120,895)        | \$ (1,295,555) |
| Loss available to common stockholders (numerator)   | (88,663)             | (888,757)    | (120,895)           | (1,295,555)    |
| Weighted average number of common shares outstanding during the period used in loss per share (denominator) | 11,265,631           | 10,796,066   | 11,265,631          | 10,708,305     |

At September 30, 2016 and 2015, the Company had 3,030,000 and 3,030,000, respectively, warrants to purchase common stock of the Company at \$0.50 per share, and a convertible debenture payable wherein the holder could convert the note and underlying accrued interest into a minimum of 6,217,870 and 4,812,716, respectively shares of common stock which were not included in the loss per share computation because their effect would be anti-dilutive.

#### NOTE 12 - SUBSEQUENT EVENTS

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





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

Safe Harbor Statement.

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

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

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

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

**Business Highlights**

Based in Casper, Wyoming, and Billings, Montana, FHA's subsidiary, Interim Healthcare of Wyoming, Inc., a Wyoming corporation (Interim), is an independent franchisee of Interim HealthCare that has been serving its community for 18 years and is providing a wide range of visiting nurse services to the elderly, wounded and sick. It is one of the 300 independent home health agencies that comprise the Interim HealthCare network. Our business consists of providing healthcare services for those in need. We record all revenue and expenses and provide all services under one umbrella. Below is a description of our Home Healthcare and Staffing operations.

As the census (number of patients utilizing facilities) in the hospitals fluctuates, we are taking the necessary steps to position ourselves for the ups and downs of the census for these facilities. Our home healthcare service continued to generate the majority of our revenue during the first nine months of 2016.

During the first nine months of 2016, FHA experienced a 2% increase in revenue over the first nine months of 2015. This was driven by an increase in our staffing business in Billings, Montana Casper, as well as an increase in our Wyoming home health business.

We have seen a decrease in the census within the hospitals in our Casper location as well as the utilization of our staffing services in Billings. During the first nine months of 2016, we have seen a decrease in the utilization of our Medicare business in the Casper, Wyoming location. As for our operations, we anticipate a continued struggle with operating results during the fourth quarter of 2016. We anticipate a slowing of the use of our staffing services during the fourth quarter of 2016. We also anticipate a slowing of the utilization of our home healthcare business in Casper. As such, we will continue to evaluate opportunities to expand the realm of services we offer. Promotional activities and operations are being managed as the offices experience fluctuations in the day-to-day activities and as we embark on new business opportunities.

Our home healthcare business continues to be a substantial revenue generator for our Company as our country's population ages and new methods of patient data capture become critical components for delivering high quality, affordable healthcare services in a patient's home. Although this has been a gradual process, we continue to build a solid business that will offer a complimentary package of new technology and traditional services.

## **Home Healthcare**

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

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

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

## **Staffing**

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

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

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

### Results of Operations

#### Nine Months Ended September 30, 2016 and 2015.

During the nine months ended September 30, 2016, FHA recorded revenues of \$2,925,596, a 2% increase over revenues of \$2,875,340 for the same period in 2015. The increase for 2016 reflects an increase in revenue within our staffing services in the Billings, Montana location, with an off-set from a decrease in revenue in home healthcare in the Billings, Montana and Casper, Wyoming locations.

For the nine months ended September 30, 2016, cost of services totaled \$2,204,664, an 11% increase compared to \$1,987,266 in the comparable period of 2015. This is a reflection of the costs associated with the change in the mix of revenue, higher wages, and a decrease in efficiency. FHA posted a gross profit of \$720,932 during the first nine months of 2016, versus a gross profit of \$888,074 for the first nine months of 2015, a decrease of 19%.

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FHA recorded total operating expenses of \$975,796 during the first nine months of 2016, an 11% decrease as compared to operating expenses of \$1,090,610 in the same period of 2015. General and administrative expenses totaled \$298,021 in the first nine months of 2016 versus \$329,938 in the first nine months of 2015, a decrease of 10%, due to a decrease in insurance, rent and travel related expenses. Consulting fees decreased from \$198,191 to \$103,447 when comparing the first nine months of 2015 versus 2016. The decrease was driven by a reduction in legal and accounting fees incurred as the company searched for growth opportunities during 2015. Salaries, wages and related expenses increased to \$523,392 in the first nine months of 2016 from \$458,951 in 2015, an increase of 14% due to an increase in personnel. Selling expenses in the first nine months of 2016 were \$50,935 versus \$103,530 in the comparable period of 2015 driven by decreased investor relations services.

For the first nine months of 2016, other income included \$209,439 for recognition of a gain on the derivative liability and \$75,750 of interest expense on the note payable.

For the first nine months of 2015, other expense included a \$652,413 for recognition of a loss on the derivative liability and interest expense of \$364,994 for the accretion of the discount on the note payable as well as \$75,750 of interest expense on the note payable.

FHA's net loss available to common shareholders was \$120,895 for the first nine months of 2016. This represents a \$1,174,660 decrease from our net loss of \$1,295,555 in the first nine months of 2015.

### Three Months Ended September 30, 2016 and 2015.

During the three months ended September 30, 2016, FHA recorded revenues of \$856,039, a 12% decrease over revenues of \$973,647 for the same period in 2015. The decrease reflects a decrease in revenue driven by our home healthcare and staffing businesses.

For the quarter ended September 30, 2016, cost of services totaled \$667,617, a 3% increase as compared to \$648,954 in the comparable period of 2015. This is a reflection of a shift in the revenue mix, higher wages, as well as a decrease in efficiency, thus resulting in FHA posting a gross profit of \$188,422 during the third quarter 2016, versus a gross profit of \$324,693 for the third quarter of 2015, a decrease of 42%.

FHA recorded total operating expenses of \$311,537 during the third quarter of 2016, a 19% decrease as compared to operating expenses of \$386,889 in the same period of 2015. General and administrative expenses totaled \$97,214 in the third quarter 2016 versus \$121,967 in the third quarter 2015, a decrease of 20%, due to a decrease in rent and insurance costs. Consulting fees decreased to \$23,587 from \$51,612 when comparing the third quarter of 2016 versus 2015. The decrease was driven by a reduction in professional services incurred by the Company related to search for growth opportunities versus the third quarter of 2015. Salaries, wages and related expenses increased to \$176,297 in

the third quarter of 2016 from \$175,034 in 2015, an increase of 1%. Selling expenses in the third quarter of 2016 were \$18,274 versus \$38,276 in the comparable quarter of 2015 due to a decrease in investor relations services during the third quarter of 2016.

FHA's net loss available to common shareholders was \$88,663 for the third quarter of 2016. This is an \$800,094 decrease from our net loss of \$888,757 in the third quarter of 2015.

Liquidity and Capital Resources.

Cash on hand was \$350,209 at September 30, 2016, a decrease of \$130,906 from the \$481,115 on hand at December 31, 2015. Cash used in operations for the nine months ended September 30, 2016, was \$130,906, versus cash used in operation of \$205,744 for the nine months ended September 30, 2015. The use of cash for operations is a reflection of the operating results during 2016.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

**(a) Evaluation of Disclosure Controls and Procedures**

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

As of September 30, 2016, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of such date, the design and operation of these disclosure controls were effective to accomplish their objectives at the reasonable assurance level.

**(b) Changes in Internal Control over Financial Reporting**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), occurred during the fiscal quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

Item 1. Legal Proceedings.

Future Healthcare of America is involved in routine legal and administrative proceedings and claims of various types. We have no material pending legal or administrative proceedings, other than ordinary routine litigation incidental to our business, to which we or any of our subsidiaries are a party or of which any property is the subject. While any proceeding or claim contains an element of uncertainty, management does not expect that any such proceeding or

claim will have a material adverse effect on our results of operations or financial position.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

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

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Mine Safety Disclosures.

None; not applicable.

Item 5. Other Information.

(a)

None; not applicable.





(b) During the quarterly period ended September 30, 2016, there were no changes to the procedures by which shareholders may recommend nominees to the Company's board of directors.

Item 6. Exhibits.

Exhibit No.

Description

31.1

302 Certification of Christopher J. Spencer

31.2

302 Certification of John Busshaus

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906 Certification.

SIGNATURES

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

FUTURE HEALTHCARE OF AMERICA

*Date: 11/10/16*

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

*Date: 11/10/16*

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