MemReg

d/b/a Orhub

FINANCIAL STATEMENTS
-UNAUDITED-

June 30, 2016

Chief Financial Officer Certification

I, Lanny R. Lang, certify that:

I have reviewed MemReg, Inc.'s unaudited financial statements as of June 30, 2016 and for the period ending June 30, 2016. Based on my knowledge, the unaudited financial statements, and other financial information included herein, fairly present in all material respects the financial condition, results of operations and cash flows of MemReg, Inc. as of and for the periods presented.

/s/ Lanny R. Lang
Lanny R. Lang
Chief Financial Officer

July 20, 2016
Date

MEMREG, INC.
BALANCE SHEET
(Unaudited)

	June 30, 2016
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 192
Prepaid expenses and other current assets	5,814
Total current assets	6,006
PROPERTY AND EQUIPMENT, NET	9,044
OTHER ASSETS, NET	-
	$ 15,050
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
CURRENT LIABILITIES	
Accounts payable	$ 91,412
Accrued salaries and payroll taxes	26,016
Accrued liabilities	58,516
Loans due to related parties	60,480
Total current liabilities	236,423
LONG-TERM LIABILITIES:	
Notes payable due to related parties	350,000
Total long-term liabilities	350,000
Total liabilities	586,423
STOCKHOLDERS' EQUITY (DEFICIT)	
Preferred stock - undesignated, $0.001 par value; 5,990,500 shares authorized	-
Preferred stock - Series A, $0.001 par value; 1,791,442 shares authorized; no shares issued and outstanding	-
Preferred stock - Series C, $0.001 par value; 775,000 shares authorized; no shares issued and outstanding	-
Common stock, $0.001 par value; 190,000,000 shares authorized, 116,698,608 issued and outstanding, respectively	116,699
Additional paid-in capital	222,754
Accumulated deficit	(910,827)
Total stockholders' equity (deficit)	(571,374)
	$ 15,050

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
STATEMENT OF OPERATIONS
(Unaudited)

	For the period from November 12, 2015 (date of inception) to June 30, 2016
OPERATING EXPENSES	
Software development	$ 259,572
Selling and marketing	63,630
General and administrative	29,302
Legal and professional fees	83,487
Depreciation and amortization	1,391
Total operating expenses	437,382
OTHER Income (EXPENSE):	
Settlement agreements	(473,445)
Total other expense	(473,445)
NET LOSS	$ (910,827)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.03)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	35,395,147

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
For the period from November 12, 2015 (date of inception) to June 30, 2016
(Unaudited)

	Common Stock		Preferred Stock - all classes		Additional Paid-in Capital	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
November 12, 2015 (date of inception)	-	$ -	-	$ -	$ -	$ -	$ -
Common stock issued to founders	101,109,167	101,109	-	-	45,891	-	147,000
Common stock sold	801,020	801	-	-	276,699	-	277,500
Common stock issued in settlement agreements	784,588	785	-	-	270,644	-	271,429
Recapitalization as a result of the reverse merger	14,003,833	14,004	-	-	(370,480)	-	(356,476)
Net loss	-	-	-	-	-	(910,827)	(910,827)
Balance at June 30, 2016	116,698,608	$ 116,699	-	$ -	$ 222,754	$ (910,827)	$ (571,374)

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
STATEMENT OF CASH FLOWS
(Unaudited)

		For the period from November 12, 2015 (date of inception) to June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(910,827)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		1,391
Common stock issued in settlement agreements		271,429
Recapitalization as a result of the reverse merger		(212,975)
Changes in operating assets and liabilities:		
Prepaid expenses		(5,814)
Accounts payable		91,412
Accrued salaries and payroll taxes		26,015
Accrued liabilities		58,516
Loans due to related parties		60,480
Net cash used in operating activities		(620,373)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(10,435)
Net cash provided by financing activities		(10,435)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable due to related parties		350,000
Common stock issued to founders		3,500
Common stock sold		277,500
Net cash provided by financing activities		631,000
NET CHANGE IN CASH		192
CASH AT BEGINNING OF PERIOD		-
CASH AT END OF PERIOD	$	192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$	-
Income taxes	$	-
NONCASH INVESTING AND FINANCIAL ACTIVITIES:		
Common stock issued in settlement agreements	$	271,429

The accompanying notes are an integral part of these unaudited financial statements

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016
(Unaudited)

NOTE 1 – ORGANIZATION AND OPERATIONS

Current Operations

On June 30, 2016, pursuant to an Asset Purchase Agreement (the "*APA*"), MemReg, Inc. (the "*Company*") acquired all the assets and assumed certain liabilities of ORhub, LLC ("*ORhub*") including its name, business, technology, website and patents (see Note 3). Immediately subsequent to the closing of the APA, the Company consummated a tax free split-off ("*Split-off*") of its wholly owned subsidiary, Memorability Registry Corp. ("*MRC*") to 22 common and preferred stockholders (see Note 4).

Under the terms of the APA, the former ORhub stockholders held approximately 88% of the common stock of the Company immediately after the closing of the APA. For accounting purposes, ORhub will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction will be treated as a recapitalization of the Company. Accordingly, ORhub's assets, liabilities and results of operations will become the historical financial statements of the Company and the Company's assets, liabilities and results of operations will be consolidated with ORhub effective as of the date of the closing of the APA. No step-up in basis or intangible assets or goodwill will be recorded in this transaction. (see Note 3).

With the acquisition of ORhub and the Split-off of MRC, the Company is now continuing to develop the ORhub System. Initially conceived in 2012, ORhub has developed a proprietary cloud-based application that it believes significantly improves the productivity and accountability of implant based orthopedic and cardiac operations. ORhub's software is 100% cloud-based and will be sold on a subscription basis. ORhub believes that its software's cost will be more than justified by accelerating billing and inventory control. Therefore, users get all the benefit of the productivity and information gains for free. ORhub plans to provide a uniform interface platform for surgery which leverages the power of process and data analytics, providing hospitals and medical device vendors with modeling and predictive analytics that will transform their surgery business and lower the cost of care. ORhub is currently in the last stages of developing it production software and expects to introduce it in production use in September 2016.

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 a wholly owned subsidiary of Visitalk Capital Corporation ("*VCC*") and formed as part of the implementation of a confirmed Chapter 11 reorganization plan (the "*Visitalk Plan*") of visitalk.com, Inc. The Visitalk Plan was deemed effective by the Bankruptcy Court on September 17, 2004 (the "*Effective Date*").

The Company's original intended business was to use visitalk.com, Inc.'s technology to facilitate peer-to-peer computer gaming activities. To enter this business, the Visitalk Plan authorized the Company to acquire certain technology rights from VCC as of the Effective Date. To acquire these rights, the Company issued shares of its common stock plus common stock purchase warrants allowing holders to purchase additional shares of the Company's common stock (the "*Plan Warrants*"). The Visitalk Plan further authorized VCC to then distribute some of these shares of common stock to approximately 240 creditors of visitalk.com, Inc. and all of the Plan Warrants to 645 claimants of visitalk.com, Inc. in various ratios in accordance with the Visitalk Plan. In accordance with Section 1145 of the Bankruptcy Code, the distribution of these securities under the Visitalk Plan, except those issued to VCC and its affiliates, are exempt from registration under the Securities Act of 1933. Other than the issuance of its common stock and Plan Warrants to VCC as described above, the Company had no liabilities of any kind related to any visitalk.com, Inc. claimant or shareholder.

In December 2004, the Company acquired DynaSig Corporation ("*DynaSig*") as a wholly owned subsidiary. In April 2005, the Company 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 to focus on the MRC business. On June 30, 2016, immediately subsequent to the closing of the APA, the Company Split-off MRC (see Note 4).

Going concern and management's plans

As of June 30, 2016, the accompanying unaudited financial statements have been presented on the basis that it is a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the period ended June 30, 2016, the Company had a net loss of $910,827 consisting of software development, selling and marketing, general and administrative, legal, professional and settlement expenses. In view of these matters, recoverability of any asset amounts shown in the accompanying unaudited 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 Company has financed its activities principally from the sale of equity securities. The Company intends on financing its future development activities and its working capital needs largely from loans and the sale of public equity securities with some additional funding from other traditional financing sources until such time that funds provided by operations are sufficient to fund working capital requirements. With the closing of the APA, management commenced plans to raise funding to address its liquidity problems. On July 8, 2016, the Company announced a Special Exercise Price for its Plan Warrants (See Notes 12 and 16).

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.

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.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles for financial information and reflect all adjustments which are, in the opinion of the Company's management, necessary for a fair presentation of the financial position and operating results as of and for the period ended June 30, 2016. As part of the reverse merger presentation there is no comparable data for the prior year. For the fiscal year ending June 30, 2016, the Company has elected to early adopt Accounting Standards Update ("*ASU*") No. 2015-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allows the Company to remove the inception to date information and all references to development stage.

Cash and cash equivalents

Cash and cash equivalents at June 30, 2016 included cash on-hand. Cash equivalents are considered all accounts with a maturity date within 90 days.

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, realizablility 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 accounts receivables. The Company places its cash with high credit quality financial institutions. At times such amounts may exceed federally insured limits.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and stockholder loans. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Revenue Recognition and Presentation

The Company follows FASB Accounting Standards Codification ("*FASB ASC*") paragraph 605-10-S99-1 of the 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 consists 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 FASB ASC 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. Through June 30, 2016, 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.

Research and development

Research and development costs for the Company's complex software are charged to operations as incurred.

Stock-based compensation

The Company accounts for stock-based compensation to employees in accordance with FASB ASC 718. 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 FASB ASC 505-50. 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 option-pricing model for common stock options and warrants and the latest fair market price of the Company's common stock for common share issuances. As of June 30, 2016, there has been no stock-based compensation and all prior stock options have been surrendered and no new stock options have been awarded (see Note 11).

Income Tax Provision

The Company accounts for income taxes under FASB ASC Section 740-10-30, 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 Income and Comprehensive Income 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 carry-backs and carry-forwards. 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 years. 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 FASB ASC subtopic 450-20 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 Income (Loss) per Common Share

Net income (loss) per common share is computed pursuant to FASB ASC section 260-10-45. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through stock options and warrants. There were no potentially outstanding dilutive securities as of June 30, 2016

Recently Issued Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 – ACQUISITION OF ASSETS OF ORHUB, LLC

As discussed in Note 1, on June 30, 2016, under the terms of the APA, the Company acquired all the assets and assumed certain liabilities of ORhub, including its name, business, technology, website and patents (the "*Purchase*"). Since the stockholders of ORhub gained more than 80% control of the Company following the closing of the APA, this transaction was tax free to the ORhub members under the Internal Revenue Code §368(a)(1)(C).

The Company issued 102,694,775 shares of its common stock, representing 88% of the common stock of the Company at the closing of the APA. For accounting purposes, ORhub will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction will be treated as a recapitalization of the Company. Accordingly, ORhub's assets, liabilities and results of operations will become the historical financial statements of the Company and the Company's assets, liabilities and results of operations will be consolidated with ORhub effective as of the date of the closing of the APA. No step-up in basis or intangible assets or goodwill will be recorded in this transaction.

Subsequent to the closing of the APA, the Company consummated a Split-off of MRC (see Note 4). With the acquisition of ORhub and the Split-off of MRC, the Company is now focused solely on continuing to develop the ORhub System.

NOTE 4 – SPLIT-OFF OF MRC

As discussed in Note 1, subsequent to the closing of the APA (see Note 3), the Company consummated a Split-off of MRC to 22 common and preferred stockholders. 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 Class C Preferred stock had a liquidation value of approximately $1,350,000. 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. Certain pre-APA stockholders of the Company, holding approximately 14,000,000 shares of common stock, have certain rights for up to the next two years (see Note 15).

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2016
Computer equipment	$ 10,435
Less: accumulated depreciation	(1,391)
	$ 9,044

Depreciation is computed using the straight-line method based upon the estimated useful lives of the underlying assets, generally three years. Depreciation expense was $1,391 for the period ended June 30, 2016.

NOTE 6 – PATENT AND INTELLECTUAL PROPERTY

Christopher Wiggins and William Dobkin, founders of ORHub, LLC (the "*ORhub Founders*") and members of the Company's Technical Advisory Board, applied for patents related to the ORhub System in 2011 and again in 2015. These patents were assigned to ORhub and subsequently assigned to the Company under the terms of the APA. These patents are both pending. The initial patent claims have been rejected by the Patent Office and the Company is in the process of filing amended claims. Since the Patents have not been awarded, costs of pursuing the patents are expensed as incurred.

The Company has also developed processes and designs that it considers "*trade secrets*," and that it believes would make the ORhub System more difficult to reproduce by other manufacturers. The Company has agreements with its officers, advisors and employees that any new features, trade secrets and patents developed in the future are owned exclusively by the Company.

NOTE 7 – ACCRUED LIABILITIES

The accrued liability as of June 30, 2016 in the amount of $58,616 is payable to Mack Consulting Inc. ("*MCI*"). In 2011, the ORhub Founders formed an unrelated LLC (the "*Old LLC*"). The Old LLC contracted with MCI in an attempt to develop a software product to capture medical data. By 2014, MCI had failed to deliver any useable work and all agreements between the Old LLC and MCI were terminated. To resolve any potential outstanding claims against the Old LLC by its other members or themselves personally, the ORhub Founders personally agreed to pay MCI $202,016. In exchange for this agreement, MCI and all other members of the Old LLC released all their claims, returned all Old LLC membership shares, agreed to maintain confidentiality and entered into a non-compete agreements expiring in November 2019.

Prior to the formation of ORhub in November 2015, the ORhub Founders personally paid MCI $131,000. The ORhub Founders contributed this release and any other benefits to ORhub along with the pending patents for an assumption of the remaining MCI liability. In April 2016, one of the ORhub Founders personally paid MCI $12,500 which recorded as contributed capital by ORhub. As of June 30, MCI is still owed $58,616 and has made no collection demands.

NOTE 8 – LOANS DUE TO RELATED PARTIES

Loans due to related parties consisted of the following:

	June 30, 2016
Colton Melby	$ 32,400
William Dobkin – JAATRL, LLC	12,325
Christopher Wiggins – Wylde, LLC	15,755
	$ 60,480

The loans due to related parties consist of loans by a member and the two ORhub Founders. On July 12, 2016, the loan from Colton Melby, the Company's Chief Executive Officer, was paid back in full along with interest of $2,000. The loans due to these related parties are unsecured and do not bear interest or have a maturity date (see Note 14).

NOTE 9 – LONG TERM NOTES PAYABLE DUE TO RELATED PARTY

Long-term notes payable due to related party in the amount of $350,000 is the remaining note payable liability of the Company due to Aztoré Capital Corp. ("*ACC*") after the Split-off of MRC. Michael S Williams, the EVP and director of the Company and Lanny R. Lang, the Chief Financial Officer of the Company, are officers and directors of ACC. The notes are unsecured and accrue interest at 15% per annum, with interest payable quarterly. The maturity of these notes is July 1, 2019 (see Note 14).

NOTE 10 – STOCKHOLDERS' EQUITY

Authorized capital

The Company's authorized capital consisted of 190,000,000 shares of common stock, $.001 par value, and 10,000,000 shares of preferred stock. The board of directors of the Company, 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 of June 30, 2016, the Company has 1,791,442 shares of Series A Preferred stock authorized and unissued, and 775,000 shares of Series C Preferred stock authorized and unissued. The Series B Preferred stock designation was previously withdrawn. The Company has no intention to issue any Series C Preferred stock and expects to withdraw this designation.

Common stock

Under the terms of the APA, the Company was required to create an additional series of common stock designated as Class B Common stock ("*Class B Common*") and change the current common stock authorized to Class A Common stock ("*Class A Common*"). The Company intends to file an amendment to its Articles of Incorporation to reflect these designations. Shares of Series A Common stock are identical to the existing shares of common stock outstanding. The Company has reserved approximately 60,000,000 shares of common stock for the Plan Warrants, the 2016 EIP and potential Series A and Series C Preferred stock conversions.

Class B Common stock

As stated above, the Company intends to file an amendment to its Articles of Incorporation to designate Series B Common stock. The Class B Common stock are identical to the regular shares of common stock except that the Class B Common stock will have seven (7) votes per share. The maximum number of Class B Common stock authorized is 14,100,000. Exchange of common stock for shares of Class B Common stock is limited to certain pre-APA stockholders of the Company, holding approximately 14,000,000 shares of common stock, and only upon a default of the Company, as defined in the APA (see Note 15).

Series A Preferred stock

As of June 30, 2016, 1,791,422 shares of Series A Preferred stock remain designated and unissued. Originally designated for 2,500,000 shares, 708,598 shares of Series A Preferred stock were previously issued and later converted into common A stock. The Series A Preferred stock bears a 15% cumulative dividend and has a per share liquidation preference equal to $1.00 plus any unpaid dividends ("*Liquidation Preference*"). Each share of Series A Preferred stock and any accumulated dividends are convertible into 2.38 shares of the Company's common stock, or $.42 per share. Holders of shares of Series A Preferred stock may elect to convert at any time. Shares of Series A Preferred stock will automatically convert if, anytime after one year from issuance, the bid price on an established market for the Company's common stock is more than $2.10 for 60 consecutive trading days. Anytime after one year from issuance, upon 30-day notice to the holders, the shares of Series A Preferred stock may be redeemed by the Company for an amount equal to their Liquidation Preference. In the event the Company is sold in a purchase transaction, the Series A Preferred stockholders receive their Liquidation Preference and then participate on an "as converted basis."

Other attributes of the Series A Preferred stock are priority of class, liquidation preference, anti-dilution protection and adjustment, right of first refusal to the holders, and voting rights on an as converted basis. The Series A Preferred stock is senior to all other capital stock of the Company. In the event of liquidation, the holders of Series A Preferred stock will be entitled to be paid an amount in cash equal to the Liquidation Preference, before any other payment or distribution is made. The Series A Preferred stock is protected from a dilutive issuance of additional shares of stock at a per share less than the conversion price at the date of such new issuance. Each holder of Series A Preferred stock shall be given the first right to purchase their pro rata portion of any equity securities offered by the Company on the same terms and conditions as the Company offers to other investors, except for shares offered under the Company's 2016 EIP (see Note 11) or the Plan Warrants (see Note 12). Each share of Series A Preferred stock votes with the shares of common stock as a single class on all matters except for matters that affect the rights of the Series A Preferred stock, in which case the Series A Preferred stock votes separately as a single class. Holders of Series A Preferred stock vote as a class elect a single director out of five directors.

Series C Preferred stock

As of June 30, 2016, 775,000 shares of Series C Preferred stock remain authorized and unissued. These shares were returned returned and retired as part of the Split-off of MRC (see Note 4). The terms of the Series C Preferred stock are basically the same as the Class A Preferred stock except the dividend rate is 19.5% and the conversion rate is $.25 per share. The Company has no intention to issue any Series C Preferred stock and expects to withdraw this designation.

NOTE 11 – STOCK OPTION PLAN

In June 2016, the Company's stockholders approved a new equity incentive plan ("*2016 EIP*") for employees, non-employee directors and other service providers covering 10,000,000 shares of common stock. The Company had a prior EIP Plan and employees surrendered all the outstanding options as part of the Split-off. This prior plan was cancelled. As of June 30, 2016, no options were outstanding.

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 "nonqualified 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 of the date of grant.

The Company has adopted the disclosure-only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and will account for stock based compensation using the intrinsic value method prescribed by APB No. 25, *Accounting for Stock Issued to Employees*. Under the provisions of SFAS No. 123, the fair value of each option granted would be imputed using the minimum value method based on the most recent arm's length stock issuance transaction. Since no options were granted for the period from November 12, 2014 (date of inception) through June 30, 2016, there is no imputed value ascribed to options under the minimum value method.

NOTE 12 – STOCK PURCHASE WARRANTS

The Company has five series of common stock purchase warrants outstanding allowing holders to purchase additional shares of common stock ("*Plan Warrants*"). Each Plan Warrant provides for the purchase of one share of common stock and is callable at any time by the Company for a price of $.0001 per warrant. The Plan Warrants are governed by a Warrant Agreement. Currently, the Company is acting as the Warrant Agent but has the right to appoint an alternative Warrant Agent in accordance with the Warrant Agreement. The Board of Directors can extend the expiration date of the Plan Warrants or reduce the exercise price of any Plan Warrant on a temporary or permanent basis.

A summary of the Plan Warrants outstanding is as follows:

	Series B Warrants	Series C & D Warrants	Series E & F Warrants
Warrants outstanding, November 12, 2016 (date of inception)	8,293,025	16,846,982	16,846,982
Exercised	-	-	-
Expired	-	-	-
Warrants outstanding, June 30, 2016	8,293,025	16,846,982	16,846,982
Exercise price	$ 2.00	$ 3.00	$ 4.00
Expiration date	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016

Pursuant to the Plan and 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 July 8, 2016, the board of directors approved reducing the exercise price of all Plan Warrants to $.3333 (see Note 16).

NOTE 13 – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has an estimated deferred income tax asset of approximately $1,000,000 as of June 30, 2016. The net deferred income tax asset has been reduced in its entirety by a valuation allowance. No provision or benefit for income taxes has been reported in the accompanying statements of operations since any current income tax benefit would be offset by an equal increase in the valuation allowance. The total net operating loss carryforward is estimated to be $2,000,000 as of June 30, 2016, for both federal and state purposes. If this NOL is used, the Company has committed to a tax benefit arrangement with MRC (See Note 15).

NOTE 14 – RELATED PARTIES

Aztoré Capital Corporation

ACC is a Phoenix, Arizona-based investment company. ACC holds various interests in companies and provides corporate restructuring and consulting services. Michael S Williams, the EVP and director of the Company and Lanny R. Lang, the Chief Financial Officer of the Company, are officers and directors of ACC. Mr. Williams owns 110,103 shares of the Company's common stock and Mr. Lang owns 470,102 shares of the Company's common stock. ACC, Williams and Lang, and their affiliates own approximately 9.4% of the Company as of June 30, 2016. Effective July 1, 2016, the Company contracted with ACC to provide Messrs. Williams and Lang as full-time Company employees for $29,167 per month.

ORhub Founders

As discussed in Note 6, Christopher Wiggins and William Dobkin are the founders of ORHub and members of the Company's Technical Advisory Board and have patents that were assigned to ORhub and subsequently assigned to the Company under the terms of the APA. In addition, they have loaned money to the Company through their personal entities; Wylde, LLC and JAATRL, LLC, respectively (see Note 8). Mr. Wiggins and Dr. Dobkin own approximately 18.7 and 21.3% of the Company as of June 30, 2016. They are not compensated for their services as members of the Technical Advisory Board.

Colton Melby

Colton Melby, the Company's Chief Executive Officer loaned money to the Company. On July 12, 2016, the loan from Mr. Melby was paid back in full (see Note 8). Mr. Melby owns approximately 14.2% of the Company as of June 30, 2016. He is not compensated for his services as the Company's CEO.

Wesley Mitchell

Wesley Mitchell, the Company's Chief Technical Officer, has employment agreement which requires his exclusive full-time service to the Company for an annual salary of $280,000. Mr. Mitchell's agreement contains customary non-compete covenants and the assignment of any new features, trade secrets and/or patents developed in the future by the Company. Mr. Mitchell is an "at will" employee. Upon termination for reasons other than for cause, the Company will be obligated to pay Mr. Mitchell severance equal to three-months' salary paid over a six-month period. Mr. Mitchell owns approximately 14.2% of the Company as of June 30, 2016.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

In the normal course of its business, the Company may be subject to certain contractual obligations and litigation. In management's opinion, upon consultation with legal counsel, there is no current litigation that will materially affect the Company's financial position or results of operations.

Operating leases

As of June 30, 2016, the Company had no lease commitments. On July 1, 2016, the Company entered into a one-month lease agreement for a 140 square foot office facility in Bellevue, WA. This facility costs 1,622 per month. The Company committed to increase its space on August 1, 2016 to 320 square feet and its total facilities costs will increase to approximately $5,000 per month. The Company also provides parking for its employees estimated at an estimated cost of $600 per month. This new lease is for 12 months and requires a 3-month cancellation notice before expiration.

Employment commitments

The Company has an employment agreement with Wesley Mitchell, the Company's CTO (see Note 14).

Class B Common stock

As stated in Note 10, the Company intends to file an amendment to its Articles of Incorporation to designate Series B Common stock. The Class B Common stock are identical to the regular shares of common stock except that the Class B Common stock will have seven (7) votes per share. Exchange of common stock for shares of Class B Common stock is limited to certain pre-APA stockholders of the Company, holding approximately 14,000,000 shares of common stock, and only upon the failure of the Company to, in the aggregate, either sell additional equity capital and/or earn at least $1,000,000, as defined, by July 1, 2017. Upon the failure to achieve such target, select common stockholders can elect to exchange their common stock for and equal number of shares of Class B Common stock. Upon sale, these shares of Class B Common stock, if issued and outstanding, revert to shares of common stock and if sold before conversion lose any rights to convert to Class B Common stock. If exchanged, and not sold, the shares of Class B Common stock automatically convert back to common stock (i) after July 1, 2018, or (ii) if, during that two-year period, the Company achieves a $2,000,000 equity and earnings target.

When the shares of Class B Common stock are issued, the existing common stock will be captioned Class A Common stock (see Note 10).

Valuation protection

Certain pre-APA stockholders of the Company, holding approximately 14,000,000 shares of common stock owned prior to the closing of the APA, have a valuation protection. Such protection covers the two-year period ending June 30, 2018. In the event the Company raises $2,000,000 in equity funding over such period at an average Company valuation of less than a $35,000,000, these parties will receive additional shares of common stock.

Funding Commitment

In December 2015, Orhub published a Private Placement Offering Memorandum ("*Offering*") to raise up to $1,000,000 through the sale of its Series A Membership interests to accredited investors. Orhub accepted its last funding commitment under this Offering on June 27, 2016. However, since the funding of this commitment was not consummated prior to the closing of the APA, the Company assumed this commitment to issue 538,363 shares of Company common stock for $161,569. This transaction was consummated on July 14, 2016 and ORhub transferred the proceeds to the Company which issued shares of common stock directly to the investor.

NOL Utilization Agreement

Under the terms of the APA, the Company is committed to share the tax benefit arising from the Company's NOL. In the event the Company uses the NOL to shelters its taxes it will remit 75% of the cash benefit to MRC.

NOTE 16 – SUBSEQUENT EVENTS

Special Warrant Exercise Price

On July 1, 2016, the board of directors of the Company agreed to reduce the Exercise Price of all the Plan Warrants to $.3333 per warrant (the "*Special Exercise Price*") for a limited time period. Each Plan Warrant remitted with such Special Exercise Price entitles the Warrant Holder or the Warrant Assignee (both the "*Holder*") to receive one share of Company's common stock. Due to special exemptions, the shares issued upon the exercise of Plan Warrants are unrestricted or "free trading." This Special Exercise Price shall expire on August 8, 2016 at 3:00 p.m., PDT. The board of directors may extend the expiration date of the Special Exercise Price one time for up to 30 additional days by posting a notice on its website and publishing a Press Release.

Upon expiration of the Special Exercise Price offer, unexercised warrants shall revert to their existing exercise prices, i.e. $2.00 for the Series B Warrants, $3.00 for the Series C & D Warrants and $4.00 for the Series E & F Warrants. As additional consideration for this Special Exercise Price, the exercising Holders agree that the warrants may only be exercised sequentially. The sequential exercise means the earliest Series of Plan Warrants must be exercised in full prior to the next earliest Series being exercised. In the event of a partial assignment of Plan Warrants, Plan Warrants must be exercised in the above manner, even if exercised by more than one Holder.

Lease commitment

On July 1, 2016, the Company entered into a new lease agreement in Bellevue, WA (see Note 15).