

**Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

**Formerly VisualMED Clinical Solutions Corp**

**A Nevada Company**

**50 West Liberty Street · Suite 880 ·  
Reno · Nevada · 89501 · USA**

**(438) 501-6500**

www.visualmed.us

[cliniscience@gmail.com](mailto:cliniscience@gmail.com)

SIC 7373

88-0436055  
(IRS Employee Identification No)

Annual Report  
For the Period Ending: June 30, 2021  
(the “Reporting Period”)

As of June 30, 2021, the number of shares outstanding of our Common Stock was:  
234,953,286

As of March 31, 2021, the number of shares outstanding of our Common Stock was:  
249,418,545

As of June 30, 2020, the number of shares outstanding of our Common Stock was:  
249,418,545

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No: X

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No: X

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No: X

**1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable) Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Present Name: VisualMED Clinical Solutions Corp.

f/k/a Ancona Mining Corp until November 30, 2004

Originally incorporated in the State of Nevada on September 7, 1999 under the name Ancona Mining Corp.

The Corporation's name was changed to VisualMED Clinical Solutions Corp. in November 2004 from Ancona Mining Corp.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

NEVADA in good standing.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

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List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

50 W Liberty St Ste 880 in Reno, Nevada 89501

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

X

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No: X

## 2) Security Information

Trading symbol: VMCS  
Common Shares  
Exact title and class of securities outstanding: common shares  
CUSIP: 92844G 10 1  
Par or stated value: \$0.0001

Total shares authorized: 325,000,000 as of June 30, 2021  
Total shares outstanding: 234,953,286 as of date: June 30, 2021  
Number of shares in the Public Float<sup>2</sup>: 158,660,542 as of date: June 30, 2021  
Total number of shareholders of record: 74 as of date: June 30, 2021

The Company has a total of 325 million common shares authorized and 25 million preferred shares the bulk of which, 24,972,000, have not yet been assigned a designation. The balance of 28,000 shares have specific designations amended to the following:

### Preferred Stock Series A

Authorized 1000 shares of \$0.0001 par value (stated value \$10 ) Supermajority Voting Preferred Stock of which 1,000 are issued and outstanding as of June 30,2021. So long as one share of Series A Preferred stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate to equal to 51% of the votes. These shares have no rights to receive dividends and liquidation rights are equal to the Stated Value per share.

### Preferred Stock Series B

The Company has Authorized 25,000 shares of \$0.001 par value (stated value \$1,000) Convertible Redeemable Preferred Stock of which 14,000 are issued and outstanding as of June 30,2021. These Shares shall have no voting rights, dividends on these shares shall accrue at the rate of 5% of the Stated Value per share and liquidation rights are

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equal to the Stated Value per share. These shares are convertible into the Company's Common Stock based on the Stated Value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. No conversion can be made to the extent the former Parent's beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of Visualmed/VisualMED would exceed 4.99%. These shares are redeemable at the option of the Company at their Stated Value plus unpaid dividends.

Preferred Stock Series – C

The Company has Authorized 2,000 shares of \$0.001 par value (stated value \$1,000) Convertible Redeemable Voting Preferred Stock of which 200 are issued and outstanding as of June 30,2021. These Shares shall have no voting rights, dividends on these shares shall accrue at the rate of 10% of the Stated Value per share and liquidation rights are equal to the Stated Value per share. These shares are convertible into the Company's Common Stock based on the Stated Value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock.

Transfer Agent

Olde Monmouth Stock Transfer Company  
 +1-731-872-2727  
 info@oldemonmouth.com  
 200 Memorial Pkwy,  
 Atlantic Highlands, NJ 07716,  
 United States

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: X No:

**3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares**

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <p style="text-align: center;"><u>Opening Balance</u></p> Date 30June 2019 Common: 249,418,545 Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation,	Number of Shares	Class of Securities	Value of shares issued (\$/per	Were the shares issued at a discount	Individual/ Entity Shares were issued to (entities must	Reason for share issuance (e.g. for cash or debt conversion)	Restricted or Unrestricted	Exemption or

	shares returned to treasury)	Issued (or cancelled)		share) at Issuance	to market price at the time of issuance? (Yes/No)	have individual with voting / investment control disclosed).	-OR- Nature of Services Provided	as of this filing.	Registration Type.
									_____
<u>June 25,2021</u>	<u>New issuance</u>	<u>1000</u>	<u>Preferred A</u>	<u>\$10,000</u>	<u>NO</u>	<u>Gerard Dab</u>	<u>For serving as long time Chair of the Corporation</u>	<u>Not convertible so restricted</u>	
<u>June 25, 2021</u>	<u>New issuance</u>	<u>14,000</u>	<u>Preferred B</u>	<u>\$8,5 Million</u>	<u>NO</u>	<u>Rennova Health Inc</u>  <u>Control Person:</u>  <u>Epizon Limited and Seamus Lagan</u>	<u>Acquisition of assets</u>	<u>Conversion factor into common at a 90% discount BUT cannot exceed 4.9% of I/O</u>	_____
<u>June 25,2021</u>	<u>New issuance</u>	<u>200</u>	<u>Preferred C</u>	<u>200K</u>	<u>NO</u>	<u>Gerard Dab</u>	<u>For unpaid service rendered</u>	<u>Conversion factor into common at a 90% discount BUT cannot exceed 4.9% of I/O</u>	
<u>May 16,2021</u>	<u>Cancellation</u>	<u>14,465,259</u>	<u>Common</u>	<u>\$1447</u>		<u>Visual Healthcare Corp.Control person: Linh Nguyen</u>	<u>For non-respect of agreement conditions</u>		
Shares Outstanding on Date of This Report:									
Ending _____ Balance									
Ending Balance:									
Date <u>30 June 2021</u> Common:									
234,953,286									
Preferred: A 1000 B 14000 C 200									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

Note A. 1

The number of common shares issued and outstanding was reduced from 249,418,545 to 234,953,286 on may 16, 2021 following the cancelation of 14,465,259 common shares for reason of non-respect of the conditions for those shares.

Note A2

In regard to our transaction with Rennova health, Inc, the controlling party of that hospital chain is Epizon Limited of Nassau, Bahamas. The control person of Epizon Limited is Mr. Seamus Lagan of West Palm Beach, Florida.

**B. Debt Securities, Including Promissory and Convertible Notes**

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
June 30,2021	164,301	147372	16,929	12/20/2022	NONE	US Dept. of economic development	Payroll support
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

**4) Financial Statements**

A. The following financial statements were prepared in accordance with:  
U.S. GAAP

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Thomas J. Bellante CPA PA

Title: CFO designate

Relationship to Issuer: CFO of acquired company HTS.

Provide the financial statements described below for the most recent fiscal year or quarter.

## **Consolidated Financial Statement and notes are included in Annex 1**

### **5) Issuer's Business, Products and Services**

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

We are a medical information company that uses technology to assist physicians and nurses streamline the mass of patient information in a coherent and usable manner. Our clinical information systems are designed for use in hospitals, healthcare delivery organizations and regional and national healthcare authorities. Our corporate mission is to help healthcare professionals practice the best possible medicine at the point of care.

As a medical information leader we also provide ancillary smart systems that can help health organizations, providers and patients help reduce re-hospitalizations, monitor health outcomes, insure continued instant access to patient entire health records in real time, help practitioners meet meaningful use requirements, help first responders deal with the medical issues involved in major catastrophic events including incidence of Bio Terrorism. We also supply secured data repository for the safe keeping of personal health information for executives and workers who have to spend time on the road for their business.

The technology platform on which VisualMED modules and some of its applications are based has been evaluated by independent agencies, such as the Leapfrog Group and Five Rights Consulting. These agencies have consistently ranked our technology as one of the more complete and efficacious set of solutions in its field. The VisualMED technology was also positively evaluated after an in-depth audit for the benefit of a Canadian governmental agency by Dr. Antoine Geissbuhler, formerly of Vanderbilt University medical school and holder of the chair of medical informatics, Faculty of Medicine, University of Geneva, Switzerland.

Our technology has been validated by the American Society of Clinical Oncologists, where our oncology technology has been successfully demonstrated to be at the leading edge of currently available clinical information systems. Our systems have been regularly reviewed by the Joint Commissions (JCAHO) of many States including Texas, Kansas, Michigan, Massachusetts, Quebec.

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

HTS vCIO

Company provides specialized IT services for healthcare facilities to assist in enhancing business operations and encourage sustainable growth within the healthcare industry. Our services focus on infrastructure-related management, and we ensure you maintain a competitive advantage with innovative technology solutions

Advanced Molecular Services Group, Inc. ("AMSG") and Health Technology Solutions, Inc. ("HTS") (collectively, the "Advanced Molecular and Health Technology Solutions Group," or the "Group"),AMSG holding and operating Rennova's pharmacogenomics business and HTS holding and operating Rennova's supportive software solutions business. Pharmacogenomics is the genetic process to understand how an individual's genetic attributes affect the likely response to therapeutic drugs. HTS's supportive software solutions business includes electronic health records, medical billing services and laboratory information management systems.

AMSG include the assets and operations of CollabRx, Inc. and Genomas, Inc. Genomas, Inc. operated a diagnostics lab until December 31, 2019 and is now focused solely on the technology and platform to interpret diagnostics outcomes and translate these outcomes into easily usable information. HTS's financial results include the assets and operations of two other strategic businesses owned by Rennova: ClinLab, Inc.; and Medical Mime, Inc.

C. Describe the issuers' principal products or services, and their markets

*VisualMED Modules*

VisualMED modules come in four broad classes – administrative/support, nursing, clinical, and the Electronic Medical Record.

- **Administrative module.** VisualADMIN is the principal administrative module. VisualADMIN allows users with the appropriate security rights to access screens that may be used to define and modify the basic architectural structure that defines the business rules for the CPOE for the six general order entry types – drugs, labs, IV solutions, image tests, nursing orders, and dressings – as well as special order entry types, such as sliding scales, drug tapers and transfusions. VisualADMIN creates and modifies decision support algorithms that are called upon at multiple levels in the order entry sequence. These operate as background processes and maintain the ward/bed configuration of the institution, as well as a set of diagnoses, a custom set of system requisitions that may be required by the healthcare institution, a set of system user groups and user group rights and a set of system parameters that are used to determine the system configuration. We supply all of the content required for full function of the system at the time of installation. Our customers may modify any of the content at any time in plain language. VisualADMIN is a required module in the setting of a minimal VisualMED installation.
- **Nursing module.** The VisualMED nursing module (VisualNURSE) integrates all physician/nursing clinical functions at the order entry and clinical data entry levels. VisualNURSE contains a medication administration record that is automatically generated by the VisualMED system according to a rules engine, which translates the physician's prescription into the date-times for prescription administration. System rules are supplied by VisualMED at the time of installation and may vary for each individual clinical module. VisualNURSE also contains a plan of care and screen sets that allow for the recording and display of clinical information, including vital signs, glucometer-insulin record, input and output, and pain scale. Additional screens exist for the recording of the nursing history. The healthcare institution's system administrator, through VisualADMIN, manages the basic structure of VisualNURSE. All of our clinical modules access VisualNURSE. VisualNURSE is a required module in the setting of a minimal VisualMED installation.
- **Clinical module.** The VisualMED clinical modules broadly correspond to the individual clinical specialty of medicine of the healthcare institution or a particular division or ward of the institution, such as VisualER, VisualSurgeon, VisualPediatrics and VisualICU. All of the patients in a particular ward may all be linked to a single module or patients in a given ward may each be attached to different modules in accordance with the patient's ailment. Each clinical module may have its own set of available drug listings, its own table of order sets and unique decision support algorithms. The look and feel of each clinical module is constant, though modules may contain unique screens, which may not be available elsewhere in the VisualMED Clinical Information System. For example, VisualER uses unique patient tracking screens; VisualICU, CCU, and ER contain unique results reporting screens. The health care institution's system administrator, through VisualADMIN, manages the seed content of the clinical modules. At least one clinical module is required in the setting of a minimal VisualMED installation. Our system includes, as an option, a DICOM viewer embedded in the clinical signs and results reporting screens so that PACS images may be viewed directly within the clinical context of the VisualMED clinical data display screens.
- **Electronic Medical Record.** All clinical modules come with a complete Electronic Medical Record which can be used by physicians, consultants, nursing staff and paramedical staff to record their admission and progress notes in a coded, menu-driven or free-text format, depending on the preference of the individual user.

Clinicians can access all data related to their patient through the Electronic Medical Record. Clinical data entered into the Electronic Medical Record is available to review for the purposes of quality assurance by the clinical or administration staff and, where law permits, may be consulted by the patient.

We also began marketing of our VisualONCOLOGY module to oncology departments and cancer clinics, including through our main licensee Integrated Clinical Care Corp, resulting in the current deployment of this module at the Segal Cancer Center in Montreal. We have acquired the technology to create an ambulatory module to support individual physicians in private practice. We have also acquired the technology and rights for the VisualMED technology to support a web-based Personal Health Information System available to subscribers over the internet.

## 6) Issuer's Facilities

We do not own any real estate and do not have long term leases.

## 7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Gerard Dab</u>	Chair CEO	<u>Montreal, Quebec</u>	None	NA	0	_____
Louis J. Lombardo	Director	<u>New York, NY</u>	4,5 M	Common	1.8%	_____
Michel Dab	<u>Treasurer</u>	Toronto, Ontario	<u>27 M</u>	Common	11.2%	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NONE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

## 9) **Third Party Providers**

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Morgan E. Petitti, Esq.  
118 W. Streetsboro Street, # 317  
Hudson, Ohio 44236  
Telephone: 330.697.8548  
E-Mail: [PetittiLaw@gmail.com](mailto:PetittiLaw@gmail.com)

### Accountant or Auditor

Nicolas Kanellopoulos  
Accountant  
Tri-logic  
Chabanel Street West, suite 1114,  
Montréal, QC H2N 2C4

Tom Ballente, CPA  
400 S. Australian Ave.  
8th Floor West Palm Beach, FL 33401

Investor Relations Consultant

NONE

Other Service Providers

NONE

**10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Gerard Dab certify that:

1. I have reviewed this annual disclosure statement of Visualmed Clinical Solutions Corp;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

September 25, 2021

"/s/(Gerard Dab)"

*Principal Financial Officer:*

I, Gerard Dab certify that:

1. I have reviewed this annual disclosure statement of Visualmed Clinical Solutions Corp
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

September 25, 2021

"/s/(Gerard Dab)"

## **ANNEX I**

### **VISUALMED CLINCAL SOLUTIONS CORP.**

#### **CONSOLIDATED FINANCIAL STATEMENTS**

#### **VISUALMED CLINCAL SOLUTIONS CORP. CONSOLIDATED BALANCE SHEETS**

**June 30,  
2021**

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#### **ASSETS**

##### **Current assets:**

Cash	46
Accounts receivable, net (includes \$0 and \$135,687, respectively, of related party accounts receivable)	34,591
Prepaid expenses and other current assets	858

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<b>Total current assets</b>	<b>35,495</b>
Property and equipment, net	711
Intangible Assets	2,904,000
Goodwill	7,956,824
	<hr/>
<b>Total assets</b>	<b>\$ 10,897,030</b>
	<hr/> <hr/>
 <b>Current liabilities:</b>	
Accounts payable	\$ 766,343
Accrued expenses	1,379,922
Current portion of notes payable	134,153
	<hr/>
<b>Total current liabilities</b>	<b>2,280,418</b>
Notes Payable – Long term	164,301
Series B Preferred Shares due	577,396
	<hr/>
<b>Total Liabilities</b>	<b>3,022,115</b>
	<hr/>
 <b>Commitments and contingencies</b>	
<b>Stockholders' Equity</b>	
Preferred Series A Stock, Par Value \$0.0001, 25,000,000 shares authorized, 1,000 shares issued and outstanding 2021	0
	<hr/>

Preferred Series B Stock, Par Value \$0.001, 25,000 shares authorized, 14,000 issued and outstanding 2021	14
Preferred Series C Stock, Par Value \$0.001, 2,000 shares authorized, 200 Shares issued and outstanding 2021	0
Common Stock, Par Value \$0.0001, 350,000,000 shares authorized, 235,418,545 and 249,418,545 shares issued and outstanding 2021 and 2020, respectively	23,542
Additional Paid In Capital	40,539,557
Accumulated Deficit	(32,688,198) )
<b>Total Stockholders' Equity</b>	<b>7,874,915</b>
<b>Total liabilities and Stockholders' Equity</b>	<b>\$ 10,897,030</b>

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

**VISUALMED CLINICAL SOLUTIONS CORP.  
CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>2021</b>
<b>Net Revenues</b>	<b>\$ 0</b>
<b>Operating expenses:</b>	
Direct costs of revenue	
General and administrative expenses	507,768
Depreciation	
<b>Total operating expenses</b>	<b>507,768</b>

<b>Loss from operations</b>	<u>(507,768)</u>
<b>Other (expense) income:</b>	
Other (expense) income, net	
Interest expense and payroll tax penalties	)
<b>Total other (expense) income</b>	<u>(0)</u>
<b>Loss before income taxes</b>	(0)
	<b>(507,768)</b>
Provision for income taxes	-
<b>Net loss</b>	<u><b>\$(507,768)</b></u>
<b>Fully diluted loss per share</b>	<b>\$0.002</b>

**VISUALMED CLINICAL SOLUTIONS CORP.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**

	Preferred stock - Shares	Preferred Stock – Par Value	Common Stock - Shares	Common Stock – Par Value	Additional Paid In Capital	Accumulate d Deficit	Total
<b>Balance at June 30, 2019</b>	\$ 0	0	249,418,545				)
	-						
Net loss	-	-					)
<b>Balance at June 30, 2020</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>249,418,545</b>	<b>(14,465,259)</b>			<b>\$ )</b>
Issuance and cancellation of shares in connection with acquisition	15,200		14	(14,465,259)			8,360,90 0

8,631,086

Net loss	-	-	)	(507,768)	(507,768	))
<b>Balance at June 30,</b>					<b>7,874,91</b>	
<b>2021</b>	<b>\$ 15,200</b>	<b>\$ 14</b>	<b>\$ (234,953,286)</b>	<b>40,539,557</b>	<b>(32,688,198)</b>	<b>\$ 5</b>

**VISUALMED CLINICAL SOLUTIONS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**2021**

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**Cash flows (used in) operating activities:**

Net loss \$ (507,768)

Adjustments to reconcile net loss to net cash (used in) operations:

Depreciation

Gain on Settlement of Debt

Changes in operating assets and liabilities:

Accounts receivable

Prepaid expenses and other current assets

Deposits

Deferred Revenue

Accounts payable and accrued expenses

496,418

**Net cash (used in) operating activities**

(11,350)

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**Cash flows provided by investing activities:**

Cash acquired in acquisition

46

**Net cash provided by investing activities**

46

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**Cash flows provided by financing activities:**

Loans from parent

9

Loans Transferred to parent



## **Note 1 – Description of Business**

Visualmed Clinical Solutions Corp )was incorporated in the State of Nevada on September 7, 2009. Its business plan involves the distribution of medical software. It was primarily involved in activities related to the distribution of medical software through associated companies to which it has granted operating and distribution licenses.

On June 25, 2021 Rennova Health, Inc (Rennova), a public reporting company, sold all the shares of stock of its subsidiaries, HTS and AMMSG to VisualMED.

In consideration for the shares of HTS and AMMSG (HTS Group) and the elimination of inter-company debt between Rennova and HTS and AMMSG, VisualMED issued the Rennova 14,000 shares of its Series B Non-Voting Convertible Preferred Stock (the “Series B Preferred Stock”). The number of shares of Series B Preferred Stock were subject to a post-closing adjustment which resulted in 950 additional Series B shares due Rennova, which were issued in September 2021. Each share of Series B Preferred Stock has a stated value of \$1,000 and is convertible into that number of shares of VisualMED’s common stock equal to the product of the stated value divided by 90% of the average closing price of the VisualMED’s common stock during the 10 trading days immediately prior to the conversion date. Conversion of the Series B Preferred Stock, however, is subject to the limitation that no conversion can be made to the extent Rennova’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of VisualMED would exceed 4.99%. The shares of Series B Preferred Stock may be redeemed by VisualMED upon payment of the stated value of the shares plus any accrued declared and unpaid dividends. In addition, in connection with the merger, VisualMED issued 1,000 Series A Preferred Shares to a company controlled by the CEO of Rennova and 200 Series C Preferred Shares to VisualMED’s CEO in exchange for \$300,000 a Notes Payable owed to him. Additional, VisualMED’s CEO forgave an additional \$300,000 of that Note Payable and turned in 14,000,000 shares of Common Stock in VisualMED.

During 2017, Rennova Health, Inc. (“Rennova” or the former “Parent”), the Parent of the Advanced Molecular Services Group, Inc. (“AMMSG”) and Health Technology Solutions, Inc. (“HTS”) (collectively, the “Advanced Molecular and Health Technology Solutions Group,” or the “Group”), announced its intent to separate the Group into one or more separate public entities with AMMSG holding and operating Rennova’s pharmacogenomics business and HTS holding and operating Rennova’s supportive software solutions business. Pharmacogenomics is the genetic process to understand how an individual’s genetic attributes affect the likely response to therapeutic drugs. HTS’s supportive software solutions business includes electronic health records, medical billing services and laboratory information management systems. AMMSG is a wholly owned subsidiary of Rennova that was formed on May 4, 2017 and HTS is a wholly-owned subsidiary of Rennova that was formed on June 22, 2011.

AMMSG include the assets and operations of CollabRx, Inc. and Genomas, Inc. Genomas, Inc. operated a diagnostics lab until December 31, 2019 and is now focused solely on the technology and platform to interpret diagnostics outcomes and translate these outcomes into easily usable information. HTS’s financial results include the assets and operations of two other strategic businesses owned by Rennova: ClinLab, Inc.; and Medical Mime, Inc. HTS’s results do not include Platinum Financial Solutions, LLC. which has been left with Rennova. AMMSG and HTS each operate as separate segments of the Group.

### ***Basis of Presentation and Principles of Consolidation***

The consolidated financial statements include the accounts of the VisualMED and its wholly- owned subsidiaries, Advanced Molecular and Health Technology Solutions Group (here in referred to as the Company) since the date of acquisition on June 25,2021 and are prepared in conformity with accounting principles generally accepted in the United States of America

(“U.S. GAAP”) and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

All intercompany transactions between members of the Company have been eliminated in the consolidation.

### ***Comprehensive Loss***

During the periods ended June 30, 2021 comprehensive loss was equal to the net loss amounts presented in the accompanying consolidated statements of operations.

### ***Going Concern***

Under Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Accounting Standards Codification (“ASC”) 205-40), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC. The consolidated financial statements have been prepared using U.S. GAAP applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has accumulated significant losses and has negative cash flows from operations and, at June 30, 2021, had a working capital deficit and accumulated deficit of \$2.2 million. In addition, the Group’s cash position is critically deficient and critical payments are not being made in the ordinary course of business, all of which raises substantial doubt about the Company’s ability to continue as a going concern. Management’s plans with respect to alleviating the adverse financial conditions that caused management to express substantial doubt about the Company’s ability to continue as a going concern are as follows:

As discussed above, during 2017, Rennova announced its intent to separate the Group into one or more separate public entities. The separation of the Group from Rennova and the distribution of the newly-formed public company stock are intended, among other things, to: (1) result in improved business and operational decision-making and greater strategic and management focus for each respective business; (2) improve the ability of each company to attract, retain and incentivize employees; (3) improve access to capital for each business while eliminating competition for capital; and (4) create a separate equity structure for each company, resulting in an improved understanding of each business in the capital and investor markets, and a stronger, more focused investor base for each company. Management believes that the separation will allow each business to more fully realize their value and allow it to use its stock as consideration for acquisitions and enhance the value of its equity-based compensation programs.

Notwithstanding the benefits that are expected to result from the separation, the Company will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to the Company, tax costs and costs to separate information systems, among other costs. The cost of performing such functions is anticipated to be higher than the amounts reflected in the Company’s historical financial statements, which would cause its future profitability to decrease. Accordingly, the Company will continue to focus on reducing its operating costs and increasing revenues.

There can be no assurance that the Company will be able to achieve its business plan, raise any additional capital or secure the additional financing necessary to implement its current operating plan. The ability of the Company to continue as a

going concern is dependent upon its ability to significantly reduce its operating costs, increase its revenues and eventually regain profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

## **Note 2 – Summary of Significant Accounting Policies**

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimation include estimating fair value of intangible assets acquired, the impairment of assets, accrued and contingent liabilities, and future income tax obligations (benefits), among other items. Actual results could differ from those estimates and would impact future results of operations and cash flows.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

### ***Revenue Recognition***

We will recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” including subsequently issued updates. This series of comprehensive guidance has replaced all existing revenue recognition guidance. There is a five-step approach outlined in the standard. In determining revenue, we first identify the contract according to the scope of ASU Topic 606 with the following criteria:

- The parties have approved the contract either in writing; orally by acknowledgement; or implicitly, based on customary business practices.
- Each party’s rights and the contract’s payment terms are identified
- The contract has commercial substance.
- Collection is probable.

### ***Impairment or Disposal of Long-Lived Assets***

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board’s (“FASB”) ASC 360, “*Property, Plant and Equipment.*” Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates.

As of June 30, 2021, the majority of the Company's fixed assets were fully depreciated and, therefore, the carrying value of fixed assets represented fair value. Fixed assets are depreciated over lives ranging from three to seven years.

### ***Fair Value of Financial Instruments***

In accordance with ASC 820, "*Fair Value Measurements and Disclosures*," the Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 applies to assets or liabilities for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company's own assumptions.

The estimated fair value of financial instruments is determined by the Company using available market information and valuation methodologies considered to be appropriate. At June 30, 2021 the carrying value of the Company's accounts receivable, accounts payable, accrued expenses and notes payable, approximate their fair values due to their short-term nature. The Company had level 3 assets at June 30, 2021 which consist of intangible assets and goodwill in the amount of \$2,904,000 and \$7,956,824, respectively. For the years ended June 30, 2021, there were no realized and unrealized gains on instrument valued using fair value evaluation methods.

### ***Goodwill and Other Intangible Assets***

Goodwill represents the excess of cost over the fair value of net assets acquired in connection with business acquisitions. Goodwill is tested at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management. The Company assesses goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The annual impairment review is completed in the fourth quarter of the Company's fiscal year.

If the carrying amount of a reporting unit exceeds its fair value, the Company measures the possible goodwill impairment based upon an allocation of the estimate of fair value to the underlying assets and liabilities of the reporting unit, including any previously unrecognized intangible assets, based upon known facts and circumstances as if the acquisition occurred currently. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds the implied fair value of the goodwill.

Impairment losses, if any, are reflected in operating income or loss in the Consolidated Statements of Operations. There were no impairment losses for any period presented.

### ***Income Taxes***

The Company uses the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized, or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized. When projected future taxable income is insufficient to provide for the realization of deferred tax assets, the Group will recognize a valuation allowance.

In accordance with U.S. GAAP, the Company has determined whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Derecognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. The Company has determined that it has not incurred any liability for tax benefits as of June 30, 2021 and 2020. State income taxes will also be due on any income generated in the future.

### **Basic and Diluted Net Income (Loss) Per Share**

The Company computes net income (loss) per share in accordance with SFAS No. 128, "Earnings per Share" which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method.

### **Note 3 – Acquisition**

As indicated in Note 1 above, the Company acquired all of the common stock of the HTS Group from Rennova on June 25, 2021.

Below is a summary of the assets acquired and liabilities assumed stated at fair market value on the date of acquisition:

**Assets Acquired:**

Cash	46
Accounts Receivable	34,591 )
Prepaid Expenses and other current assets	858
Fixed Assets	711
Intellectual Property	2,365,000,
Customer Relationships	66,000
Trademark	473,000
Goodwill	7,956,824

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**Total Assets Acquired** 10,897,030

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**Liabilities Assumed**

Accounts payable	766,343
Accrued Expenses	1,379,922
Notes Payable	298,419

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**Total Liabilities Assumed** 2,444,684

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**Net Assets Acquired** 8,452,346

The following as a summary Statement of Operations as if the acquisition of the HTS Group had taken place on July 1, 2020:

<b>Revenue</b>	
<b>Operating Expenses</b>	
Direct costs	7,166
General and Administrative expenses	1,343,436
Depreciation and amortization	195,055
	<hr/>
<b>Total Operating Expenses</b>	1,545,657
	<hr/>
<b>Net Operating Loss</b>	<b>(1,052,036)</b>
	<hr/>
<b>Other (Expense)</b>	<b>(42,103)</b>
	<hr/>
<b>Net Loss</b>	(1,094,139)
<b>Dividends on Preferred Stock</b>	(767,500)
	<hr/>
<b>Net loss attributed to common stockholders</b>	<b>(1,861,639)</b>
	<hr/>

**Note 4 – Correction of Error**

The Company determined that its intangible assets in the amount of \$4,530,000 which consisted of new product development and customer relationships were impaired prior to June 30, 2019 and should have been written off then.

**Note 5– Accounts Receivable**

Accounts receivable at June 30, 2021 consisted of the following:

	<b>June 30,</b>
	<b>2021</b>
Accounts receivable –third parties	<u>\$ 35,466</u>
Less:	
Allowance for discounts	(875 )
	<u>                    </u>
<b>Accounts receivable, net</b>	<b><u><u>\$ 34,591</u></u></b>

For the years ended June 30, 2021 bad debt expense (recovery), was \$ 0.

**Note 5 – Property and Equipment**

Property and equipment at June 30, 2021 consisted of the following:

	<b>June 30,</b>
	<b>2021</b>
Software	<u>\$ 1,435,875</u>
Furniture	8,227

Office equipment	24,883
Computer equipment	330,179
	<hr/>
	1,799,164
Less accumulated depreciation	(1,798,453)
<b>Property and equipment, net</b>	<b><u>\$ 711</u></b>

Depreciation expense on property and equipment was zero and \$ for the years ended June 30, 2021 and 2020, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment. Management did not recognize any impairment of these assets during the years ended June 30, 2021 and 2020.

**Note 6 – Intangible Assets**

Intangible Assets at June 30, 2021 consisted of the following:

	<b>June 30,</b>
	<b>2021</b>
	<hr/>
Intellectual Property	\$ 2,365,000
Customer Relationships	66,000
Trademark	473,000
<b>Intangible Assets</b>	<b><u>2,904,000</u></b>

The Company acquire the above intangible assets in connection with its acquisition of the HTS Group from Rennova on June 25, 2021 in exchange for certain Preferred Stock and other consideration as explain in Note 1 above. A third-party

Business Valuation expert was hired by the Company who determined the above fair market valuations of these intangible assets acquired using standard business valuation methods

Management of the Company has determined the above intangible assets have a fifteen-year life and will start amortizing them in fiscal 2022.

Amortization shall amount to \$193,600 per year for the next fifteen years.

**Note 7 – Accrued Expenses**

Accrued expenses at June 30, 2021 consisted of the following:

	<b>June 30, 2021</b>
Accrued payroll and related liabilities	\$ 1,221,131
Accrued legal	37,997
Accrued interest	1,224
Deferred revenue and customer deposits	43,914
Other accrued expenses	75,656
<b>Accrued expenses</b>	<b>\$ 1,379,922</b>

**Note 8 – Notes Payable**

The carrying number of notes payable as of June 30, 2021 was as follows:

	<b>June 30, 2021</b>
Note payable with the Department of Economic and Community Development in the original amount of \$147,372 due in monthly payments	134,153

of principal and interest totaling \$2,132 beginning January 1, 2017 with a final payment due on October 1, 2022. Non-interest bearing. Payments were not made in 2021 nor 2020.

Paycheck Protection Program Loans (PPP Loans), A portion of the PPP Loans and accrued interest are forgivable as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Company terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP Loans. The unforgiven portion of the PPP Loans are payable over two years at an interest rate of 1.0% per annum, with a deferral of payments for the first sixteen months. Beginning sixteen months from the dates of issuance, the Company is required (if not forgiven) to make monthly payments of principal and interest to the lenders. The Company intends to use all of the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loans, it cannot assure you that it will not take actions that could cause the Company to be ineligible for forgiveness of the loans, in whole or in part.

	164,301
	<u>298,454</u>
	-
Less current portion	134,153
<b>Notes payable, long term, net of current portion</b>	<b><u>164,301</u></b>

## **Notes 9 – Stockholders’ Equity**

### **Preferred Stock Series A**

The Company has Authorized 1000 shares of \$0.0001 par value (stated value \$10 ) Supermajority Voting Preferred Stock of which 1,000 are issued and outstanding as of June 30,2021. So long as one share of Series A Preferred stock is outstanding, the outstanding shares of the Series A Preferred Stock shall have the number of votes, in the aggregate to equal to 51% of all votes entitled to be voted at any stockholder meeting. These shares have no rights to receive dividends and liquidation rights are equal to the Stated Value per share.

### **Preferred Stock Series B**

The Company has Authorized 25,000 shares of \$0.001 par value (sated value \$1,000) Convertible Redeemable Preferred Stock of which 1,000 are issued and outstanding as of June 30,2021. These Shares shall have no voting rights, dividends on these shares shall accrue at the rate of 5% of the Stated Value per share and liquidation rights are equal to the Stated Value per share. These shares are convertible into the Company’s Common Stock based on the Stated Value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock. No conversion can be made to the extent the former Parent’s beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of VisualMED would exceed 4.99%. These shares are redeemable at the option of the Company at their Stated Value plus unpaid dividends.

### **Preferred Stock Series - C**

The Company has Authorized 2,000 shares of \$0.001 par value (sated value \$1,000) Convertible Redeemable Voting Preferred Stock of which 200 are issued and outstanding as of June 30,2021. These Shares shall have no voting rights, dividends on these shares shall accrue at the rate of 10% of the Stated Value per share and liquidation rights are equal to the Stated Value per share. These shares are convertible into the Company’s Common Stock based on the Stated Value at a conversion price equal to 90% of the average closing price of the Common Stock on the 10 Trading Days immediately prior to the Conversion Date but in any event no less than the par value of the Common Stock.

### **Common Stock**

The Company has Authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,285 are issued and outstanding as of June 30,2021. These shares have 1 vote per shares.

## Note 10 – Income Taxes

The provision for income taxes is zero in each of the periods presented due to the Company's net operating losses carryforwards.

The components of the net deferred tax asset (liability) are as follows:

	<b>June 30, 2021</b>
Net operating loss carryforward	\$8,498,931
Subtotal	<u>\$8,498,931</u>
Less valuation allowance	(8,498,931)
Net deferred tax assets (liabilities)	<u>\$ 0-</u>

The Company is unaware of any uncertain income tax positions. Tax returns for the last ten years have not yet been filed. All tax returns are subject to IRS examination.

The Company estimates that it has net operating loss carryforwards totaling approximately \$33,688,000 as of June 30, 2021.

Following is a reconciliation of the applicable federal income tax as computed at the federal statutory tax rate to the actual income taxes reflected in the Statements of Operations for the years ended June 31, 2021, and 2020.

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Tax provision at U.S. federal income tax rate	-21%	21%
State income tax provision net of federal	-5%	5%
Valuation allowance	26%	-26%
Provision for income taxes	<u>0%</u>	<u>0%</u>

## **Note 11 – Commitments and Contingencies**

**Consulting Agreement** – the Company entered into a consulting agreement effective June 1, 2021 with a company owned by the Company’s CEO for a period of one year to provide assistance in developing the Company’s business including communications with existing shareholders and the general public. This company shall be paid \$60,000 upon receipt of funding from an outside source or within 90 days of signing the agreement. Additionally, this company shall be paid \$3,500 per month until the agreement expires.

**Concentration of Credit Risk** - Credit risk with respect to accounts receivable is generally low due to the nature of the customers comprising the customer base and the significant related party component. The Company does not require collateral or other security to support customer receivables. However, the Company continually monitors and evaluates its client acceptance and collection procedures to minimize potential credit risks associated with its accounts receivable and establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is not material to the consolidated financial statements.

The Company maintains its cash balances in high-credit-quality financial institutions. The Group’s cash balances may, at times, exceed the deposit insurance limits provided by the Federal Deposit Insurance Corp.

### **Guarantees**

Certain entities of the Company have cross guaranteed debt obligations of its former Parent. As part of the transaction with the Company, the former Parent will seek to remove all entities from those guarantees. The former Parent has warranted to the Company that no liability from these entities under these cross guarantees will be material or be a responsibility of the Company at any time in the future

### **Legal Matters**

From time to time, the Company may be involved in a variety of claims, lawsuits, investigations and proceedings related to contractual disputes, employment matters, regulatory and compliance matters, intellectual property rights and other litigation arising in the ordinary course of business. The Company operates in a highly regulated industry which may inherently lend itself to legal matters. Management is aware that litigation has associated costs and that results of adverse litigation verdicts could have a material effect on the Company’s consolidated financial position or results of operations. Management, in consultation with legal counsel, has addressed known assertions and predicted unasserted claims below.

P2P Staffing Corp. received a judgment against HTS during 2018 in the amount of \$58,783 for amounts owed. As of June 30, 2021, and 2020, \$10,464 was outstanding and owed for this judgment and included in accounts payable at each respective balance sheet date.

Two former employees of CollabRx, Inc. filed suits in a California state court against the former Parent and CollabRx in connection with amounts claimed to be owed under their respective employment agreements with CollabRx. One former employee received a judgment against the former Parent and CollabRx in October 2018 for approximately \$253,000. The other former employee received a judgment against the former Parent and CollabRx in December 2018 for approximately \$173,000. While the former Parent has accrued these amounts claimed, it is considering its options to refute these matters and believes the claims against the former Parent to be frivolous and outside of entitlement and contractual agreements.

Clinlab, Medical Mime and HTS, as well as the former Parent and many of its subsidiaries, are defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleges a breach by Medytox Solutions, Inc. of its obligations under a debenture and claims damages of approximately \$2,030,000 plus interest, costs and fees. The former Parent and the other subsidiaries are sued as alleged guarantors of the debenture. The complaint was filed on August 1, 2018. The former Parent has recorded the principal balance and interest owed under the debenture agreement for the period ended June 30, 2020. The former Parent and all defendants have filed a motion to dismiss the complaint but have not recorded any potential liability related to any further damages. In May 2020, the SEC appointed a Receiver to close down the TCA Global Master Fund, LP over allegations of accounting fraud. The amount recorded by the former Parent as being owed to TCA was based on TCA’s application of prior payments made by the former Parent. The former Parent believes that prior payments of principal and interest may have been applied to unenforceable investment banking and other fees and charges. It is the former Parent’s and all other defendants’ position that the amount owed to TCA is less than what has been recorded by the former Parent.

In June 2018, a court in Middlesex County, Massachusetts granted Techlogix Inc. a judgment against HTS and the former Parent for \$71,723 in connection with a contract for software development and related services. The former Parent made the final payment to satisfy this judgment in September 2020.

**Note 12 – Supplemental Disclosure of Cash Flow Information**

	<b>2021</b>
Cash paid for interest	-
Cash paid for income taxes	-

Non-cash Investing and financing activities in connection with the acquisition of the HTS Group consist of the following for the year ended June 30, 2021:

Purchase of Working Capital deficit for Preferred Stock and debt forgiveness	\$(2,110,770)
Purchase of fixed assets for preferred stock and debt forgiveness	711
Purchase of Intangibles for preferred stock and debt forgiveness	2,904,000
Purchase of Goodwill for Preferred stock and debt forgiveness	7,956,824
Assumption of long-term Notes payable	(134,118)
Consideration given	<u>(8,616,693)</u>
Cash received	<u>\$ 46</u>

There were no non-cash investing and financing activities during the year June 30, 2020.

### **Note 13 – Recent Accounting Pronouncements**

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard will require entities to disclose the amount of total gains or losses for the period recognized in other comprehensive income that is attributable to fair value changes in assets and liabilities held as of the balance sheet date and categorized within Level 3 of the fair value hierarchy. This ASU will be effective for the Company for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. Under this standard, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The adoption of this new guidance prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and additional quantitative and qualitative disclosures. This ASU will be effective for the Company for annual and interim periods beginning on December 31, 2020. Early adoption of this standard is permitted and may be applied either prospectively to eligible costs incurred on or after the date of the new guidance or retrospectively. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enactment of tax laws or rate changes. This standard will be effective for the Company for annual periods beginning on January 1, 2021, including interim periods within those fiscal years. Early adoption of this standard is

permitted, including adoption of all amendments in any interim period for which financial statements have not yet been issued. The adoption of this ASU by the Company did not have a material impact on its consolidated results of operations, financial position and cash flows.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company's consolidated financial statements.

## **Note 14 – Subsequent Events**

### *Impact of the Pandemic*

A novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization on March 11, 2020. We have been closely monitoring the COVID-19 pandemic and its impact on our operations and we have taken steps intended to minimize the risk to our employees and customers. If the COVID-19 pandemic continues for a further extended period, we may incur significant losses and financial assistance may be required. Going forward, the Company is unable to determine the extent to which the COVID-19 pandemic will affect its business. The nature and effect of the COVID-19 pandemic on our consolidated balance sheet and results of operations will depend on the severity and length of the pandemic in our service areas; government activities to mitigate the pandemic's effect; regulatory changes in response to the pandemic; and potential government assistance that may be provided.

On July 22, 2021, Evolve Bank and Trust Company and the Small Business Administration, forgave \$40,900 Paycheck Protection Program Loans (PPP Loans) and related interest.

For the period July 1, 2021 through September 21, 2021, the former Parent has advanced funds and paid expenses of the HTS Group in the amount of \$205,708.