ENCOUNTER CARE SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 2016

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CONSOLIDATED FINANCIAL STATEMENTS

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Encounter Care Solutions, Inc. and Subsidiary
Consolidated Balance Sheet
March 31, 2016
(unaudited)

ASSETS

Current Assets		
Cash	$	4,800
Accounts receivable		131,624
Inventory		46,926
Notes receivable		342,972
Prepaid expense		648
Total Current Assets		526,970
Property and Equipment, net of Depreciation		-
Other Assets		
Deposits		1,845
Investment in Joint Venture		171,000
Marketable securities		405
Intangibles		610,025
Total Other Assets		783,275
TOTAL ASSETS	$	1,310,245

LIABILITIES & STOCKHOLDERS' DEFICIT

Current Liabilities		
Accounts payable	$	90,349
Accrued expenses		52,852
Common stock issued in excess of authorized shares		19,501
Total Current Liabilities		162,702
Long-Term Liabilities		
Convertible notes payable - related party		235,233
Notes payable - related party		2,003,615
Total Long-Term Liabilities		2,238,848
TOTAL LIABILITIES		2,401,550
COMMITMENTS & CONTINGENCIES		-
Stockholder's Deficit		
Preferred stock, 100,000 authorized, par value $.001, and 0 issued		-
Common stock, 75 million authorized, par value $.001		
61,920,023 issued and outstanding March 31, 2016		42,419
Paid in capital		28,649,498
Common stock to be issued		358
Retained deficit		(29,783,580)
Total Stockholders' Deficit		(1,091,305)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$	1,310,245

Encounter Care Solutions, Inc. and Subsidiary
Consolidated Statement of Operations
Nine Months Ended March 31, 2016
(unaudited)

Revenues		
Sales	$	271,125
Total Revenue		271,125
Cost of Goods Sold		
Cost of goods sold		106,401
Gross Profit		164,724
Expenses		
General and administrative		354,651
Payroll		436,325
Consulting		244,464
Depreciation and amortization		6,171
Total Expenses		1,041,611
Profit (Loss) from Operations		(876,887)
Other Income (Expenses)		
Interest expense		(99,786)
Total Other (Expense)		(99,786)
Net Profit (Loss) Before Provision for Income Tax		(976,673)
Provision for income taxes		-
Net Profit (Loss)	$	(976,673)
Basic and Diluted Earning (Loss) per Share		(0.02)
Weighted average number of common shares - basic and diluted		61,239,294

Encounter Care Solutions, Inc. and Subsidiary
Consolidated Statement of Changes in Stockholders' Deficit
For the Three Quarters Ended March 31, 2016
(unaudited)

	Preferred stock		Common stock		Common stock to be issued	Additional paid-in capital	Accumulated retained deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount	Amount			
Balance for the year ended, June 30, 2015	-	$ -	40,186,123	$ 39,494	$ 693	$ 27,491,938	$ (28,806,908)	$ (1,274,783)
Stock issued for cash			683,997	684		300,437		301,121
Stock issued for services - third party			371,000	371		148,029		148,400
Prior period shared to be issued that were issued				693	(693)			-
Contributed capital on noninterest bearing notes						28,821		28,821
Net loss for the quarter ended September 30, 2015							(446,404)	(446,404)
Balance for the three months ended, September 30, 2015	-	$ -	41,241,120	$ 41,242	$ -	$ 27,969,225	$ (29,253,313)	$ (1,242,846)
Stock issued for cash			757,604	336	421	301,738		302,495
Stock issued for services - third party			160,000	160		63,840		64,000
Contributed capital on noninterest bearing notes						28,178		28,178
Net loss for the quarter ended December 31, 2015							(271,983)	(271,983)
Balance for the six months ended, December 31, 2015	-	$ -	42,158,724	$ 41,738	$ 421	$ 28,362,981	$ (29,525,296)	$ (1,120,156)
Stock issued for cash			702,500	366	137	200,496		200,999
Stock issued for services - third party			115,159	115		45,949		46,064
Prior period shared to be issued that were issued				200	(200)			-
Contributed capital on noninterest bearing notes						40,072		40,072
Net loss for the quarter ended March 31, 2016							(258,284)	(258,284)
Balance for the nine months ended, March 31, 2016	-	$ -	42,976,383	$ 42,419	$ 358	$ 28,649,498	$ (29,783,580)	$ (1,091,305)

Encounter Care Solutions, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For Nine Months Ended March 31, 2016
(Unaudited)

Cash Flows from Operating Activities		
Net (loss)	$	(976,673)
Adjustments to Reconcile Net Loss to Net Cash Used in Operations		
Depreciation and amortization		6,171
Contributed capital for non interest bearing notes payable		97,071
Stock based compensation		258,464
Accrued interest convertible notes payable - related parties		2,527
Changes in Operating Assets and Liabilities:		
(Increase) in accounts receivable		(36,248)
(Increase) in inventory		(10,165)
(Increase) in prepaid expenses		(648)
(Increase) in Investment in joint venture		(171,000)
Increase in accounts payable		17,392
(Decrease) in accrued expenses		(1,200)
Net Cash Used in Operations		(814,309)
Cash Flows from Investing Activities		
Proceeds from marketable securities		-
Net Cash Provided by Investing Activities		-
Cash Flows from Financing Activities		
Payments on notes payable - related parties		(100,801)
Proceeds from shares issued for cash		804,615
Net Cash Provided by Financing Activities		703,814
Net Increase in Cash		(110,495)
Cash - Beginning of Period		115,295
Cash - Ending of Period	$	4,800
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$	-
Cash paid for taxes	$	-

ENCOUNTER CARE SOLUTIONS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

Note 1. Organization and Significant Accounting Policies

Organization and Line of Business

Encounter Care Solutions, Inc. ("the Company") is a Delaware corporation organized March, 2000 and is an integrated healthcare company that operates its business through two divisions: Healthcare Technology Division and the Healthcare Services Division. Encounter Care Solutions, Inc.'s operating businesses offer a broad range of proprietary healthcare technology, products and services that address several very sizeable and rapidly growing target markets, including: the Telemedicine Market, Healthcare Information Technology Market, and Home Healthcare Market.

In July 2012, a new subsidiary of Encountercare was formed and incorporated in the state of Delaware by the name of Cyber Fuels, Inc. This subsidiary enters the company into the alternative fuels market.

Joint Venture Termination

In June 2008 we formed a joint venture with Authentidate Holding Corp., called ExpressMD TM Solutions LLC to provide in-home patient vital signs monitoring systems and services. The company and Authentidate Holding Corp. each owned fifty percent of the joint venture and neither party had any special rights under the joint venture agreement. ExpressMD Solutions did not have any assets or liabilities and Authentidate Holding Corp. did not have any recourse to our general credit. ExpressMD Solutions was consolidated in Authentidate Holding Corp.'s financial statements because Authentidate Holding Corp. elected to provide the majority of funding for the joint venture and was deemed to be the primary beneficiary.

On November 21, 2011, the company entered into a definitive Joint Venture Termination Agreement (the "Agreement") with Authentidate Holding Corp. (the "Buyer"), providing for the assignment and transfer to the company of all of the membership interests held by Seller in ExpressMD Solutions. At the closing on November 21, 2011, the joint venture agreement was terminated, ExpressMD Solutions became a wholly-owned subsidiary of Authentidate Holding Corp. and the company granted the company a license to use certain intellectual property. Pursuant to the Agreement, Authentidate Holding Corp. agreed to pay to the company $1,000,000 in cash and deliver to the company 1,500,000 shares of restricted common stock of Authentidate Holding Corp. The cash payment is due as follows: $50,000 was received prior to the date of the Agreement; $475,000 was received at the closing; $200,000 was received in April 2012; and $275,000 is due on or prior to October 1, 2012. In addition, upon the closing Authentidate Holding Corp. forgave the company approximately $800,000 for operating expenses advanced to the joint venture. The company recorded a gain on sale of equity method investment.

Principles of Consolidation

The consolidated financial statements for period ended March 31, 2016 includes the accounts of Encountercare, Inc. and its wholly owned subsidiaries; Building Block Pediatric Home Health Services, Inc. and Cyber Fuels Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the year. Estimates include the valuation allowance on deferred tax assets and valuation of stock issued for services. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of twelve months or less to be cash equivalents. At March 31, 2016, the Company had no cash equivalents. The Company at times has cash in banks in excess of FDIC insurance limits. At March 31, 2016, cash balance exceeded these limits by none. The Company's cash balance was $4,800 as of March 31, 2016.

Note 1. Organization and Significant Accounting Policies- Cont.

Inventory

The Company's inventory is stated at the lower of cost or market using the FIFO costing method. Inventory on hand totaled $46,926 at March 31, 2016. Inventory consisted of components and finished goods available and ready for sale in the Cyber Fuels subsidiary.

Revenue Recognition

The Company recognizes revenue over the period the service is performed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 605, Revenue Recognition in Financial Statements. In general, ASC No. 605 requires that four basic criteria must be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services rendered, (iii) the fee is fixed and determinable, and (iv) collectability is reasonably assured.

Property and Equipment

Property and equipment are stated at cost and depreciated on the straight line method over the estimated life of the asset, which is 5 years.

Intangible Assets

In accordance with ASC No. 350, Intangibles, Goodwill and Other, the Company requires that intangible assets with a finite life be amortized over their life and requires that goodwill and intangible assets be reviewed for impairment annually or more frequently if impairment indicators arise.

The intangible asset of $610,025 at March 31, 2016 represents software of $491,111 in Encountercare, Inc. and $118,914 of patents assigned to Cyber Fuels Inc. a wholly owned subsidiary.

Investment in subsidiary

In 2008, the Company acquired Building Blocks Pediatric Home Health Services, Inc. by obtaining interest in exchange for 4,000,000 shares of the Company's stock at a fair value of $0.07 per share. The total consideration paid for the acquisition was $280,000 (See Notes 3 and 6).

Bond Deposit

On November 22, 2013 the company was awarded a temporary injunction order. As a result the company paid a $51,044. On January 16, 2015 the company considered the matter resolved and the bond deposit was returned to the company for the full amount of $51,044.

Advertising

The costs incurred for producing and communicating advertising are charged to operations as incurred. Advertising expense for March 31, 2016 was $12,720.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for accounts receivable, deposits, accounts payable, accrued expenses, is the approximate fair value based on the short-term maturity of these instruments.

Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 ("ASC 740-10-25") Income Taxes. Under ASC 740-10-25, 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 740-10-25, 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.

Note 1. Organization and Significant Accounting Policies- Cont.

The net deferred tax liability in the accompanying balance sheets includes the following amounts of deferred tax assets and liabilities:

	March 31, 2016
Deferred Tax Liability	$ -
Deferred tax asset	
Net operating Loss Carry Forward	24,081,310
Valuation Allowance	(24,081,310)
Net Deferred Tax asset	$ -
Net Deferred Tax Liability	$ -

The provision for income taxes has been computed as follows:

	March 31, 2016
Expected income tax recovery (expense) at the statutory rate of 35% - Federal	$ 341,836
Expected income tax recovery (expense) at the statutory rate of 8.7% - State	84,971
Tax effect of expenses that are not deductible for income tax purposes	(112,075)
Change in valuation allowance	(314,731)
Provision for income taxes	$ -

The valuation allowance was established to reduce the deferred tax asset to the amount that will more likely than not be realized. This is necessary due to the Company's continued operating losses and the uncertainty of the Company's ability to utilize all of the net operating loss carry forwards before they will expire through the year 2035.

The net change in the valuation allowance for the period then ended March 31, 2016 was a decrease of $314,731.

The components of income tax expense related to continuing operations are as follows:

	March 31, 2016
Federal	
Current	-
Deferred	$ -
	-
State and Local	
Current	-
Deferred	-
	$ -

Basic and Diluted Net Loss per Common Share

Net Loss per Common Share is computed pursuant to FASB Accounting Standards Codification No. 260, *Earnings per Share*. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during each period.

Note 1. Organization and Significant Accounting Policies- Cont.

Recent Accounting Pronouncements

In December 2011, FASB issued Accounting Standards Update 2011-11, Balance Sheet - Disclosures about Offsetting Assets and Liabilities" to enhance disclosure requirements relating to the offsetting of assets and liabilities on an entity's balance sheet. The update requires enhanced disclosures regarding assets and liabilities that are presented net or gross in the statement of financial position when the right of offset exists, or that are subject to an enforceable master netting arrangement. The new disclosure requirements relating to this update are retrospective and effective for annual and interim periods beginning on or after January 1, 2013. The update only requires additional disclosures, as such; we do not expect that the adoption of this standard will have a material impact on our results of operations, cash flows or financial condition.

Note 2. Accounts Receivable

At March 31, 2016, the Company had the following accounts receivable:

	As of March 31, 2016
Accounts receivable	$ 146,249
Less: Allowance for doubtful accounts	14,625
Accounts receivable, net	$ 131,624

Note 3. Notes Receivable

At March 31, 2016, the Company had notes receivable in the aggregate amount of $342,972 due from various parties. The notes are due at various times and bear no stated interest rate.

$275,000 of the note receivable is from the joint venture see note 1 for further information. The remainder of the note receivable in the amount of $67,972 is due from a former consultant.

Note 4. Acquisition

Effective 2008, Encounter Care Solutions, Inc. acquired Building Blocks Pediatric Home Health Services, Inc. The following details the acquisition:

Upon the acquisition of Building Blocks Pediatric Home Health Services, Inc., the Company issued 4,000,000 common stock shares at a price of $0.07 per share to acquire 100% of the Building Blocks Pediatric Home Health Services, Inc. units at a fair value of $280,000. The total consideration paid for the acquisition of $280,000.

Note 5. Property and equipment

Property and equipment is summarized as follows at March 31, 2016:

	March 31, 2015
Office and Medical Equipment	$ 422,984
Furniture	37,461
Automobile	20,552
	480,997
Depreciation	(480,997)
Net	$ -

Depreciation and Amortization expense for the period ended March 31, 2016 was $6,171.

Note 6. Convertible notes payable and notes payable

Convertible Note – Related Parties

The company entered into a convertible note agreement dated July 1, 2012 with a related party for the sum of $225,000. The note has a stated interest rate of 1.5% which is being accrued to the note. The note is convertible at any time determinable by the holder. The note has an outstanding balance at March 31, 2016 of $235,233.

Technology was assigned to Cyber Fuels in exchange for this convertible note - related party. As part of the agreement Cyber Fuels pays for all expenses associated with the patented technology. (See note 1 Bond Deposit)

See note 7

Notes Payable – Related Parties

A note payable with a related party was entered into by the Company with an Officer of the Company for an amount of $3,350,000, with no stated interest. An 8% interest rate was imputed. Interest is contributed to additional paid in capital rather than accrued of $97,071 for the period ended March 31, 2016. The loan is renewed on an annual basis. During the period ended March 31, 2016 the loan was deducted from in the amount of $100,801.

	Balance 6/30/2015	Deductions	Balance 9/30/2015
Total	$ 2,104,417	(51,256)	$ 2,053,161

	Balance 9/30/2015	Deductions	Balance 12/31/2015
Total	$ 2,053,161	(32,187)	$ 2,020,974

	Balance 12/31/2015	Deductions	Balance 3/31/2016
Total	$ 2,020,974	(17,359)	$ 2,003,615

Note 7. Stockholders' deficit

The company has 75,000,000 shares of common stock authorized with 61,920,023 outstanding with a par value of .001 as of March 31, 2016. There are currently no dividend or preemptive rights. Each outstanding share of common stock is entitled to one vote on corporate matters requiring a vote. Certain corporate matters, such as normal business operations are conducted by the officers of the corporation acting under direction of the board of directors. There are no other material rights of common shareholders. There are no provisions in the Company's bylaws that would delay, defer or prevent a change in control of the Issuer. The company also has 100,000 shares of preferred stock at a par value of .001 with none issued.

The excess shares issued of 19,501,745 are currently being classified under current liabilities as common stock issued in excess of authorized shares. Therefore the equity transactions listed below are not contained in the consolidated statement of changes in the stockholders' deficit.

In October 2012, The Articles of incorporation were amended with the state of Delaware to increase the authorized shares of common stock from 30,000,000 to 75,000,000. In addition to increasing the authorized shares to 75,000,000 the company is seeking through the state chancellery board to retroactively amend the articles of incorporation.

Shares Issued for Cash

Shares were issued in exchange for cash. The total common shares issued in exchange for cash was 1,785,921 for the period ended March 31, 2016.

Shares Issued for Services

Shares were issued in exchange for professional services and consulting. The total common shares issued in exchange for services was 646,159 for the period ended March 31, 2016.

Note 8. Commitments and contingencies

Shares to be Issued

As of March 31, 2016 there were shares to be issued for cash yet to be issued. The total number of shares to be issued totaled 358,180.

Employment Agreements

The Company has an employment agreement with the president/Chief Executive Officer. No expenses or accruals are shown from this agreement.

Lease Agreement

In April 2012, the Company entered into a lease agreement for an office space in California for a term beginning on May 1, 2012 through April 30, 2016. Through April 30, 2016, the monthly rent expense is $1,724.25 per month.

In June 2013, the Company entered into a lease agreement for an office space in Massachusetts for a term beginning on July 1, 2013 through June 30, 2015. Through June 30, 2015, the monthly rent expense is $700.00 per month.

Rent expense for the period ended March 31, 2016 was $72,305.

Note 9. Related Party Transactions

A note payable with a related party was entered into by the Company with an Officer of the Company for an amount of $3,350,000, with no stated interest. An 8% interest rate was imputed. Interest is contributed to additional paid in capital rather than accrued of $97,071 in the period ended March 31, 2016. The loan is renewed on an annual basis. During the period ended March 31, 2016 the loan was deducted from in the amount of $100,801.

The company entered into a convertible note agreement dated July 1, 2012 with a related party for the sum of $225,000. The note has a stated interest rate of 1.5% which is being accrued to the note. The note is convertible at any time determinable by the holder.

Note 10. Investments in marketable securities and fair value

As of March 31, 2016, the Company has investments in marketable securities, as a result of the joint venture see Note 1. The following table summarizes the amortized cost, fair value and weighted-average yield of securities.

	As of March 31, 2016 Cost	Fair Value	Yeild
Marketable Securities	$ 405	$ 228	-77%

ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. Under GAAP, fair value of such securities is determined based upon a hierarchy that prioritizes the inputs to valuation techniques used to measure fair values into three broad levels.

The fair value of the Company's financial assets and liabilities reflects the Company's estimate of amounts that it would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the Company's assumptions about how market participants would price assets and liabilities).

Note 10. Investments in marketable securities and fair value– Cont.

The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Quoted Prices in Inactive Markets for Identical Assets	Level 3: Significant Unobservable Inputs	Total at March 31, 2016
Marketable Securities	$ 405	-	-	$ 405

Note 11. Subsequent events

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 13, 2016, the date the financial statements were issued.