ORHUB, INC.

QUARTERLY FINANCIAL STATEMENTS
-UNAUDITED-

MARCH 31, 2017

Chief Financial Officer Certification

I, Lanny R. Lang, certify that:

I have reviewed ORhub, Inc.'s unaudited financial statements as of March 31, 2017 and for the three and nine months ending March 31, 2017. 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 ORhub, Inc. as of and for the periods presented.

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

May 19, 2017
Date

ORHUB, INC.
BALANCE SHEETS
(unaudited)

	March 31, 2017	June 30, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,642	$ 192
Employee advances	1,549	-
Deposits, prepaid expenses and other current assets	90,543	5,814
Interest receivable	67,315	-
Note receivable	1,166,088	-
Total current assets	1,333,137	6,006
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $6,425 and $1,391, respectively	26,750	8,314
	$ 1,359,887	$ 14,320
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 45,136	$ 73,507
Accounts payable to related parties	73,998	37,161
Accrued salaries and payroll taxes	-	26,016
Accrued liabilities	37,695	53,516
Interest payable to related party	12,205	-
Loans due to related parties	46,700	49,505
Note payable	24,500	-
Total current liabilities	240,234	239,705
LONG-TERM LIABILITIES:		
Note payable due to related party	330,000	350,000
Total long-term liabilities	330,000	350,000
Total liabilities	570,234	589,705
STOCKHOLDER'S DEFICIT:		
Preferred stock - undesignated, $0.001 par value; 7,775,827 shares authorized	-	-
Common stock, $0.001 par value; 190,000,000 shares authorized, 127,791,444 and 116,698,608 issued and outstanding, respectively	127,791	116,699
Additional paid-in capital	3,891,168	222,961
Accumulated deficit	(3,229,306)	(915,045)
Total stockholders' deficit	789,653	(575,385)
	$ 1,359,887	$ 14,320

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

ORHUB, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
OPERATING EXPENSES				
Software development	$ 444,228	$ 90,995	$ 1,025,165	$ 99,045
Selling and marketing	40,557	25,654	150,586	28,103
General and administrative	421,665	13,499	865,432	13,617
Legal and professional fees	52,866	3,771	295,046	30,922
Depreciation and amort.	2,283	461	5,166	461
Total operating expenses	961,599	134,380	2,341,395	172,148
OTHER INCOME/(EXPENSE):				
Settlement expenses	-	-	-	(473,445)
Interest income	67,315	-	67,315	-
Interest expense	(12,290)	-	(40,181)	-
Total other expense	55,025	-	27,134	(473,445)
NET INCOME / (LOSS)	$ (906,574)	$ (134,380)	$ (2,314,261)	$ (645,593)
BASIC AND DILUTED NET INCOME / (LOSS) PER SHARE	$ (0.01)		$ (0.02)	
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	126,355,040		121,638,023	

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

ORHUB, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	For the nine months ended March 31, 2017	For the nine months ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,314,261)	$ (645,593)
Adjustments to reconcile net loss to net cash used in operating activities		
Series A Units issued for debt claims settlement	-	271,429
Loss on liability assumed under settlement agreement	-	202,016
Depreciation and amortization	5,166	461
Changes in operating assets and liabilities:		
Employee advances	(1,549)	-
Deposits, prepaid expenses and other current assets	(84,729)	(3,244)
Interest receivable	(67,315)	-
Accounts payable	(28,371)	30,922
Accounts payable to related parties	36,837	18,446
Accrued salaries and payroll taxes	(26,016)	-
Accrued liabilities	(15,821)	-
Interest payable to related party	12,205	-
Net cash used in operating activities	(2,483,854)	(125,563)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(23,602)	(5,988)
Net cash used in investing activities	(23,602)	(5,988)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note receivable	69,557	-
Borrowings from related parties	40,000	-
Loan repayment to related parties	(62,805)	-
Borrowings on note payable	44,414	-
Repayments on note payable	(19,914)	-
Series A Units sold for cash	-	137,500
Common stock issued under private investment	161,569	-
Common stock issued upon the exercise of Warrants	2,282,085	-
Net cash provided by financing activities	2,514,906	137,500
NET CHANGE IN CASH	7,450	5,949
CASH AT BEGINNING OF PERIOD	192	-
CASH AT END OF PERIOD	$ 7,642	$ 5,949

Continued

ORHUB, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	For the nine months ended March 31, 2017	For the nine months ended March 31, 2016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 25,890	$ -
Income taxes	$ -	$ -
NONCASH INVESTING AND FINANCIAL ACTIVITIES:		
Note receivable issued for warrant exercise	$ 1,235,645	$ -
Sale of Series A Units paid directly to related party	$ -	$ 10,000
Members interest issued upon formation	$ -	$ 3,500
Settlements paid by members as contributed capital	$ -	$ 131,000
Series A Units issued for debt claims settlement	$ -	$ 271,429
Loss on liability assumed under settlement agreement	$ -	$ 202,016

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

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

ORhub, Inc. (the "*Company*") 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*"), the Company acquired all the assets and assumed certain liabilities of ORhub, LLC, including its name, business, technology, website and patents (the "*Acquisition*"). The Company is engaged in software development, primarily in the development of the ORhub System. Effective February 9, 2017, the Company received regulatory approval to change its name to ORhub, Inc. to better reflect its business after the Acquisition.

Basis of Presentation

The unaudited interim financial statements contained in this quarterly report have been prepared in accordance with accounting principles generally accepted in the United States of America ("*U.S. GAAP*") and the rules of the Securities and Exchange Commission ("*SEC*") for interim financial information and do not include all of the information or disclosures required by U.S. GAAP for annual financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's financial report as of and for the year ended June 30, 2016, as filed on July 20, 2016. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year, or any other period.

NOTE 2 – GOING CONCERN AND MANAGEMENT'S PLANS

As of March 31, 2017, the accompanying 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 nine months ended March 31, 2017, the Company incurred a net loss of $2,314,261, consisting of software development, selling and marketing, general and administrative and legal and professional expenses, and as of March 31, 2017, had an accumulated deficit of $3,229,306. 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 and the exercise of the Company's Plan Warrants (see Note 12). The Company intends on financing its future development activities and its working capital needs largely from loans, the sale of equity securities, the exercise of Plan Warrants, along with some additional funding from other traditional financing sources until such time that funds provided by operations are sufficient to fund working capital requirements. Subsequent to March 31, 2017, the Company commenced the sale and offering of 12% Convertible Notes (See Note 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 3 – NOTE RECEIVABLE

On December 19, 2016, the Company accepted a promissory note from Eliseo Partners (Asia) Limited ("*Eliseo*"), a New Zealand corporation, for $1,235,645. This note was originally due on January 10, 2017, but the parties agreed informally to extend the due date until March 27, 2017. This note bears interest at 15% per annum from the original due date maturity. During the three months ended March 31, 2017, Eliseo made principal payments of $69,557 on this note. The balance of this note receivable is $1,166,088 as of March 31, 2017.

Subsequent to March 31, 2017, Eliseo made additional principal payments of $118,581 on this note. The Company has formally noticed Eliseo that they are in default (see Note 16).

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	March 31, 2017	June 30, 2016
Computer equipment	$ 33,175	$ 9,705
Less: accumulated depreciation	(6,425)	(1,391)
	$ 26,750	$ 8,314

Depreciation expense is computed on the basis of three to five year useful lives for all property and equipment. Depreciation expense totaled $2,283 and $5,166 for the three months and nine months ended March 31, 2017, respectively.

NOTE 5 – 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, LLC and subsequently assigned to the Company under the terms of the APA. These patents are both pending. The initial 2011 patent claims have been rejected by the Patent Office. Since the Patents have not been awarded, costs of pursuing the patents are expensed as incurred.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following

	March 31, 2017	June 30, 2016
Due to Mack Consulting, Inc. ("*MCI*")	$ 29,260	$ 53,516
Other accrued liabilities	8,435	-
	$ 37,695	$ 53,516

The amount due to MCI is in connection with a settlement agreement with Mack Consulting, Inc. On January 24, 2017, the ORhub Founders received a Notice of Default and Demand for Cure ("*Notice*") from a lawyer representing Mack Consulting in connection with the Mack Agreement (see Note 15). The Notice demands payment of the outstanding principal, interest and late fees totaling $29,299 as of January

31, 2017. The Notice was directed against the ORhub Founders, each of which are jointly and severally liable for the amount owed under the Mack Agreement. The Notice does not name the Company, although the Company assumed the Mack Claim under the APA.

NOTE 7 – LOANS DUE TO RELATED PARTIES

Loans due to related parties consisted of the following:

	March 31, 2017	June 30, 2016
Castillo Misterio, LLC (beneficially owned by Colton Melby)	$ 40,000	$ 32,400
JAATRL, LLC (beneficially owned by William Dobkin)	1,350	1,350
Wylde, LLC (beneficially owned by Christopher Wiggins)	5,350	15,755
	$ 46,700	$ 49,505

Loans due to related parties are unsecured and do not bear interest or have a maturity date (see Note 13).

NOTE 8 – NOTE PAYABLE

On November 17, 2016, the Company entered into a Premium Finance Agreement with AFCO Credit Corporation in the original principal amount of $48,568. The note payable provides for an initial down payment of $4,154 and 11 monthly installments of $4,154 commencing December 16, 2016. The balance of the note payable is $24,500 as of March 31, 2017.

NOTE 9 – LONG-TERM NOTES PAYABLE TO RELATED PARTIES

Long-term notes payable due to related party in the original amount of $350,000 is the remaining note payable liability of the Company due to Aztoré Capital Corp. ("*ACC*") after the Acquisition. The note payable is unsecured and accrues interest at 15% per annum, with interest payable quarterly. The maturity date on the note is July 1, 2019. During the nine months ended March 31, 2017, the Company paid $20,000 toward the principal of the note and $25,890 of interest. Accrued interest of $12,205 is included in accrued liabilities to related party on the accompanying balance sheet as of March 31, 2017 (see Note 13).

NOTE 10 – STOCKHOLDERS' EQUITY

Common stock

The Company's authorized capital consisted of 190,000,000 shares of common stock, $.001 par value. During the nine months ended March 31, 2017 the Company sold 538,563 shares of common stock in a private transaction to an unaffiliated party for $161,569, and issued 10,554,273 shares of common stock upon the exercise of common stock purchase warrants (see Note 12). As of March 31, 2017, the Company has 127,791,444 shares of common stock outstanding. In addition, a total of 47,050,000 shares of common stock have been reserved for potential exercises under the Company's stock option plan (see Note 11), the potential exercise of common stock purchase warrants (see Note 12) and the potential conversion of 12% Convertible Notes, assume maximum proceeds are received (see Note 16). The adequacy of this reserve is reviewed and adjusted as necessary quarterly.

Preferred stock

The Company's authorized capital also originally provided for 10,000,000 shares of undesignated 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 March 31, 2017, the Company has 7,775,827 shares of undesignated preferred stock authorized, due to the prior exercise of Series A, B and C Preferred stock. All series of Preferred stock have been withdrawn.

NOTE 11 – STOCK OPTION PLAN

On June 29, 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. 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 from the date of grant (five years from date of grant for Company affiliated grantees.)

A summary of stock option activity for the nine months ended March 31, 2017 is as follows:

	Number	Weighted Average Exercise price
Options outstanding June 30, 2016		
Granted	7,385,000	$.33
Exercised	-	
Forfeited	-	
Options outstanding March 31, 2017	7,385,000	$ .33
Options available for grant as of March 31, 2017	2,615,000	
Options exercisable as of March 31, 2017	1,622,500	$ .33

NOTE 12 – COMMON STOCK PURCHASE WARRANTS

The Company has five series of common stock purchase warrants outstanding allowing holders to purchase additional shares of common stock (the "*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 and the Warrant Transfer Agent but has the right to appoint alternatives to either position 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.

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 August 1, 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 Plan Warrants outstanding as of March 31, 2017, is as follows:

	Series B Warrants	Series C & D Warrants	Series E & F Warrants
Warrants outstanding, June 30, 2016	8,293,025	16,846,982	16,846,982
Exercised	3,754,362	4,051,876	2,748,035
Expired	-	-	-
Warrants outstanding, March 31, 2017	4,538,663	12,795,106	14,098,947
Exercise price (1)	$ 2.00	$ 3.00	$ 4.00
Warrant Expiration date	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017

(1) On July 8, 2016, the board of directors approved reducing the exercise price of all Plan Warrants to $.3333 (the "*Special Exercise Price*") which initially expired on October 6, 2016. The board of directors extended the Special Exercise Price until December 5, 2016 but only for the Series B Plan Warrants. The Special Exercise was extended again for all Plan Warrants until February 27, 2017. A total of 10,554,273 warrants were exercised during the nine months ended March 31, 2017 at the Special Exercise Price. As of February 28, 2017, the Plan Warrants have reverted to their original exercise prices.

NOTE 13 – RELATED PARTIES

ASC Topic 850 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. The following are significant related party transactions between the Company and its related parties.

Advisory Board (Christopher Wiggins, William Dobkin and Richard Lee)

Christopher Wiggins and William Dobkin are the founders of ORhub, LLC (the "*ORhub Founders*") and, together with Richard Lee, are members of the Company's Surgical, Business and Technical Advisory Board (the "*Advisory Board.*"). As discussed in Note 5, the ORhub Founders developed Patents that were assigned to ORhub, LLC and subsequently assigned to the Company under the terms of the APA. As discussed in Note 7, the ORhub Founders have loaned money to the Company through their investment entities, Wylde, LLC and JAATRL, LLC, with a balance due of $5,350 and $1,350, respectively, as of March 31, 2017. Mr. Wiggins, Dr. Dobkin and Dr. Lee own approximately 17.1%, 19.5% and 11.9%, respectively, of the Company as of March 31, 2017. On August 1, 2016, each member of the Advisory Board was granted 100,000 Non-qualified Stock Options at $.30 for their services during the fiscal year. These options vested 50% on December 31, 2016 and the remainder vests on June 30, 2017.

Castillo Misterio, LLC and Castillo de Coachella, LLC

Colton Melby, the Company's Chief Executive Officer, is the beneficial owner of Castillo Misterio, LLC ("*Misterio*") and Castillo de Coachella, LLC ("*Coachella*"). On August 1, 2016, the Company contracted with Misterio to supply management services at a rate of $350,000 per annum, plus supply Mr. Melby health insurance. This Agreement was retroactive to July 1, 2016. Misterio was also granted 1,500,000 Non-qualified Stock Options at $.33. These options vest in 12 equal quarterly amounts starting on September 30, 2016 with customary acceleration upon sale. As discussed in Note 7, Misterio loaned money to the Company, with a balance due of $40,000 as of March 31, 2017. As of March 31, 2017, Coachella owned approximately 13.0% of the Company.

Wesley Mitchell / Sudden Valley, LLC

Wesley Mitchell is the Company's Chief Technical Officer and beneficial owner of Sudden Valley, LLC. Mr. Mitchell is compensated at the rate of $285,000 per year for his services to the Company. As of March 31, 2017, Sudden Valley, LLC owned approximately 13.0% of the Company. He was owed $7,075 of expenses as of March 31, 2017, included in accounts payable to related parties.

Aztoré Capital Corp.

ACC is a Phoenix, Arizona-based investment company. Effective July 1, 2016, the Company contracted with ACC to provide management services for $29,167 per month. Currently Michael S Williams, the President of ACC, acts as the Company's EVP and is a director of the Company and Lanny R. Lang, the Chief Financial Officer of ACC, acts as the Chief Financial Officer of the Company. On August 1, 2016, Messrs. Williams and Lang were also each awarded 500,000 Non-qualified Stock Options at $.30. These options vest in 12 equal quarterly amounts starting on September 30, 2016 with customary acceleration upon sale. Excluding the above options, Messrs. Williams and Lang own directly or beneficially 0.2% and 0.5%, respectively, of the Company as of March 31, 2017.

As of March 31, 2017, ACC owned approximately 8.1% of the Company. In addition, the Company reimburses ACC $500 monthly for its use of ACC's office facility. As discussed in Note 7, ACC is also owed a promissory note of $330,000 and accrued interest of $12,205 as of March 31, 2017.

Corey Lambrecht

Corey Lambrecht serves as an independent director of the Company. Mr. Lambrecht owned approximately 0.3% of the Company as of March 31, 2017. On August 1, 2016, Mr. Lambrecht was granted 200,000 Non-qualified Stock Options at $.30 for his service during the fiscal year. These options vest 50% on December 31, 2016 and the remainder vests on June 30, 2017.

NOTE 14 – 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.

Office Facility Lease

The Company currently leases 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 March 31, 2017. The Company incurred $42,215 and $83,022 of rent expense, including parking, business services and other related costs, for the three months and nine months ended March 31, 2017, respectively. The maturity of this lease is June 30, 2018. The Company's lease liability for the remainder of the fiscal year ending June 30, 2017 and for the fiscal year ending June 30, 2018 is approximately $36,525 and $146,100, respectively. The Company must provide Regus a 60-day notice no later than April 30, 2018 to terminate this lease. The Company is confident alternative or additional space will be available at competitive prices.

NOTE 15 – SETTLEMENT AGREEMENTS

As reflected in the accompanying Statement of Operations, ORhub, LLC recorded a settlement expense of $473,445 during the comparable preceding nine months ended March 31, 2016. Under the terms of the APA, ORhub, LLC is deemed to be the accounting acquirer for accounting purposes, and consequently, the prior results of operations of ORhub, LLC become the historical financial statements of the Company.

In 2011, the ORhub Founders formed i22, LLC ("*i22*"), an entity which had originally attempted to develop what became the ORhub System. i22 contracted with various parties including CESi22, LLC, Packaging 22, LLC and Crescent Enterprise Solutions, Inc. (together the "*i22 Entities*.") In November 2014, and amended in January 2015, when i22 failed to meet its plan objectives, the ORhub Founders executed a settlement with the i22 Entities to obtain 100% of the ownership of i22. This settlement included assigning all the intellectual property related to the ORhub System that had been developed into the ORhub Founder's names as well as the assumption of certain liabilities.

During 2015, the ORhub Founders resolved to make another effort at developing the ORhub System. They formed ORhub, LLC in November 2015 and transferred all the intellectual property to ORhub, LLC and eventually to the Company under the APA. To avoid any potential claims against the Company from any and all members, affiliates, lenders and others in i22, The Company entered into the following Settlement Agreements:

Lender Settlements. During 2014, two parties ("*Lenders*") lent money to i22. The Company negotiated Settlement Agreements for a comprehensive release of any potential claims against the Company from the Lenders. In exchange for this comprehensive release, the Company recorded an expense of $271,429 related to this settlement for the period ended March 31, 2015.

Mack Consulting Settlement. As part of the settlement with the i22 Entities, the ORhub Founders entered into a Transfer, Settlement and Confidentiality Agreement dated November 4, 2014 (the "*Mack Agreement*") agreeing to pay Mack Consulting, Inc. ("*MCI*") $202,016 (the "*Mack Claim*"). Under the Mack Agreement, MCI and all members of i22 released all their claims, returned all i22 membership interests, agreed to maintain confidentiality, and entered into non-compete agreements expiring in November 2019. The ORhub Founders contributed the benefits of the Mack Agreement and any other benefits to the Company along with the pending patents for the Company assumption of the Mack Claim. Accordingly, the Company recorded an expense of $202,016 related to the Mack Agreement for the period ended March 31, 2015. Pursuant to the APA, the Company assumed the Mack Claim. As of March 31, 2017, the Mack Claim is $29,260 and is reflected as an accrued liability on the accompanying balance sheet.

NOTE 16 – SUBSEQUENT EVENTS

As of May 19, 2017, the date of these financial statements, there are no subsequent events that are required to be recorded or disclosed in the accompanying financial statements as of and for the period ended March 31, 2017 other than those listed below:

Note Receivable

As stated in Note 3, the Company accepted a promissory note from Eliseo for $1,235,645. This note was originally due on January 10, 2017. The Company has received payments totaling $188,138 on this note. On May 11, 2017, the Company formally noticed Eliseo that they are in default.

Employee termination and stock settlement

On May 5, 2017, an employee terminated their 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 informal agreement to settle such claim, whereby the Company agreed to issue 342,316 shares of common stock. The formal settlement agreement is in the hands of the employee for review. As of May 18, 2017, the date of these financial statements, the Company would record an expense of approximately $144,000 related to this settlement based on the Company's market closing price. The actual cost will be established when the formal agreement is signed. The Company expects to recognize a lower cost for tax purposes, which will cause a book-tax difference. The formal settlement agreement includes other agreements regarding releases, confidentiality, intellectual property and waiver of all Company employee stock options.

Convertible Note Offering

On April 27, 2017, the Company authorized a private placement offering (the "Offering") of up to $3,000,000 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").

Convertible Notes issued under the Note Agreement are convertible, with any accrued interest, into the Company's common stock at $.40 per share at any time. If the Company's common stock trades for ten days at a VWAP (volume weighted average price) greater than three times the conversion price, the Company can mandatorily convert the Convertible Notes.

The Convertible Notes bear interest at 12% per annum due quarterly with the first payment on July 1, 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. The Convertible Notes are unsecured, may be prepaid in whole or in part at any time and are due on July 30, 2020. The Convertible Notes also provide for a 30% warrant coverage with an exercise price of $.50 expiring on June 30, 2021 (the "Detachable Warrants"). The Convertible Notes and the Detachable Warrants include customary anti-dilution protection.

Proceeds from the Offering will be used to expand and accelerate its software development activities and for sales, marketing and administrative expenses. As of May 19, 2017, the date of these financial statements, $188,000 of Convertible Notes have been sold under the Offering, which include 141,000 newly issued Warrants.