

United Health Products, Inc.
Form 10-K
May 13, 2016

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, 2015**

COMMISSION FILE NUMBER: **814-00717**

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**

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**

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

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, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: 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 June 30, 2015, the number of shares held by non-affiliates was approximately 117,900,000 shares. The approximate market value based on the last sale (i.e. \$.09 per share as of June 30, 2015, the last business day of the second quarter) of the Company's Common Stock was approximately \$10,611,000.

The number of shares outstanding of the Registrant's Common Stock, as of April 25, 2016 was 151,502,796.

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 dental and medical markets and is pursuing multiple markets for HemoStyp, including the medical, sports, dental, military and veterinary sectors, each of which represents a multi-million dollar market.

Acquisition of Intellectual Property Rights

In June 2009, the Company acquired the intellectual property rights of Epic Wound Care, LLC, through its former wholly-owned subsidiary, Epic. The intellectual property includes the right to manufacture and distribute innovative gauze to serve the wound care market. The acquisition cost for the rights was 30 million shares of Company's common stock. The Company valued the rights acquired at \$500,000 based upon the Company's expectation for commercialization of the rights less costs to effectuate applicable approvals.

Primary Strategy

The Company's gauze products are designed for the wound care market and manufactured to our specifications by a manufacturing agent in China. 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.

In August 2012, the Company's manufacturing agent in China of its gauze products under the name HemoStyp, received 510(k) approval from the U.S. Food and Drug Administration ("FDA") to be sold as a Class I device. The Company has the ability to represent to distributors and customers that its gauze products meet all FDA requirements as a Class I device. 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, 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). In 2016, the Company is seeking to expand on this base and is seeking to enter the international dialysis market. No assurances can be given that the Company will be successful in expanding its distribution market on terms satisfactory to us, if at all.

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.

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:

- 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 intend to distribute both nationally and internationally. We intend to service our customers through distributors, sales representatives, industry-specialized telephone support, and the Internet. Our potential customer base 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

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

- Occupational and Industrial Healthcare Professionals

On December 19, 2012, the Company announced that its hemostatic gauze was featured in the clinicians report for the second time in 2012. This report is a published scientific testimonial that features products which have met the criteria and approval of the dental community. This report is distributed to over 10,000 dental care providers. In the December issue, the Company's HemoStyp was listed among the best products evaluated during 2012 with 83% of the evaluators stating that they would recommend the product. On January 22, 2013, the Company announced that its HemoStyp was featured in the January 2013 edition of Dentistry Today. Dentistry Today is a top dental industry report offering comprehensive coverage of the latest news and developing technologies from within the dental industry.

In August 2013, we entered into a consulting agreement with Douglas Beplate for the exclusive purpose of retaining his services to develop and market our hemostatic gauze products. In November 2013, our Board of Directors asked Mr. Beplate to become an executive officer of the Company, a position he accepted for the purpose of developing and expanding our business opportunities. As a result of Mr. Beplate's efforts, we have succeeded in obtaining distribution/partner agreements for the dental, veterinarian, equestrian and U.S. military and retail markets as well as Australasia.

Manufacturing and Packaging of our Products

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. Hemo Manufacturing is responsible for overseeing quality control of products at our overseas (non-exclusive) manufacturer in China as well as the packaging and labeling of our products for distribution. Pursuant to said agreement, 2,000,000 restricted shares of the Company's Common Stock were issued upon execution of the agreement. 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 managing member of Hemo Manufacturing LLC owns 51% of this entity and the Company owns 49% of this entity.

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. 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 have all necessary licenses or other regulatory approvals and believe that we are in compliance with all applicable pharmaceutical wholesale distribution requirements needed to conduct our operations.

On April 29, 2010, the Company's then wholly-owned subsidiary, Epic Wound Care, Inc., submitted a Section 510(k) premarket notification of intent to market its hemostatic gauze as a Class III device to the U.S. Food and Drug Administration ("FDA"). On August 3, 2010, the FDA sent Epic a notice that the application was insufficient to allow the FDA to make the determination. In August 2012, our non-affiliated manufacturing agent in China had its Section 510(k) pre-market notification approved as a Class I device as described herein.

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 2015 and 2014, we incurred \$0 and \$0, respectively, in research and development expenditures.

Employees

As of March 31, 2016, we have four full-time employees of the Company.

ITEM 1A. RISK FACTORS

We are engaged in the sale and distribution of hemostatic gauze products to stop superficial bleeding. As we develop our business, there are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

RISKS RELATED TO OUR BUSINESS

We have a history of operating losses and may continue to lose money in the future.

For the years ended December 31, 2015 and 2014, the Company had a net loss of (\$2,591,861) and (\$2,144,334), respectively. While the Company's hemostatic gauze products have 510(k) FDA approval from the FDA for our manufacturing agent in China to manufacture these products, we can provide no assurances that our operations will be profitable in the future.

We have limited operating history. Accordingly, you will have no basis upon which to evaluate our ability to achieve our business objectives.

We have limited operating history, which makes it difficult for potential investors to evaluate our business or prospective operations. Our business plan is to develop the U.S. and International market for the sale of our hemostatic gauze product line. Our plans are subject to all of the risks inherent in the financing, expenditures, complications and delays inherent in a relatively new business. Investors should evaluate an investment in our Company in light of the uncertainties frequently encountered by companies developing markets for new products. We may never overcome these obstacles. In addition, our business is speculative and depends upon the implementation of our business plan and our ability to enter into agreements with third parties on terms that will be commercially viable for us. There can be no assurance that our efforts will be successful or that we will be able to attain profitability.

Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. This could make it more difficult for us to raise funds and adversely affect our relationships with lenders, investors and suppliers.

Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern. This indicates that our auditors believe that substantial doubt exists regarding our ability to continue to remain in business. We cannot provide any assurance that we will in fact operate our business profitably or obtain sufficient financing to sustain our business in the event we are not successful in our efforts to generate sufficient revenue and operating cash flow. The expression of such doubt by our independent registered public accounting firm or our inability to overcome the factors leading to such doubt could have a material adverse effect on our relationships with prospective customers, lenders, investors and suppliers, and therefore could have a material adverse effect on our business.

We will need additional financing to execute our business plan and fund operations, which additional financing may not be available.

We currently have a working capital deficit, minimal cash and limited sales of our products. As result of the Company's financial position, we may not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We may be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financings. Future financings through equity investments are likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuances of incentive awards under equity employee incentive plans, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the healthcare industry, and the fact that we are not profitable, which could impact the availability and cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

No guarantee of market acceptance.

Our success is dependent on market acceptance of our hemostatic gauze products. We cannot assure you that healthcare market professionals will conclude that our hemostatic gauze products are useful and/or safe. We cannot assure you that our hemostatic gauze products will ultimately achieve or maintain significant market acceptance among distributors, patients, physicians, or healthcare payers in general.

We are dependent upon strategic relationships and distribution agreements to conduct our operations.

To market and sell our hemostatic gauze products business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with private parties and contractual arrangements with other resource companies. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations. To date, we have entered into distribution/partner agreements for the dental, veterinarian, equestrian and U.S. military and retail markets as well as for Australasia for our hemostatic gauze products. We can provide no assurances that additional distribution agreements will be entered into on terms satisfactory to us, if at all or that our operations will be profitable as a result of these distribution agreements.

We could experience difficulties in our supply chain.

We do not maintain our own manufacturing facilities. Our exclusive contract manufacturer oversees the manufacture of our hemostatic gauze products through a manufacturing agent in China on a non-exclusive basis, which agent has obtained 510(k) approval with the FDA for the manufacturing of the Company's hemostatic gauze products as a Class 1 device. If the Company's manufacturing agent in China should experience difficulties in the process of manufacturing, such as changes in environmental regulations, rising wages, late deliveries, shortages of components or raw materials, cash problems or excessive transport costs, there would be an adverse impact on our ability to generate revenue. Our contract manufacturer is also responsible for quality control in China and overseeing the packaging and labeling of our products for

distribution. We are dependent upon the services of our contract manufacturer to perform its obligations in a satisfactory manner.

We are currently dependent on one hemostatic gauze product line to generate income.

The Company's hemostatic gauze product line is currently our only product line from which we can derive revenue. Lack of success in developing a commercial market for this product line will materially adversely affect our operations.

Our business may suffer if we do not attract and retain talented personnel.

Our success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our management and other personnel in conducting our intended business. In addition, we depend on management and employees to interpret market data correctly and to interpret and respond to economic, market and other conditions to locate and adopt appropriate business opportunities. We presently have a small management team, which we intend to expand in conjunction with our planned operations and growth. We will have to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If we are unable to attract and retain additional key management personnel and enter into satisfactory employment and other agreements, our business may be adversely affected.

We may not be able to adequately protect our technologies or intellectual property rights.

Our commercial success will depend in part on maintaining patent protection and trade secret protection of our technologies as well as successfully defending our intellectual property against third-party challenges. We will only be able to protect our technologies from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage.

RISKS RELATED TO OUR INDUSTRY

The healthcare industry is subject to extensive government regulation, which can result in increased costs, delays, limits on its operating flexibility and competitive disadvantages.

The healthcare industry is generally subject to extensive regulatory requirements. Many of these requirements result in significant costs that may adversely affect our business and financial results. If we are unable to pass those costs on it would negatively impact our profit margin.

Healthcare insurance legislation may lead to unintended adverse effects for businesses involved in our industry. New legislation that gives the Federal government greater regulatory powers may lead to negative consequences for certain aspects of our business. The full scope of the recently passed healthcare legislation may not be felt for several years, it is therefore difficult to predict any future consequences that would be

challenges to our Company, or if we can overcome them.

Failure to comply with laws or government regulations could result in penalties.

Certain government requirements for technologies in the healthcare market may require licensure or mandatory minimum standards relating to the provision of services. Failure to comply with these requirements could materially affect our ability to expand into new or existing markets. Future regulatory developments may also cause disruptions to our operations.

Risks Relating to Our Organization

We are subject to the reporting requirements of the federal securities laws, which can be expensive.

We are a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act and other federal and state securities laws, including compliance with the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders increase our operating costs.

It is time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications required by that Act.

Failure to achieve and maintain effective disclosure controls or internal controls could have a material adverse effect on our ability to report our financial results timely and accurately.

As result of our analysis of our system of internal accounting controls and accounting and financial reporting processes, we have identified a material weakness in our disclosure controls and internal controls. These are more specifically discussed in Item 9A of this Annual Report. As a result of these deficiencies, we must perform additional analysis and other post-closing procedures to insure that our financial statements are prepared in accordance with US generally accepted accounting principles. As a result, we will incur expenses and devote significant management resources to this review process. Furthermore, effective internal controls and procedures are necessary for us to continue to provide reliable financial reports. If we continue to have material weaknesses in our internal controls and procedures, we may not be able to provide reliable financial reports and our business and operating results could be harmed.

Public company compliance requirements may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. Compliance with the new rules and regulations increases our operating costs and makes certain activities more time consuming and costly than if we were not a public company. As a public company, these new rules and regulations make it more difficult and expensive for us to obtain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers.

There exist risks to stockholders relating to dilution: authorization of additional securities and reduction of percentage share ownership following investment.

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

To the extent that additional shares of common stock are issued, the stockholders would experience dilution of their respective ownership interests in the Company. Additionally, if the Company issues a substantial number of shares of common stock in connection with or following an investment, a change in control of the Company may occur which may affect, among other things, the Company's ability to utilize net operating loss carry forwards, if any. Furthermore, the issuance of a substantial number of shares of common stock may adversely affect prevailing market prices, if any, for the common stock and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company may use consultants and other third parties providing goods and services or additional capital. These consultants or third parties may be paid in cash, stock, options or other securities of the Company, and the consultants or third parties may be Placement Agents or their affiliates.

RISKS RELATING TO OUR COMMON STOCK

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in the healthcare industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float", in the hands of a small number of persons whose sales or lack of sales, could result in positive or negative pricing pressure on the market price for our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of cash dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on investment will only occur if our stock price appreciates.

There is currently established market for our common stock and we cannot ensure that one will ever develop or be sustained.

The Company's common stock is available for trading on the OTCQB. Management considers the market for our common stock to be limited. We can provide no assurances that an established trading market for our common stock will exist in the future.

Our common stock is deemed a "penny stock", which may make it more difficult for our investors to sell their shares.

Our common stock is subject to the "penny stock" rules adopted under Section 15(g) of the Securities Exchange Act of 1934. The penny stock rules apply to companies whose common stock is not listed on a national securities exchange and trades at less than \$5.00 per share or that have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. In as much as our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any holding period under Rule 144, or expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. DESCRIPTION OF PROPERTY

The Company is utilizing on a temporary basis rent free, as its principal executive office, space located at 10624 S. Eastern Avenue, Ste. A209, Henderson, NV 89052.

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.

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 OTCQB 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.

	High		Low
For Year Ended 2015			
First Quarter	\$ 0.10	\$	0.07
Second Quarter	0.10		0.07
Third Quarter	0.10		0.07
Fourth Quarter	0.11		0.07

For Year Ended 2014			
First Quarter	\$ 0.19	\$	0.14
Second Quarter	0.17		0.09
Third Quarter	0.14		0.09
Fourth Quarter	0.13		0.05

(b) Holders

As of March 24, 2016, there were approximately 197 holders of record of our issued and outstanding 151,502,796 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

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

During the period October 1, 2015 through December 31, 2015, the Company issued the following unregistered securities:

Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security Afforded to Purchasers	Exemption from Registration Claimed	If Option, Warrant or Convertible Security, terms of exercise or conversion
Fiscal 2015	Common Stock	2,575,626 Shares	\$193,172 received; no commissions paid	Rule 506; Section 4(2)	Not applicable

During the period January 1, 2015 through December 31, 2015, there were no repurchases of the Company's unregistered securities. However, Dr. Forman effectuated the cancellation of 2,090,000 shares which he voluntarily agreed to return to the Company in July 2013.

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.

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 dental and medical markets and is pursuing multiple markets for HemoStyp, including the medical, sports, dental, military and veterinary sectors, each of which represents a multi-million-dollar market.

Current Economic Environment

The general economic situation, together with the limited availability of debt and equity capital, including through bank financing, will likely have a disproportionate impact on the Company. As a result, we may not be able to execute our business plan as a result of inability to raise sufficient capital and/or be able to develop a customer base for our hemostatic gauze products.

Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business. Since our formation, we have not generated any significant revenues. We have not as yet attained a level of operations that allows us to meet our current overhead and may not attain profitable operations within our first few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. In August 2012, our Chinese manufacturing agent received

510(k) approval from the FDA for our hemostatic gauze products to be sold as a Class I product.

We are dependent upon obtaining additional financing adequate to fund our operations. While we funded our 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 us and, if available, on terms that are favorable to us. The report of our auditors on our financial statements for the year ended December 31, 2015 includes a reference to going concern risks. Our ability to continue as a going concern is also dependent on many events outside of our 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 these uncertainties.

Results of Operations

Year ended December 31, 2015 versus year ended December 31, 2014

During 2015, the Company had \$53,266 of revenues as compared to \$162,677 for the comparable period of the prior year. These revenues are attributable to our distribution agreements. Management believes that the fiscal 2016 will show increased sales as a result of our distribution agreements.

Total operating expenses for 2015 and 2014 were \$2,608,468 and \$2,171,902, respectively. In 2015 and 2014, the Company recorded stock based compensation of \$1,711,974 and \$1,127,347, respectively. The 2015 operating expenses included a \$1,347,224 charge against operating expenses relating to a signing bonus of 11.1 million shares of our common stock which was issued to our Chief Executive Officer in connection with his employment agreement and an additional stock bonus of \$348,224 along with a \$360,000 charged to expense due to 4,000,000 shares issued for financial advisory services. In 2014, the Company recorded total stock based compensation of \$1,127,347 relating to the employment agreements of Dr. Forman, Nate Knight and three other employees (\$1,039,847) and consultants (\$87,500).

Our net loss for 2015 was (\$2,591,861) as compared to a net loss of (\$2,144,334) for the comparable period of the prior year. The primary increase in our net loss for 2015 relates to the increase in operating expenses described in the preceding paragraph.

In August 2012, our Chinese manufacturing agent received 510(k) approval from the FDA to our hemostatic gauze products as a Class I device. Since then, products have been showcased in dental publications. 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 2016 should begin to see substantial sales.

Financial Condition, Liquidity and Capital Resources

As of December 31, 2015, the Company had a negative working capital of \$800,065 and stockholders' deficiency of \$800,065. 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 2015 and 2014 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

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

The Company's cash on hand at December 31, 2015 and December 31, 2014 was \$1,481 and \$8,272, respectively.

During fiscal 2015 and fiscal 2014, the Company had net cash used in operating activities of \$844,037 and \$334,833, respectively. Fiscal 2015 and 2014 includes non-cash effects of: stock based compensation of \$1,711,974 and \$1,127,347; interest accrued of \$0 and \$52,146; and amortization of \$0 and \$50,000, respectively. Cash flow from financing activities in fiscal 2015 and fiscal 2014 resulted in cash being provided of \$837,246 and \$341,250, respectively. In fiscal 2014, the Company received \$341,250 from the sale of its common stock to non-affiliated persons.

Off-Balance Sheet Arrangements

As of December 31, 2015 and 2014, 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

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

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.

The Company has recorded as intangibles amounts representing the rights we have obtained to technology and know-how based upon the amounts the Company had previously recorded for the assets exchanged for the rights or the market value of its common stock given as consideration. In the opinion of management, the valuation of the assets given in exchange for the rights are representative of the value as the assets and based upon the Company's current plans for these rights there has been no diminution in their value.

We used the Black-Scholes option pricing model to determine the fair value of stock options in connection with stock based compensation charges as well as certain finance cost charges when we issued warrants in connection with the issuance of indebtedness. The determination of the fair value of stock-based payment awards or warrants on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends.

Due to our limited history as a public company, we have estimated expected volatility based on the historical volatility of certain companies as determined by management. The risk-free rate for the expected term of each option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on our intent not to issue a dividend as a dividend policy. Due to our limited operating history,

management estimated the term to equal the contractual term.

If factors change and we employ different assumptions for estimating stock-based compensation expense in future periods or if we decide to use a different valuation model, the future periods may differ significantly from what we have recorded in the current period and could materially affect our operating income, net income and net income per share.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions including the expected stock price volatility. Because our stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models may not necessarily provide a reliable single measure of the fair value of its employee stock options.

Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by Item 8 are submitted in a separate section of this report, beginning on Page 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, 2015 and 2014, and the related statements of operations, stockholders' deficiency, and cash flows for each of the years in the two year period ended December 31, 2015. 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 audits.

We conducted our audits 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 audits provide 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, 2015 and 2014, and the results of its operations and its cash flows for the years in the two year period ended December 31, 2015, 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 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 its 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/ Rosenberg Rich Baker Berman & Company

Somerset, New Jersey

May 13, 2016

UNITED HEALTH PRODUCTS, INC

Balance Sheets

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,481	\$ 8,272
Accounts receivable	8,854	-
Inventory	41,918	31,873
Prepaid expense	216	870
Total current assets	52,469	41,015
Other Assets		
Intangible Assets, net of accumulated amortization of \$500,000 and \$500,000, respectively	-	-
TOTAL ASSETS	\$ 52,469	\$ 41,015
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 417,431	\$ 372,483
Liability for unissued shares	145,543	567,043
Notes payable - related parties	112,190	542,776
Other Notes payable	177,370	168,223
Total current liabilities	852,534	1,650,525
Commitments and Contingencies		
Stockholders' Deficiency		
Common Stock - \$.001 par value, 300,000,000 shares and 150,000,000 shares, respectively, authorized, and 148,003,140 and 108,197,640 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	148,003	108,198
Additional Paid-In Capital	11,172,455	7,609,329
Stock subscriptions	139,625	341,250
Accumulated Deficit	(12,260,148)	(9,668,287)
Total Stockholders' Deficiency	(800,065)	(1,609,510)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 52,469	\$ 41,015

See notes to financial statements.

UNITED HEALTH PRODUCTS, INC

Statements of Operations

For the Year Ended December 31,
2015 2014

Revenues	\$ 53,266	\$ 162,677
Cost of sales	27,512	82,963
	25,754	79,714
Operating Costs and Expenses		
Amortization of Intangibles	-	50,000
Selling, general and administrative expenses	2,608,468	2,121,902
Total Operating Expenses	2,608,468	2,171,902
Loss from Operations	(2,582,714)	(2,092,188)
Other income (expenses)		
Interest Expense, Net	(9,147)	(52,146)
Total other income (expense)	(9,147)	(52,146)
Net Loss	\$ (2,591,861)	\$ (2,144,334)
Net Loss per common share:		
Basic	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	138,680,899	102,945,825

See notes to financial statements.

UNITED HEALTH PRODUCTS, INC

Statements of Stockholders' Deficiency

For the Years Ended December 31, 2015 and 2014

	Common Stock		Additional	Stock	Accumulated	Total
	Shares	Amount	Paid-in Capital	Subscription	Deficit	
Balance at January 1, 2014	102,260,140	102,260	6,299,869	-	(7,523,953)	(1,121,824)
Proceeds received for stock subscriptions, issued in 2015	-	-	-	341,250	-	341,250
Forfeiture of shares	(950,000)	(950)	950	-	-	-
Issuance of Common Stock in connection with Services	6,700,000	6,700	677,900	-	-	684,600
Options issued	-	-	21,247	-	-	21,247
Forgiven debt in settlement, related parties	-	-	594,551	-	-	594,551
Issuance of common stock in exchange of liabilities for unissued shares	187,500	188	14,812	-	-	15,000
Net Loss	-	-	-	-	(2,144,334)	(2,144,334)
Balance at December 31, 2014	108,197,640	108,198	7,609,329	341,250	(9,668,287)	(1,609,510)
Proceeds received for stock	-	-	-	139,625	-	139,625

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

subscriptions						
Issuance of common stock for services	19,019,156	19,019	1,692,955	-	-	1,711,974
Sale and issuance of common stock	12,055,500	12,055	914,626	(341,250)	-	585,431
Issuance of common stock to settle related party debt	6,030,844	6,031	536,745	-	-	542,776
Issuance of common stock in exchange of liabilities for unissued shares	2,700,000	2,700	418,800	-	-	421,500
Net Loss	-	-	-	-	(2,591,861)	(2,591,861)
Balance at December 31, 2015	148,003,140	148,003	11,172,455	139,625	(12,260,148)	(800,065)

See notes to financial statements.

UNITED HEALTH PRODUCTS, INC

Statements of Cash Flows

For the Years Ended December 31,

	2015	2014
Cash Flows from Operating Activities:		
Net Loss	\$ (2,591,861)	\$ (2,144,334)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:		
Depreciation and Amortization	-	50,000
Interest accrued	-	52,146
Issuance of Stock Based Compensation	1,711,974	1,127,347
Changes in assets and liabilities:		
Accounts receivable	(8,854)	-
Inventory	(10,045)	1,778
Prepaid expense	654	(870)
Accounts payable and accrued expenses	44,948	(156,945)
Other current liabilities	9,147	-
Expenses paid by related party	-	422,155
Net Cash Used In Operating Activities	(844,037)	(334,833)
Cash Flows from Financing Activities:		
Net Cash Used in Investing Activities	-	-
Cash Flows from Financing Activities:		
Proceeds from related parties	146,190	-
Repayments on related party notes	(34,000)	-
Proceeds from common stock	725,056	341,250
Net Cash Provided By Financing Activities	837,246	341,250
Increase (Decrease) in Cash and Cash Equivalents	(6,791)	6,417
Cash and Cash Equivalents - Beginning of period	8,272	1,855
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 1,481	\$ 8,272
Supplemental cash flow information:		
Cash paid for interest	\$ 0	\$ 0
Cash paid for income taxes	\$ 0	\$ 0
Schedule of Non-Cash Financing Activities:		
Issuance of stock in exchange for liability, accounted in prior year as unissued shares	\$ 421,500	\$ 15,000
Common stock issued for settlement of debt and accrued interest	\$ 542,776	\$ 594,551

See notes to financial statements.

F-5

UNITED HEALTH PRODUCTS, INC. AND SUBSIDIARY COMPANY

NOTES TO FINANCIAL STATEMENTS

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. Epic Wound Care, Inc. ("Epic"), the Company's principal operating subsidiary, was dissolved by the State of Florida and, accordingly, all operations are now directly in the Company.

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. 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 \$2,591,861 and \$2,144,334 for the years ending December 31, 2015 and 2014, respectively. The Company's history of recurring losses result in an accumulated deficit of \$12,260,148. 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, 2015 and 2014. 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 2011.

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

As of December 31, 2015, the Company has approximately \$10.9 million of net operating loss carry-forwards 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

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.

Revenues are attributable to the sale of medical products through distributor agreements. The principal terms of the distributor agreements provide that the distributor orders be accompanied by partial payment in advance, which at least equals 50% of total manufactured cost, as defined, for orders for distributor inventory and, in addition, an agreed portion of the distributor's gross profit on special orders. The balance of the manufactured cost is due from the distributor at the time of shipment. The Company is also entitled to an agreed percentage of the distributor's profit on receipt by the distributor. The Company defers all amounts received in advance of shipment and recognizes as revenue the aggregate of amounts invoiced in advance and an estimate of the Company's portion of distributor's profit at the time of shipment.

F-7

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.

There was no provision for doubtful accounts recorded at December 31, 2015 and 2014, as we have not experienced any bad debts from any of our customers.

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. Per the Company's operating agreement with Hemo Manufacturing LLC, the lowest price to produce and distribute a four square inch of inventory is \$0.86, which will be recorded upon completion of the manufacturing process.

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 the effect of potentially dilutive securities (-0- options and -0- warrants at December 31, 2014 and 2015) is anti-dilutive.

New Accounting Pronouncements, Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued Accounting Standards Update (ASU) No. ASU 2016-09, *Compensation - Stock Compensation, Improvements to Employee Share-Based payment Accounting (Topic 718)*. This update is intended to provide simplification of the accounting for share based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This update is effective for our fiscal year beginning January 1, 2017. We are currently evaluating the impact of the adoption of ASU 2016-09 on our 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 July 2015, the FASB issued Accounting Standards Update (ASU) No. ASU 2015-11, *Simplifying the Subsequent Measurement of Inventory*, which simplifies the subsequent accounting for inventory. This standard does not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in this Update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). ASU 2015-11 will be effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the potential impact of the adoption of this accounting pronouncement to its financial statements.

In August 2014, FASB issued Accounting Standards Update (ASU) No. 2014-15 *Preparation of Financial Statements – Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. Under generally accepted accounting principles (GAAP), continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. If and when an entity's liquidation becomes imminent, financial statements should be prepared under the liquidation basis of accounting in accordance with Subtopic 205-30, *Presentation of Financial Statements—Liquidation Basis of Accounting*. Even when an entity's liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. In those situations, financial statements should continue to be prepared under the going concern basis of accounting, but the amendments in this Update should be followed to determine whether to disclose information about the relevant conditions and events. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company will evaluate the going concern considerations in this ASU, however, at the current period, management does not believe that it has met conditions which would subject these financial statements for additional disclosure.

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The revenue recognition standard affects all entities that have contracts with customers, except for certain items. The new revenue recognition standard eliminates the transaction-and industry-specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. Public entities are required to adopt the revenue recognition standard for reporting periods beginning after December 15, 2016, and interim and annual reporting periods thereafter. Early adoption is not permitted for public entities. The Company has reviewed the applicable ASU and has not, at the current time, quantified the effects of this pronouncement, however it believes that there will be no material effect on the financial statements.

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

Note 3. Acquisition of Intellectual Property Rights

In June 2009, the Company acquired the intellectual property rights of Epic Wound Care, LLC, through the then wholly-owned subsidiary, Epic Wound Care, Inc. ("Epic"). The intellectual property includes the right to manufacture and distribute innovative gauze to serve the wound care market. The acquisition cost for the rights was 30 million shares of Company's common stock. The Company valued the rights acquired at \$500,000 based upon the Company's expectation for commercialization of the rights less costs to effectuate applicable approvals.

The Company amortized the intangibles acquired over a five year period and, accordingly recorded an amortization charge of \$50,000 in 2014. The intellectual property is fully amortized as of December 31, 2014.

F-9

Note 4. Related Party Transactions

As of December 31, 2014, notes payable to related parties totaled \$542,776. These monies, at December 31, 2014, were owed to Doug Beplate, our Chief Executive Officer. In January 2015, Douglas Beplate converted \$542,776 of indebtedness and a bonus of \$348,224 for a total of \$891,000 into 9.9 million shares of restricted Common Stock. Between January 1, 2015 and December 31, 2015, Mr. Beplate provided loans to the Company of \$112,190. 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 pursuant to which he received a signing bonus of 11.1 million shares of restricted common stock and a monthly salary of \$8,333. The common shares issued, at fair market value of \$999,000, was recognized as expense in the first quarter of 2015. 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 2015. 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.

In November 2014, the Company entered into employment agreements with Dr. Phillip Forman, formerly Chairman of the Board, and Nate Knight, our Chief Financial Officer. Dr. Forman's employment agreement, which was terminable "at will" provided for cash compensation of \$5,000 per month. Dr. Forman received 3,000,000 shares as a signing bonus, subject to his cancellation of 2,090,000 shares which he volunteered to cancel in July 2013. Dr. Forman has been reportedly unable to locate his certificates totaling 2,090,000 shares to cancel. Mr. Knight received 500,000 shares as a signing bonus and a monthly salary of \$4,000 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.

On June 25, 2015, Dr. Forman resigned from the Board and as its Chairman. The Company and Dr. Forman entered into an agreement pursuant to which Dr. Forman's employment agreement terminated effective October 1, 2015. Until that date, Dr. Forman served as a medical advisor to the Company. The Company and Dr. Forman agreed that Dr. Forman would assist the Company to cancel the 2,090,000 shares that he agreed to surrender to the Company in July 2013, which shares were cancelled in July 2015, and his 3,000,000 common stock bonus that was agreed to in November 2014, which shares had not been issued, was reduced to 1,600,000 shares to be issued pursuant to the Company's 2013 Employee Benefit and Consulting Services Compensation Plan. These 1,600,000 shares were issued on June 25, 2015. Pursuant to Dr. Forman's amended employment agreement, he was scheduled to receive additional compensation totaling \$15,000 for the period of June 25 through October 1, 2015.

Note 5. 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 as described in "Note 7." 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.

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

On January 18, 2014, the Company entered into a consulting agreement with an individual to assist the Company in the areas of corporate networking, sales, marketing and strategic planning. Pursuant to said agreement, the Company issued 200,000 shares of restricted stock and immediately upon executing the agreement an option to purchase an additional 300,000 shares of stock at \$0.12 per share from a third party. The shares were recorded as expense at the fair market value at the date of contract, in the amount of \$34,000. The options issued were valued using the Black Scholes valuation model, resulting in an expense of \$21,247. The assumptions used in determining the value were:

Expected volatility	102.0%
Expected dividend yield	0.0%
Risk-free interest rate	1.75%
Expected term (in years)	.5

On November 7, 2014, the Board of Directors approved the issuance and sale of 9.6 million shares of its Common Stock pursuant to various employment agreements and to consultants in exchange for services rendered valued at \$.083 per share. For the year ending December 31, 2014, the Company issued 6,500,000 shares, at the fair market value of \$539,500. The Company has not issued 100,000 shares to a director or 3,000,000 shares to be distributed to Phillip Forman, upon the submission of cancellation of the 2,090,000 shares. The Company has accrued a liability of \$324,000 for the issuance of these shares. In January 2015, the Company issued the director the 100,000 shares.

In the fourth quarter of 2014, the Company sold 4,121,486 shares of its Common Stock in a private placement offering at an offering price of \$.083 per share (166,666 shares were sold at \$.078 per share), for gross proceeds of \$341,250 which was received in 2014. These shares were issued subsequent to the year end. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In the first quarter of 2015, the Company sold 4,536,909 shares of its Common Stock in a private placement offering at offering prices ranging from \$.07 per share to \$.083 per share, for gross proceeds of \$339,160. These shares were issued subsequent to the year end. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In the second quarter of 2015, the Company sold 370,000 shares of its common stock in a private placement offering at offering prices ranging from \$.075 per share to \$.078 per share for gross proceeds of approximately \$15,600. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In January 2015, Douglas Beplate converted \$542,776 of indebtedness and a stock bonus of \$348,224 for a total of \$891,000 into 9.9 million shares of restricted Common Stock. Contemporaneously, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received as a bonus 11.1 million shares of restricted Common Stock. The common shares issued, at fair market value of \$999,000, was recognized as expense in the first quarter of 2015.

Previously, the Company entered into a distribution agreement with Sinc Ventures LLC. In 2014, the Company agreed to terminate the distribution agreement in June 2015 in consideration of 50,000 shares of the Company's Common Stock, which 50,000 shares were issued in June 2015.

In June 2015, the Company and Dr. Forman agreed to reduce his 3,000,000 shares signing bonus to 1,600,000 shares. See "Note 3."

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.

In the third quarter of 2015, the Company sold 3,034,291 shares of its common stock in a private placement offering at offering prices ranging from \$.075 per share to \$.078 per share for gross proceeds of approximately \$227,600. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended. This amount is recorded in the stock subscriptions account found on the balance sheet.

In the fourth quarter of 2015, the Company sold 2,575,626 shares of its common stock in a private placement offering at \$.075 per share for gross proceeds of approximately \$142,725. Exemption from registration is claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended. This amount is recorded in the stock subscriptions account found on the balance sheet.

Note 6. 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 described below.

On November 8, 2013, the Company filed a Complaint in the Second Judicial District Court, State of Nevada, County of Washoe, against a former officer and director of the Company, LeadDog Capital LP, a corporation which in the past has loaned money to the Company, and certain other defendants. The Company sought among other things to have LeadDog Capital LP cancel its indebtedness owed by the Company. A settlement agreement was reached effective August 18, 2014 pursuant to which all monies owed by the Company to LeadDog Capital LP were cancelled.

In August 2014, the Company, a former officer and director of the Company, LeadDog Capital LP and other defendants in the litigation referenced above, agreed to settle the litigation in order to avoid the inconvenience and expense of continued litigation. The settlement made by the parties does not constitute an admission of liability. Pursuant to the Settlement Agreement, LeadDog Capital LP agreed to cancel all principal and accrued interest thereon. The forgiveness included loans payable of \$504,603, accrued compensation of \$50,000 and accrued interest of \$39,948, for a total of \$594,551, which was accounted for as a debt forgiveness from a related party and therefore a contribution of capital, in the amount of \$594,551, recognized for the year ending December 31, 2014. Additionally, the former officer and director agreed as part of the settlement to sell 1.5 million shares owned by him with one-third of the proceeds to be retained by him, including an expected minimum of \$55,000, and two-thirds of the proceeds to be paid to the Company. The Nevada Court confirmed the settlement agreement on October 2, 2014. Subsequent to the Court confirmation of the Settlement Agreement, the former officer and director entered into an amendment to the Settlement Agreement pursuant to which he agreed to cancel 950,000 of the 1,500,000 shares, while retaining 550,000 shares.

Note 7. 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, valued at \$231,270, restricted shares of the Company's Common Stock 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.

Since 2013, the Company entered into distribution agreements for Australasia and the equestrian, veterinarian, dental and U.S. military and retail markets.

In August 2013, the Company entered into a consulting agreement with Douglas Beplate. Pursuant to said agreement, the Company retained Mr. Beplate for the exclusive purpose of developing and marketing its hemostatic gauze products. A signing bonus of 6,000,000 shares of Common Stock which resulted in recording compensation expense of \$744,000 was agreed upon and was issued pursuant to the Company's 2013 Employee Benefit and Consulting Services Compensation Plan. These 6,000,000 shares were issued in September 2013 after the Plan was filed with the Securities and Exchange Commission on Form S-8.

In November 2014, the Company entered into employment agreement with Dr. Phillip Forman, Chairman of the Board, and Nate Knight, our Chief Financial Officer. Each employment agreement is terminable by the Company "at will." Dr. Forman and Mr. Knight receive cash compensation of \$5,000 per month and \$4,000 per month, respectively. Dr. Forman received 3,000,000 shares as a signing bonus, subject to his cancellation of 2,090,000 shares which he volunteered to cancel in July 2013. Dr. Forman has been reportedly unable to locate his certificates totaling 2,090,000 shares to cancel. Mr. Knight received 500,000 shares as a signing bonus pursuant to his employment agreement. 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.

On June 25, 2015, Dr. Forman resigned from the Board and as its Chairman. The Company and Dr. Forman entered into an agreement pursuant to which Dr. Forman's employment agreement will terminate effective October 1, 2015. Until that date, Dr. Forman will serve as a medical advisor to the Company. The Company and Dr. Forman agreed that Dr. Forman would assist the Company to cancel the 2,090,000 shares that he agreed to surrender to the Company in July 2013 and his 3,000,000 common stock bonus that was agreed to in November 2014, which shares had not been issued, was reduced to 1,600,000 shares to be issued pursuant to the Company's 2013 Employee Benefit and Consulting Services Compensation Plan. These 1,600,000 shares were issued on June 25, 2015. Pursuant to Dr. Forman's amended employment agreement, he will receive additional compensation totaling \$15,000 for the period of June 25 through October 1, 2015.

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.

Note 8. Other Current Liabilities

As of December 31, 2015 and 2014, included in other current liabilities are four outstanding notes to various individuals aggregating \$177,370 and \$168,223 in principal and accrued interest, respectively. Interest accrues at the rate of 9% - 14% per annum. The loans are currently in default.

F-13

The Company has recognized a "Liability for unissued shares" for shares granted to employees and consultants, 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:

	2015	2014
Balance, beginning	\$ 567,043	\$ 160,543
Stock based compensation recognized	-	421,500
Issuance of shares in satisfaction of liability	(421,500)	(15,000)
Balance, ending	\$ 145,543	\$ 567,043

The total number of shares granted but unissued were 1,579,044 and 5,595,711, as of December 31, 2015 and 2014, respectively.

Note 9. 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 does not require stockholder approval to be implemented, since stockholder approval was not obtained on or before August 8, 2014, incentive stock options under the 1986 Tax Code cannot be granted under the Plan. In September 2013, the Company issued 6,000,000 shares of stock under said Plan to Douglas Beplate pursuant to his consulting contract described in Note 7.

A summary of the option activity both under and outside of the 2013 Employee Benefit and Consulting Services Compensation Plan as of December 31, 2014 and 2015, and changes during the year then ended is presented below:

Options	
Outstanding at January 1, 2014	2,150,000
Forfeited	(2,150,000)
Outstanding at December 31, 2014	-0-
Issued or Forfeited	(-0-)
Outstanding at December 31, 2015	-0-

Note 10. 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.

	December 31,	
	2015	2014
Income tax provision (benefit) at statutory rate	\$ (880,000)	\$ (729,000)
Change in valuation allowance	880,000	729,000
Income Tax Expense	\$ -	\$ -
Net deferred tax assets and liabilities were comprised of the following:		
Net Operating Losses	\$ 3,702,000	\$ 3,287,000
Valuation allowance	(3,702,000)	(3,287,000)
Deferred tax asset, net	\$ -	\$ -

As of December 31, 2015, the Company has taxable net loss carryovers of approximately \$10.9 million. The change in the valuation allowance for the years ended December 31, 2015 was \$880,000. Under the Internal Revenue Code of 1986, as amended, these losses can be carried forward twenty years. Net operating losses will expire through 2035.

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, 2015 or 2014. The Company's federal income tax returns for the years ended December 31, 2011 through December 31, 2015 remain subject to examination by the Internal Revenue Service as of December 31, 2015.

Note 11. Subsequent Events

The Company has evaluated events from December 31, 2015, through the date whereupon the financial statements were issued and has determined that the items below need to be disclosed.

The Company issued 2,810,000 shares of common stock in satisfaction of the stock subscriptions recorded on the balance sheet.

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

The Company issued 689,656 shares of common stock for total proceeds of \$50,000.

F-15

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

Not applicable.

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, 2015, 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, 2015, 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, 2015. 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").

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. Also, the Company did not timely file its reports or Form 10-K with the SEC for the years ended December 31, 2014, 2012 and 2011. These control deficiencies did not result in audit adjustments to the Company's annual or interim financial statements. 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, 2015, based on the criteria in Internal Control-Integrated Framework issued by COSO.

Changes in Internal Control over Financial Reporting

There were no reported changes in internal control over financial reporting for the quarter ended December 31, 2015.

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	60	Chief Executive and Chief Operating Officer
Nate Knight	65	Chief Financial Officer, Secretary, Treasurer and Director
Dr. John V. Capotorto	55	Director
Robert Denser	45	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. There is currently a vacancy in the Board of Directors since the June 2015 resignation of Dr. Phillip Forman.

Douglas K. Beplate, Chief Executive Officer of the Company since November 2014 and Chief Operating Officer of the Company since November 2013. 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.

John V. Capotorto, MD, MBA, a director of the Company since June 1, 2011, has served since 2001 as the Chief Medical Officer and Compliance Director for The Center for Wound Healing, Inc. and the President of the American Association of Wound Care Management. Dr. Capotorto has been an attending physician in Adult and Pediatric Endocrinology and clinical assistant professor at State University of New York Health Science Center at Brooklyn. His board certifications have included Internal Medicine, Pediatrics, Adult and Pediatric Endocrinology and Metabolism and is accredited in hyperbaric medicine. Additionally, he has been the Medical Director of the Diabetes Treatment Center at Staten Island University Hospital and has extensive experience in both wound care and hyperbaric medicine. Management believes that the foregoing experience of Dr. Capotorto makes him an ideal candidate to continue to serve on our Board of Director 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, a position which is currently vacant, presides at all meetings of the Board. It is intended that the offices of Chairman of the Board and Chief Executive Officer remain separated. The Company has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board believes that the separation of

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

the offices of the Chairman of the Board and Chief Executive Officer is likely is in the best interests of the Company.

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

In the past, the Board of Directors appointed an audit committee and compensation committee, and adopted charters relative to the audit committee. However, with all the changes occurring in the Board of Directors since the beginning of 2011, the Company has no current committees in place as of the filing date of this Form 10-K. The Company intends in the future to expand the Board and to form audit, compensation and nominating committees consisting of one or more independent directors. As of the filing date of this Form 10-K, while the Board of Directors has no committees, John Capotorto and Robert Denser is each an independent directors of the Company as that term is defined under the Exchange Act of 1934, as amended. Mr. Capotorto and Mr. Denser would not be 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. In 2015, none of our executive officers or directors filed a Form 3, 4 or 5. In 2016, Dr. Forman filed a Form 4 for June 25, 2015 relating to his resignation and Mr. Beplate is delinquent with a Form 4 filing for 2015, including a Form 5 in lieu of a Form 4 that should have been filed in January 2015.

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.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the overall compensation earned over the fiscal years ended December 31, 2015 and 2014 by (1) each person who served as the principal executive officer of the Company or its subsidiary during fiscal year 2015; (2) our most highly compensated (up to a maximum of two) executive officers as of December 31, 2015 with compensation during fiscal year ended 2015 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, 2015.

	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Options Awards \$(1)	Non-Equity	Non-qualified	All	Total (\$)
						Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)	Other Compen- sation \$(2)(3)	
Douglas Beplate (4) Chief Executive Officer (4)	2015	\$ 100,000	\$ -0-	\$ 1,347,224	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,447,224
	2014	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

- (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.
- (4) See "Note 4" in the Notes to Financial Statements for a discussion of a stock bonus of \$1,347,224 that was issued to Mr. Beplate in 2015. Compensation for Mr. Beplate for 2015 and 2014 does not include salaries of \$48,000 and \$8,000, respectively, paid to his wife for these years or a stock bonus of \$35,000 issued to his wife in 2014.

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."

Except as described above regarding the cancellation of certain options by Dr. Forman, no outstanding common share purchase option or other equity-based award granted to or held by any named executive officer in 2015 or 2013 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 pursuant to which he received a signing bonus of 11.1 million shares of restricted common stock and a monthly salary of \$8,333. 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. 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.

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. Mr. Knight received 500,000 shares as a signing bonus pursuant to his employment agreement.

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.

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, 2015 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 2015, 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.

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

As of April 25, 2016, the Company had outstanding 151,502,796 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>		
Dr. John Capotorto	100,000	*
Nate Knight	738,880	*
Douglas K. Beplate	21,000,000	13.9
Robert Denser	600,000	*
All directors and officers as a group (four persons)	22,438,880	14.8

* 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.

Securities Authorized for Issuance under Equity Compensation Plans.

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

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. The Company also granted 200,000 options under the Plan to an employee in January 2014.

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

For the year ended December 31, 2014, payables to related parties totaled \$542,776. These monies, at December 31, 2014, were owed to Doug Beplate, our Chief Executive Officer. In January 2015, Douglas Beplate converted \$542,776 of indebtedness and a bonus of \$348,224 for a total of \$891,000 into 9.9 million shares of restricted Common Stock. Between January 1, 2015 and December 31, 2015, Mr. Beplate provided loans to the Company of \$112,190. These loans were for operating expenses of the Company, are due on demand and have no interest rate.

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

In January 2015, the Company entered into an employment agreement with Douglas Beplate pursuant to which he received a signing bonus of 11.1 million shares of restricted common stock and a monthly salary of \$8,333. Mr. Beplate is entitled to an annual restricted stock bonus equal to 2 1/2% 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. 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. The common shares issued, at fair market value of \$999,000, was recognized as expense in the first quarter of 2015.

In November 2014, the Company entered into employment agreements with Dr. Phillip Forman, formerly Chairman of the Board, and Nate Knight, our Chief Financial Officer. Dr. Forman's employment agreement, which was terminable "at will" provided for cash compensation of \$5,000 per month. Dr. Forman received 3,000,000 shares as a signing bonus, subject to his cancellation of 2,090,000 shares which he volunteered to cancel in July 2013. Dr. Forman has been reportedly unable to locate his certificates totaling 2,090,000 shares to cancel. Mr. Knight received 500,000 shares as a signing bonus and a monthly salary of \$4,000 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.

On June 25, 2015, Dr. Forman resigned from the Board and as its Chairman. The Company and Dr. Forman entered into an agreement pursuant to which Dr. Forman's employment agreement terminated effective October 1, 2015. Until that date, Dr. Forman served as a medical advisor to the Company. The Company and Dr. Forman agreed that Dr. Forman would assist the Company to cancel the 2,090,000 shares that he agreed to surrender to the Company in July 2013, which shares were cancelled in July 2015, and his 3,000,000 common stock bonus that was agreed to in November 2014, which shares had not been issued, was reduced to 1,600,000 shares to be issued pursuant to the Company's 2013 Employee Benefit and Consulting Services Compensation Plan. These 1,600,000 shares were issued on June 25, 2015. Pursuant to Dr. Forman's amended employment agreement, he was scheduled to receive additional compensation totaling \$15,000 for the period of June 25 through October 1, 2015.

Director Independence

Each of Robert Denser and John Capotorto 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

Rosenberg Rich Baker Berman & Co, are our independent registered accountants and the following table sets forth the fees billed by then for fiscal 2015 and 2014 for the categories of services indicated.

Year Ended December 31,	
2015	2014

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

Audit fees	\$	20,000	\$	21,000
Audit-related fees		-0-		-0-
Tax fees		-0-		-0-
All other fees				

(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.

The Audit Committee also has adopted policies for pre-approving all non-audit work performed by the accounting firm who audits the Company's financial statements.

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)

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

3(ii)	Amendment to Articles of Incorporation. (1)
3(iii)	By-laws of the Company. (2)
3(iv)	August 2015 Amendment to Articles of Incorporation. (3)
10.1	Employment Agreement – Dr. Phillip Forman (4)
10.2	June 25, 2015 Amendment to Dr. Phillip Forman's Employment Agreement (5)
10.3	Employment Agreement – Nate Knight (4)

10.4	Employment Agreement with Douglas Beplate (6)
21	Subsidiaries of the Registrant – none
23.1	Consent of Accountants*
31.1	Certification of Principal Executive Officer*
31.2	Certification of Principal Financial Officer*
32.1	Section 1350 Certificate by Principal Executive Officer*
32.2	Section 1350 Certificate by Principal Financial Officer*
99.1	2013 Employee Benefit and Consulting Services Compensation Plan (7)
101.SCH	Document, XBRL Taxonomy Extension (*)
101.CAL	Calculation Linkbase, XBRL Taxonomy Extension Definition (*)
101.DEF	Linkbase, XBRL Taxonomy Extension Labels (*)
101.LAB	Linkbase, XBRL Taxonomy Extension (*)
101.PRE	Presentation Linkbase (*)

* Filed herewith.

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

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: May 13, 2016

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:

Signatures	Title	Date
By: <i>/s/ Douglas Beplate</i> Douglas Beplate	Principal Executive Officer	May 13, 2016
By: <i>/s/ Nate Knight</i> Nate Knight	Principal Financial Officer and Director	May 13, 2016
By: <i>/s/ John Capotorto</i> John Capotorto	Director	May 13, 2016
By: <i>/s/ Robert Denser</i> Robert Denser	Director	May 13, 2016

Nate Knight, John Capotorto and Robert Denser represent all the current members of the Board of Directors.