UNAUDITED ANNUAL FINANCIAL STATEMENTS

JUNE 30, 2018

ORHUB, INC.
(formerly MemReg, Inc.)
UNAUDITED BALANCE SHEETS

	June 30, 2018	June 30, 2017 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 401,773	$ 4,274
Marketable securities	4,424,436	-
Prepaid expenses and other current assets	80,154	63,119
Total current assets	4,906,363	67,393
Deposits	57,589	-
Property and equipment, net	135,763	31,287
Total Assets	$ 5,099,715	$ 98,680
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 270,709	$ 174,657
Accounts payable to related parties	14,470	187,434
Accrued liabilities	223,585	149,096
Accrued liabilities due to related parties	255,864	27,099
Loans due to related parties	-	33,700
Deferred revenue	50,000	-
Note payable	17,567	12,330
Total current liabilities	832,195	584,316
Long-term liabilities:		
Notes payable due to related party	-	150,000
Convertible notes payable to related party, net of unamortized discounts	164,313	179,826
Convertible notes payable, net of unamortized discounts	1,450,175	348,311
Total long-term liabilities	1,614,488	678,137
Total Liabilities	2,446,683	1,262,453
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value, 20,000,000 and 10,000,000 shares authorized, respectively.	-	-
Common stock, $0.001 par value; 1,000,000,000 and 190,000,000 shares authorized, respectively, 162,885,176 and 128,716,527 shares issued and outstanding, respectively	162,885	128,717
Additional paid-in capital	30,460,770	8,179,162
Subscription receivable	(220,062)	-
Accumulated other comprehensive income	30,999	-
Accumulated deficit	(27,781,560)	(9,471,652)
Total stockholders' equity (deficit)	2,653,032	(1,163,773)
Total Liabilities and Stockholders' Equity (Deficit)	$ 5,099,715	$ 98,680

The accompanying notes are an integral part of these financial statements

ORHUB, INC.
(formerly MemReg, Inc.)
UNAUDITED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the year ended June 30, 2018	For the year ended June 30, 2017 (Restated)
REVENUE	$ 100,000	$ -
COST OF REVENUE	133,388	-
GROSS LOSS	(33,388)	-
OPERATING EXPENSES		
Software development	2,201,705	1,679,954
Selling and marketing	5,487,176	247,082
General and administrative	8,454,447	2,136,183
Legal and professional fees	270,438	282,610
Depreciation and amortization	26,450	8,468
Total operating expenses	16,440,216	4,354,297
LOSS FROM OPERATIONS	(16,473,604)	(4,354,297)
OTHER INCOME (EXPENSE):		
Interest expense	(1,055,444)	(65,043)
Interest income	20,061	-
Warrant modification expense	(800,921)	(2,931,122)
Settlement agreements	-	(158,638)
Write-off of subscription note receivable	-	(1,047,507)
Total other income (expense)	(1,836,304)	(4,202,310)
NET LOSS	(18,309,008)	(8,556,607)
OTHER COMPREHENSIVE INCOME:		
Net change related to short term investments	30,999	-
Total other comprehensive income	30,099	-
COMPREHENSIVE LOSS	$ (18,278,909)	$ (8,556,607)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.13)	$ (0.07)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	145,851,732	123,240,585

The accompanying notes are an integral part of these financial statements

ORHUB, INC.
(formerly MemReg, Inc.)
UNAUDITED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the years ended June 30, 2018 and 2017

	Common stock		Additional	Subscription	Other Comprehensive	Accumulated			
	Shares	Amount	Paid-In-Capital	Note Receivable	Income	Deficit	Total	As Stated	Difference
Balance as of July 1, 2016	116,698,608	$116,699	$222,961	$0	$0	($915,045)	($575,385)	($575,385)	$0
Common stock issued under private placement	538,563	539	161,030	-	-	-	161,569	161,569	0
Common stock issued upon exercise of warrants	6,846,966	6,847	2,275,237	-	-	-	2,282,084	2,282,084	0
Subscription note receivable for exercise of warrants	3,707,305	3,707	1,231,938	(1,235,645)	-	-	-	-	#VALUE!
Collection on subscription note receivables	-	-	-	188,138	-	-	188,138	188,138	0
Write-off of subscription note receivable	570,000	-	-	1,047,507	-	-	1,047,507	1,047,507	0
Common stock issued for services	342,316	570	247,135	-	-	-	247,705	247,705	0
Common stock issued to settle claim	12,769	342	142,062	-	-	-	142,404	142,404	0
Common stock issued for conversion of interest	-	13	5,402	-	-	-	5,415	5,415	0
Beneficial conversion feature and warrants issued with notes payable	-	-	153,556	-	-	-	153,556	153,556	0
Stock-based compensation	-	-	808,719	-	-	-	808,719	808,719	0
Warrant modification	-	-	2,931,122	-	-	-	2,931,122	2,931,122	0
Net loss	-	-	-	-	-	(8,556,607)	(8,556,607)	(909,138)	(7,647,469)
Balance as of June 30, 2017 (Restated)	128,716,527	$128,717	$8,179,162	$0	$0	($9,471,652)	($1,163,773)	($1,163,773)	$0
Common stock issued under private placement	5,115,000	-	2,028,635	-	-		2,028,635	2,033,750	(5,115)
Common stock issued upon exercise of warrants	12,534,768	5,115	4,587,034	-	-	-	4,592,149	4,599,569	(7,420)
Subscription note receivable for exercise of warrants for services	800,000	12,535	399,200	-	-	-	411,735	-	#VALUE!
Services for subscription note receivable settlement net of interest	-	800	-	(400,000)	-	-	(399,200)	188,138	(587,338)
Common stock issued for option exercise	34,375	-	11,653	179,938	-	-	191,591	11,687	179,904
Common stock issued for services		34	7,111,251	-	-	-	7,111,285	7,126,684	(15,399)
Stock-based compensation	15,433,463	15,433	3,026,591	-	-	-	3,042,024	800,756	2,241,268
Common stock issued for conversion of interest	-	-	113,346	-	-	-	113,346	113,597	(251)
Beneficial conversion feature and warrants issued with notes payable	251,043	251	4,203,142	-	-	-	4,203,393	4,203,142	251
Warrant modification expense	-	-	800,756	-	-	-	800,756	3,026,591	(2,225,835)
Other comprehensive income	-	-	-	-	-	-	0	0	0
Net loss	-	-	-	-	30,999	-	30,999	30,999	0
Balance as of June 30, 2018	162,885,176	$162,885	$30,460,770	($220,062)	$30,999	($18,309,908)	$12,124,684	$2,653,032	$9,471,652

ORHUB, INC.
(formerly MemReg, Inc.)
UNAUDITED STATEMENTS OF CASH FLOWS

	For the year ended June 30, 2018	For the year ended June 30, 2017 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (18,309,908)	$ (8,556,607)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	26,450	8,468
Discount amortization	702,292	3,393
Common stock issued in settlement agreements	-	142,404
Common stock issued for services	7,126,685	247,705
Convertible notes issued for related party services	18,500	10,300
Convertible notes issued for services	175,000	-
Stock-based compensation	3,026,591	808,719
Accrued liability recorded for settlement charges	-	16,234
Warrant modification expense	800,756	2,931,122
Write-off of subscription note receivable	-	1,047,507
Subscription receivable settled with services, net of interest	179,938	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	34,833	(12,891)
Deposits	(57,589)	-
Accounts payable	(59,407)	102,025
Accounts payable to related parties	(17,505)	149,398
Deferred revenue	50,000	-
Accrued liabilities	176,014	58,745
Accrued liabilities due to related parties	240,836	27,099
Net cash used in operating activities	(5,886,514)	(3,016,379)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(5,000,000)	-
Sales of marketable securities	606,562	-
Purchases of property and equipment	(130,926)	(31,441)
Net cash used in investing activities	(4,524,364)	(31,441)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of warrants	4,599,569	2,282,084
Collection on subscription note receivable	-	188,138
Common stock sold in private placement	2,033,750	161,569
Common stock from exercise of options	11,687	-
Borrowings on convertible notes	4,453,702	428,000
Borrowings on convertible notes from related party	-	60,000
Repayments of note payable	(46,631)	(32,084)
Repayments of related party note payable	(150,000)	-
Loans from related parties	151,000	70,500
Loan repayments to related parties	(244,700)	(106,305)
Net cash provided by financing activities	10,808,377	3,051,902

The accompanying notes are an integral part of these financial statements

ORHUB, INC.
(formerly MemReg, Inc.)
UNAUDITED STATEMENTS OF CASH FLOWS

	For the year ended June 30, 2018	For the year ended June 30, 2017 (Restated)
NET CHANGE IN CASH AND CASH EQUIVALENTS	397,499	4,082
CASH AND CASH EQUIVALENTS, beginning of year	4,274	192
CASH AND CASH EQUIVALENTS, end of year	$ 401,773	$ 4,274
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 27,169	$ 27,982
Income taxes	$ -	$ -
NONCASH INVESTING AND FINANCIAL ACTIVITIES		
Common stock issued for conversion of interest	$ 113,597	$ 5,415
Note payable exchanged for Convertible Note	$ -	$ 180,000
Financed insurance premiums	$ 51,868	$ 44,414
Beneficial conversion feature and warrants issued with notes payable	$ 4,203,142	$ 153,556
Subscription note receivable for exercise of warrants	$ 400,000	$ 1,235,645

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – ORGANIZATION AND OPERATIONS

Current Operations

ORhub, Inc. (the "*Company*"), formerly MemReg, Inc., was originally organized as an Arizona corporation in 2004 and later changed its state of incorporation to Nevada. On June 30, 2016, pursuant to an Asset Purchase Agreement ("*APA*") with ORhub, LLC, the Company acquired all the assets and assumed certain liabilities of ORhub, LLC, including its name, business, technology, website and patents (the "*Acquisition*").

Contemporaneously with the closing of the APA, the Company consummated a split-off ("*Split-off*") of its wholly-owned subsidiary, Memorabilia Registry Corp. ("*MRC*") to 22 common and preferred stockholders (see Note 4). The Company received back 9,447,602 shares of common stock and 775,000 shares of Class C Preferred stock for 100% of its ownership in MRC. The shares of common stock and Series C Preferred stock received back by the Company were retired and returned to the status of authorized and unissued shares.

Effective February 9, 2017, the Company received regulatory approval to change its name from MemReg, Inc. to ORhub, Inc. to better reflect its business after the Acquisition.

Immediately after the closing of the APA, the ORhub, LLC stockholders held approximately 88% of the common stock of the Company. For accounting purposes, ORhub, LLC is deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of the Company. Accordingly, ORhub, LLC's assets, liabilities and results of operations became the historical financial statements of the Company and the Company's assets, liabilities and results of operations were consolidated with ORhub, LLC effective as of the date of the closing of the APA.

Since the merger the Company has built a physician driven advisory network and focused on retaining and developing a robust network of direct and indirect sales professionals. In June 2018 the Company began restructuring multiple departments and simultaneously embarked on a nimbler software as a service strategy focused on decoupling its developed technology into a nimble modules or applications that could be delivered and implemented by hospitals and/or surgery centers at a more rapid pace. The company announced three modules in the 3rd and 4th quarters of calendar year 2018, culminating with the announcement of its flagship product "Surgical Spotlight" in November 2018.

Today, ORhub is an advanced Saas-based healthcare data analytics company uniquely focused on the business of surgery to improve the profitability of medical facilities. ORhub's modular applications empower data-driven decision-making processes for healthcare providers.

Our recently launched Software as a Service ("SaaS") product, Surgical SpotlightTM, was designed specifically to help our clients (i.e., hospitals, ambulatory surgery centers and health systems) gain visibility into the key metrics that drive business efficiencies through standardized key performance indicators presented in a graphical dashboard format.

A pay-per-use business model creates a compelling recurring revenue business opportunity with nearly 50 million surgical and non-surgical cases conducted in the US every year across 5,500 hospitals and approximately 5,500 ambulatory surgery centers.

Background and Formation

The Company was originally incorporated in Arizona on September 3, 2004 under the name VT Gaming Services, Inc. ("*VTG*"). The Company was formed as part of the implementation of a confirmed Chapter 11 reorganization plan of visitalk.com, Inc. The Company's original business was to use visitalk.com, Inc.'s technology to facilitate peer-to-peer computer gaming activities. In December 2004, the Company acquired DynaSig Corporation and changed its name to Dynamic Biometric Systems, Inc. ("*DBSI*"). In October 2005, the Company changed its state of incorporation from Arizona to Nevada. In November 2009, the Company formed a new wholly owned subsidiary, MRC. In April 2011, the Company changed its name from DBSI to MemReg, Inc. In December 2013, the Company sold DynaSig Corporation to focus on the MRC business. On June 30, 2016, contemporaneously with the closing of the APA, the Company Split-off MRC.

Going concern and management's plans

As of June 30, 2018, the accompanying financial statements have been presented on the basis that the Company is a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant losses and negative cash flows from operations. As of June 30, 2018, the Company's accumulated deficit was $27,781,560. For the year ended June 30, 2018, the Company had a net loss of $18,309,008 and it had cash used in operating activities of $5,886,514. In view of these matters, recoverability of any asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin operations and to achieve a level of profitability. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has financed its activities principally from the sale of equity securities, the exercise of the Company's Plan Warrants (see Note 12) and the sale of Convertible Notes (see Note 9). The Company intends on financing its future development activities and its working capital needs largely from loans, the sale of equity securities and the sale of Convertible Notes until such time that funds provided by operations are sufficient to fund working capital requirements.

Although no assurances can be given, management believes that its funding plans will allow the Company to obtain sufficient capital for operations and to continue as a going concern for the next twelve months from the date of the issuance of this report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2018 included cash on-hand. The Company considers all highly liquid instruments with maturity dates within 90 days at the time of issuance to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. The more significant estimates and assumptions made by management include depreciation of property and equipment, realizability of long-lived

assets and fair market value of equity instruments issued for goods or services. The current economic environment has increased the degree and uncertainty inherent in these estimates and assumptions.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Company places its cash and cash equivalents and marketable securities with high credit quality financial institutions. At times, such amounts may exceed insured limits.

Fair Value of Financial Instruments

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The Company categorizes each of their fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments consist of and are valued as follows:

1. Cash and cash equivalents, accounts payable and accrued liabilities approximated their fair values due to their short-term nature.
2. Marketable securities consist of mutual funds that are classified as available-for-sale securities and recognized at fair value using level 1 inputs. Unrealized gains and losses, net of tax, are included in accumulated other comprehensive income.
3. Convertible notes payable and stockholder loans are stated at carrying value which approximates market value as the interest rates approximated market.

Marketable securities consist of open-end mutual funds that is designed for investors seeking current tax-free income with minimal consideration for capital appreciation. The mutual fund investments consist primarily of fixed income municipal bonds, other governmental bonds as well as some equity securities.

Revenue Recognition and Presentation

The Company follows Financial Accounting Standards Board ("*FASB*") Accounting Standards Codification ("*ASC*") No. 605, *Revenue Recognition*, paragraph 10-S99-1 for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Property and equipment

Property and equipment consist primarily of computer equipment used in software development activities and are stated at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the

underlying assets, generally three years. Major renewals and betterments that extend the life of the property are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Long-lived Assets

The Company's long-lived assets consisted of property and equipment and are reviewed for impairment in accordance with the guidance of the ASC No. 360, *Property, Plant, and Equipment*. The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. As of June 30, 2018, and 2017, the Company had not experienced impairment losses on its long-lived assets as management determined that there were no indicators that a carrying amount of the asset may not be recoverable.

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount credited to additional paid-in-capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method (see Note 11).

Software Development Costs

Software development costs consist primarily of salary and benefits for the Company's development and technical staff, contractors' fees and other costs associated with the development of the Company's software products and services. Costs incurred for software development prior to technological feasibility are expensed in the period incurred. Once the point of technological feasibility is reached, development costs are capitalized until the product is ready for general release. No software development costs were capitalized for the years ended June 30, 2018 and 2017.

Stock-based Compensation

The Company accounts for stock-based compensation to employees in accordance with ASC No. 718, *Stock Compensation*. Stock-based compensation to employees is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to other than employees in accordance with ASC No. 505, *Equity-Based Payments to Non-Employees*. Equity instruments issued to other than employees are valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments and is recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-Scholes valuation model for common stock options and warrants and the fair market price of the Company's common stock for common share issuances.

Income Tax Provision

The Company accounts for income taxes under ASC No. 740, *Income Taxes*, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities

are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheet, as well as tax credit carrybacks and carryforwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its balance sheet and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In management's opinion, adequate provisions for income taxes have been made for all periods presented. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Commitment and Contingencies

The Company follows ASC No. 450, *Contingencies*, paragraph 20 to report accounting for contingencies. Certain conditions may exist as of the date financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Net Loss per Common Share

In accordance with ASC No. 260, "*Earnings Per Share*," basic net loss per common share ("*Basic EPS*") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net loss per common share ("*Diluted EPS*") is computed by dividing net loss by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding. Diluted EPS for all periods presented is the same as Basic EPS, as the inclusion of the effect of common share equivalents then outstanding would be anti-dilutive. For this reason, excluded from the calculation of Diluted EPS for the years ended June 30, 2018 and 2017 were the following:

	2018	2017
Shares to be issued upon:		
Exercise of stock options (see Note 11)	12,423,333	7,405,000
Exercise of common stock purchase warrants (see Note 14)	1,500,000	31,432,718

Conversion of Convertible Notes (see Note 9)	13,163,755	1,695,750
Exercise of Detachable Warrants (see Note 9)	3,949,127	508,725
Total	31,036,215	41,042,193

Related Parties

The Company follows ASC No. 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions. This guidance requires that transactions with related parties that would make a difference in decision making be disclosed so that users of the financial statements can evaluate their significance.

Recently Issued Accounting Pronouncements

In May 2014, ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") was issued, which is a new standard related to revenue recognition. Under the new standard, recognition of revenue occurs when a customer obtains control of promised services or goods in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. The standard must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. In July 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date*, which defers the implementation of this new standard to be effective for fiscal years beginning after December 15, 2017. In March 2016, the FASB issued ASU 2016-08, *Principal versus Agent Considerations*, which clarifies the implementation guidance on principal versus agent considerations in the new revenue recognition standard pursuant to ASU 2014-09. In April 2016, the FASB issued ASU 2016-10, *Identifying Performance Obligations and Licensing*, and in May 2016, the FASB issued ASU 2016-12, *Narrow-Scope Improvements and Practical Expedients*, which amend certain aspects of the new revenue recognition standard pursuant to ASU 2014-09. In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers* to clarify the codification or to correct unintended application of guidance. In September 2017 and November 2017, the FASB issued ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842)* and ASU 2017-14, *Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)* which amends certain aspects of the new revenue recognition standard.

The new standards are effective for the Company effective July 1, 2018. The Company has evaluated the new guidance and its adoption will not have a significant impact on the Company's financial statements and a cumulative effect adjustment under the modified retrospective method of adoption will not be necessary. There will be no change to the Company's accounting policies.

Effective June 30, 2017, the Company adopted ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU No. 2014-15"). Before the issuance of ASU 2014-15, there was no guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. This guidance is expected to reduce the diversity in the timing and content of footnote disclosures. ASU 2014-15 requires management to assess an entity's ability to continue as a going concern within one year after the date that the financial statements are issued by incorporating and expanding upon certain principles that are currently in auditing standards generally accepted in the United States of America as specified in the guidance. The adoption of ASU 2014-15 did not have a significant impact on the Company's consolidated financial statements.

On July 1, 2017, the Company adopted ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in the consolidated balance sheet. A reporting entity should apply the amendment prospectively or

retrospectively. The adoption of ASU 2015-17 did not have a significant impact on its consolidated financial statements as the Company continues to provide a full valuation allowance against its net deferred tax assets.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). The amendments require all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). The amendments also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendments eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. This guidance is effective for fiscal years beginning after December 15, 2017 (quarter ending September 30, 2018 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the effects of adopting ASU 2016-01 on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which supersedes existing guidance on accounting for leases in *Leases (Topic 840)*. The standard requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The new guidance is effective for annual reporting periods beginning after December 15, 2018 (quarter ending September 30, 2019 for the Company) and interim periods within those fiscal years. The amendments should be applied at the beginning of the earliest period presented using a modified retrospective approach with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the effects of adopting ASU 2016-02 on its consolidated financial statements.

Effective June 30, 2017, the Company adopted ASU No. 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815)* ("ASU 2017-11"). The amendments in Part I of ASU 2017-11 change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share ("EPS") in accordance with ASC 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in ASC 470-20, *Debt—Debt with Conversion and Other Options*), including related EPS guidance (in ASC 260). The amendments in Part II of ASU 2017-11 recharacterize the indefinite deferral of certain provisions of ASC 480 that now are presented as pending content in the codification, to a scope exception. Those amendments do not have an accounting effect. The Company determined that the adoption ASU 2017-11 did not have a material impact on its financial statements.

All newly issued but not yet effective accounting pronouncements have been deemed to be not applicable or immaterial to the Company.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2018	June 30, 2017 (Restated)
Computer equipment	$ 133,991	$ 41,013
Furniture and fixtures	30,846	-
Leasehold improvements	6,341	-
Property and equipment	171,178	41,013
Less: accumulated depreciation	(35,415)	(9,726)
Property and equipment, net	$ 135,763	$ 31,287

Depreciation expense was $26,450 and $8,468 for the years ended June 30, 2018 and 2017, respectively.

NOTE 4 – PATENT AND INTELLECTUAL PROPERTY

Certain founders of ORhub, LLC (the "*ORhub Founders*") applied for patents related to the ORhub Software in 2011 and again in 2015. These patents were assigned to ORhub, LLC and subsequently assigned to the Company under the terms of the APA. The patent application filed in 2015 is still pending and the patent application filed 2011 has since been abandoned. The 2015 patent application claims have yet to be examined by the Patent Office. Since the Patent has not been awarded, costs of pursuing the patent are expensed as incurred.

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	June 30, 2018	June 30, 2017 (Restated)
Accrued salaries and payroll taxes	$ -	$ 101,242
Accrued interest	223,585	-
Due to Mack Consulting, Inc. ("*MCI*")	-	33,750
Other accrued liabilities	-	14,104
	$ 223,585	$ 149,096

Pursuant to the APA, the Company assumed a consulting liability to Mack Consulting, Inc. ("*MCI*") (see Note 16). For the year ended June 30, 2017, the Company paid down the liability to $17,516 then ceased making further payments. Subsequent to June 30, 2017, the liability to MCI was settled for $33,750, which amount is recorded in accrued liabilities of June 30, 2017. The Company recognized a settlement expense of $16,234 for the year ended June 30, 2017 related to this settlement.

NOTE 6 – LOANS DUE TO RELATED PARTIES

Loans due to related parties are advances from shareholders and a Company executive and totaled $0 and $33,700 as of June 30, 2018 and 2017, respectively. Such loans are unsecured and do not bear interest or have a maturity date.

The Company accrued interest at 15% (imputed) per annum on the loans and recognized interest expense of $2,780 and $4,655 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018, and 2017, $0 and $2,553 respectively, is included in accrued liabilities due to related parties on the accompanying balance sheet.

NOTE 7 – NOTE PAYABLE

On November 18, 2017, the Company entered into a financing agreement with AFCO Credit Corporation ("*AFCO*") in the original principal amount of $51,868 (the "*AFCO Note*"). The AFCO Note funded the Company's director & officer ("*D&O*"), errors & omissions ("*E&O*") and cyber liability insurance premiums. The AFCO Note provided for an initial down payment of $4,451 and 11 monthly installments of $4,451 commencing December 18, 2017. The Company paid $34,301 on the AFCO Note for the year ended June 30, 2018 and a balance of $17,567 is recorded as note payable on the accompanying balance sheet as of June 30, 2018.

On November 17, 2016, the Company entered into a financing agreement with AFCO Credit Corporation ("*AFCO*") in the original principal amount of $44,414 (the "*initial AFCO Note*"). The initial AFCO Note funded the Company's director & officer ("*D&O*"), errors & omissions ("*E&O*") and cyber liability insurance premiums. The initial AFCO Note provided for an initial down payment of $4,154 and 11 monthly installments of $4,154 commencing December 16, 2016. The Company paid $32,084 on the AFCO Note for the year ended June 30, 2017 and a balance of $12,330 is recorded as note payable on the accompanying balance sheet as of June 30, 2017.

NOTE 8 – LONG TERM NOTES PAYABLE DUE TO RELATED PARTY

Aztoré Capital Corp. ("*ACC*"), a related party (see Note 14), was owed a long-term note payable obligation of $350,000 as of June 30, 2016 (the "*ACC Note*"). The ACC Note was unsecured and accrues interest at 15% per annum, with interest payable quarterly. The maturity date of the ACC Note was July 1, 2019. For the year ended June 30, 2017, the Company paid $20,000 of principal on the ACC Note and ACC agreed to convert $180,000 of the ACC Note into a Convertible Note (see Note 9), leaving a long-term note payable balance of $150,000 as of June 30, 2017. For the year ended June 30, 2018, the Company paid off the remaining balance of the ACC Note. For the years ended June 30, 2018 and 2017, the Company recorded $1,911 and $50,436 of interest expense on the ACC Note, respectively. Included in accrued interest to related party on the accompanying balance sheets as of June 30, 2018 and 2017 is $0 and $24,546, respectively.

NOTE 9 – CONVERTIBLE NOTES PAYABLE

Convertible notes payable consisted of the following:

	June 30, 2018	June 30, 2017 (Restated)
Convertible notes payable to related parties:		
Face amount, 12%, due July 30, 2020	$ 208,800	$ 250,300
Unamortized debt discount	(44,487)	(70,474)
	$ 164,313	$ 179,826
Convertible notes payable:		
Face amount, 12%, due July 30, 2020	$ 5,056,702	$ 428,000
Unamortized debt discount	(3,606,527)	(79,689)
	$ 1,450,175	$ 348,311

On April 27, 2017, the board of directors of the Company authorized a private placement offering (the "*Offering*") of up to $5,000,000 of Series 2017-A 12% Convertible Notes (the "*Convertible Notes*"). The Convertible Notes will be offered and sold in compliance with Rule 506 of Regulation D and only to investors that qualify as "accredited

investors." The Convertible Notes will be issued under a Master Unsecured Note Agreement (the "*Note Agreement*"). The conversion price as well as the exercise price of the Detachable Warrants, described below, can be established by the board of directors.

A total of $5,265,502 and $678,300, respectively, of Convertible Notes are outstanding as of June 30, 2018 and 2017. Additionally, 3,949,127 and 508,725, respectively, of newly issued Detachable Warrants are outstanding as of June 30, 2018 and 2017. Included in convertible notes payable to related parties as of June 30, 2018 and 2017 is a $180,000 note to ACC for conversion of a portion of the ACC Note (see Note 10) and a $10,300 note to ACC for services provided. Convertible notes payable to related parties as of June 30, 2017 includes a $60,000 investment by an executive who later vacated the position of COO (see Note 18). In connection with the separation agreement with the executive, the note was cancelled and settled for cash during the year ended June 30, 2018. Also included in convertible notes payable to related parties as of June 30, 2018 is a note for $18,500 issued to LFSI, a related party, for services rendered (see Note 14).

The Convertible Notes issued under the Note Agreement are currently convertible, with any accrued interest, into the Company's common stock at $0.40 per share at any time. If the Company's common stock trades for ten consecutive trading days at a volume weighted average price ("*VWAP*") greater than three times the conversion price, the Company can mandatorily convert the Convertible Notes. The Convertible Notes are unsecured, may be prepaid in whole or in part at any time and are due on July 30, 2020. Subsequent to June 30, 2018, one unaffiliated note holder submitted his intent to convert a $35,000 note into the Company's common stock.

The Convertible Notes bear interest at 12% per annum due quarterly with the first payment on June 30, 2017. A Holder has the option of allowing the interest to accrue and be converted at maturity, or receive common stock valued at the lower of 75% of the prior ten-day VWAP on the quarterly interest due date. On June 30, 2017, pursuant to the terms of the Note Agreement, the Company issued 12,769 shares of common stock in payment of $5,415 of accrued interest to Holders who elected to convert interest into common stock. Additionally, on December 31, 2017, the Company issued 251,043 shares of common stock in payment of $113,597 of accrued interest to Holders who elected convert interest into common stock.

The Convertible Notes also provide for a 30% warrant coverage (the "*Detachable Warrants*"). Currently, the Detachable Warrants have an exercise price of $.50 per share and expire on June 30, 2021. Both the conversion price of the Convertible Notes and the exercise price of the Detachable Warrants are subject to adjustment in the event of offerings or other issuances of common stock, or rights to purchase common stock, at a price below the then conversion price, as well as other customary anti-dilution protections as more fully described in the Note Agreement.

The Convertible Notes and the Detachable Warrants create an embedded beneficial conversion feature. The Black-Scholes valuation model was used to determine the relative fair value of the Detachable Warrants to be $1,231,372 and $53,046 for the years ended June 30, 2018 and 2017, respectively. The intrinsic value of the beneficial conversion feature in the Convertible Note, resulting from the discounted conversion price compared to market price, was calculated to be $2,971,770 and $100,510 for the years ended June 30, 2018 and 2017, respectively. The total beneficial conversion feature and relative fair value of the Detachable Warrants of $4,203,142 and $153,556 was recorded as a debt discount with a corresponding amount credited to additional paid-in-capital. The debt discount is amortized over the life of the Convertible Notes and was amortized $702,292 and $3,393 for the years ended June 30, 2018 and 2017, respectively, and recognized as interest expense.

The Company issued more than the offering amount of $5,000,000 for the Convertible Notes (exceeded by $265,502) and has determined that the best course of action is to rescind the overage (see Note 17). In November 2018, the Company appointed the largest holder of the Convertible Notes as the "Note Agent" as per the terms of the Convertible Note.

NOTE 10 – STOCKHOLDERS' EQUITY

Preferred stock

The Company's authorized capital originally provided for 10,000,000 shares of undesignated preferred stock. On June 26, 2018, a majority of the shareholders authorized the amendment of the Company's certificate of incorporation to increase the number of authorized shares of undesignated preferred stock by 10,000,000 to a total of 20,000,000. There was no change in the stated par value of the stock as a result of this transaction.

The board of directors of the Company (the "*Board*"), in its sole discretion, may establish par value, divide the shares of preferred stock into series, and fix and determine the dividend rate, designations, preferences, privileges, and ratify the powers, if any, and determine the restrictions and qualifications of any series of preferred stock as established. As a result of the conversions of previously designated Series A, B and C Preferred stock into common stock, the Company had 7,775,827 authorized shares of undesignated preferred stock remaining as of June 30, 2017, and all previously designated series of Preferred stock had been withdrawn. On June 25, 2018, the Board designated 15,000,000 shares of undesignated preferred stock into Series D preferred stock. Each share of Series D Preferred Stock shall have a preferential voting right such that each share of Series D Preferred Stock shall have twenty-five (25) votes per share with regard to any matters voted on by the holders of Common Stock as long as the Company is in existence. Any other powers, designations, preferences, limitations, restrictions, and relative rights of Series D Preferred Stock shall be the same as that of Common Stock.

Common stock

The Company's authorized capital also originally consisted of 190,000,000 shares of common stock, $.001 par value. On June 26, 2018, a majority of the shareholders authorized the amendment of the Company's certificate of incorporation to increase the number of authorized shares of common stock by 810,000,000 to a total of 1,000,000,000. There was no change in the stated par value of the stock as a result of this transaction.

A summary of the Company's common stock transactions for the year ended June 30, 2017 is as follows:

- In July 2016, the Company sold 538,563 shares of common stock in a private transaction to an unaffiliated party for $161,569.

- Between August 2016 and June 2017, the Company issued 6,846,966 shares of common stock upon the exercise of common stock purchase warrants at a Special Exercise Price of $.3333, for total proceeds of $2,282,084 (see Note 12).

- On December 19, 2016, the Company issued 3,707,305 shares of common stock upon the exercise of common stock purchase warrants at the then Special Exercise Price of $.3333 to Eliseo Partners (Asia) Limited ("*Eliseo*"), a New Zealand corporation. The Company accepted a promissory note for $1,235,645 as full payment of the Special Exercise Price, recorded as a subscription note receivable. The subscription note receivable was originally due on January 10, 2017, but the parties agreed informally to extend the due date until March 27, 2017 and bears interest at 15% per annum from the original due date maturity. For the year ended June 30, 2017, Eliseo made principal payments of $188,138 on the subscription note receivable, resulting in a balance of $1,047,507 as of June 30, 2017. The Company formally noticed Eliseo that they are in default. Eliseo has not responded, and the Company has determined that the subscription note receivable is not collectible and the costs and management time of pursuing collection against a New Zealand corporation is not currently justified. Accordingly, the Company recorded a loss on write-off of subscription note receivable of $1,047,507 for the year ended June 30, 2017.

- In May and June 2017, the Company issued 370,000 shares of common stock to four unaffiliated parties for consulting and advisory services and recorded an expense of $163,905, representing the fair market value of the common stock issued.

- In June 2017, the Company issued 200,000 shares of common stock to ACC, a related party, for consulting and advisory services and recorded an expense of $83,800, representing the fair market value of the common stock issued (see Note 14).

- In June 2017, the Company settled a potential claim with a departing employee and issued 342,316 shares of common stock and recorded an expense of $142,404, representing the fair market value of the common stock issued (see Note 16).

- On June 30, 2017, pursuant to the terms of the Note Agreement, the Company issued 12,769 shares of common stock in payment of $5,415 of accrued interest to holders of Convertible Notes who elected to convert interest into common stock at the lower of 75% of the prior ten-day VWAP price (see Note 9).

A summary of the Company's common stock transactions for the year ended June 30, 2018 is as follows:

- The Company sold 115,000 shares of common stock in a private transaction to an unaffiliated party for $33,750. The proceeds from this private placement were paid directly to MCI to pay off a consulting liability to MCI.

- The Company sold 5,000,000 shares of common stock in a private transaction to an unaffiliated party for $2,000,000, which included 1,500,000 warrants with identical terms as the Detachable Warrants issued under the Convertible Notes. In connection with this investment, the Company entered into a Registration Rights Agreement, which provides for "piggyback" registration if the Company registers any securities under the Securities Act, as defined therein.

- The Company issued 735,000 shares to a director and an officer of the Company which was recorded as management fees.

- The Company issued 2,500 shares of common stock to ACC which was recorded as a finance charge.

- The Company issued 3,215,000 shares of common stock to 16 unaffiliated parties which were recorded as consulting fees.

- The Company issued 11,392,857 shares of common stock to an unaffiliated party which was recorded as consulting fees. Pursuant to this consulting agreement, the Company is obligated to issue and additional 750,000 shares on January 5, 2019.

- The Company issued 88,106 shares of common stock to an officer of the Company which was recorded as compensation expense.

- The Company issued 251,043 shares of common stock in payment of accrued interest to holders of Convertible Notes who elected to convert accrued interest as of December 31, 2017 into common stock at the lower of 75% of the prior ten-day VWAP price.

- The Company issued 800,000 shares of common stock pursuant to warrants exercised by an unaffiliated party at the stated Exercise Price of $.50 and accepted a $400,000 promissory note as payment. The promissory note bears interest at the rate of 10.0% per annum and payable in sixteen (16) equal payments of $25,000. Interest

shall accrue on this Note at the rate of 10% per annum and be due and payable in full on April 1, 2019. At June 30, 2018, the balance owed to the Company amounted to $220,062 and is reflected as a subscription receivable on the balance sheet.

- The Company issued a total of 1,416,000 shares of common stock pursuant to warrants exercised at the stated Exercise Price of $.50 for combined cash proceeds of $708,000.

- On November 21, 2017, the board of directors of the Company approved reducing the exercise price of all series of Plan Warrants to $.35 until December 31, 2017. The Company issued a total of 11,118,768 shares of common stock pursuant to warrants exercised at a Special Exercise Price of $.35 for combined cash proceeds of $3,891,569. All Plan Warrants not exercised expired by their terms on December 31, 2017 (see Note 12).

- In May 2018, the Company issued 34,375 shares of common stock pursuant to stock options exercised at the stated exercise price of $.34 for cash proceeds of $11,688.

As of June 30, 2018, the Company has 162,885,176 shares of common stock outstanding. A summary of the Company’s common stock transactions subsequent to June 30, 2018 is as follows:

- The Company issued 100,000 shares of common stock to an unaffiliated party which was recorded as consulting fees.

- The Company issued 100,000 shares of common stock to an officer of the Company which was recorded as compensation expense.

- On June 25, 2018 the board of directors of the Company approved a new employment agreement effective July 1, 2018 with the CEO of the Company. The Company issued 1,840,000 shares of restricted common stock and 2,400,000 shares of preferred Series D stock which was recorded as compensation expense. Pursuant to this employment agreement, the Company is obligated to issue and additional 1,840,000 restricted common stock shares on July 1 for the next subsequent four years.

- The Company issued 94,941 shares of common stock to an unaffiliated party upon conversion of their Convertible Note.

As a result of these stock transactions, the Company had 163,247,251 and 2,400,000 shares of common stock and preferred stock outstanding, respectively, as of December 18, 2018.

Shares reserved

The Company is required to reserve and keep available of its authorized, but unissued shares of common stock an amount sufficient to effect shares due in connection with the potential exercises under the Company’s stock option plan, the exercise of common stock purchase warrants outstanding and the potential conversion of the Convertible Notes and Detachable Warrants. The adequacy of this reserve is reviewed and adjusted as necessary quarterly.

As of June 30, 2018, shares of common stock reserved for future issuance comprised of the following:

	Shares
Shares to be issued upon:	
Exercise of stock options (see Note 11)	12,423,333
Exercise of common stock purchase warrants (see Note 14)	1,500,000
Conversion of Convertible Notes (see Note 9)	13,162,755
Exercise of Detachable Warrants (see Note 9)	3,949,127
Total	31,036,215

NOTE 11 – STOCK OPTION PLAN

On June 29, 2016, the Company's stockholders approved an equity incentive plan ("*2016 EIP*") for employees, non-employee directors and other service providers covering 10,000,000 shares of common stock. On June 26, 2018, a majority of the shareholders of the Company approved a new equity incentive plan ("2018 SOP") providing for 80,000,000 shares available for both plans.

Any options to be granted under the 2016 EIP may be either "incentive stock options," as defined in Section 422A of the Internal Revenue Code, or "non-statutory stock options," subject to Section 83 of the Internal Revenue Code, at the discretion of the board of directors of the Company and as reflected in the terms of the written option agreement. The option price shall not be less than 100% of the fair market value of the optioned common stock on the date the option is granted. The option price shall not be less than 110% of the fair market value of the optioned common stock for an optionee holding at the time of grant, more than 10% of the total combined voting power of all classes of stock of the Company. Options become exercisable based on the discretion of the board of directors of the Company and must be exercised within ten years from the date of grant (five years from date of grant for Company affiliated grantees.)

For the years ended June 30, 2018 and 2017, the Company granted to certain employees, directors and consultants, options to acquire 6,085,000 shares and 8,428,040 shares, respectively, of the Company's common stock at exercise prices of $0.300 to $1.307 per share. Certain of these options vest immediately. All other options vest at periods up to five years.

A summary of stock option activity for the years ended June 30, 2018 and 2017 is as follows:

	Number of Options	Weighted Average Exercise price
Options outstanding July 1, 2016	-	$ -
Granted	8,428,040	0.356
Exercised	-	-
Expired or forfeited	(1,023,040)	0.300
Options outstanding June 30, 2017	7,405,000	$ 0.364
Granted	6,085,000	0.640
Exercised	(34,375)	0.340
Expired or forfeited	(1,032,292)	0.579
Options outstanding June 30, 2018	12,423,333	$ 0.481
Options available for grant as of June 30, 2018 (1)	2,576,667	
Options exercisable as of June 30, 2018	7,759,739	$ 0.442

(1) Based on 15,000,000 shares available under the 2016 EIP. On June 26, 2018, a majority of the shareholders of the Company approved a new equity incentive plan ("2018 SOP") providing for 80,000,000 shares available for both plans (see Note 18).

The remaining contractual term of options outstanding as of June 30, 2018 was 3.48 years. The weighted average grant-date fair value of options granted for the years ended June 30, 2018 and 2017 were $0.640 and $0.356, respectively. There were 34,375 and 0 options exercised for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018, 7,759,739 options were exercisable at a weighted average exercise price of $0.442 with a remaining weighted average contractual term of 3.11 years.

A summary of the status of the Company's non-vested options as of June 30, 2018 and 2017 and changes for the years then ended is presented below:

	Number of Options	Weighted Average Grant Date Value
Non-vested, as of June 30, 2016	-	$ -
Granted	8,428,040	0.441
Vested	(1,725,833)	0.363
Expired or forfeited	(1,023,040)	0.300
Non-vested, as of June 30, 2017	5,679,167	$ 0.489
Granted	6,085,000	0.547
Vested	(6,227,656)	0.476
Expired or forfeited	(872,917)	0.651
Non-vested, as of June 30, 2018	4,663,594	$0.552

As of June 30, 2018, there was $2,767,040 of total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted under the 2016 EIP. The Company intends to issue new shares upon the exercise of stock options as opposed to reissuing treasury shares. The cost is expected to be recognized as follows:

	Amount
Fiscal year ending June 30,	
2019	$ 1,790,713
2020	697,273
2021	152,797
2022	83,759
2023	42,498
Total	$ 2,767,040

Using the Black-Scholes valuation model, the fair value of option grants for the years ended June 30, 2018 and 2017 were calculated using the following assumptions:

	2018	2017
Risk-free interest rate	1.07% - 2.74%	0.71% - 1.70%
Weighted average expected life	.29 – 5.13 years	2.5 – 4.31 years
Expected volatility	142% - 181%	161% - 182%
Expected dividends	-	-

The aggregate intrinsic value related to stock options exercisable and outstanding as of June 30, 2018 was approximately $2,796,000. For the years ended June 30, 2018 and 2017, the Company recognized $3,026,591 and $808,719, respectively, of stock-based compensation expense with a corresponding offset credited to additional paid-in-capital.

Subsequent to June 30, 2018, additional stock options were granted (see Note 20).

NOTE 12 – COMMON STOCK PURCHASE WARRANTS

On the Acquisition date, the Company had five series of common stock purchase warrants outstanding allowing holders to purchase additional shares of common stock (the "*Original Plan Warrants*"). Each Original Plan Warrant provided for the purchase of one share of common stock and was callable at any time by the Company for a price of $.0001 per warrant. The Original Plan Warrants were governed by a Warrant Agreement. The Company acted as the Warrant Agent and the Warrant Transfer Agent but had the right to appoint alternatives to either position in accordance with the Warrant Agreement. The Board of the Company could extend the expiration date of the Original Plan Warrants or reduce the exercise price of any Original Plan Warrant on a temporary or permanent basis.

Pursuant to the Warrant Agreement, without Company approval, a holder may not exercise Plan Warrants which when combined with current beneficial ownership would increase such holder's ownership in the Company above 5%. On October 28, 2016, in response to a request, the Company waived the 5% ownership restriction for nine large shareholders who owned greater than 5% of the Company in exchange for undertakings regarding current information to meet the Company's disclosure requirements.

A summary of the Original Plan Warrants outstanding as of June 30, 2018 and 2017, is as follows:

	Series B	Series C	Series D	Series E & F
Warrants outstanding, June 30, 2016	8,293,025	8,423,491	8,423,491	16,846,982
Exercised	3,754,362	2,382,089	1,669,787	2,748,033
Expired	-	-	-	-
Warrants outstanding, June 30, 2017	4,538,663	6,041,402	6,753,704	14,098,949
Exercised	1,979,904	2,549,727	3,665,536	5,139,601
Expired	(2,558,759)	(3,491,675)	(3,088,168)	(8,959,348)
Warrants outstanding, June 30, 2018	-	-	-	-
Exercise price	$ .50	$ 3.00	$ .50	$ 4.00
Warrant Expiration date	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017

On July 1, 2016, the Board of the Company approved reducing the exercise price of all Original Plan Warrants to $.3333 (the "*Special Exercise Price*") until October 6, 2016. On October 6, 2016, the Board of the Company extended the Special Exercise Price until December 5, 2016 but only for the Series B Original Plan Warrants. On December 6, 2016, the Special Exercise was extended again for all Original Plan Warrants until February 27, 2017. On February 28, 2017, the Original Plan Warrants reverted to their original exercise prices. A total of 10,554,271 warrants were exercised for the year ended June 30, 2017 at the Special Exercise Price.

On June 21, 2017, the Board of the Company approved reducing the exercise price of the Series B and Series D Original Plan Warrants to $.50 until December 31, 2017. A total of 2,216,000 warrants were exercised for the year ended June 30, 2018 at this reduced price.

On November 3, 2017 the Board of the Company determined that all series of Original Plan Warrants will expire in accordance with their terms on December 31, 2017 and will not be further extended. On November 21, 2017, the Board of the Company approved reducing the exercise price of all Original Plan Warrants to $.35 until December 31, 2017. A total of 11,118,768 warrants were exercised for the year ended June 30, 2018 at this final reduced exercise price.

Using the Black-Scholes valuation model, the fair value of warrants for the years ended June 30, 2018 and 2017 were calculated using the following assumptions:

	2018	2017
Risk-free interest rate	1.58% - 2.66%	0.56% - 0.91%
Weighted average expected life	3.3 – 3.98 years	.84 – 1.38 years
Expected volatility	142% - 166%	119% - 142%
Expected dividends	-	-

For the years ended June 30, 2018 and 2017, the Company incurred a non-cash warrant modification expense, related to the reduction of exercise price of these warrants, of $800,921 and $2,931,122, respectively. This warrant modification expense was recorded by obtaining the difference between the Black-Scholes value of the initial fair value of the warrants and that of the short-term modification multiplied for each of parties who accepted the inducement.

On January 30, 2018, the Company sold 5,000,000 shares of common stock in a private transaction to an unaffiliated party for $2,000,000, which included 1,500,000 warrants with identical terms as the Detachable Warrants issued under the Convertible Notes. In connection with this investment, the Company entered into a Registration Rights Agreement, which provides for "piggyback" registration if the Company registers any securities under the Securities Act, as defined therein. None of these warrants were exercised for the year ended June 30, 2018.

NOTE 13 – INCOME TAXES

There was no provision for federal or state taxes for the years ended June 30, 2018 and 2017. The components of deferred taxes were as follows:

	June 30, 2018	June 30, 2017 (Restated)
Deferred tax assets:		
Net operating loss carryforward	$ 4,880,381	$ 2,311,635
Stock-based compensation	658,073	109,750
Capitalized Section 179 intangibles	188,999	180,769
Valuation allowance	(5,727,453)	(2,607,154)
Net deferred tax asset	$ -	$ -

The Company has a valuation allowance against the full amount of its net deferred taxes due to the uncertainty of realization of the deferred tax assets due to operating loss history of the Company. The Company currently provides a valuation allowance against deferred taxes when it is more likely than not that some portion, or all of its deferred tax assets will not be realized. The valuation allowance could be reduced or eliminated based on future earnings and future estimates of taxable income. For the years ended June 30, 2018 and 2017, the Company increased the valuation allowance by $3,120,299 and $2,087,143, respectively.

A reconciliation of the statutory federal income tax benefit to actual tax benefit for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Federal statutory income tax rates	-35%	-35%
State statutory income tax rate, net of federal benefit	-5%	-5%
Permanent differences – warrant modification	2%	14%
Incentive stock options	2%	2%
Amortization of debt discounts	1%	0%
Valuation allowance - deferred tax assets	35%	24%
Effective tax rate	0%	0%

As of June 30, 2018, the Company has federal and state net operating loss carryforwards of approximately $21,182,000 which will begin to expire in 2025. Under the terms of an NOL Utilization Agreement under the APA, the Company is committed to share the tax benefit arising from any future utilization of the Company's NOL carryforward. In the event the Company utilizes the NOL carryforward to shelter its taxes, under the NOL Utilization Agreement, it will remit 75% of the benefit to MRC.

Utilization of the NOL carryforwards might be subject to an annual limitation due to ownership change limitiations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended (the "*Code*"), as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. Since the Company's formation, the Company has raised capital through the issuance of common stock on several occasions which, combined with the purchasing stockholders' subsequent disposition of those shares, may have resulted in such an ownership change, or could result in an ownership change in the future upon subsequent disposition.

The Company has not completed a study to assess whether an ownership change has occurred. If the Company has experienced an ownership change, utilization of the NOL carryforwards would be subject to an annual limitation under Section 382 of the Code, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the NOL carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being considered as an uncertain tax position or disclosed as an unrecognized tax benefit. Due to the existence of the valuation allowance, future changes in the Company's unrecognized tax benefits will not impact its effective tax rate. Any carryforwards that will expire prior to utilization as a result of such limitations will be removed from deferred tax assets with a corresponding reduction of the valuation allowance.

In December 2017, the United States Government passed new tax legislation that, among other provisions, lowers the corporate tax rate from 35% to 21%. In addition to applying the new lower corporate tax rate in 2018 and thereafter to any taxable income the Company may have, the legislation affects the way the Company can use and carryforward net operating losses previously accumulated and results in a revaluation of deferred tax assets and liabilities recorded on the Company's balance sheet. Given that current deferred tax assets are offset by a full valuation allowance, these changes will have no net impact on the balance sheet. However, when the Company becomes profitable, the Company will receive a reduced benefit from such deferred tax assets.

NOTE 13 – RELATED PARTIES

The Company follows ASC No. 850 for the identification of related parties and disclosure of related party transactions. The following are significant related party transactions between the Company and its related parties.

Aztoré Capital Corp.

Certain officers of ACC were officers of the Company. Effective July 1, 2016, the Company contracted with ACC to provide management services for $29,167 per month. On August 1, 2016, the Company awarded 1,000,000 non-statutory stock options to ACC with an exercise price of $.30 per option. Other transactions with ACC for the year ended June 30, 2017 were as follows:

- ACC was issued 200,000 shares of common stock for consulting and advisory services and the Company recorded an expense of $83,800, representing the fair market value of the common stock issued (see Note 10).

- As discussed in Note 8, ACC was owed a long-term note payable obligation of $350,000 as of June 30, 2016. The Company paid $20,000 of principal on the ACC Note and ACC agreed to convert $180,000 of the ACC Note into a Convertible Note, leaving a long-term note payable balance of $150,000 as of June 30, 2017. Subsequent to June 30, 2017, the Company paid off the remaining balance of the ACC Note. The Company paid $25,890 of interest on the ACC Note and an additional $24,546 is included in accrued interest to related party on the accompanying balance sheet as of June 30, 2017. The accrued interest was also paid off subsequent to June 30, 2017.

- ACC was also issued a Convertible Note of $10,300 for services rendered.

- The Company reimbursed ACC $500 monthly for its use of ACC's office facility for the year ended June 30, 2017. The lease amount increased to $750 per month August 1, 2017 and was terminated February 2018.

On July 31, 2017, the management services agreement with ACC terminated. During a transitional period, the Company agreed to a new consulting agreement with ACC, full vesting of 1,000,000 non-statutory stock options granted to ACC on July 1, 2016, and a lock-up agreement limiting the sale of Company common stock owned by ACC to 125,000 shares per month starting in November 2017 for six months.

On August 1, 2017, the Company contracted with Lang Financial Services, Inc. ("*LFSI*") for the services of the CFO. Previously these services were provided through ACC. LFSI was assigned 500,000 of the non-statutory stock options granted to ACC. The Company's CFO resigned as an officer and director of ACC and after November 1, 2017, ACC is no longer considered a related party. The Company terminated the LFSI services agreement on June 28, 2018. As a result of this termination, litigation proceedings have been initiated by LFSI (see Note 15).

Subsequent to June 30, 2018, an employment agreement was approved by the Board with Colton Melby for his CEO services (see Note 18). As a result of this agreement, a $500,000 bonus expense was recorded for the year ended June 30, 2018; $243,439 of this bonus is included in the accrued liabilities due to related parties as of June 30, 2018.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

<u>Lawsuits</u>
In the normal course of its business, the Company may be subject to certain contractual obligations and litigation. The Company is currently involved in litigation with a former service provider, LFSI (see Note 16). In management's opinion, upon consultation with legal counsel, the ultimate disposition of this matter will not have a material adverse effect on the Company's financial position, or results of operations, or liquidity.

Lang Financial Services V. ORhub, Inc.

On August 31, 2018, the Company was served with a complaint from by its former Chief Financial Officer, Lanny Lang, alleging breach of that certain letter agreement between the Company and Lang Financial Services, Inc. ("LFSI") dated August 1, 2017. It is the Company's position that Mr. Lang was terminated for cause and, as a result, that the claims in the complaint are without merit. The Company has engaged local counsel in Arizona to defend the claim on its behalf.

Frederic J. Buonincontri V. ORhub, Inc.
On October 10, 2018, a current Series 2017-A Noteholder, Frederic J. Buonincontri, filed a lawsuit against the Company in Arizona Superior Court, County of Maricopa, seeking declaratory relief of the court to remove the Company as the Note Agent under the Series 2017-A Notes and appointment of a successor Note Agent, AXT Analytics, LLC, a company representing approximately 33% of the noteholders. The Company was served with the complaint on October 19, 2018. Under the terms of the Series 2017-A Note Agreement ("Note Agreement"), the noteholders can appoint a successor Note Agent if they secure a majority of the noteholder vote. After failing to secure the majority of the noteholder vote, Mr. Buonincontri filed his complaint requesting the court demand the removal of the Company as the Note Agent with the successor Note Agent being replaced by AXT Analytics, an entity formed by Mr. Buonincontri. It is the Company's position that Mr. Buonincontri's complaint is without merit and the Company intends to vigorously defend the suit.

Leases
On April 6, 2018, the Company entered into a sublease agreement with Carbon Games ("*Carbon*") for approximately 5,500 square feet in Bellevue, WA for its software development and operations office. Carbon held a deposit of $55,900 as of June 30, 2018. The term of the sublease is 32 months effective beginning May 1, 2018, with monthly rent of $17,713, increasing to $18,173 on May 1, 2019 and increasing to $18,633 on May 1, 2020. The Company incurred $17,713 of rent expense for the year ended June 30, 2018.

On November 9, 2017, the Company entered into a lease agreement for approximately 695 square feet in Tempe, AZ for its corporate and administrative office. The term of the lease is 24 months effective beginning January 1, 2018, with monthly rent of $1,622 for calendar year 2018 and $1,651 for calendar year 2019. The Company incurred $9,452 of rent expense for the year ended June 30, 2018.

The Company leased 873 square feet pursuant to an Office Lease Agreement with Regus Management Group, LLC ("*Regus*") in Bellevue, WA. Regus held a deposit of $24,350 as of June 30, 2018 and 2017. The Company incurred $183,016 and $124,703 of rent expense, including parking, business services and other related costs, for the years ended June 30, 2018 and 2017, respectively. The maturity of this lease was July 31, 2018, but the premises were vacated in May with the Carbon sublease facilities in May 2018. Regus found a lessor for the space in June 2018 and the Company has no further lease liability.

The Company leased office space from ACC on a month-to-month basis. The Company incurred $5,750 and $6,000 of rent expense for the years ended June 30, 2018 and 2017, respectively. The lease amount increased to $750 per month on August 1, 2017 and was terminated February 2018.

Future minimum lease payments under these operating leases are as follows:

	Amount
Fiscal year ending June 30,	
2019	$ 377,112
2020	372,903
2021	255,800
2022	144,000
2023	144,000
Thereafter	144,000
Total	$ 1,437,815

On July 24, 2018, the Company entered into a lease agreement for its corporate office in Laguna Beach, CA. The term of the lease is 72 months effective beginning July 1, 2018, with monthly rent of $12,000.

Employment Agreements

On July 1, 2018, the Board approved an employment agreement with Colton Melby for CEO services. Under the terms of the CEO employment agreement, Mr. Melby received a $500,000 signing bonus, an annual salary of $600,000, and 2,400,000 Series D preferred shares. At the sole discretion of the Board of Directors, Mr. Melby may receive an annual bonus cash bonus ranging between 50% to 150% of his annual salary as well as between a minimum of 1,000,000 shares and no more than 3,000,000 Series D preferred shares.

On July 3, 2018, the Board approved a consulting agreement with Barney Monte for Interim CFO services. Under the terms of the consulting agreement, Mr. Monte receives $10,000 per month based on time allocation as well as 100,000 restricted shares.

NOTE 15 – SETTLEMENT AGREEMENTS

Employee termination and stock settlement

On May 5, 2017, an employee terminated his employment with the Company. This employee was originally hired by ORhub, LLC and had a potential claim regarding this transaction. Although the Company had not assumed this claim from ORhub, LLC, the Company and this employee reached an agreement to settle such claim, whereby the Company agreed to issue 342,316 shares of common stock and recorded an expense of $142,404, representing the fair market value of the common stock issued. The settlement agreement included other agreements regarding releases, confidentiality, intellectual property and waiver of claims.

Executive separation and settlement

On August 31, 2017, the Company executed a Separation and Settlement Agreement with an executive who vacated the position of COO as of August 31, 2017 and acted in an advisory role to the Company through December 31, 2017. The executive was entitled to base salary and family medical insurance coverage through December 31, 2017. The Company agreed to full vesting of stock options granted to the executive upon employment and granted an additional 1,500,000 non-statutory stock options vested as of September 18, 2017.

NOTE 16 – RESTATEMENT

The Company has restated the current financial statements as of and for the year ended June 30, 2017 to correct the accounting for stock-based compensation, common stock purchase warrants, convertible notes and other reclassifications and adjustments. As discussed elsewhere in these footnotes, the Company recognized a non-cash stock-based compensation expense of $808,719 related to the fair value of stock option grants and a non-cash warrant modification expense of $2,931,122, related to the reduction of exercise price of common stock purchase warrants. The intrinsic value of the beneficial conversion feature in the Company's Convertible Note, resulting from the discounted conversion price compared to market price, and the relative fair value of the Company's Detachable Warrants, resulted in recording a debt discount of $153,556. Other adjustments are primarily reclassifications of related party transactions and recognizing additional expenses totaling approximately $32,000.

The tables on the following pages summarize the corrections on each of the affected financial statement line items as of and for the year ended June 30, 2017.

Balance Sheet
June 30, 2017

	As Previously Reported	Non-cash Equity Adjustments		(d) Other Adjustments	As Restated
Prepaid expenses and other current assets	$ 85,334	$ -		$ (22,215)	$ 63,119
Total current assets	89,608	-		(22,215)	67,393
Total Assets	120,895	-		(22,215)	98,680
Accounts payable	247,794	-		(73,137)	174,657
Accounts payable to related parties	104,200	-		83,234	187,434
Accrued salaries and payroll taxes	101,242	-		(101,242)	-
Accrued liabilities	47,854	-		101,242	149,096
Current portion of long -term debt	150,000	-		(150,000)	-
Total current liabilities	724,219	-		(139,903)	584,316
Notes payable due to related party	-	-		150,000	150,000
Convertible notes payable to related party, net of unamortized discounts	-	(70,474)	(c)	250,300	179,826
Convertible notes payable, net of unamortized discounts	678,300	(79,689)	(c)	(250,300)	348,311
Total long-term liabilities	678,300	(150,163)	(c)	150,000	678,137
Total Liabilities	1,402,519	(150,163)	(c)	10,097	1,262,453
Additional paid-in capital	4,285,765	3,893,397	(a)(b)(c)	-	8,179,162
		2,931,122	(a)		
		808,719	(b)		
		153,556	(c)		
Accumulated deficit	(5,696,106)	(3,743,234)	(a)(b)(c)	(32,312)	(9,471,652)
		(2,931,122)	(a)		
		(808,719)	(b)		
		(3,393)	(c)		
Total stockholders' (deficit)	(1,281,624)	150,163	(c)	(32,312)	(1,163,773)
Total Liabilities and Stockholders' Deficit	120,895	-		(22,215)	98,680

See Footnotes below.

-Continued-

Statement of Operations
For the year ended June 30, 2017

	As Previously Reported	Non-cash Equity Adjustments		(d) Other Adjustments	As Restated
Software development	$ 1,666,764	$ 155,594	(b)	$ (142,404)	$ 1,679,954
Selling and marketing	214,770	-		32,312	247,082
General and administrative	1,483,058	653,125	(b)	-	2,136,183
Total operating expenses	3,655,670	808,719	(b)	(110,092)	4,354,297
Interest expense	(61,650)	(3,393)	(c)	-	(65,043)
Warrant modification expense	-	(2,931,122)	(a)	-	(2,931,122)
Settlement agreements	(16,234)	-		(142,404)	(158,638)
Total other expense	(1,125,391)	(2,934,515)	(a)(c)	(142,404)	(4,202,310)
		(2,931,122)	(a)		
		(3,393)	(c)		
NET LOSS	(4,781,061)	(3,743,234)	(a)(b)(c)	(32,312)	(8,556,607)
		(2,931,122)	(a)		
		(808,719)	(b)		
		(3,393)	(c)		
BASIC AND DILUTED NET LOSS PER SHARE	(0.04)	(0.03)	(a)(b)	(0.00)	(0.07)
		(0.02)	(a)		
		(0.01)	(b)		

See Footnotes below.

-Continued-

Statement of Cash Flows
For the year ended June 30, 2017

	As Previously Reported	Non-cash Equity Adjustments		(d) Other Adjustments	As Restated
NET LOSS	$ (4,781,061)	$ (3,743,234)		$ (32,312)	$ (8,556,607)
Discount amortization	-	3,393	(c)	-	3,393
Common stock issued in settlement agreements	158,638	-		(16,234)	142,404
Stock-based compensation	-	808,719	(b)	-	808,719
Accrued liability recorded for settlement charges	-	-		16,234	16,234
Warrant modification expense	-	2,931,122	(a)	-	2,931,122
Write-off of subscription note receivable	-	-		1,047,507	1,047,507
Prepaid expenses and other current assets	(79,520)	-		66,629	(12,891)
Accounts payable	175,162	-		(73,137)	102,025
Accounts payable to related parties	55,759	-		93,639	149,398
Accrued salaries and payroll taxes	75,226	-		(75,226)	-
Accrued liabilities	(23,040)	-		81,785	58,745
Accrued interest payable	6,559	-		(6,559)	-
Net cash used in operating activities	(4,118,705)	-		1,102,326	(3,016,379)
Proceeds from exercise of warrants	3,517,729	-		(1,235,645)	2,282,084
Collection on subscription note receivable	-	-		188,138	188,138
Borrowings on Note Payable	44,414	-		(44,414)	-
Loan repayments to related parties	(95,900)	-		(10,405)	(106,305)
Net cash provided by financing activities	4,154,228	-		(1,102,326)	3,051,902

Footnotes:

(a) The Company recognized a non-cash stock-based compensation expense of $808,719 related to the fair value of stock option grants.

(b) The Company recognized a non-cash warrant modification expense of $2,931,122, related to the reduction of exercise price of common stock purchase warrants.

(c) The intrinsic value of the beneficial conversion feature in the Company's Convertible Note, resulting from the discounted conversion price compared to market price, and the relative fair value of the Company's Detachable Warrants, resulted in recording a debt discount of $153,556.

(d) Other adjustments are primarily reclassifications of related party transactions and recognizing additional expenses totaling approximately $32,000.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent Event

During the preparation of the financial statements for the years ended June 30, 2018 and 2017, the Company noted multiple advances in an aggregate of $268,771 to our CEO, which raised concerns regarding the Company's internal financial controls and procedures regarding such advances. As a result, on October 17, 2018, the audit committee initiated an investigation conducted by an independent law firm, Sallah, Astarita & Cox, LLC ("SAC") regarding those advances and the Company's internal controls and procedures concerning the same. SAC concluded its investigation on December 3, 2018 and determined that the Company had deficiencies in its internal controls and procedures during the period from January 1, 2018 to July 1, 2018 relating to the lack of oversight over our CEO's payments to himself either in the form of salary or bonuses, and the utilization of the Company's credit/debit card for personal expenses; and the lack of a written travel and entertainment ("T&E") policy. As a result, SAC recommended certain remedies to improve the Company's corporate governance including (i) implementing written financial and general controls and procedures concerning the manner in which executives are compensated; (ii) establishing a policy restricting the use of Company issued credit/debit card for personal expenses; (iii) implementing a written T&E policy; (iv) establishing internal audit function and engaging an external consulting firm to assist with assessment of Sarbanes –Oxley compliance requirements and improvement of overall internal controls; and (v) updating the approval requirements for non-routine transactions.

The Company has commenced taking remedial measures, including : (1) retaining Rotenberg Meril Solomon Bertiger & Guttilla, P.C. ("RotenbergMeril") , a PCAOB registered accounting firm and a member of the BDO Alliance, to assist with its back office accounting work, review of its financial controls and assist to oversee implementation of the financial controls; (2) it adopted a policy to restrict payments of expenses that in the aggregate that exceed $2,500 without approval from the CEO or CFO; (3) it has implemented a two-step process and dual-signature approval for the entry of all payables and the subsequent payment of all payables; (4) it established routine and designated account to pay CEO compensation on monthly basis under the terms of his employment agreement; and (5) it added an additional independent member to the board as the audit chair and formed a compensation committee consisting of the audit chair and another member of the board (non-CEO).

In June 2018, the Company went through a strategic assessment and restructuring that resulted in the termination of certain employees and a repositioning of the Company's product and market strategy. During this time the Company retained the services of one of the Company's co-founders and control shareholders who the Company paid for his services.

On December 7, 2018, MaloneBailey LLP resigned from its engagement with the Company, effective immediately. The Company is currently interviewing the candidates for the successor auditor and continuing implementing remedies following the recommendations by SAC and with assistance of RotenbergMeril.