ENCOUNTER CARE SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

June 30, 2016

ENCOUNTER CARE SOLUTIONS, INC. AND SUBSIDIARIES
JUNE 30, 2016

CONSOLIDATED FINANCIAL STATEMENTS

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To Management
Encounter Care Solutions Inc. and Subsidiaries
Palm Beach Gardens, FL

Management is responsible for the accompanying consolidated financial statements of Encounter Care Solutions Inc. (a corporation) and its subsidiaries, which comprise the consolidated balance sheet as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

We are not independent with respect to Encounter Care Solutions Inc. and Subsidiaries.

Pybus & Company, P.A.

Pybus & Company, P.A.
North Palm Beach, FL
September 26, 2016

Encounter Care Solutions, Inc. and Subsidiaries
Consolidated Balance Sheet
(unaudited)

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets		
Cash	$ -	$ 115,295
Accounts receivable	86,504	95,376
Inventory	38,550	36,761
Notes receivable	342,972	342,972
Prepaid expense	648	-
Total Current Assets	468,674	590,404
Property and Equipment, net of Depreciation	-	6,171
Other Assets		
Deposits	1,845	1,845
Investment in joint venture	171,000	-
Marketable securities	405	405
Intangibles	610,025	610,025
Total Other Assets	783,275	612,275
TOTAL ASSETS	$ 1,251,949	$ 1,208,850
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current Liabilities		
Cash overdraft	$ 110	$ -
Accounts payable	26,773	72,957
Accrued expenses	46,307	54,052
Common stock issued in excess of authorized shares	19,501	19,501
Notes payable - related party	1,979,698	2,104,417
Total Current Liabilities	2,072,389	2,250,927
Long-Term Liabilities		
Convertible notes payable - related party	236,115	232,706
Total Long-Term Liabilities	236,115	232,706
TOTAL LIABILITIES	2,308,504	2,483,633
COMMITMENTS & CONTINGENCIES	-	-
Stockholder's Deficit		
Preferred stock, 100,000 authorized, par value $.001, and 0 issued	-	-
Common stock, 75 million authorized, par value $.001 63,299,729 and 58,995,187 issued and outstanding June 30, 2016 and June 30, 2015 respectively	43,799	39,494
Additional paid in capital	29,239,465	27,491,938
Common stock to be issued	683	693
Retained deficit	(30,340,502)	(28,806,908)
Total Stockholders' Deficit	(1,056,555)	(1,274,783)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$ 1,251,949	$ 1,208,850

See accompanying notes

Encounter Care Solutions, Inc. and Subsidiaries
Consolidated Statement of Operations
(unaudited)

	Year Ended June 30, 2016	Year Ended June 30, 2015
Revenues		
Sales	$ 320,716	$ 363,797
Total Revenue	320,716	363,797
Cost of Goods Sold		
Cost of goods sold	178,714	209,164
Gross Profit	142,003	154,633
Expenses		
General and administrative	396,381	770,061
Payroll	509,373	531,520
Consulting	623,409	323,600
Depreciation and amortization	6,171	8,731
Total Expenses	1,535,334	1,633,912
Profit (Loss) from Operations	(1,393,331)	(1,479,279)
Other Income (Expenses)		
Interest expense	(140,262)	(138,750)
Total Other (Expense)	(140,262)	(138,750)
Net Profit (Loss) Before Provision for Income Tax	(1,533,593)	(1,618,029)
Provision for income taxes	-	-
Net Profit (Loss)	$ (1,533,593)	$ (1,618,029)
Basic and Diluted Earning (Loss) per Share	(0.02)	(0.03)
Weighted average number of common shares - basic and diluted	63,299,729	58,995,187

See accompanying notes

Encounter Care Solutions, Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholders' Deficit
For the Year Ended June 30, 2016
(unaudited)

	Preferred stock		Common stock		Common stock to be issued	Additional paid-in capital	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			2,707,670	1,571	949	981,274		983,794
Stock issued for services - third party			1,776,159	1,776		629,588		631,364
Prior period shared to be issued that were issued				958	(958)			-
Contributed capital on noninterest bearing notes						136,665		136,665
Net loss for the year ended June 30, 2016							(1,533,594)	(1,533,594)
Balance for the year ended, June 30, 2016	-	$ -	44,669,952	$ 43,799	$ 683	$ 29,239,465	$ (30,340,502)	$ (1,056,555)

See accompanying notes

Encounter Care Solutions, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
(unaudited)

	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015
Cash Flows from Operating Activities		
Net (loss)	$ (1,533,593)	$ (1,618,029)
Adjustments to Reconcile Net Loss to Net Cash Used in Operations		
Depreciation and amortization	6,171	8,731
Contributed capital for non interest bearing notes payable	135,292	135,292
Stock based compensation	631,364	427,000
Accrued interest convertible notes payable - related parties	3,409	3,457
Changes in Operating Assets and Liabilities:		
Decrease in accounts receivable	8,872	23,367
(Increase) in inventory	(1,789)	(2,001)
(Increase) in prepaid expense	(648)	-
(Increase) in investment in joint venture	(171,000)	-
(Increase) in bond	-	51,044
Increase in cash overdraft	110	-
(Decrease) in accounts payable	(46,184)	8,417
(Decrease) in accrued expenses	(7,745)	14,498
Net Cash Used in Operations	(975,741)	(948,222)
Cash Flows from Financing Activities		
Payments on notes payable - related parties	(124,719)	(113,685)
Proceeds from shares issued for cash	985,165	691,006
Proceeds from shares issued for convertible notes payable	-	491,778
Net Cash Provided by Financing Activities	860,446	1,069,099
Net Increase (decrease) in Cash	(115,295)	120,878
Cash - Beginning of Period	115,295	(5,583)
Cash - Ending of Period	$ -	$ 115,295
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

See accompanying notes

ENCOUNTER CARE SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
June 30, 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 years ended June 30, 2016 and 2015 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 June 30, 2016 and 2015, the Company had no cash equivalents. The Company at times has cash in banks in excess of FDIC insurance limits. At June 30, 2016 and 2015, cash balance exceeded these limits by none. The Company's cash balance totaled $0 and $115,295 as of June 30, 2016 and 2015 respectively.

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 $38,550 and $36,761 at June 30, 2016 and 2015 respectively. 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 June 30, 2016 and 2015 respectively 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 $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.

Shipping and Handling Costs

We expense all shipping and handling costs as incurred. We include these costs in general and administrative expenses on the accompanying financial statements.

Advertising

The costs incurred for producing and communicating advertising are charged to operations as incurred. Advertising expense for the years ended June 30, 2016 and 2015 was $17,345 and $22,665 respectively.

Research and Development

The Company is not currently engaged in research and development activities. Research and development costs are charged as operating expense of the Company as incurred. For the years ended December 31, 2016 and 2015, the Company expensed $0 and $0, respectively, towards research and development costs.

Note 1. Organization and Significant Accounting Policies- Cont.

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.

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

	2016	2015
Deferred Tax Liability	$ -	$ -
Deferred tax asset		
Net operating Loss Carry Forward	24,250,160	23,766,579
Valuation Allowance	(24,250,160)	(23,766,579)
Net Deferred Tax asset	$ -	$ -
Net Deferred Tax Liability	$ -	$ -

The provision for income taxes has been computed as follows:

	2016	2015
Expected income tax recovery (expense) at the statutory rate of 35% - Federal	$ 536,758	$ 465,127
Expected income tax recovery (expense) at the statutory rate of 8.7% - State	133,423	115,617
Tax effect of expenses that are not deductible for income tax purposes	(186,599)	(186,720)
Change in valuation allowance	(483,581)	(394,024)
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 2036.

The net change in the valuation allowance for the years then ended June 30, 2016 and 2015 was a decrease of $483,581 and $394,024.

Note 1. Organization and Significant Accounting Policies- Cont.

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

	2016	2015
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.

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 June 30, 2016 and 2015, the Company had the following accounts receivable:

	As of June 30, 2016	As of June 30, 2015
Accounts receivable	$ 96,116	$ 105,973
Less: Allowance for doubtful accounts	9,612	10,597
Accounts receivable, net	$ 86,504	$ 95,376

Note 3. Notes Receivable

At June 30, 2016 and 2015, the Company had notes receivable in the aggregate amount of $342,972 and $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 June 30, 2016 and 2015:

	2016	2015
Office and Medical Equipment	$ 422,984	$ 422,984
Furniture	37,461	37,461
Automobile	20,552	20,552
	480,997	480,997
Depreciation	(480,997)	(474,826)
Net	$ -	$ 6,171

Depreciation and Amortization expense for the years ended June 30, 2016 and 2015 was $6,171 and $8,731 respectively.

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 June 30, 2016 and 2015 of $236,115 and $232,706 respectively.

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 $136,665 and $135,292 for the years ended June 30, 2016 and 2015 respectively. The loan is renewed on an annual basis. During the years ended June 30, 2016 and 2015 the loan was deducted from in the amount of $124,719 and $113,685.

	Balance 6/30/2014	Deductions	Balance 6/30/2015
Total	$ 2,218,102	113,685	$ 2,104,417

	Balance 6/30/2015	Deductions	Balance 6/30/2016
Total	$ 2,104,417	124,719	$ 1,979,698

Note 7. Stockholders' deficit

The company has 75,000,000 shares of common stock authorized with 63,299,729 and 58,995,187 outstanding with a par value of .001 as of June 30, 2016 and 2015 respectively. 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 were 2,024,670 and 1,286,831 for the years ended June 30, 2016 and 2015.

Shares Issued for Converted Notes Payable

Shares were issued when notes payable were converted. The total common shares issued were 0 and 841,195 for the years ended June 30, 2016 and 2015 respectively.

Shares Issued for Services

Shares were issued in exchange for professional services and consulting. The total common shares issued in exchange for services were 1,776,159 and 995,000 for the years ended June 30, 2016 and 2015 respectively.

Shares to be Issued

As of June 30, 2016 and 2015 there were shares to be issued for cash yet to be issued. The total number of shares to be issued totaled 683,364 and 692,861 respectively.

Note 8. Commitments and contingencies

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 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 per month.

Rent expense for the years ended June 30, 2016 and 2015 was $90,085 and 107,452 respectively.

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 $136,665 and $135,292 in the years ended June 30, 2016 and 2015 respectively. The loan is renewed on an annual basis. During the years ended June 30, 2016 and 2015 the loan was deducted from in the amount of $124,719 and $113,685 respectively.

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 June 30, 2016 and 2015, 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 June 30, 2016 Cost	Fair Value	Yeild
Marketable Securities	$ 405	$ 176	-130%

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).

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 June 30, 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 September 26, 2016, the date the financial statements were available to be issued.