CARECLIX, INC.
CARECLIX SERVICES, INC.

COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021 AND 2020

CARECLIX, INC.
CARECLIX SERVICES, INC.
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YEAR ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Careclix, Inc. and Careclix Services, Inc.

Opinion

We have audited the accompanying combined financial statements of Careclix, Inc. and Careclix Services, Inc. (the "Company"), which comprise the combined balance sheet as of December 31, 2021 and 2020, and the related combined statements of operations, changes in stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Careclix, Inc. and Careclix Services, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying combined financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the combined financial statements, the Company's continuing operating losses and negative cash flows from operating activities raise substantial doubt about its ability to continue as a going concern for a period of one year from the issuance of the combined financial statements. Management's plans are also described in Note 1. The combined financial statements do not include adjustments that might result from the outcome of this uncertainty.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Careclix, Inc. and Careclix Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error. In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Careclix, Inc. and Careclix Services, Inc.'s ability to continue as a going concern for one year from the issuance of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Careclix, Inc. and Careclix Services, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Careclix, Inc. and Careclix Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Boyle CPA, LLC

Red Bank, NJ
January 11, 2023

CARECLIX, INC. AND CARECLIX SERVICES, INC.
COMBINED BALANCE SHEETS

	DECEMBER 31, 2021	DECEMBER 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 87,981	$ 164,238
Accounts receivable, net of allowance for doubtful accounts	340,868	1,258,197
Prepaid expenses	58,162	8,973
Other current assets	248	-
Total Current Assets	487,259	1,431,408
Fixed assets, net of accumulated depreciation	11,415	30,492
Other Assets		
Goodwill	828,216	828,216
Intangible assets, net of accumulated amortization	670,316	795,941
Total Other Assets	1,498,532	1,624,157
TOTAL ASSETS	$ 1,997,206	$ 3,086,057
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	$ 642,262	$ 1,751,840
Insurance finance loan	63,181	39,698
Deferred revenue	9,642	136,337
Due related party	2,721,954	2,270,755
Total Current Liabilities	3,437,039	4,198,630
Long Term Liabilities		
Convertible debt	50,000	-
Total Long Term Liabilities	50,000	-
TOTAL LIABILITIES	3,487,039	4,198,630
SHAREHOLDER'S EQUITY/(DEFICIT)		
Capital Stock		
Common stock, par value $0.001 10,000 authorized, 1,000 issued	1	1
Additional paid-in capital	1,899,999	1,899,999
Total capital stock	1,900,000	1,900,000
Retained earnings	(3,389,833)	(3,012,573)
Total Shareholder's Equity/(Deficit)	(1,489,833)	(1,112,573)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY/(DEFICIT)	$ 1,997,206	$ 3,086,057

See accompanying notes to combined financial statements.

CARECLIX, INC. AND CARECLIX SERVICES, INC.
COMBINED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	DECEMBER 31, 2021	DECEMBER 31, 2020
REVENUE	$ 3,756,909	$ 5,076,646
COST OF SALES	886,256	1,154,578
GROSS PROFIT	2,870,653	3,922,068
OPERATING EXPENSES		
Compensation and benefits	1,319,648	1,858,130
Sales and marketing	410,118	542,408
Technology development	226,740	1,021,908
Depreciation and amortization	144,701	132,995
General and administrative	1,236,947	2,526,777
Total Operating Expenses	3,338,154	6,082,218
NET OPERATING LOSS	(467,501)	(2,160,150)
OTHER INCOME (EXPENSE)		
Other income	93,388	3,106
Interest expense	(3,147)	-
Total Other Income (Expense)	90,241	3,106
NET LOSS	$ (377,260)	$ (2,157,044)

See accompanying notes to combined financial statements.

CARE CLIX, INC. AND CARECLIX SERVICES, INC.

Combined Statements of Stockholder's Equity/(Deficit)

For the years ended December 31, 2021 and 2020

	Common Stock		Additional	Accumulated	Total Stockholder's
	Shares	Amount	Paid in capital	Deficit	Equity/(Deficit)
Balance - January 1, 2020	1,000	$ 1	$ 1,899,999	$ (855,529)	$ 1,044,471
Net loss				(2,157,044)	(2,157,044)
Balance - December 31, 2020	1,000	$ 1	$ 1,899,999	$ (3,012,573)	$ (1,112,573)
Net loss				(377,260)	(377,260)
Balance - December 31, 2021	1,000	$ 1	$ 1,899,999	$ (3,389,833)	$ (1,489,833)

See accompanying notes to combined financial statements.

CARECLIX, INC. AND CARECLIX SERVICES, INC.
Combined Statements of Cash Flows

	For the years ended December 2021	2020
Cash Flows From Operating Activities		
Net loss	$ (397,260)	$ (2,157,044)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	144,701	132,995
Provision for bad debts	113,088	12,663
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	824,048	(1,025,814)
Prepaid expenses and other current assets	(171,589)	(8,973)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,176,553)	1,399,356
Deferred revenue	(126,695)	117,354
Cash used by operating activities	(790,260)	(1,529,463)
Cash Flows From Investing Activities		
Purchase of furniture and fixtures	-	(4,180)
Cash used by investing activities	-	(4,180)
Cash Flows From Financing Activities		
Proceeds of demand notes payable - related party	664,003	1,722,866
Repayment of demand notes payable - related party	-	(21,805)
Proceeds from convertible notes payable	50,000	-
Cash (used)/provided by financing activities	714,003	1,701,061
Net Increase (decrease) in Cash and Cash Equivalents	(76,257)	167,418
Cash and Cash Equivalents - beginning	164,238	(3,180)
Cash and Cash Equivalents - end	$ 87,981	$ 164,238
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest	$ 3,147	$ -

See accompanying notes to combined financial statements.

CARECLIX, INC. AND CARECLIX SERVICES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
Fiscal Years Ended December 31, 2021 and 2020

Note 1. Nature of Business and Significant Accounting Policies

NATURE OF BUSINESS:

CareClix, Inc. is a Virginia corporation formed on April 10, 2019, to receive proprietary and patent pending telemedicine operating software acquired in April 2019.

The proprietary CareClix™ operating software, and pending patent for that software, the domain name and trademark for the software and certain related incidental tangible assets were acquired from KB Medical Systems, LLC, an unrelated company and the developer of the proprietary CareClix™ operating systems for telemedicine providers. The acquisition was closed April 12, 2019. CareClix, Inc. commenced a new operating business with the assets following the acquisition. One thousand shares of the common stock of CareClix, Inc., par value $0.001 was issued to the former parent company of CareClix, Inc. for the CareClix™ assets, which were valued by an independent valuation service at $1,900,000.

CareClix, Inc. has been engaged in two separate lines of business since inception: licensing of the software to third parties which have their own medical networks (software as a service or SaaS) and affording access to a nationwide medical network to client's employees, members and other end users on a per medical consult basis ("fee for Service"). In most cases, SaaS revenues are billed to the CareClix, Inc.'s client monthly in advance based on the number of end users eligible to access the services each month, and fee for services rendered based on the total medical consults actually used in the month. The medical network accessed for the fee for service operations is operated by CareClix Network, PA, a Florida professional association affiliated with the CareClix, Inc.. Where appropriate, CareClix, Inc. also charges an Implementation Fee to integrate the CareClix™ operating software with the clients' systems and operations.

In August 2021, CareClix Services Inc. began operations as the two principal lines of business of the CareClix, Inc., SaaS and Fee for Services, were divided for better management and marketing, with the Fee for Service business being transferred to an affiliated company, CareClix Services, Inc. and the SaaS business remaining with the Company.

CareClix, Inc. and CarClix Services, Inc. are collectively referred to as the "Company".

SUMMARY OF THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The accounts are maintained and the combined financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

COMBINED FINANCIAL STATEMENTS

The combined financial statements include the accounts of CareClix, Inc. and Careclix Services, Inc. as they are under common control and management. All transactions between the CareClix, Inc. and Careclix Services, Inc. have been eliminated.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

CASH AND CASH EQUIVALENTS

We consider highly liquid investments with maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2021 or 2020. Cash consists of cash on deposit in banks and funds received but not yet deposited.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No valuation allowance has been recorded as of December 31, 2021 or 2020.

BUSINESS COMBINATION

The Company completed the acquisition of certain assets of KB Medical Systems, LLC, an unaffiliated company for a total consideration of $1,900,000. Based on the terms of the acquisition, the Company evaluated the proper accounting treatment for this acquisition to determine if the acquisition should be treated for accounting purposes as an acquisition of assets, or as a business combination. under ASC 805. The Company concluded that, since some, but not all, of the customers of KB Medical Systems became customers of the Company and to the accounting guidance in ASC 805, the Company concluded that the acquisition should be reported as a business combination.

ASC 805 mandates the evaluation of the inputs and outputs of each separate asset acquired with an allocation of the total purchase price to all assets acquired, including good will or going concern value. The Company retained the services of an independent valuation firm to review the valuations and allocations of the assets purchased. As a result of that independent review, the Company allocated the total acquisition price as follows:

Tangible assets	$ 56,000
Technology	936,591
Trade names and trademarks	66,899
Customer relationships	12,294
Assembled workforce	100,100
Goodwill	728,116
Total Assets acquired	$ 1,900,000

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over appropriate estimated useful lives. Certain tangible and intangible assets were acquired by the Company in April 2019 and reported as reflected in the independent valuation report., as noted above in Business Combination, and are all being amortized or depreciated over their remaining useful lives.

As of December 31, 2021 and 2022, the Company's property and equipment consisted of the following:

		December 31,	
	Life	2021	2020
Computer equipment	3	$ 18,630	$ 18,630
Furniture and fixtures	5	8,000	8,000
Medical equipment	3	33,800	33,800
Total cost		60,430	60,430
Accumulated Depreciation		(49,015)	(29,938)
Net		$ 11,415	$ 30,492

Depreciation expense amounted to $19,077 and $17,638 during the years ended December 31, 2021 and 2020, respectively.

INTANGIBLE ASSETS

Intangible assets as of December 31, 2021 and 2020 consisted of the following:

		December 31,	
	Life	2021	2020
Technology	8	$ 936,592	$ 936,592
Trademark and trade name	9	66,899	66,899
Customer Relationships	11	12,293	12,293
Total cost		1,017,805	1,017,804
Accumulated amortization		(345,468)	(219,843)
Net		$ 672,337	$ 797,961

Amortization expense amounted to $125,625 and $125,625 during the years ended December 31, 2021 and 2020, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. The Company reviews Goodwill for impairment annually. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the assets compared to its carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. There were no impairment charges or long-lived assets disposed of during the year and period ended December 31, 2021 and 2020.

REVENUE RECOGNITION

We recognize revenue from product sales or services rendered under ASC 606, which directs that revenue should be recognized when the promised goods or services are transferred to the customer. The amount of revenue recognized should equal the total consideration expected to be received in return for the goods or services. ASC 606 creates a five-step approach that should be applied when determining the amount and timing of revenue recognition.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company currently maintains two separate lines of revenue; revenues from use of the recently acquired CareClix software by third parties (Software as a Service or SaaS); and revenues from patient consultations through the CareClix telemedicine system. The revenues from these two lines of business are recognized as follows:

SaaS: The CareClix software system is used by certain third-party customers to service their telemedicine clients under written service agreements with CareClix, Inc. Those clients generally pay a co-pay at the time of service, in most cases by credit card, and those co-pay fees are transmitted to CareClix, Inc. through a card processing service, as part of the third-party service agreement. That revenue is recognized as received. On a monthly basis, the balance of the client fees is billed, and the invoice is charged to service revenue immediately. The identity of the client, the related performance obligations, the various transaction prices for different levels and frequency of use are all determined by the individual service agreements with each client, and the CareClix software maintains all of the details of the price, performance, frequency and billing under each contract. The co-pay fees are received at the time the service is provided to the telemedicine client by the CareClix customer and is recognized on receipt. Any balance due for those services is billed monthly in arrears by CareClix and recognized as revenue for the month is which the services are performed. SaaS revenues for the fiscal years ended December 31, 2021 and 2020 totaled approximately $25,612 and $65,797, respectively.

Telemedicine Revenues: Other customers of CareClix use the CareClix telemedicine platform directly to service their clients or members and the CareClix software maintains the record of the number of consultations and other work performed for the customer's clients, using the CareClix contracted medical doctors, and CareClix bills the customer monthly for all services provided during the month, in accordance with the written agreement between CareClix and the customer. That revenue is recognized as income at the time it is invoiced since it is for services already rendered during the month of billing. Telemedicine revenues (Fee for Service) for the fiscal years ended December 31, 2021 and 2020 totaled approximately $3,727,793 and $5,010,849, respectively.

In addition to the SaaS and Fee for Service revenues, the Company charges an Implementation Fee to cover the costs incurred in setting up access to the software for each client and its customers, which varies based on the requirements for each customer. The Implementation Fee is recognized as income incrementally as the related implementation services are being completed, but all Implementation Fees are recognized when the services contracted for are ready for initiation.

COST OF REVENUE

Cost of revenue consisted primarily of contracted medical services for telehealth sales of $886,256 and $1,154,578 for the years ended December 31, 2021, and 2020, respectively.

ADVERTISING

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2021, and 2020 were $10,881 and $20,711 respectively.

INCOME TAXES

The Company accounts for income taxes under ASC 740 "*Income Taxes*". Under the asset and liability method of FASB ASC 740, deferred tax asset and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax asset if it is more likely than not that the Company will not realize tax assets through future operations. For the years ended 2021 and 2020, we did not establish a deferred tax asset.

RESEARCH AND DEVELOPMENT COSTS

The Company engages in regular and continuing development and refining of its proprietary CareClix™ operating software. All of the related development costs are expensed as incurred. For the years ended December 31, 2021 and 2020, the Company incurred approximately $226,740 and $1,021,098, respectively in development costs.

GOING CONCERN ANALYSIS

In evaluating the Company's ability to continue as a going concern, management considered the conditions and events that could raise substantial doubt regarding the Company's ability to continue as a going concern within 12 months after the Company's financial statements are issued. Management considered the Company's current financial condition and liquidity sources, including current funds available, forecasted future cash flows and the Company's conditional and unconditional obligations due.

The Company is subject to a number of risks similar to those of other telehealth companies, healthcare consulting companies and subscription based businesses, including its dependence on outside sources of capital, the Company's ability to maintain and grow its subscriber base, uncertainty of generation of revenues and positive cash flow, dependence on key individuals, risks associated with research, development, testing, and successful protection of intellectual property, and the Company's susceptibility to infringement on the proprietary rights of others. The attainment of profitable operations is dependent on future events, including obtaining adequate financing to fulfill the Company's growth and operating activities and generating a level of revenues adequate to support the Company's cost structure.

The Company has experienced net losses and significant cash outflows from cash used in operating activities over the past years. As of December 31, 2021, the Company had an accumulated deficit of $3,389,833 and, for the year ended December 31, 2021, incurred a net loss of $377,260, and cash used in operating activities amounted to $790,260. As of and for the year ended December 31, 2020, the Company had an accumulated deficit of $3,012,573, a net loss of $2,157,044, and cash used in operating activities amounted to $1,529,463.

In the past the Company has financed operations through loans from an Officer of the Company and three private offerings of convertible debt. The Company also plans to support its operations by continuing to raise additional capital until the planned operating results are achieved. The Company business plan calls for significant expansions of the current business during fiscal year ended December 31, 2023, and consideration of potential mergers or acquisitions, but additional funding will be required to support these expansion efforts.

The Company is unable to predict the extent of any future losses or when the Company will become profitable. Any debt financing, if available, may include potential restrictive covenants that impact the Company's ability to conduct business. If the Company is unable to raise additional capital when required or on acceptable terms, the Company may have to (i) significantly scale back its current operations or (ii) relinquish or otherwise dispose of rights to technologies or products on unfavorable terms. While the Company believes in the viability of its strategy to commence operations and generate sufficient revenue and in its ability to raise additional funds, there can be no assurances to that effect.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. A successful transition to attaining profitable operations is dependent upon achieving a level of positive cash flows adequate to support the Company's cost structure.

FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820 "FAIR VALUE MEASUREMENTS AND DISCLOSURES," defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. FASB ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets,

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, and

Level 3. Unobservable inputs in which there is little or no market data which requires the reporting entity to develop its own assumptions.

The Company does not have any assets or liabilities measured at fair market value on a recurring basis as of December 31, 2021 and 2020

RECENT ACCOUNTING PRONOUNCEMENTS

The Company evaluates new pronouncements as issued and evaluates the effect of adoption on the Company at the time. The Company has determined that recently adopted accounting pronouncements will not have a material impact on the financial statements for the fiscal years ended December 31, 2021 and 2020.

Note 2. Stockholders' Equity

COMMON STOCK

The authorized common stock of the Company consists of 10,000 common shares with par value of $0.001. A total of 1,000 shares were issued in April 2019 on contribution of the CareClix telemedicine assets to the Company. No additional shares have been issued during the years ended December 31, 2021 and 2020 or to date.

As of December 31, 2021 and 2020, the Company had 1,000 common shares issued and outstanding.

NET LOSS PER COMMON SHARE

Net loss per share is calculated in accordance with FASB ASC 260, "EARNINGS PER SHARE." The weighted-average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted average number of shares and dilutive potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

Basic net loss per common share is based on the weighted average number of shares of common stock outstanding of 1,000 shares as of December 31, 2021 and 2020. As of December 31, 2021 and 2020, the Company had no dilutive potential common shares.

Note 3. Related party Transactions

In order to fund the startup of the telemedicine operations and to support further development of the acquired software, the former parent of the Company advanced funds to the Company, totaling $292,132 and $1,722,866 during the years ended December 31, 2021 ad 2020, respectively. The total amounts of the advanced funds due the former parent of the Company at December 31, 2021 and 2020 were $2,721,954 and $2,271,954, respectively. The funds were advanced as intercompany advances, without interest or maturity.

In addition, the majority shareholder and CEO of the former parent company is also a principal of the landlord of the office space used by the Company through December 31, 2021.

Note 4. Convertible Notes

During the year ended December 31, 2021, the Company received proceeds of $50,000 on convertible notes with three investors. The notes have a term of three years from issuance and pay interest of 8.5%.

The Holder shall have the right from time to time, and at any time during the period beginning on the date which is 180 days following the issue date and ending on the later of the Maturity Date and the date of payment of the Default Amount at the conversion price of $1.00 per share.

Note 5. Commitments and Contingencies

In August 2020, CareClix, Inc. filed a lawsuit seeking to enjoin a software development company from restricting access to the CareClix, Inc. web site. The parties were in dispute over outstanding invoices owed to the developer, the amount of the invoices and the extent and quality of the work performed by the developer. CareClix, Inc. had a total of approximately $78,000 in payables due to the software development company, plus approximately $28,000 in common stock of the Company due as additional compensation. The development company subsequently counterclaimed against CareClix, Inc. for alleged unbilled services of $425,000, plus outstanding invoices plus attorneys' fees as provided in the agreement between the parties. In February 2021, the parties agreed to a settlement for a total sum of $130,000 plus the return to CareClix, Inc. of all work product created by the development company under the contract

Note 6. Subsequent Events

On December 17, 2021, Life on Earth, Inc. (LFER) entered into a Stock Purchase Agreement ("SPA") with CareClix Holdings, Inc., a Florida corporation ("SOLI") to acquire four operating subsidiaries of SOLI (the "CareClix Group"), including CareClix, Inc. and CareClix Services, Inc. On December 31, 2021, under the terms of a Management Operating Agreement, the Company agreed to conditional partial closing of the transaction set forth in the SPA (the "Interim Closing") with the final closing conditioned on the effectiveness of a registration statement to be filed by the Company with the SEC for the common shares to be issued as the consideration for the acquisition. The Management Operating Agreement provided that if the registration statement was not filed by the Company and effective by May 31, 2022, the Interim Closing would be rescinded, and the CareClix Group would not be part of the Company.

On May 2, 2022, the Company adopted an Amended Management Agreement which allowed the Final Closing of the acquisition, with the remaining unpaid stock consideration reflected as a liability and the May 31, 2022 transaction drop dead date thereby extended. On September 15, 2022, former management filed an action to restore themselves as directors, to rescind the Amended Management Operating Agreement and to terminate the CareClix Companies' acquisition. Current management agreed, the Amended Management Operating Agreement of May 2, 2022 has been rescinded as of May 2, 2022, and the drop-dead date became effective. Accordingly, the CareClix Companies are not part of the Company. and the Company has no continuing claim under the transaction agreements.

Subsequent to December 31, 2021, the Company received proceeds of $320,000 on convertible notes with various investors, at the same terms as the existing convertible notes.