

CoroWare, Inc,  
Form 10-Q  
August 15, 2016

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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 JUNE 30, 2016

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

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 000-33231

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

Delaware 95-4868120  
(State or Other Jurisdiction (I.R.S. Employer  
of Incorporation) Identification No.)

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

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

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED UNDER SECTION 12(G) OF THE ACT:

COMMON STOCK, PAR VALUE \$0.0001  
(TITLE OF CLASS)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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)	Smaller reporting company

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

Number of shares of common stock (\$0.0001 par value) outstanding as of August 15, 2016: 11,937,670,076 shares.

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COROWARE, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	June 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$55,885	\$99,056
Accounts receivable, net	113,318	178,557
Inventory, net	7,323	7,323
Total Current Assets	176,526	284,936
Property and equipment, net	30,355	30,086
Security deposits	7,128	9,746
<b>TOTAL ASSETS</b>	<b>\$214,009</b>	<b>\$324,768</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$6,734,191	\$7,851,870
Accrued expenses - related parties	230,993	228,148
Deferred revenue	15,331	-
Obligations collateralized by receivables, net	203,919	159,218
Convertible debt, net	4,590,318	2,937,593
Notes payable	136,123	153,732
Notes payable - related parties	160,354	166,506
Small business administration loan	979,950	979,950
Derivative liability	7,863,051	7,396,430
Total Current Liabilities	20,914,230	19,873,447
<b>TOTAL LIABILITIES</b>	<b>20,914,230</b>	<b>19,873,447</b>
Commitments and contingencies	-	-
<b>STOCKHOLDERS' DEFICIT:</b>		
Redeemable convertible preferred stock, Series A, \$0.001 par value, 125,000 shares authorized, 0 shares issued and outstanding	-	-
Redeemable convertible preferred stock, Series B, \$0.001 par value, 525,000 shares authorized, 159,666 shares issued and outstanding	160	160
Redeemable convertible preferred stock, Series C, \$0.001 par value, 500,000 shares authorized, 0 shares issued and outstanding	-	-
Redeemable convertible preferred stock, Series D, \$0.001 par value, 500,000 shares authorized, 100,000 shares issued and outstanding	100	100
Redeemable convertible preferred stock, Series E, \$0.001 par value, 1,000,000 shares authorized, 791,567 and 805,392 shares issued and outstanding, respectively	791	805
Redeemable convertible preferred stock, Series F, \$0.001 par value, 500,000 shares authorized, 190,000 and 0 shares issued and outstanding	190	190

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Redeemable convertible preferred stock, Series G, \$0.001 par value, 500,000 shares authorized, 25,000 shares issued and outstanding	25	25
Common stock; 35,000,000,000 and 13,000,000,000 shares authorized at \$0.0001 par value, respectively, 11,937,670,076 and 8,888,809,250 shares issued and outstanding, respectively	1,193,767	888,881
Additional paid-in capital	31,543,315	31,432,749
Non controlling interest	92,258	92,258
Treasury stock	(18,997 )	(13,172 )
Accumulated deficit	(53,511,830)	(51,950,675 )
TOTAL STOCKHOLDERS' DEFICIT	(20,700,221)	(19,548,679 )
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$214,009	\$324,768

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

## COROWARE, INC. AND SUBSIDIARIES

## Unaudited Condensed Consolidated Statements of Operations

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
REVENUES, NET	\$ 1,971,901	\$ 1,355,239	\$ 3,618,088	\$ 2,153,780
COST OF REVENUE	1,585,033	1,070,007	2,756,636	1,642,069
GROSS PROFIT	386,868	285,232	861,452	511,711
OPERATING EXPENSES				
General and administrative	415,261	453,037	1,129,801	824,842
Sales and marketing	21,133	39,221	48,649	59,239
Research and development	11,494			