Certive Solutions Inc.
(Formerly Visual Vault Corporation)

Consolidated Financial Statements

For the Years Ended May 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Certive Solutions Inc.:

We have audited the accompanying consolidated financial statements of Certive Solutions Inc. which comprise the statements of financial position as at May 31, 2014 and 2013, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Certive Solutions Inc. as at May 31, 2014 and 2013, and its operations and cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has a working capital deficit of $427,352 (2013 - $1,110,873), a loss for the year of $2,130,905 (2013 - $10,349,605) and a deficit of $13,327,753 (2012 - $11,196,848). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Buckley Dodds Parker LLP

Chartered Accountants
Vancouver, British Columbia
September 26, 2014

Certive Solution Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	May 31, 2014	May 31, 2013
ASSETS			
Current			
Cash		$ 101,802	$ 3,623
Receivables		18,654	11,377
Prepaid and other assets		40,000	-
Due from related parties	**15**	254,263	35,342
		414,719	50,342
Goodwill	**6**	-	-
Software Technology Development Costs	**7**	-	-
Investment in software license and non-refundable deposit	**8**	1	1
		$ 414,720	$ 50,343
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**9**	$ 374,700	$ 405,440
Convertible debt	**12**	330,022	306,847
Short term loan	**13**	137,350	448,928
		842,072	1,161,215
SHAREHOLDERS' EQUITY			
Share capital	**10**	12,515,271	9,559,101
Reserve - Transactions costs		(144,689)	-
Equity portion of convertible debt	**12**	83,886	80,942
Contributed surplus		445,933	445,933
Deficit		(13,327,753)	(11,196,848)
		(427,352)	(1,110,872)
		$ 414,720	$ 50,343

ON BEHALF OF THE BOARD:

"Brian Cameron"	Director	*"Van Potter"*	Director
Brian Cameron		Van Potter	

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

Certive Solution Inc.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	2014	2013
EXPENSES			
Corporate finance		$ 121,800	$ 48
Business development		249,900	-
Consulting fees	**15**	128,533	14,330
Management fees	**15**	410,000	277,688
Director's fees	**15**	100,000	-
Foreign exchange loss		126,564	8,105
General and administrative		52,631	40,682
Interest expense		131,590	77,148
Investor relations		152,974	117,677
Professional fees		49,170	144,195
Sales and marketing		206,633	156,597
Doubtful expense		20,000	-
Transfer agent and filing fees		26,588	26,557
Travel and promotion		65,522	118,138
LOSS BEFORE OTHER ITEMS		(1,841,905)	(981,165)
OTHER ITEMS			
Consulting fees		20,000	-
Impairment of software	**7**	(309,000)	-
Impairment of goodwill	**6**	-	(4,222,190)
Impairment of investment	**8**	-	(5,146,250)
		(289,000)	(9,368,440)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		$ (2,130,905)	$ (10,349,605)
Basic and diluted loss per common share		$ (0.08)	$ (0.37)
Weighted average number of common shares outstanding		26,691,322	28,133,354

Certive Solution Inc.
CONSOLDIATED STATEMENTS OF CASH FLOWS

	May 31, 2014	May 31, 2013
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (2,130,905)	$ (10,349,605)
Items not affecting cash:		
Impairment of intangibles	309,000	-
Doubtful accounts expense	20,000	
Finders fees	(144,689)	
Unwinding of discount on convertible debt	-	42,839
Impairment of goodwill	-	4,222,190
Impairment of investment	-	5,146,250
Changes in non-cash working capital:		
Due from related party	(218,921)	(31,355)
Short term loan	(311,578)	375,600
Receivables	(27,277)	(2,054)
Prepaid and other asets	(40,000)	
Accounts payable and accrued liabilities	(30,740)	246,327
Net cash used in operating activities	(2,575,110)	(349,808)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Software Technology development costs	(309,000)	-
Purchase of licence	-	(200,000)
Net cash used in investing activities	(309,000)	(200,000)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Convertible debt	26,119	433,770
Issuance of common shares	2,956,170	20,000
Net cash used in financing activities	2,982,289	453,770
CHANGE IN CASH DURING THE YEAR	98,179	(96,038)
CASH, BEGINNING OF YEAR	3,623	99,661
CASH, END OF YEAR	$ 101,802	$ 3,623
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 108,415	$ 34,309
Cash paid for income taxes	-	-

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

Certive Solution Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of Shares	Share Capital	Reserve Transaction costs	Contributed Surplus	Equity Portion of Convertible debt	Deficit	Total Equity
Balance, May 31, 2012	28,133,354	9,450,281	-	445,933	-	(847,243)	9,048,971
Equity portion of convertible debt	-	-		-	80,942	-	80,942
Common shares issued for:							
Bonus - $0.45	63,600	28,620	-	-	-	-	28,620
Bonus - $0.50	120,400	60,200	-	-	-	-	60,200
Subscription receivable	-	20,000	-	-	-	-	20,000
Loss and comprehensive loss	-	-	-	-	-	(10,349,605)	(10,349,605)
Balance, May 31, 2013	**28,317,354**	**$ 9,559,101**	**$ -**	**445,933**	**$ 80,942**	**$ (11,196,848)**	**$ (1,110,872)**
Equity portion of convertible debt	-	-	-	-	2,944	-	2,944
Common shares issued for:							
Cash - $0.15	2,666,667	400,000	-	-	-	-	400,000
2:1 Share consolidation	(15,490,700)	-	-	-	-	-	-
Private placement - $0.1	24,114,810	2,411,481	-	-	-	-	2,411,481
Treasury order - $0.1	1,430,960	144,689	(144,689)	-	-	-	-
Loss and comprehensive loss	-	-	-	-	-	(2,130,905)	(2,130,905)
Balance, May 31, 2014	**41,039,091**	**$ 12,515,271**	**$ (144,689)**	**445,933**	**$ 83,886**	**$ (13,327,753)**	**$ (427,352)**

1. NATURE OF OPERATIONS AND GOING CONCERN

Certive Solutions Inc. (formerly Visual Vault Corporation) ("the Company") was incorporated under the Laws of British Columbia. The Company is traded on the Canadian National Stock Exchange ("CNSX").

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise indicated.

The consolidated financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies and has a working capital deficit of $427,352 (2013 - $1,110,873), a loss for the year of $2,130,905 (2013 - $10,349,605) and a deficit of $13,327,753 (2013 - $11,196,848).

Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its operations.

2. BASIS OF PRESENTATION

Statement of compliance to International Financial Reporting Standards

These consolidated financial statements, including comparatives have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Consolidated financial statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

These consolidated financial statements were authorized by the audit committee and board of directors of the Company on September 26, 2014.

Comparative periods

Prior period comparative figures have been amended to conform to the current period's presentation. Previously, the Company's due from and due to related parties were reported separately on the statement financial position. They are now reported as a net figure under due from related party.

2. BASIS OF PRESENTATION (cont'd…)

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Depreciation

The Company's management exercises its judgment in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Company intends to derive future economic benefits from the use of these assets. The Company depreciates its license in accordance with the accounting policies stated in Note 3. The carrying amount of the license is disclosed in Note 7.

ii) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

iii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Advantive Information Management Inc.	Vancouver, BC	100%	Information Technology
Certive Technologies Arizona Inc.	Scottsdale, Arizona	100%	Information Technology

Foreign exchange

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

Cash

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

License

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. At the end of each reporting period, the License is reviewed to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. See Note 7 for details.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash as fair value through profit or loss. The Company's receivables and due from related parties are classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities (cont'd…)

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost. The Company's accounts payables and other liabilities, due to related parties, short term loans and convertible debt are classified as other financial liabilities.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Revenue recognition

Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.
The company has not recognized any revenue during the years ended May 31, 2014 and 2013

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Application of new and revised International Financial Reporting Standards

Effective June 1, 2013, the Company adopted the following new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB").

Amendment to IFRS 7 Financial Instruments: Disclosure – The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

New standard IFRS 13 Fair Value Measurement – IFRS 13 defines fair value, summarizes the methods of determining fair value, and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements. The application of this IFRS had an immaterial impact on disclosures within the notes to the financial statements.

Amended standard IAS 1 Presentation of Financial Statements – The amendments to IAS 1 pertain to the number of comparative financial statements required in different circumstances and disclosure required in the statement of comprehensive loss. The application of this IFRS had an immaterial impact on disclosures within the statement of comprehensive loss.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as at May 31, 2014, and have not been applied in preparing the financial statements. The Company has not early adopted any of these standards and is currently evaluation the impact, if any, that these standards might have on its financial statements.

(a) Effective for annual periods beginning on or after January 1, 2014

Amended standard IAS 32 Financial Instruments: Presentation – The amendments to IAS 32 clarify the treatment of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction. The application of this IFRS did not have any material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements. The amendments to IAS 32 also pertained to the application guidance on the offsetting of financial assets and financial liabilities.

Amended standard IAS 36 Impairment of Assets – The amendments to IAS 36 outline the additional disclosures that will be required with regards to the recoverable amount of impaired assets.

(b) Effective for annual periods beginning on or after January 1, 2015

Amended standard IFRS 7 Financial Instruments: Disclosures – The amendments to IFRS 7 outline the disclosures required when initially applying *IFRS 9 Financial Instruments*.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Accounting standards issued but not yet effective

(c) Effective date not yet determined

New standard IFRS 9 Financial Instruments – Partial replacement of *IAS 39 Financial Instruments: Recognition and Measurement*. The mandatory effective date has been removed from the standard and will only be replaced when all sections of the standard have been completed.

Interest-bearing loans and other borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

4. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended May 31, 2014.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, due from related parties, accounts payable and accrued liabilities, convertible debt, due to related parties and short term loan.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of convertible debt is measured on the statement of financial position using level 2 of the fair value hierarchy.
The fair values of receivables, due from related parties, accounts payable and accrued liabilities, due to related parties and short term loan approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of harmonized sales tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at May 31, 2013 the Company has no financial assets that are past due or impaired due to credit risk defaults.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar as the Company's head office and operations are in Canada. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

6. GOODWILL

The goodwill arises as follows:

Acquisition of Advantive Information Management Inc.	
Balance, May 31, 2011	$ -
Purchase price - 9,735,143 shares	3,407,300
Book value of net liabilities acquired	366,990
10% of Advantive purchase	447,900
Balance, May 31, 2012	4,222,190
Impairment of Goodwill	(4,222,190)
Balance, May 31, 2013 and 2014	$ -

During the year ended May 31, 2012, the Company issued 9,735,143 shares at $0.35 for the remaining 90% interest in Advantive Information Management Inc. There were no identifiable assets acquired upon acquisition, therefore the total balance was put to Goodwill.

During the year ended May 31, 2013, the Company assessed the carrying value of Goodwill for indications of impairment at year end. The Company believed that certain factors, such as recurring losses and a growing deficit have contributed to the decrease in the Company's value. This resulted in an impairment charge of $4,222,190 as it was determined that the carrying value of its Goodwill exceeded the expected net present value of its future cash flows.

7. SOFTWARE TECHNOLOGY DEVELOPMENT COSTS

	2014
Software Technology Development Cost	309,000
Impairment costs	(309,000)
Balance as of May 31, 2014	-

During the year ended May 31, 2014, the Company expended $309,000 on the development of proprietary Business Process Management software that will be utilized to assist its customers, US hospitals, in the collection of insurance claims denied by commercial insurance providers.

As of May 31, 2014, the company abundant the development of the software and has no intention to resume the development in the near future, therefore the balance is deemed to be impaired and impairment loss of $309,000 was recorded.

8. INVESTMENT IN SOFTWARE LICENSE AND NON-REFUNDABLE DEPOSIT

Acquisition of Certive Technologies Arizona Inc (Formerly Visual Vault Technologies Inc).

Acquisition of Certive Technologies Arizona Inc.		
Balance, May 31, 2011	$	1
Purchase price - 13,275,500 shares at $0.35		4,646,250
Book value of net assets/liabilities acquired		-
Payment for license		300,000
Balance, May 31, 2012		4,946,251
Payment for licence		200,000
Impairment of Investment		(5,146,250)
Balance, May 31, 2013 and 2014	$	1

The Company issued 13,275,500 shares at $0.35 for a 100% interest in Certive Technologies Arizona Inc. “VVT” and executed three material agreements as noted below.

Platform license and service agreement

VVT signed a Platform License and Services Agreement on May 1, 2012 with Auersoft LLC of Mesa Arizona, wherein VVT has been granted certain rights of use with respect to the VVT products and services developed by Auersoft LLC.

As at May 31, 2013, the Company retained the Platform License and service agreement as noted above.

During the year ended May 31, 2013, the Company assessed the carrying value of Investment in Software Licence and Non-Refundable Deposit for indications of impairment. The Company believed that certain factors, such as recurring losses and a growing deficit have contributed to the decrease in the Investment’s value. This resulted in an impairment charge of $5,146,250 as it was determined that the carrying value of its Investment in Software Licence and Non-Refundable Deposit exceeded the expected net present value of its future cash flows.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Falling due within the next twelve months		May 31, 2014		May 31, 2013
Trades payable	$	252,824	$	325,642
Accrued liabilities		121,876		79,798
Total	$	374,700	$	405,440

10. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value
Unlimited Class A Preferred shares without par value, dividend at 12% of profits or surplus, redeemable at any time
Unlimited Class B Preferred shares without par value, dividend at 13% of profits or surplus, redeemable at any time.

Issued and outstanding

During the year ended May 31, 2014, the Company:

i) On June 17, 2013, the Company issued 2,666,667 shares with a value of $400,000 for cash to an unrelated company.

ii) On October 7, 2013 the Company consolidated its share capital on a 2:1 basis, reducing the total outstanding number of shares by 15,490,700.

iii) On March 10, 2014 the Company issues 24,114,810 shares with value of $2,411,481 for cash and services as part of private placement.

iv) On April 2, 2014, the Company issued 1,430,960 shares with a value of $144,689 as settlement amount for finder’s fees related to the private placement.

10. **SHARE CAPITAL** (cont'd…)

a) Common stock (cont'd…)

During the year ended May 31, 2013, the Company:

i) On June 18, 2012 the Company issued 15,600 shares with a value of $7,020 as part of a bonus on convertible debt.

ii) On June 20, 2012 the Company issued 24,400 shares with a value of $12,200 as part of a bonus on convertible debt.

iii) On June 28, 2012 the Company issued 96,000 shares with a value of $48,000 as part of a bonus on convertible debt.

iv) On August 22, 2012 the Company issued 20,000 shares with a value of $9,000 as part of a bonus on convertible debt.

v) On August 28, 2012 the Company issued 28,000 shares with a value of $12,600 as part of a bonus on convertible debt.

b) Stock options

The following table summarizes the continuity of the Company's stock options:
The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding, June 11, 2010	-	$ -	-	$ -
Granted	1,000,000	0.05	-	-
Expired/cancelled	(1,000,000)	(0.05)	-	-
Outstanding, May 31, 2011				
Granted	400,000	0.60	-	-
Outstanding, May 31, 2013 and 2014	400,000	$ 0.60	-	$ -

The weighted average fair value of the stock options granted during the year ended May 31, 2014 was $0.06 per option.

10. **SHARE CAPITAL** (cont'd…)

c) Share purchase warrants

	May 31, 2014	May 31, 2013
Risk-free Interest rate	1.00%	1.00%
Expected life (in years)	2.00	2.00
Expected volatility	223.43	223.43

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 11, 2010	-	$ -
Granted	3,880,000	0.23
Expired/cancelled	-	-
Balance, May 31, 2011	3,880,000	0.23
Granted	2,556,069	0.54
Expired/cancelled	(3,880,000)	1.00
Balance, May 31, 2013	2,556,069	$ 0.54
Granted	14,149,032	0.15
Expired/cancelled	-	-
Balance, May 31, 2014	16,705,101	$ 0.21

11. BASIC AND DILUTED EARNING (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the year ended May 31, 2013 was based on the net loss attributable to common shareholders of $2,130,905 (2013 – $10,349,605) and the weighted average number of common shares outstanding of 26,691,322 (2013 – 28,317,354) respectively.

The Company does not have any instruments that would give rise to a dilution effect.

12. CONVERTIBLE DEBT

The Company issued Convertible notes during the y in the amount of $460,000 less transaction fees of $88,053. The debt bears interest at 8% and is due in 5 years. Each $5,000 note can be converted into 10,000 units; each unit consists of one common share and one warrant exercisable at $0.55 per share for a period of 1 year. Furthermore, each note includes bonus shares to be issued in the amount of 2,000 common shares for every increment of one $5,000 promissory note which make up a portion of the transaction fees.

On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at the time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The difference is attributed to the equity component of the compound financial instrument.

Therefore, we have derecognized the liability component of $107,939 less transaction fees of $26,997 and recognized this as equity in accordance with IAS 32. The market rate for similar debt was determined to be 15%.

The initial recognition of the liability component of convertible debt is as follows:

	May 31, 2014
Convertible debt issued during the year	$ 460,000
Transaction costs	(88,053)
Equity portion of convertible debt	(107,939)
Present value of the liability component of convertible debt	$ 264,008

12. CONVERTIBLE DEBT (cont'd…)

The initial recognition of the equity component of convertible debt is as follows:

Equity portion of convertible debt	$	107,939
Transaction costs		(26,997)
Balance as of May 31, 2013	$	80,942
Equity portion of convertible debt		2,944
Balance as of May 31, 2014	$	83,886

A reconciliation of the liability component of convertible debt is as follows:

Balance, May 31, 2012	$	-
Present value of the liability component of convertible debt		264,008
Unwinding of discount		42,839
Balance, May 31, 2013	$	306,847
Unwinding of discount		23,175
Balance, May 31, 2014	$	330,022

13. SHORT TERM LOANS

Short term loans have no terms of repayment, are non-interest bearing and are unsecured. The loan holders and the Company are currently in negotiations to extinguish the debt for shares.

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	May 31, 2014	May 31, 2013
Loss for the year	$ (2,130,905)	$ (10,349,605)
Expected income tax (recovery)	(532,726)	(2,587,401)
Change in statutory rates	-	64,879
Temporary differences	71,843	2,178,162
Net change in valuation allowance	466,550	344,360
Total income tax expense (recovery)	$ 5,667	$ -

The significant components of the Company`s deferred tax assets are as follows:

	May 31, 2014	May 31, 2013
Deferred tax assets (liabilities)		
Non-capital losses available for future period	$ 3,870,278	$ 2,026,743
Unrecognized deferred tax assets	(3,870,278)	(2,026,743)
Net deferred tax assets	$ -	$ -

The deferred tax assets have not been recognized in these consolidated financial statements as it is not probable that they will be realized.

14. INCOME TAXES (Cont'd...)

The significant components of the Company`s unrecognized temporary differences and tax losses are as follows:

	May 31, 2014	May 31, 2013	Expiry Date Range
Temporary differences			
Non-capital losses available for future period	$ 3,870,278	$ 2,026,743	2015-2035

Tax attributes are subject to review, and potential adjustment by tax authorities.

15. RELATED PARTY TRANSACTIONS

The Company's related parties consist of companies owned in whole or in part by executive officers and directors as follows:

Name	Position and nature of transactions
Canadian Data Preserve, Inc.	Company with Common Director - Brian Cameron
Advantive Information Management, Inc	Subsidiary
Certive Technologies Inc.	Subsidiary
Brian Cameron	Director
Van Potter	Director
John Ragan	Director
Jack Saltich	Director
John Shackleton	Director

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost.

15. RELATED PARTY TRANSACTIONS (Cont'd...)

	May 31, 2014	May 31, 2013
Canadian Data Preserve, Inc.	$ 254,263	$ 146,808
Brian Cameron	-	(40,055)
Van Potter	-	(71,411)
Total	$ 254,263	$ 35,342

The remuneration of directors and other members of key management personnel including share-based payments during the year ended May 31, 2014 and May 31, 2013 were as follows:

	May 31, 2014	May 31, 2013
Consulting and management fees	$ 538,533	$ 280,718
Director's fees	100,000	
Total	$ 638,533	$ 280,718

16. SUBSEQUENT EVENTS

Acquisition of the Assets of Titan Health Management Solutions Inc.

On July 3, 2014, the Company closed the purchase of the assets of Titan Health Management Solutions Inc. of Tucson Arizona. The assets acquired include all of the computer hardware and software necessary to conduct the business, the contracts that Titan Health has with its hospital customers, the brand and logos of Titan, and all of the intellectual properties used by Titan Health to conduct its business.

The purchase price for the purchased assets was two million seven hundred and eleven U.S. dollars ($2,711,000 USD). The Company paid Titan Health one hundred thousand U.S. dollars ($100,000 USD) in cash) on July 3, 2014. The Company will pay to Titan Health two hundred and eight thousand U.S. dollars ($208,000 USD) in cash on or before October 15, 2014.

In addition, the Company has signed a convertible promissory note, in original principal amount of one million eight hundred thousand U.S. dollars ($1,800,000 USD), which Convertible Note shall provide for payment, plus accrued and unpaid interest, to be paid on or before December 31, 2015, if not otherwise converted into shares of the Company.

16. SUBSEQUENT EVENTS (Cont'd...)

The Company will issue to Titan Health a total of 1,000,000 common shares of Company in partial payment of the purchase price

The Company will also issue to Titan Health a total of 1,250,000 preferred shares of Company at the closing in partial payment of the Purchase Price which are convertible on a 1 for 1 basis into common shares of the Company on the following basis; Upon Titan Health generating cumulative aggregate gross revenues in the amount of $4,200,000 in incremental revenue commencing July 1, 2014 and continuing until such cumulative gross revenues have been attained.

Acquisition of the Assets of Knowledge Capital Alliance Inc.

On August 31, 2014 the Company, acquired 100% of the assets of Knowledge Capital Alliance ("**KCA**") of Phoenix, Arizona. The assets acquired include all of the computer hardware and software necessary to conduct the business, the contracts that KCA has with its customers, the brand and logos of KCA, and all of the intellectual property used by KCA to conduct its business.

The purchase price for the assets was five hundred and seventy nine thousand three hundred U.S. dollars, (US$579,300), and will be paid by as follows:

a) The Company will pay to KCA seventy two thousand U.S. dollars (US$72,000, in two equal tranches of US$36,000, one payment due on or before January 1, 2015, subject to the satisfactory transfer of all scheduled contracts, and the other due on or before January 1, 2016.

b) The Company will issue to KCA a total of 900,000 common shares of its capital stock at a deemed price of $0.30 per share. Upon issuance, the Closing Shares shall be validly authorized and issued, fully paid, and non-assessable.

c) The Company shall assume the KCA obligation to a promissory note with Tom Keller ("**Keller**") in the amount of US$256,200 on the condition that the note is retired from the KCA cash flow.

The Company entered into transition services agreements with both Titan Health and KCA effective June 1, 2014 and accordingly all of the financial affairs of both companies will be consolidated with that of the Company's effective June 1, 2014 insofar as the Company had complete financial control of both enterprises as of that date.