

CoroWare, Inc,
Form 10-Q
November 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE OF 1934

For the quarterly period ended September 30, 2015

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-33231

COROWARE , INC.
(EXACT NAME OF THE COMPANY AS SPECIFIED IN ITS CHARTER)

Delaware
(State or Other Jurisdiction
of Incorporation)

95-4868120
(I.R.S. Employer
Identification No.)

601 108 th Avenue NE, Suite 1900
Bellevue, WA 98004
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(800) 641-2676
(ISSUER REGISTRANT TELEPHONE NUMBER)

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)
reporting company

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

As of November 13, 2015 there were 8,888,809,250 shares of the issuer's \$0.0001 par value common stock outstanding.

COROWARE, INC.
 QUARTERLY REPORT ON FORM 10-Q

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PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

COROWARE, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2015 (Unaudited)	December 31, 2014
CURRENT ASSETS		
Cash	\$ 46,352	\$ 27,679
Accounts receivable, net	204,554	65,967
Inventory, net	2,964	5,515
Total Current Assets	253,870	99,161
PROPERTY AND EQUIPMENT, net	28,874	17,577
OTHER ASSETS		
Other assets, net	11,993	9,743
Total Other Assets	11,993	9,743
TOTAL ASSETS	\$ 294,737	\$ 126,481
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,063,442	\$ 7,194,471
Accrued expenses- related parties	201,947	179,072
Obligations collateralized by receivables	42,471	84,274
Notes payable, net of debt discounts	623,870	274,582
Notes payable-related parties	169,910	186,134
Derivative liability	7,415,527	6,432,768
Small Business Administration loan	979,950	979,950
Convertible debt, net of debt discounts	2,795,414	2,570,062
Total Current Liabilities	20,292,531	17,901,313
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Redeemable preferred stock, Series A, \$.001 par value, 125,000 shares authorized, 0 shares issued and outstanding	-	-

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Redeemable preferred stock, Series B, \$.001 par value, 525,000 shares authorized, 159,666 shares issued and outstanding	160	160
Redeemable preferred stock, Series C, \$.001 par value, 500,000 shares authorized, 0 shares issued and outstanding	-	-
Redeemable preferred stock, Series D, \$.001 par value, 500,000 shares authorized, 100,000 shares issued and outstanding	100	100
Redeemable preferred stock, Series E, \$.001 par value, 1,000,000 shares authorized, 798,084 shares issued and outstanding	798	798
Redeemable preferred stock, Series F, \$.001 par value, 500,000 shares authorized, 190,000 shares issued and outstanding	190	190
Redeemable preferred stock, Series G, \$.001 par value, 500,000 shares authorized, 25,000 shares issued and outstanding	25	25
Common stock; 13,000,000,000 shares authorized at \$.0001 par value, 8,414,278,152 shares issued and outstanding	841,428	841,428
Additional paid-in capital	31,389,098	31,389,098
Non controlling interest	92,258	92,258
Treasury stock	(179)	(179)
Accumulated deficit	(52,321,672)	(50,098,710)
Total Stockholders' Deficit	(19,997,794)	(17,774,832)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 294,737	\$ 126,481

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

COROWARE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES	\$ 1,364,589	\$ 603,063	\$ 3,518,369	\$ 1,285,814
COST OF SALES	1,045,462	367,527	2,687,531	960,828
GROSS PROFIT	319,127	235,536	830,838	89,450
OPERATING EXPENSES				
General and administrative	516,476	247,442	1,341,318	676,058
Sales and marketing	36,927	40,530	96,166	72,539
Research and Development	50,922	22,452	90,798	77,312
Depreciation and amortization	3,250	1,604	9,470	5,435
Total Operating Expenses	607,575	312,028	1,537,752	831,344
LOSS FROM OPERATIONS	(288,448)	(76,492)	(706,914)	(506,358)
OTHER INCOME (EXPENSE)				
Derivative Income (Expense)	79,562	668,033	(761,228)	(487,493)
Interest expense	(241,924)	(117,637)	(543,511)	(1,126,891)
Gain (loss) on extinguishment of debt	-	-	(211,309)	45,513
TOTAL OTHER INCOME (EXPENSE)	(162,362)	550,396	(1,516,048)	(1,568,871)
INCOME (LOSS) BEFORE NON CONTROLLING INTEREST	(450,810)	473,904	(2,222,962)	(2,075,229)
Net income (loss) attributable to non controlling interest	-	(37)	-	2,719
INCOME (LOSS) BEFORE INCOME TAXES	(450,810)	473,867	(2,222,962)	(2,072,510)
INCOME TAX EXPENSE	-	-	-	-
NET INCOME (LOSS)	\$ (450,810)	\$ 473,867	\$ (2,222,962)	\$ (2,072,510)
BASIC INCOME (LOSS) PER SHARE	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)

DILUTED INCOME (LOSS) PER SHARE	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)
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