

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

**VisualMED Clinical Solutions Corp**

**(InnovaQor, Inc)**

A Nevada Company

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

(561)421-3800  
(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: March 31, 2022  
(the “Reporting Period”)

As of March 31, 2022, the number of shares outstanding of our Common Stock was:  
234,953,286

As of December 31, 2021, the number of shares outstanding of our Common Stock was:  
234,953,286

As of June 30, 2020, the number of shares outstanding of our Common Stock was:  
234,953,286

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:

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None

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: 350,000,000 as of March 31, 2022  
Total shares outstanding: 234,953,286 as of date: March 31, 2022  
Number of shares in the Public Float<sup>2</sup>: 158,660,542 as of date: March 31, 2022  
Total number of shareholders of record: 245 as of date March 31, 2022

The Company has a total of 325 million common shares authorized and 25 million preferred whose designation has been 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 (sated 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 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/InnovaQor 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.

#### 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: <u>Opening Balance</u> Date 30 June 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, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or 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>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>	
Shares Outstanding on Date of This Report: <u>Ending Balance</u> Ending Balance: Date 31 March 2022 Common: 234,953,286									

**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:

\_\_\_\_\_

## 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.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

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:

Title:

Relationship to Issuer:

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

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

- 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% of 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>Sharon Hollis</u>	President & CEO	<u>West Palm Beach, FL</u>	None	NA	0	_____
Gerard Dab	Director & Secretary	<u>Montreal, Canada</u>	none	nA	0	_____

Justin Doherty	<u>Director</u>	Belfast, UK	none	NA	0	_____
<u>Seamus Lagan</u>	<u>Shareholder</u>	<u>West Palm Beach, FL</u>	<u>1000</u>	<u>Preferred A</u>	<u>100%</u>	_____
<u>Real Gauthier</u>	<u>Shareholder</u>	<u>Montreal, Canada</u>	<u>13 M</u>	Common	<u>7%</u>	_____

**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)

### Accountants

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

### Auditors

Haynie & Company  
1785 W 2300 S  
Salt Lake City, UT84119  
(801)972-4800

### 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, Sharon Hollis certify that:

1. I have reviewed this Quarterly 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.

August 18, 2022

"/s/Sharon Hollis)"

*Principal Financial Officer:*

I, Thomas Bellente certify that:

1. I have reviewed this Quarterly 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.

August 18,2022

"/s/Thomas Bellente)"

## **Annex 1**

### **Consolidated Financial Statement and notes.**

**VISUALMED CLINICAL SOLUTIONS CORP  
(INNOVAQOR, INC.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 1,040	\$ 46
Accounts receivable, net (including related party receivable of \$16,023 and \$21,852 at March 31, 2022 and December 31, 2021, respectively)	26,953	32,800
Prepaid expenses and other current assets	-	-
<b>Total current assets</b>	<b>27,993</b>	<b>32,846</b>
Property and equipment, net	-	-
<b>Total assets</b>	<b>\$ 27,993</b>	<b>\$ 32,846</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 946,244	\$ 937,698
Accrued expenses	1,483,628	1,446,722
Due to Former Parent	501,637	374,473
Current portion of notes payable	206,157	134,153
<b>Total current liabilities</b>	<b>3,137,666</b>	<b>2,893,046</b>

Notes payable – Long term	60,401	60,401
	—	
Preferred Series B Stock, Par Value \$0.0001, 25,000 shares authorized, 14,950 shares issued and outstanding	9,086,396	9,086,396
Preferred Series C Stock, Par Value \$0.0001, 2,000 shares authorized, 225 and 200 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	137,250	122,000
<b>Total liabilities</b>	<b>12,421,713</b>	<b>12,161,843</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' Deficit</b>		
Preferred Series A Stock, Par Value \$0.0001, 1,000 shares authorized, 1,000 shares issued and outstanding at March 31, 2022 and December 31, 2021	—	—
Common Stock, Par Value \$0.0001, 325,000,000 shares authorized, 234,953,286 shares issued and outstanding at March 31, 2022 and December 31, 2021	23,495	23,495
Additional Paid-In Capital	5,857,658	5,857,658
Accumulated Deficit	(18,274,873)	(18,010,150)
<b>Total Stockholders' Deficit</b>	<b>(12,393,720)</b>	<b>(12,128,997)</b>

<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 27,993</b>	<b>\$ 32,846</b>
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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**INNOVAQOR, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended	
	March 31, 2022	March 31, 2021
<b>Net revenues (including net revenue from related party of \$53,555 and \$62,316 for the three months ended March 31, 2022 and 2021, respectively)</b>	<b>\$ 95,893</b>	<b>\$ 118,217</b>
<b>Operating expenses:</b>		
Direct costs of revenue	175,089	—
General and administrative expenses	182,373	284,366
Depreciation	—	237
<b>Total operating expenses</b>	<b>357,422</b>	<b>284,603</b>
<b>Loss from operations</b>	<b>\$ (261,569)</b>	<b>\$ (166,386)</b>
<b>Other (expense) income:</b>		
Other (expense) income, net	—	—
Interest expense and payroll tax penalties	(3,154)	(9,577)
<b>Total other (expense) income</b>	<b>(3,154)</b>	<b>(9,577)</b>

Loss before income taxes		(264,723)	(175,963)
Provision for income taxes		—	—
<b>Net loss</b>		<b>\$ (264,723)</b>	<b>\$ (175,963)</b>
<b>Basic and Diluted (loss) per share</b>		<b>\$ (0.00)</b>	
<b>Basic and Diluted weighted average shares of common stock outstanding</b>		<b>234,953,286</b>	

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

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### INNOVAQOR, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT (Unaudited)

	Preferred Series A - Shares	Preferred Series A - Par Value	Common Stock - Shares	Common Stock - Par Value	Additional Paid-In Capital	Accumulated Deficit	Total
<b>Balance at December 31, 2020</b>					\$15,076,845	\$(17,164,307)	\$ (2,087,462)
<b>Borrowings From Former Parent</b>					89,518	-	89,518
<b>Net loss for period</b>						(175,963)	(175,963)
<b>Balance at March 31, 2021</b>	- \$	-	- \$	-	\$15,166,363	\$(17,340,270)	(2,173,907)
<b>Balance at December 31, 2021</b>	1,000 \$	-	234,953,286	23,495	5,857,658	(18,010,150)	(12,128,997)

<b>Net loss for period</b>	-	-	-	-	-	(264,723)	(264,723)
<b>Balance at March 31, 2022</b>	1,000 \$	-	234,953,286 \$	23,495 \$	5,857,658	\$(18,274,873)	\$(12,393,720)

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

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**INNOVAQOR, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Three Months Ended	
	March 31, 2022	March 31, 2021
<b>Cash flows (used in) operating activities:</b>		
Net loss	\$ (264,723)	\$ (175,963)
Adjustments to reconcile net loss to net cash (used in) operations:		
Amortization of Debt Discount	3,154	—
Depreciation	—	237
Changes in operating assets and liabilities:		
Accounts receivable	5,847	12,896
Prepaid expenses		859
Accounts payable and accrued expenses	45,452	(11,523)
<b>Net cash (used in) operating activities</b>	<b>(210,270)</b>	<b>(173,494)</b>
<b>Cash flow (used in) investing activities:</b>		
Purchase of fixed assets	—	(500)
<b>Net cash (used in) investing activities</b>	<b>—</b>	<b>(500)</b>

**Cash flows provided by financing activities:**

Loans from Former Parent	127,164	89,518
Loan from CEO	84,100	—
Proceeds from Paycheck Protection Program Loans	—	60,401
<b>Net cash provided by financing activities</b>	<b>211,264</b>	<b>149,919</b>
<b>Net (Decrease) Increase in cash</b>	<b>994</b>	<b>(24,075)</b>
Cash at beginning of period	46	31,294
<b>Cash at end of period</b>	<b>\$ 1,040</b>	<b>\$ 7,219</b>

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

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****Note 1 – Description of Business**

InnovaQor, Inc. (which changed its name from VisualMED Clinical Solutions Corporation in September 2021) (“InnovaQor” or the “Company”) was incorporated in the State of Nevada on September 7, 1999. Its business plan involved 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.

During 2017, Rennova Health, Inc. (“Rennova” or the “Parent”), the Parent of Advanced Molecular Services Group, Inc. (“AMSG”) 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 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 was a wholly-owned subsidiary of Rennova that was formed on May 4, 2017 and HTS was a wholly-owned subsidiary of Rennova that was formed on June 22, 2011.

AMSG’s financial results 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 was left with Rennova. After the separation, Rennova retained full ownership of its remaining businesses.

On June 25, 2021, Rennova sold all the shares of stock of its subsidiaries, HTS and AMMSG, to InnovaQor in a transaction that has been accounted for as a reverse acquisition with the Group being the accounting acquirer.

In consideration for the shares of HTS and AMMSG (HTS Group) and the elimination of inter-company debt between Rennova and HTS and AMMSG, InnovaQor issued to Rennova 14,000 shares of its Series B Convertible Redeemable Preferred Stock (the "Series B Preferred Stock"). The number of shares of Series B Preferred Stock was subject to a post-closing adjustment which resulted in an additional 950 shares of Series B Preferred Stock 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 InnovaQor's common stock equal to the product of the stated value divided by 90% of the average closing price of InnovaQor'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 the holder's beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. The fair market value of the 14,950 shares was \$9,086,396, as described below. The shares of Series B Preferred Stock may be redeemed by InnovaQor upon payment of the stated value of the shares plus any declared and unpaid dividends. Because these shares are convertible, at the option of the holder, into a variable number of common shares based solely on a fixed dollar amount (stated value) known at issuance of the shares, they have been recorded as a long-term liability at the date of issuance in accordance with ASC 480, *Distinguishing Liabilities from Equity*.

On June 9, 2021, InnovaQor issued 1,000 shares of Series A Supermajority Voting Preferred Stock (the "Series A Preferred Stock") to the then CEO of the Company, Mr. Gerard Dab, in exchange for \$300,000 owed to Mr. Dab. The Series A Preferred Stock has the right to the number of votes equal to 51% of the votes entitled to be cast at a meeting or to vote by written consent, meaning the owner of the Series A Preferred Stock has voting control of the Company. Mr. Dab was a party to an agreement whereby he committed to transfer the Series A Preferred Stock to Epizon Limited ("Epizon"), a Nassau, Bahamas, based management consulting company. Seamus Lagan, the Chief Executive Officer of Rennova, the company we ultimately completed a transaction with, is also the managing director of Epizon. The conditions of the Epizon agreement to which Mr. Dab was a party were met and the transfer of shares of Series A Preferred Stock to Epizon was completed. The terms of the agreement between Mr. Dab and Epizon had certain conditions including a condition that if within 120 days after a transaction was completed by VisualMED, there were not any dispute or efforts to unwind the transaction, then Mr. Dab would deliver the shares of Series A Preferred Stock owned by him to Epizon. Epizon, as the owner of the Series A Preferred Stock, will be able to exercise control over all matters submitted for stockholder approval.

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InnovaQor issued 200 shares of Series C Convertible Redeemable Preferred Stock (the "Series C Preferred Stock") to Mr. Dab in exchange for \$200,000 owed to him. The shares had a fair market value of \$122,000 at the date of issuance, as described below. Because these shares are convertible, at the option of the holder, into a variable number of common shares based solely on a fixed dollar amount (stated value) known at issuance of the shares, they have been recorded as a long-term liability at the date of issuance in accordance with ASC 480, *Distinguishing Liabilities from Equity*.

The fair market value of all of the above shares of Series B and Series C Preferred Stock is based on the Option Price Method (the "OPM"). The OPM treats common and preferred interests as call options on the equity value of the subject company, with exercise prices based on the liquidation preference of the preferred interests and participation thresholds for subordinated classes. The Black-Scholes model was used to price the call options. The assumptions used were: risk free rate of 0.84%, volatility of 250.0%, and exit period of 5 years. Lastly, a discount rate of 35% was applied due to the lack of marketability of the InnovaQor preferred stock and the underlying liquidity of InnovaQor's common stock.

Additionally, Mr. Dab returned 14,465,259 shares of Common Stock in InnovaQor for cancellation.

The goal of the Company is to develop and deliver a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services.

InnovaQor has six wholly-owned subsidiaries that provide medical support services primarily to clinical laboratories, corporate operations, rural hospitals, physician practices and behavioral health/substance abuse centers.

Health Technology Solutions, Inc. (“HTS”): HTS provides information technology and software solutions to our subsidiaries and outside medical service providers. HTS provides vCIO, IT managed services and data analytics dashboards to our subsidiaries and outside medical service providers. HTS operates from the corporate offices in West Palm Beach, Florida.

Medical Mime, Inc. (“Mime”): Mime was formed on May 9, 2014. It specializes in electronic health records (EHR) software and subscription services for the behavioral health and rehabilitation market segments. It currently serves nine behavioral health/substance abuse facilities.

ClinLab, Inc. (“ClinLab”): ClinLab develops and markets laboratory information management systems to mid-size clinical laboratories. It currently services 13 clinical laboratories across the country.

AMSG owns CollabRx, Inc. (“CollabRx”) and Genomas, Inc. (“Genomas”), each of which is an inactive operation.

Genomas operated a diagnostics lab until December 31, 2019 and was focused solely on the pharmacogenomics technology and platform, MedTuning, to interpret diagnostics outcomes and translate these outcomes into easily usable information to indicate the effectiveness of medications for a patient. This solution would require minimum effort to be back in operation. CollabRx owns a technology platform and database for interpreting diagnostics outcomes from cancer patients that could match the result to known treatments and or clinical trials. This solution has been dormant for a number of years and to be viable in the marketplace will require updates to the technology and the database.

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Each of the subsidiaries is wholly owned by the Company and complements each other, allowing for cross selling of products and services. The Company believes the current solutions will become an added value option to a technology-based communication platform to a broad range of healthcare professionals and businesses using a subscription revenue model with added value bolt on services, the Company plans to develop.

Existing products offered by the Company’s subsidiaries are as follows:

“Medical Mime” is a custom built, cloud based, electronic health record which meets the needs of substance abuse treatment and behavioral health providers. Medical Mime’s specialized clinical workflow provides intuitive prompts for symptoms and enables you to quickly select problems and create master treatment plans with goals, objectives, and interventions. Medical Mime provides best-in-class patient lifecycle management for Behavioral Health/Substance Abuse (BH/SA) treatment centers. From pre-admission to billing and aftercare, Medical Mime is an electronic health record and patient management software that seamlessly integrates into the natural workflow of day-to-day operations.

“M2Pro” is a custom built, cloud based, electronic health record for ambulatory physician practices that meets meaningful use stage 2 and no further. Its unique dictation services further automate the workflow process for physicians allowing them to focus on their continuum of patient care.

“ClinLab” is a turnkey client/server lab information system for mid-range laboratories. ClinLab supports interfaces to all major reference labs and the ClinLab team can provide an interface to any system with that capability. ClinLab also features an optional EHR package which enables interfacing with the most popular EHR systems allowing lab test results to integrate seamlessly into a provider’s EHR for an improved patient record and to fulfill the federal government requirements.

“Qira” is our healthcare business analytics tool powered by PowerBI. It is a culmination of healthcare financial and revenue cycle management plus clinical operations oversight needs. It aggregates data from multiple healthcare systems to produce a single source business intelligence tool with executive level daily briefing to deep dive operational management of claims and operational

efficiencies. There are many other analytical services available that customize solutions but none that have a proven template for success. Our competitive advantage comes from having created these tools to identify the deficiencies in the real world for the former parent Rennova from its former national laboratory operations to its more recent rural hospitals.

“vCIO Services”. Based on the skills and experience inherent within InnovaQor and resulting from work undertaken on behalf of the former parent, Rennova, InnovaQor offers a range of CIO services centered on our ability to link IT systems to business objectives combined with our knowledge of technology trends likely to impact our sector. The CIO services would include (but not be limited to):

- Program and Project Management
- Business Continuity and Disaster Recovery
- Security Services
- Business Intelligence and Analytics
- Network Infrastructure Management
- Helpdesk Provision

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“MedTuning” utilizes proprietary biomarkers, treatment algorithms, and a web-based interactive physician portal delivery system to provide clinical decision support for physicians and personalized drug treatment for patients. Products are DNA-guided to improve the therapeutic benefit of widely used prescription drugs while also reducing the risk of significant side effects for patients.

Medical Informatics: Our technology platform, proprietary algorithms and physician interface portal can be extended to a wide range of drug categories.

Research and Development: Technology platform applicable to numerous disease states; current pipeline in mental health, pain management, cardiovascular and diabetes.

“Advantage” is a proprietary HIPAA compliant software developed to eliminate the need for paper requisitions by providing an easy to use and efficient web-based system that lets customers securely place lab orders, track samples and view test reports in real time from any web-enabled laptop, notepad or smart phone.

In the coming year we plan to develop, acquire or license and offer a telehealth solution through corporate partnerships in the emerging health technology sector.

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

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

The acquisition of an operating company by a non-operating public shell corporation typically results in the owners and management of the operating company having actual or effective voting and operating control of the combined company. The Securities and Exchange Commission staff considers a public shell reverse acquisition to be a capital transaction in substance, rather than a business combination. That is, the transaction is a reverse recapitalization, equivalent to the issuance of stock by the operating company for the net monetary assets of the shell corporation accompanied by a recapitalization. The accounting is similar to that resulting from a reverse acquisition, except that no goodwill or other intangible assets are recorded.

The condensed consolidated financial statements include the accounts of only the HTS Group (the accounting acquirer) prior to June 25, 2021 and InnovaQor and the Group since the date of acquisition on June 25, 2021, with the transaction being accounted for as a recapitalization of the Group on June 25, 2021. The condensed consolidated financial statements 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.

The accompanying condensed consolidated financial statements as of March 31, 2022 and 2021, have been derived from unaudited financial information. Intercompany accounts and transactions have been eliminated. The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual audited financial statements and in accordance with U.S. GAAP, for interim financial information and the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements. In the opinion of management, such unaudited information includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of this interim information.

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### ***Comprehensive Loss***

During the three months ended March 31, 2022 and 2021, comprehensive loss was equal to the net loss amounts presented in the accompanying condensed 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 March 31, 2022, had a working capital deficit and accumulated deficit of \$3.1 million and \$18.3 million, respectively. In addition, the Company’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:

The Company will incur substantial costs in connection with the acquisition of the Group from Rennova, 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 losses to increase. 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 increase its revenues and eventually achieve profitable operations. The accompanying condensed

consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

### ***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 the 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.

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### ***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.

### ***Allowance for Doubtful Accounts Policy***

Accounts receivable are reported at realizable value, net of allowances for doubtful accounts, which are estimated and recorded in the period that the Company deems the receivable to be uncollectable. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection is an integral part of the estimation process related to the allowance for doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues that may impact the collectability of these receivables or reserve estimates. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts at the time such receivables are written-off. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

### ***Revenue Recognition***

We 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:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as you satisfy a performance obligation.

Revenue is recognized when control of the promised services is transferred to the Company’s customers in an amount that reflects the consideration expected to be entitled to in exchange for those services. As the Company completes its performance obligations which are identified in Note 11 below, it has an unconditional right to consideration as outlined in the Company’s contracts. Generally, the Company’s accounts receivable are expected to be collected in 30 days in accordance with the underlying payment

terms. For many of the Company's services, the Company typically has one performance obligation; however, it also provides the customer with an option to acquire additional services. The Company typically provides a menu of offerings from which the customer may choose to purchase. The price of each service is generally based upon an agreed hourly rate.

### ***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 March 31, 2022 and 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.

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### ***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 March 31, 2022 and December 31, 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. For the three months ended March 31, 2022 and 2021, there were no realized and unrealized gains on instruments valued using fair value evaluation methods.

### ***Income Taxes***

The entities within the Group were included in the consolidated income tax returns of its Parent for the years ended December 31, 2020 and prior. A determination has been made by Parent’s management not to allocate any of the deferred tax assets or liabilities to the Group as of December 31, 2020 and prior. Accordingly, the Group had not provided for income taxes in the combined financial statements. The Company since June 25, 2021 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 Company 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 March 31, 2022 and 2021. State income taxes will also be due on any income generated in the future.

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***Convertible Preferred Stock***

The Company classifies its Series B and Series C Convertible Preferred Stock as liabilities in accordance with ASC 480 *Distinguishing Liabilities from Equity* since the preferred stock is convertible, at the option of the holder, into a variable number of shares based solely on a fixed dollar amount (stated value) known at issuance of the preferred stock.

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

The Company computes net income (loss) per share in accordance with ASC Topic 260, “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. As of March 31, 2022, there were approximately 2,590,000,000 common stock equivalents which were antidilutive due to the Company’s losses.

**Note 3 – Acquisition**

The Company acquired all the common stock of the HTS Group from Rennova on June 25, 2021 in exchange for Preferred Series A, B and C stock with a fair market value of \$9,195,692. This acquisition has been accounted for as a reverse acquisition with the HTS Group being the accounting acquiror with the excess fair value of the purchase price over net asset fair value acquired treated as a reduction of additional paid in capital on the date of acquisition.

A summary of that purchase price is as follows;

Fair Value of Preferred Series A Stock	\$	100
Fair Value of Preferred Series B Stock	\$	9,086,396

Fair Value of Preferred Series C Stock	\$	122,000
Other	\$	(12,804)
<b>Total</b>	<b>\$</b>	<b>9,195,692</b>

On the date of acquisition, InnovaQor had no assets and total liabilities of \$500,035, of which \$500,000 was converted to equity in connection with the acquisition.

Unaudited summary Statements of Operations for the three months ended March 31, 2021, as if the acquisition had taken place on January 1, 2021, are not materially different than those statements presented herein.

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#### Note 4 – Accounts Receivable

Accounts receivable at March 31, 2022 and December 31, 2021 consisted of the following:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
Accounts receivable (including related party of \$16,023 and \$21,852 at March 31, 2022 and December 31, 2021, respectively)	\$ 26,953	\$ 32,800
Less:		
Allowance for discounts	—	—
<b>Accounts receivable, net</b>	<b>\$ 26,953</b>	<b>\$ 32,800</b>

For the three months ended March 31, 2022 and 2021, bad debt expense (recovery), was \$0 and \$0, respectively.

#### Note 5 – Property and Equipment

Property and equipment at March 31, 2022 and December 31, 2021 consisted of the following:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
Software	\$ 1,435,875	\$ 1,435,875
Furniture	8,227	8,227

Office equipment	30,931	30,931
Computer equipment	324,131	324,131
	<u>1,799,164</u>	<u>1,799,164</u>
Less accumulated depreciation	(1,799,164)	(1,799,164)
<b>Property and equipment, net</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Depreciation expense on property and equipment was \$0 and \$237 for the three months ended March 31, 2022 and 2021, respectively. Management periodically reviews the valuation of long-lived assets, including property and equipment, for potential impairment.

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#### Note 6 – Accrued Expenses

Accrued expenses at March 31, 2022 and December 31, 2021 consisted of the following:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	<u>                    </u>	<u>                    </u>
Accrued payroll and related liabilities	\$ 1,363,567	\$ 1,263,539
Accrued legal	37,997	37,997
Accrued interest	412	17,494
Deferred revenue and customer deposits	23,532	24,471
Other accrued expenses	58,120	103,221
<b>Accrued expenses</b>	<u><u>\$ 1,483,628</u></u>	<u><u>\$ 1,446,722</u></u>

#### Note 7 – Notes Payable

The carrying amount of notes payable as of March 31, 2022 and December 31, 2021 was as follows:

<b>March 31,</b>	<b>December 31,</b>
<b>2022</b>	<b>2021</b>
<u>                    </u>	<u>                    </u>

<p>Note payable with the Department of Economic and Community Development in the original amount of \$147,372 due in monthly payments 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 2022 or 2021.</p>	\$	134,153	\$	134,153
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<p>Loan from Company's CEO, due September 6, 2022. Original issue discount of \$8,410; 25 shares of Series C Preferred Stock issued in connection with the loan; unamortized debt discount of \$20,506 at March 31, 2022</p>	72,004	-
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<p>Paycheck Protection Program Loans (PPP Loans). 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.</p>	60,401	60,401
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	266,558	194,554
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Less current portion	206,157	134,153
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<b>Notes payable, long term, net of current portion</b>	<b>\$ 60,401</b>	<b>\$ 60,401</b>
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**Note 8 – Loans from Parent and Other Related Party Transactions**

To fund the Company's operations for the three months ended March 31, 2022 and 2021, the former Parent advanced funds and paid expenses of InnovaQor and the Group in the amount of \$127,164 and \$89,518, respectively. The amount for the three months ended March 31, 2022 is included in Due to Former Parent in the accompanying Condensed Consolidated Balance Sheet.

During the three months ended March 31, 2022, Ms. Hollis, the Chief Executive Officer of the Company, loaned the Company \$84,100. The Company entered into a promissory note in the amount of \$92,510, representing a 10% original issue discount. The loan is due on September 6, 2022; provided that, 50% is due if the Company receives \$500,000 of financing and 100% is due if the Company receives \$1,000,000 of financing. In addition, the Company issued Ms. Hollis 25 shares of Series C Preferred Stock on March 31, 2022 in connection with the loan. These shares of Series C Preferred Stock were valued at \$15,250 using the Option Price Method and the some assumptions as used to value the prior issuance of Series C Preferred Stock.

The above amounts are not indicative of what third parties would have agreed to.

#### ***Related Parties Revenue***

Included in net revenues for the three months ended March 31, 2022 and 2021 is \$53,555 and \$89,518, respectively, of intercompany revenue with Rennova (the former parent).

The Group has incurred certain costs that have been allocated from Rennova. Included in the Condensed Consolidated Statements of Operations are the following allocated costs:

	<b>Three Months Ended March 31, 2022</b>	<b>Three Months Ended March 31, 2021</b>
	<hr/>	<hr/>
Health insurance	\$ —	\$ 7,119
Rent and utilities	28,711	20,012
<b>Total allocated costs</b>	<hr/> <b>\$ 28,711</b> <hr/>	<hr/> <b>\$ 27,131</b> <hr/>

#### **Note 9 – Preferred Stock and Stockholders' Deficit**

##### **Common Stock**

The Company has authorized 325,000,000 shares of \$0.0001 par value Common Stock of which 234,953,286 were issued and outstanding as of March 31, 2022 and December 31, 2021. These shares have one vote per share.

##### **Preferred Stock Series A**

The Company has authorized 1,000 shares of \$0.0001 par value (stated value \$10) Series A Supermajority Voting Preferred Stock of which 1,000 were issued and outstanding as of March 31, 2022 and December 31, 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, 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 \$0.0001 par value (stated value \$1,000) Series B Convertible Redeemable Preferred Stock of which 14,950 were issued and outstanding as of March 31, 2022 and December 31, 2021. These shares 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. The Series B Preferred Stock was not convertible prior to the first anniversary of its issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series B Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends. Because these shares are convertible, at the option of the holder, into a variable number of common shares based solely on a fixed dollar amount (stated value) known at issuance of the shares, they have been recorded as a long-term liability at the date of issuance in accordance with ASC 480, *Distinguishing Liabilities from Equity*.

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### Preferred Stock Series C

The Company has authorized 2,000 shares of \$0.0001 par value (stated value \$1,000) Series C Convertible Redeemable Preferred Stock of which 225 and 200 were issued and outstanding as of March 31, 2022 and December 31, 2021, respectively. These shares 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. The Series C Preferred Stock was not convertible prior to the first anniversary of its original issuance except with the consent of the holders of a majority of the then outstanding shares, if any, of the Series A Preferred Stock. No conversion can be made to the extent the holder's beneficial interest (as defined pursuant to the terms of the Series C Preferred Stock) in the common stock of InnovaQor would exceed 4.99%. These shares are redeemable at the option of the Company at their stated value plus declared and unpaid dividends. Because these shares are convertible, at the option of the holder, into a variable number of common shares based solely on a fixed dollar amount (stated value) known at issuance of the shares, they have been recorded as a long-term liability at the date of issuance in accordance with ASC 480, *Distinguishing Liabilities from Equity*.

### Note 10 – Revenue

The Company had net revenue for the three months ended March 31, 2022 and 2021 as follows:

	March 31, 2022	March 31, 2021
	<u>                    </u>	<u>                    </u>
Dashboards	\$ 13,623	\$ 14,076
IT Managed Services	25,740	25,741
Software and Interfaces	—	8,640
Support and Maintenance	25,840	22,034
vCIO Services	14,191	22,500

Software Licenses Fees	15,497	25,127
Other	1,002	99
Total Net Revenue	\$ 95,893	\$ 118,217

Generally, work is billed monthly by the hour at agreed upon hourly rates for all of the above revenue streams.

For all of the Company's services, the Company typically has one performance obligation; however, it also provides the customer with an option to acquire additional services. The Company typically provides a menu of offerings from which the customer may choose to purchase. The price of each service is separate and distinct and provides a separate and distinct value to the customer. Pricing is generally consistent for each service irrespective of the other services or quantities requested by the customer.

When the Company receives consideration from a customer prior to transferring services to the customer under the terms of the contract, it records deferred revenues on the Company's consolidated balance sheet, which represents a contract liability.

The Company has an internal sales force compensation program where remuneration is based solely on the revenues recognized in the period and does not represent an incremental cost to the Company which provides a future benefit expected to be longer than one year and would meet the criteria to be capitalized and presented as a contract asset on the Company's consolidated balance sheet.

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

**Consulting Agreement** – the Company entered into a consulting agreement effective June 1, 2021, with a company owned by Mr. Dab, the Company's former 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. This has not yet been paid. This agreement has been renewed for another year. 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 condensed consolidated financial statements.

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

#### **Guarantees**

Certain subsidiaries of the Company have guaranteed debt obligations of their former Parent. As part of the transaction with the Company, the former Parent received a release of guarantees from certain institutional lenders and has been working to settle other debt obligations where certain subsidiaries of the Company remain a guarantor. The Company believes that any risk associated with previous guarantees is now minimal and immaterial.

#### **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 condensed 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 \$58,784 plus accrued interest and court costs for amounts owed. As of each of March 31, 2022 and December 31, 2021, \$10,464 was outstanding and owed for this judgment and included in accounts payable in the accompanying Condensed Consolidated Balance Sheets.

Two former employees of CollabRx, Inc., one of the acquired subsidiaries, filed suits in a California state court against the former Parent, Rennova, and CollabRx, Inc., in connection with amounts claimed to be owed under their respective employment agreements with CollabRx, Inc. One former employee received a judgment for approximately \$253,000, which Rennova has paid in full. The other former employee received a judgment for approximately \$173,000.

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ClinLab, Medical Mime and HTS, as well as the former Parent, Rennova and many of its subsidiaries, were defendants in a case filed in Broward County Circuit Court by TCA Global Credit Master Fund, L.P. The plaintiff alleged a breach by Medytox Solutions, Inc. of its obligations under a debenture and claimed damages in excess of \$2,030,000 plus interest, costs and fees. The other entities were sued as alleged guarantors of the debenture. In May 2020, the SEC appointed a Receiver to close down the TCA Global Credit Master Fund, L.P. In September 2021, the parties entered into a settlement agreement with the Receiver to pay \$500,000 as full and final settlement of all claims in this matter, which amount has now been paid as of April 2022.

CTI Consulting LLC filed suit against HTS in September 2021, claiming approximately \$45,000 as owed for services provided. The Company has agreed to pay \$5,000 per month until the obligation is satisfied.

On June 14, 2018, Techlogix, Inc. obtained a judgment in the Massachusetts Superior Court for Middlesex County in the amount of \$71,223 against HTS and Rennova. This amount was paid by Rennova and a Satisfaction of Judgement was filed by Techlogix, Inc. on December 8, 2020.

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

	Three Months Ended March 31,	
	2022	2021
Cash paid for interest	\$ 3,182	\$ 10,005
Cash paid for income taxes	\$ —	\$ —
Series C Preferred Stock issued in connection with debt	\$ 15,250	\$ —

#### Note 13 – Recent Accounting Pronouncements

All 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

As of July 1, 2022, the outstanding loan from Rennova to the Company totaled \$803,415.70. The Company signed a promissory note, dated July 1, 2022, in favor of Rennova that provided that the Company will pay Rennova \$883,757.27 on December 31, 2022. That amount represented a 10% original issue discount above the loan amount outstanding on July 1, 2022.

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