



Certive Solutions Inc.

Condensed Consolidated Financial Statements
(Expressed in U.S. Dollars)

As at and for the nine-month period ended February 29, 2020

CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	5
Condensed Consolidated Interim Statements of Cash Flows	6
Condensed Consolidated Interim Statements of Changes in Equity	7
Notes to the Condensed Consolidated Interim Financial Statements	8 - 32

No Auditor Review of the Condensed Consolidated Interim
Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Certive Solutions Inc. (the “Company”), as at and for the nine-month period ended February 29, 2020 have been prepared by management and have not been the subject of a review by the Company’s external independent auditors.

Certive Solutions Inc.

Vancouver, British Columbia
April 29, 2020

Certive Solutions Inc.

Condensed consolidated interim statements of financial position as at:
(Unaudited - Expressed in U.S. Dollars)

	Notes	February 29, 2020	May 31, 2019
ASSETS			
Current assets			
Cash		\$ 183,850	\$ 64,150
Marketable securities	4	4,233	23,875
Receivables	5	494,936	399,968
Prepayments	11	5,000	43,873
Total current assets		688,019	531,866
Non-Current Assets			
Right-of-use assets	17	87,222	-
Receivable from sale of KCA	6	106,060	112,851
Software development	9	235,950	294,657
Total assets		\$ 1,117,251	\$ 939,374
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 2,341,794	\$ 1,752,088
Convertible debt	11	3,836,766	4,080,243
Short term loans	12	363,000	393,000
Note payable – current portion	7	300,000	200,000
Lease liability – current portion	17	47,339	-
Total current liabilities		6,888,899	6,425,331
Non-current liabilities			
Derivative liability	14	-	340,259
Note payable – long term portion	7	-	250,000
Lease liability - long term portion	17	46,578	-
Total liabilities		6,935,477	7,015,590
Shareholders' Deficit			
Share capital		23,839,941	22,148,804
Reserve – Transaction costs		(655,877)	(655,877)
Reserve – Share options		1,854,015	1,854,015
Reserve – Share warrants		728,387	760,095
Equity portion of convertible debt	11	979,429	668,827
Shares to be returned to treasury		-	(270,000)
Contributed surplus		766,829	766,829
Deficit		(33,330,950)	(31,348,909)
Total shareholders' deficit		(5,818,226)	(6,076,216)
Total shareholders' deficit and liabilities		\$ 1,117,251	\$ 939,374

Nature of operations and going concern (Note 1)

Subsequent events (Note 20)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Certive Solutions Inc.

Condensed consolidated interim statements of loss and comprehensive loss for the periods:

(Unaudited - Expressed in U.S. Dollars)

	Notes	Three months ended February 29, 2020	Three months ended February 28, 2019 (Note 6)	Nine months ended February 29, 2020	Nine months ended February 28, 2019 (Note 6)
REVENUE					
Loss charge recovery revenue		\$ 418,439	\$ 175,331	\$ 1,082,661	\$ 754,350
OPERATING COSTS					
Commissions		17,973	-	17,973	-
Contractors and consulting fees	15	39,048	37,478	126,726	105,310
Direct payroll and employee benefits	15	282,104	393,435	715,391	962,316
Travel to client sites		-	-	881	1,162
Licence fees		-	-	150	165
Total operating costs		339,125	430,913	861,121	1,068,953
Gross profit		79,314	(255,582)	221,540	(314,603)
EXPENSES					
Advisory board fees		-	-	-	12,000
Amortization	9	19,568	19,568	58,707	58,707
Depreciation	17	54,232	-	162,696	-
Bank charges and interest		290,614	356,308	776,769	669,158
Consulting fees	15	25,000	64,251	119,000	164,223
Corporate finance	15	-	-	-	16,000
Directors' fees	15	-	-	-	10,000
Foreign exchange		2,258	(21,673)	33,327	(78,704)
General and administrative	15	111,983	47,785	231,196	122,380
Management fees	15	21,000	68,000	57,000	122,000
Professional fees	15	83,851	53,336	244,734	192,947
Rent		-	59,451	-	185,893
Salaries and wages	15	192,183	28,633	608,126	234,436
Sales and marketing		4,860	-	13,279	-
Transfer agent and filing fees		7,317	12,301	20,504	25,526
Travel and promotion		6,233	11,278	18,725	18,122
Total expenses		(819,099)	(699,238)	(2,344,063)	(1,752,688)
		(739,785)	(954,820)	(2,122,523)	(2,067,291)
Foreign derivative recovery	14	423,077	140,576	340,259	201,952
Recovery of accounts payable		27,404	88,700	30,451	88,700
Unrealized gain (loss) on marketable	4	(5,976)	(3,132)	(20,024)	13,982
Gain on shares returned to treasury		-	9,855	-	9,855
Loss on conversion of convertible debt		(210,204)	-	(210,204)	-
		234,301	235,999	140,482	314,489
Loss from continuing operations		(505,484)	(718,821)	(1,982,041)	(1,752,802)
Income (loss) from discontinued operations	6	-	13,785	-	(3,242)
Net loss and comprehensive loss for the period		\$ (505,484)	\$ (705,036)	\$ (1,982,041)	\$ (1,756,044)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding		117,682,640	83,701,740	104,992,828	81,441,529

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Certive Solutions Inc.

Condensed consolidated interim statements of cash flows for the nine months ended:
(Unaudited - Expressed in U.S. Dollars)

	February 29, 2020	February 28, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,982,041)	\$ (1,756,044)
Items not affecting cash:		
Amortization and depreciation	221,403	58,707
Shares issued for consulting fees	-	7,772
Accrued interest and accretion	576,156	121,343
Amortization of finance costs	124,568	216,208
Foreign derivative	(340,259)	(201,953)
Foreign exchange	(43,804)	(52,079)
Unrealized gain on marketable security	14,048	(13,982)
Recovery of accounts payable	(30,451)	(88,700)
Gain on shares returned to treasury	-	(9,855)
Consulting fees for convertible debt	70,000	12,500
Non-cash working capital item changes:		
Receivables	(88,177)	80,613
Prepaid and other assets	38,873	-
Accounts payable and accrued liabilities	589,706	482,006
Net cash used in operating activities	<u>(849,978)</u>	<u>(1,143,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Lease payments	(93,917)	-
Cash received from KCA	5,661	-
Net cash used in investing activities	<u>(88,256)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds repayment from short term loan	(30,000)	394,499
Proceeds from convertible debt	942,810	910,000
Proceeds from warrants exercised	145,124	-
Net cash from financing activities	<u>1,057,934</u>	<u>1,304,499</u>
Net increase in cash during the period	119,700	161,035
Cash, beginning of the period	64,150	19,980
Cash, end of the period	\$ 183,850	\$ 181,015
Cash (paid) received for		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

Non-cash transactions affecting cash flows from financing and investing activities for the nine months ended February 29, 2020:

- The Company returned 900,000 shares to treasury valued at \$270,000 (Note 13).
- The Company issued \$70,000 of convertible debt in exchange for consulting services, of which \$5,000 is recorded as prepaid expenses as at February 29, 2020 (Note 11).
- The Company issued 30,105,449 shares through converting \$1,784,305 of convertible debt, which included principal and accrued interest (Note 13).
- \$175,000 was transferred from short-term loans to convertible debt (Note 11).

Non-cash transactions affecting cash flows from financing and investing activities for the nine months ended February 28, 2019:

- The Company issued \$50,000 of convertible debt in exchange for consulting services, of which \$37,500 is recorded as prepaid expenses as at February 28, 2019.
- The Company returned 328,496 shares valued at \$9,855 to treasury as the holder no longer wished to possess shares.
- The Company issued 1,300,000 shares valued at \$240,000, which has recorded as other equity instruments.
- The Company issued 3,125,000 shares valued at \$98,525 which were reserved to be issued.
- The Company issued 374,326 shares valued at \$7,772 for consulting fees.
- \$45,000 was transferred from short-term loans to convertible debt.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Certive Solutions Inc.

Condensed consolidated interim statements of changes in equity for the nine months ended:

(Unaudited - Expressed in U.S. Dollars)

	<u>Capital Stock</u>			Reserve – Transaction Costs	Reserve – Share Options	Reserve – Warrants	Contributed Surplus	Other Equity Instruments	Shares to be Returned to Treasury	Equity Portion of Convertible Debt	Deficit	Total Deficit
	Number of Shares	Amount	Shares to be Issued									
Balance as at May 31, 2018	79,037,430	\$ 21,030,282	\$ 98,525	\$ (655,877)	\$ 1,854,015	\$ 760,095	\$ 766,829	\$ 840,000	\$ -	\$ 424,833	\$ (30,283,161)	\$ (5,164,459)
Convertible Debt Issued	-	-	-	-	-	-	-	-	-	86,610	-	86,610
Shares issued for prior convertible debt transaction cost	3,125,000	98,525	(98,525)	-	-	-	-	-	-	-	-	-
Shares issued for prior acquisition of Omega	1,300,000	240,000	-	-	-	-	-	(240,000)	-	-	-	-
Shares issued for consulting	374,326	7,772	-	-	-	-	-	-	-	-	-	7,772
Shares returned to treasury	(328,496)	(9,855)	-	-	-	-	-	-	-	-	-	(9,855)
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(1,756,044)	(1,756,044)
Balance as at February 28, 2019	83,508,260	\$ 21,366,724	\$ -	\$ (655,877)	\$ 1,854,015	\$ 760,095	\$ 766,829	\$ 600,000	\$ -	\$ 511,443	\$ (32,039,205)	\$ (6,835,976)
Balance as at May 31, 2019	101,258,980	\$ 22,148,804	\$ -	\$ (655,877)	\$ 1,854,015	\$ 760,095	\$ 766,829	\$ -	\$ (270,000)	\$ 668,827	\$ (31,348,909)	\$ (6,076,216)
Convertible debt issued	-	-	-	-	-	-	-	-	-	310,602	-	310,602
Shares returned to treasury	(900,000)	(270,000)	-	-	-	-	-	-	270,000	-	-	-
Exercise of warrants	2,750,000	176,832	-	-	-	(31,708)	-	-	-	-	-	145,124
Shares issued for conversion of convertible debt	30,105,449	1,784,305	-	-	-	-	-	-	-	-	-	1,784,305
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(1,982,041)	(1,982,041)
Balance as at February 29, 2020	133,214,429	\$ 23,839,941	\$ -	\$ (655,877)	\$ 1,854,015	\$ 728,387	\$ 766,829	\$ -	\$ -	\$ 979,429	\$ (33,330,950)	\$ (5,818,226)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Certive Solutions Inc. (the “Company”) was incorporated under the Laws of British Columbia and is traded on the Canadian Security Exchange (“CSE”) and is quoted on the OTCQB in the United States. The Company provides revenue cycle management services to U.S. hospitals, delivered collaboratively, utilizing proprietary workflow document management and analytics tools tailored to health care business processes. The Company is currently focused on the denied claim segment of revenue cycle management and provides services to enhance the efficiency and effectiveness of denied claims recovery, in revenue sharing relationships that improve hospitals’ net operating results.

The Company’s mailing address is 1185 West Georgia Street, Suite 1140, Vancouver, BC V6E 4E6. The Company’s operation headquarters is located at 7373 East Doubletree Ranch Road, Suite 210, Scottsdale, Arizona 85258.

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

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. 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. As at February 29, 2020, the Company has a working capital deficit of (\$5,818,226), a loss for the nine months ended of (\$1,982,041) and an accumulated deficit of (\$33,330,950).

Although the Company is monitoring the effects of a widespread outbreak of a contagious respiratory illness caused by a novel coronavirus believed to have originated from Wuhan, China (COVID-19), the Company cannot predict whether, for how long, or the extent to which the outbreak may disrupt cash flow, operations, and sales. A prolonged outbreak could negatively impact the Company’s hospital clients, employees and vendors causing interruptions to the Company’s operations, including a restriction of employees’ ability to travel to client sites, the Company’s ability to sell new business and to timely onboard new clients. In addition, hospital clients and non-clients alike are generally experiencing financial challenges due to various state mandates requiring the cancellation of elective procedures in order to conserve resources to treat and care for patients afflicted by COVID-19. More generally, a prolonged outbreak could adversely affect the health of the American economy, resulting in an economic slump that could reduce the Company’s ability to raise working capital, reduce hospital clients’ billings diminishing the Company’s revenue base for lost charge recovery services.

Since the last week of March 2020, pursuant to an order by the Mayor of Ft. Lauderdale, Florida, the Company’s staff in Florida are all working remotely from home to ensure safety and to comply with the Mayor’s mandate to “shelter-in-place”. At the current time, this remote operating model has not affected the operational efficiencies negatively; in fact, it has resulted in a reduction of rent and associated occupancy expenses. While it is reasonably possible that these operational and economic challenges could create a materially adverse impact on the business and financial outlook of the Company, the Company believes that the long-term needs of hospitals to secure every possible revenue source will lead to new business opportunities for the Company.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd...)

Management of the Company does not expect that cash flows for the Company's operations will be enough to cover its operating requirements, financial commitments and business development priorities during the next twelve months. The Company will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months to fund operations. 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 its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance to International Financial Reporting Standards

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as the Company's most recent annual consolidated financial statements. The condensed consolidated financial statements do not include all the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2019.

The accounting policies followed by the Company are as set out in the audited financial statements for the year ended May 31, 2019 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit and loss, and available for sale, which are stated at fair value. 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 condensed consolidated financial statements were reviewed and approved and authorized for issue by the Board of Directors of the Company on April 29, 2020.

b) Significant accounting judgements and estimates

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

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd...)

b) Significant accounting judgements and estimates (cont'd...)

Critical Judgements

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as previously discussed in Note 1, as well as determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined to be the U.S. dollar.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

(i) Share-based payments

Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

(ii) Useful lives of property and equipment and intangible assets

Estimates of the useful lives of property and equipment and intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(iii) 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 unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, 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 years.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd...)

b) Significant accounting judgements and estimates (cont'd...)

(iv) Carrying values of tangible and intangible assets

The Company assesses the carrying value of its tangible and intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumption and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

(v) Discount rates used in convertible debentures

The Company calculates the liability portion of convertible debentures by calculating the present value of the loan and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

(vi) 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.

(vii) Right of Use Assets

On adoption of IFRS 16, the Company recognized the lease liabilities which was previously classified as operating leases under IAS 17. The liabilities were measured as the present value of the remaining lease payments and using discount rate of 15%. The Company had two office leases that have been classified as finance leases effective as at June 1, 2019 (Note 17).

c) 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, and its subsidiaries is the U.S. dollar.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Details of the Company's subsidiaries are as follows:

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd...)

b) Significant accounting judgements and estimates (cont'd...)

Name	Place of incorporation	February 29, 2020 Interest %	May 31, 2019 Interest %	Principal activity
Certive Solutions Inc. (the parent company)	British Columbia, Canada	100%	100%	Management solutions
Certive Health Inc. ("CHI")	Arizona, United States	100%	100%	Management solutions
Omega Technology Solutions Inc. ("Omega")	Arizona, United States	100%	100%	Healthcare revenue cycle management solutions
Knowledge Capital Alliance, Inc. ("KCA") ⁽¹⁾	Delaware, United States	0%	0%	Performance management solutions for public health agencies
Advantive Information Systems Inc. ("AIS")	British Columbia, Canada	100%	100%	Dormant

(1) Knowledge Capital Alliance Inc. was sold on May 31, 2019 and recorded as discontinued operations for the years ended May 31, 2019 and 2018 and the nine months ended February 28, 2019.

3. NEW ACCOUNTING POLICIES ADOPTED

IFRS 16 – Leases. The scope of IFRS 16 includes leases of all assets, with certain exceptions. The Company adopted this standard effective June 1, 2019. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Right-of-use assets will be measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments. Lessor accounting is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

On transition, the Company elected to apply the practical expedient to grandfather the determination of which contract is or contains a lease and will apply IFRS 16 to those contracts that were previously identified as leases. Upon transition to the new standards, lease liabilities were measured at the present value of the remaining lease payments discounted by the Company’s incremental borrowing rate as at June 1, 2019. Right-of-use assets and lease liabilities are recognized on the statement of financial position with the cumulative difference recognized in retained earnings.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

4. MARKETABLE SECURITIES

Cost	
At May 31, 2018 and 2019 and February 29, 2020	\$ 7,474
Adjustment to fair value	
At May 31, 2018	-
Unrealized gain	17,982
At May 31, 2019	17,982
Unrealized loss	(20,024)
At February 29, 2020	(2,043)
Monetary exchange	
At May 31, 2018	-
At May 31, 2019	(1,581)
At February 29, 2020	(1,199)
Net Book Value	
At May 31, 2019	\$ 23,875
At February 29, 2020	\$ 4,233

5. RECEIVABLES

	February 29, 2020		May 31, 2019	
GST input tax credits	\$	10,861	\$	7,871
Trade receivables		4,888		83,119
Work in progress		479,187		308,978
	\$	494,936	\$	399,968

The average credit period on rendering of services is between 30 to 45 days. No interest is charged on outstanding trade receivables.

6. DISCONTINUED OPERATIONS

During the year ended May 31, 2019, the Company entered into a Sale Agreement (the "Sale Agreement") to sell the stock of Knowledge Capital Alliance Inc. ("KCA") to KCA's president (the "Purchaser") effective as of May 31, 2019. The terms of the Sale Agreement are as follows:

The Company sold the original 100 shares received in the acquisition of KCA to the Purchaser for \$1,200,000 (the "Purchase Price"). As such, all assets, liabilities, and business of KCA were transferred to the Purchaser by the Company effective as of May 31, 2019 and relinquished any rights or interest in the operating results of KCA that are earned on or after June 1, 2019. The 100 shares of stock in Knowledge Capital Alliance Inc. will remain in safekeeping with Trustee until the terms of the Sale Agreement are fulfilled.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

6. DISCONTINUED OPERATIONS (cont'd...)

The Purchase Price was made up as follows:

- The Purchaser transferred 900,000 shares of the Company back to the Company, at a value of \$270,000; and
- Cash in the amount of \$930,000 to be paid in monthly installments of net revenues as follows:

Annualize net revenue	Monthly percentage payment
Less than \$400,000	3.0%
\$400,000 - \$499,999	5.0%
\$500,000 - \$750,000	7.5%
\$750,001 - \$1,000,000	10.0%
\$1,000,001 - \$2,000,000	12.5%
Greater than \$2,000,000	15.0%

Following the final and full payment of \$930,000, an on-going royalty of 5.0% of the net revenues shall be paid to the Purchaser of the Company on a quarterly basis for a period of 36 months.

In the event that KCA is sold by the Purchaser prior to the payment of \$930,000, the remainder of the payment will be due to the Company, in addition to 15% of the excess purchase price over \$930,000.

The Company determined, based on the net revenues of KCA, that it will not collect the full \$930,000. As a result, the Company calculated that the amount receivable was \$112,851 as at May 31, 2019, based on a 5-year cash flow projection, using a discounted rate of 20%, and 5-year projected revenues of KCA. The Company's receivable from KCA is \$106,060 as at February 29, 2020.

The gain on disposition of KCA was calculated as follows as at May 31, 2019:

Consideration received:	
900,000 shares to be returned to treasury	\$ 270,000
Cash to be received	112,851
Total consideration	382,851
Net assets sold:	
Cash	(308)
Customer list	(515,855)
Receivables	(130,861)
Accounts payable and accrued liabilities	159,042
Short-term loans	19,358
Deferred Revenue	88,269
Net assets sold	(380,355)
Gain on disposition of KCA	\$ 2,496

The revenues and expenses of KCA have been determined to be a discontinued operation by the Company as at May 31, 2019, and as a result, have been disclosed separately on the statement of loss and comprehensive loss for the three and nine months ended February 28, 2019.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

6. DISCONTINUED OPERATIONS (cont'd...)

Revenues and expenses of KCA for the three and nine months ended February 28, 2019 are as follows:

	Three months ended February 28, 2019	Nine months ended February 28, 2019
REVENUE		
Consulting revenue	\$ 122,928	\$ 224,977
Dashboard sales	74,271	188,935
	197,199	413,912
OPERATING COSTS		
Commission	21,092	71,542
Contractors and consultant fees	111,274	201,516
Direct payroll and employee benefits	42,973	124,385
	(175,339)	(397,443)
Gross Profit (Loss)	21,860	16,469
EXPENSES		
Bank charges and interest	1,873	6,198
General and administrative	2,772	8,059
Professional fees	3,229	4,811
Travel and promotion	201	643
	(8,075)	(19,711)
Income (loss) from discontinued operations	\$ 13,785	\$ (3,242)

The net cash flows attributable to KCA for the nine months ended February 28, 2019 are as follows:

	Nine months ended February 28, 2019
Net cash used in operating activities:	\$ (31,345)
Net cash provided by financing activities:	37,952
Increase in cash from discontinued operations for the period	\$ 6,607

7. NOTE PAYABLE

During the year ended May 31, 2016, the Company completed the acquisition of the assets of Omega Technology Solutions LLC ("Omega"). In connection with the acquisition, the Company initially paid \$200,000 and issued 12,633,334 common shares, as directed by the former owner of Omega's assets. In addition, the Company agreed to a structured payment schedule of \$500,000, which was modified during the year ended May 31, 2019. The restructured payment terms, which when paid will constitute full settlement of amounts owed between the Company and the former owner of Omega's assets, are as follows (Note 15):

- \$50,000 to be paid during the year ended May 31, 2019 (paid);
- \$50,000 to be paid on May 31, 2019 (paid);
- \$50,000 to be paid on August 31, 2019 (paid in January 2020);
- \$50,000 to be paid on November 30, 2019 (paid in January 2020); and
- \$50,000 to be paid on February 29, 2020 (past due).
- With respect to the remaining \$250,000, 25% of Omega's net income will be paid quarterly through August 31, 2020, when any remaining balance is due.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

8. IMPAIRED ASSETS

The Company considered Omega and KCA to be separate CGUs. In a prior period, the Company determined that Omega was impaired and that its recoverable amount was \$Nil. As a result, in May 2018, the Company recorded an impairment of \$480,000 in connection with Omega's customer list and \$200,000 in connection with Omega's trade name. An assessment is made at each reporting date to determine whether the previous impairment of Omega no longer exists or has decreased, reversing the impairment. The KCA customer list was sold on May 31, 2019.

9. SOFTWARE DEVELOPMENT

	Software Development	
<u>Cost</u>		
Balance at May 31, 2018	\$	573,316
Additions		-
Balance at May 31, 2019 and February 29, 2020	\$	573,316
<u>Accumulated Amortization</u>		
Balance at May 31, 2018	\$	200,383
Amortization		78,276
Balance at May 31, 2019		278,659
Amortization		58,707
Balance at February 29, 2020	\$	337,366
<u>Net Book Value</u>		
At May 31, 2019	\$	294,657
At February 29, 2020	\$	235,950

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2020		May 31, 2019	
Accounts payable (Note 15)	\$	881,754	\$	503,880
Accrued liabilities		1,078,656		769,019
Payroll and payroll tax liabilities (Note 19)		381,384		479,189
	\$	2,341,794	\$	1,752,088

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT

As at February 29, 2020, the Company had the following convertible debt:

Description	Face value	Liability	Transaction costs	Total liability
Past due convertible note, convertible at CDN\$0.25 per share, accruing interest at 5% per annum.	CDN\$ 30,000	\$ 22,341	\$ -	\$ 22,341
Past due convertible note, convertible at CDN\$0.50 per unit, with each unit consisting of one common share, and one common share purchase warrant, exercisable at CDN\$0.55 for one year, accruing interest at 8% per annum.	CDN\$ 423,000	315,008	-	315,008
Past due convertible note, convertible at CDN\$0.10 per share, accruing interest at 12% per annum.	CDN\$ 10,000	7,447	-	7,447
Past due convertible note, convertible at CDN\$0.25 per share, accruing interest at 10% per annum.	CDN\$ 400,000	297,880	-	297,880
Past due convertible note, convertible at CDN\$0.15 per share, accruing interest at 18% per annum.	CDN\$ 700,000	521,290	-	521,290
Mature in July 2021, convertible at \$0.03 per share, accruing interest of 15% per annum (Note 15)	\$ 50,000	50,000	-	50,000
Mature in July 2019, convertible at \$0.03 per share, accruing interest of 15% per annum	\$ 50,000	50,000	-	50,000
Mature in July 2019, convertible at \$0.06 per share, accruing interest of 18% per annum	\$ 50,000	50,000	-	50,000
Mature in November 2019, convertible at \$0.04 per share, accruing interest of 10% per annum	\$ 90,000	90,000	-	90,000
Mature in February 2020, convertible at CDN\$0.04 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN\$ 375,000	279,262	-	279,262
Mature in February 2020, convertible at CDN\$0.06 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN\$ 400,000	297,880	-	297,880
Mature in February 2020, convertible at \$0.15 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	\$ 250,000	250,000	(5,951)	244,049
Mature in June 2020, convertible at \$0.03 per share, accruing interest of 10% per annum	\$ 50,000	49,461	-	49,461
Mature on February 28, 2022, convertible at \$0.03 per share, accruing interest of 10% per annum (Note 15)	\$ 253,561	225,831	-	225,831
Mature on October 31, 2021, convertible at \$0.06 per share, accruing interest of 8% per annum (Note 15)	\$ 926,157	817,801	-	817,801
Mature on February 29, 2024, convertible at \$0.14 per share, accruing interest of 12% per annum (Note 15)	\$ 636,007	518,516	-	518,516
		\$ 3,842,717	\$ (5,951)	\$ 3,836,766

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. These notes have all been classified as current liabilities since they can be converted at any time at the option of the lender.

With respect to the Company's offering of 8% 2-year convertible promissory notes, the initial recognition of the fair value of the liability was made when the cash proceeds were received by the Company and the offering's subscription agreements were executed. The Company initially closed such offering effective October 31, 2019 (the "Closing Date") issuing the 8% 2-year convertible promissory notes in the principal amount of the loaned amount and accrued interest through such Closing Date. These notes are due October 31, 2021 and are convertible at the greater of \$0.06 per share or a 15%-25% discount (depending on the share price) off of the share price on the date of conversion. On the initial Closing Date, the fair value of the liability was recomputed, and the accounts were adjusted accordingly for each note subscribed to in such offering.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

As of February 29, 2020, such offering represents \$2,475,304 face value of convertible promissory notes and \$2,226,135 of the liability as adjusted. The following notes were issued by the Company under such offering. During the nine months ended February 29, 2020, the Company received \$550,956 from lenders subscribing to the 8% 2-year convertible promissory note offering, which incurred accrued interest through the Closing Date of February 29, 2020. In addition, during the nine months ended February 29, 2020, one lender settled debt of \$53,065 by subscribing to the offering. The Company accepted additional funds during the month of November 2019 at the same terms and conditions of such offering. Thus, the following notes represent a total of \$608,815 of the offerings total face value of \$2,475,304. The difference consisting of \$1,805,576 of funds were received (combined with the amount of debt settlements into the subscription agreements) for the offering were all entered into prior to May 31, 2019, along with \$60,913 of accrued interest on such subscriptions through the Closing Date.

- Pursuant to the subscription agreement entered into effective June 1, 2019, the Company issued a convertible promissory note for \$51,656 (the amount loaned plus accrued interest) to a current advisory council member of the Company on October 31, 2019, the initial closing date of the offering. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$6,954 (adjusted to \$7,183 at closing) was recorded as the equity component of the loan, and \$43,046 (adjusted to \$44,473 at closing) was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement entered into effective June 11, 2019, the Company issued a convertible promissory note for \$30,729 (the amount loaned plus accrued interest) to a lender on October 31, 2019, the initial closing date of the offering. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$4,172 (adjusted to \$4,273 at closing) was recorded as the equity component of the loan, and \$25,828 (adjusted to \$26,456 at closing) was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement entered into effective June 19, 2019, the Company issued a convertible promissory note for \$30,452 (the amount loaned plus accrued interest) to a lender on October 31, 2019, the initial closing date of the offering. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$2,781 (adjusted to \$2,844 at closing) was recorded as the equity component of the loan, and \$17,219 (adjusted to \$17,608 at closing) was recorded as a liability, using an effective interest rate of 15%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

- Subsequent to the initial closing date of the offering on October 31, 2019, the Company issued a convertible promissory note for \$25,000 (the amount loaned) to a lender effective November 8, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$3,332 was recorded as the equity component of the loan, and \$21,668 was recorded as a liability, using an effective interest rate of 15%.
- Subsequent to the initial closing date of the offering on October 31, 2019, the Company issued a convertible promissory note for \$10,000 (the amount loaned) to a lender effective November 14, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, \$1,391 was recorded as the equity component of the loan, and \$8,609 was recorded as a liability, using an effective interest rate of 15%.
- The Company cancelled a convertible promissory note of \$50,000 and accrued interest of \$3,065 subscribed to on January 25, 2019 and issued a new \$53,065 convertible note to a current advisory council member on November 1, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The change in value due to the note replacement was recorded in the statement of loss and comprehensive loss, in loss from settlement/write-off of debt. As a result of the amendment, the Company recorded a loss of \$1,762. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$7,379 was recorded as the equity component of the loan, and \$45,686 was recorded as a liability, using an effective interest rate of 15%.
- Subsequent to the initial closing date of the offering on October 31, 2019, the Company issued a convertible promissory note for \$50,000 (the amount loaned) to a lender effective November 26, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$6,714 was recorded as the equity component of the loan, and \$43,286 was recorded as a liability, using an effective interest rate of 15%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

- Subsequent to the initial closing date of the offering on October 31, 2019, the Company issued a convertible promissory note for \$100,000 (the amount loaned) to a current advisory council member of the Company effective November 27, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$13,387 was recorded as the equity component of the loan, and \$86,613 was recorded as a liability, using an effective interest rate of 15%.
- Subsequent to the initial closing date of the offering on October 31, 2019, the Company issued a convertible promissory note for \$20,000 (the amount loaned) to a current advisory council member of the Company effective November 27, 2019. The note matures on October 31, 2021, bears simple interest at 8% per annum and is convertible into common shares of the Company at a price the higher of \$0.06 per share or a 15%-25% discount (depending on share price) to the price per share on the date of conversion, at the option of the lender. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$2,781 was recorded as the equity component of the loan, and \$17,219 was recorded as a liability, using an effective interest rate of 15%.

With respect to the Company's offering of 12% 4-year convertible promissory notes, the recognition of the fair value of the liability was made when the Company initially closed such offering effective February 29, 2020 (the "Closing Date") issuing the 12% 4-year convertible promissory notes in the principal amount of the loaned amount and accrued interest through such Closing Date. These notes are due February 29, 2024 and are convertible at \$0.14 per share. The notes are to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note.

As of February 29, 2020, such offering represents \$636,007 face value of convertible promissory notes and \$518,516 of the liability. The following notes were issued by the Company under such offering during the nine months ended February 29, 2020. The Company received \$455,000 from lenders subscribing to the Company's offering of 12% 4-year convertible promissory notes, which incurred accrued interest through the initial Closing Date of \$6,007. In addition, a lender transferred a \$75,000 short term loan to such convertible promissory note offering and a current officer and director of the Company transferred a \$100,000 short term loan to such convertible promissory note offering.

- Pursuant to the subscription agreement entered into, effective December 20, 2019, the Company issued a convertible promissory note for \$102,301 (the amount loaned plus accrued interest) to a lender on February 29, 2020, the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$18,898 was recorded as the equity component of the loan, and \$83,403 was recorded as a liability, using an effective interest rate of 15%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

- Pursuant to the subscription agreement entered into, effective December 27, 2019, the Company issued a convertible promissory note for \$153,107 (the amount loaned plus accrued interest) to a lender on February 29, 2020, the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$28,284 was recorded as the equity component of the loan, and \$124,823 was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement entered into, effective January 24, 2020, the Company issued a convertible promissory note for \$50,757 (the amount loaned plus accrued interest) to a lender on February 29, 2020, the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$9,343 was recorded as the equity component of the loan, and \$41,232 was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement, the Company issued a convertible promissory note for \$10,023 (the amount loaned plus accrued interest) to a current advisory council member of the Company on February 29, 2020 the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$1,852 was recorded as the equity component of the loan, and \$8,171 was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement, the Company issued a convertible promissory note for \$10,000 (the amount loaned) to a lender on February 29, 2020, the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$1,847 was recorded as the equity component of the loan, and \$8,153 was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement, the Company issued a convertible promissory note for \$30,000 (the amount loaned) to a current director and officer of the Company on February 29, 2020 the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$5,542 was recorded as the equity component of the loan, and \$24,458 was recorded as a liability, using an effective interest rate of 15%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

- Pursuant to the subscription agreement, the Company issued a convertible promissory note for \$30,000 (the amount loaned) to a lender on February 29, 2020, to a lender the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$5,542 was recorded as the equity component of the loan, and \$24,458 was recorded as a liability, using an effective interest rate of 15%.
- Pursuant to the subscription agreement, the Company issued a convertible promissory note for \$75,000 (the amount loaned) to a lender on February 29, 2020, the initial closing date of the offering. The note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$13,855 was recorded as the equity component of the loan, and \$61,145 was recorded as a liability, using an effective interest rate of 15%.
- An officer and director of the Company transferred \$100,000 from 12% short-term demand notes into a convertible promissory note for \$100,000 on February 29, 2020. The new note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$18,473 was recorded as the equity component of the loan, and \$81,527 was recorded as a liability, using an effective interest rate of 15%.
- A lender transferred \$75,000 from a 12% short-term demand note into a convertible promissory note for \$75,000 on February 29, 2020. The new note matures on February 29, 2024, bears simple interest at 12% per annum and is convertible into common shares of the Company at a price of \$0.14 per share. The note is to be repaid from, among other sources, 1/3 of the cash collections from its 6-hospital client in the Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note. Of the total amount of the convertible note, \$13,855 was recorded as the equity component of the loan, and \$61,145 was recorded as a liability, using an effective interest rate of 15%.

In addition, during the nine-months ended February 29, 2020:

- The Company cancelled four 10% convertible promissory notes totaling \$205,000 and accrued interest of \$48,561 and combined them into a new convertible promissory note for \$253,561 issued to a lender on February 29, 2020. The new note matures on February 28, 2022, bears simple interest at 10% per annum and is convertible into common shares of the Company at a price of \$0.03 per share. The Company shall not be penalized for early repayment of any, or all the note, with 15-days prior written notice. Of the total amount of the convertible note, \$27,730 was recorded as the equity component of the loan, and \$225,830 was recorded as a liability, using an effective interest rate of 15%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd...)

- The Company extended the due date of a \$50,000 convertible promissory note dated July 2018, which bears simple interest at 15% per annum and is convertible into common shares of the Company at a price of \$0.03 per share. The note's original due date of July 2019 was extended to July 2021. The Company shall not be penalized for early repayment of any, or all the note, with 60-days prior written notice.
- Lenders elected to convert promissory notes with principal and interest totaling \$1,098,568 into 18,309,459 shares on December 30, 2019 at \$0.06 per share conversion rate. Of the 18,309,459 shares, conversion of \$267,435 into 4,457,249 shares was elected by a current advisory council member of the Company, \$28,409 into 473,848 shares was elected by a current independent director of the Company; and \$685,536 into 11,425,598 was elected by a current director and officer of the Company.
- Lenders elected to convert promissory notes with principal and interest totaling \$144,830 into 2,413,823 shares at \$0.06 per share conversion rate and \$110,109 into 2,202,182 shares at \$0.05 per share on January 16, 2020 for a total of \$254,939 into 4,616,005 shares. Of the 2,202,182 shares, conversion of \$50,000 at \$0.05 per share into 1,000,000 shares was elected by a current director and officer of the Company.
- Lenders elected to convert promissory notes with principal and interest totaling \$430,799 into 7,179,985 shares on February 28, 2020 at \$0.06 per share conversion rate.

As at February 29, 2020 and May 31, 2019, the Company has the following convertible notes outstanding:

	February 29, 2020		May 31, 2019	
Convertible notes overdue	\$	2,231,109	\$	1,166,154
Convertible notes due within 12 months of period end		49,462		1,486,265
Convertible notes due after 12 months from period end		1,562,146		1,568,954
Transaction costs and bond discounts		(5,951)		(141,130)
	\$	3,836,766	\$	4,080,243

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

12. SHORT-TERM LOANS

The loans are made of the following:

		February 29, 2020		May 31, 2019
Loans from related parties (Note 15) ⁽¹⁾	\$	105,000	\$	95,000
Loans from other entities ⁽²⁾		258,000		298,000
	\$	363,000	\$	393,000

⁽¹⁾ As at May 31, 2019, of these short-term loans from related parties, \$25,000 are non-interest-bearing advances to the Company, due on demand, while the remaining \$70,000 have an interest rate of 12% and are due on demand. As at February 29, 2020, of these short-term loans from related parties, \$25,000 are non-interest-bearing advances to the Company, due on demand, while the remaining \$80,000 have an interest rate of 12% and are due on demand.

⁽²⁾ As at May 31, 2019, of these short-term loans from other parties, \$98,000 are non-interest-bearing advances to the Company, due on demand, while the remaining \$200,000 have an interest rate of 12% and are due on demand. As at February 29, 2020, of these short-term loans from other parties, \$83,000 are non-interest-bearing advances to the Company, due on demand, while the remaining \$175,000 have an interest rate of 12% and are due on demand.

13. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and outstanding

During the nine months ended February 28, 2019, the Company had the following share capital transactions:

- The Company issued the 3,125,000 shares that were to be issued, valued \$98,525 as transaction costs on convertible notes.
- The Company issued 374,326 shares valued at \$7,772 for consulting fees.
- The Company issued 1,300,000 shares valued at \$240,000 for acquisition of Omega, that were previously recorded as other equity reserves.

During the nine months ended February 29, 2020, the Company had the following share capital transactions:

- The Company returned to treasury 900,000 shares valued at \$270,000.
- The Company issued 2,750,000 shares through exercised warrants for \$145,124.
- The Company issued 30,105,449 shares through converting \$1,784,305 of convertible notes, which included principal and accrued interest.
- In August 2018, the Company reached a settlement agreement with a vendor, whereby the Company agreed to issue 1,000,000 shares in settlement of outstanding claims by the vendor. Subsequent to February 29, 2020, the shares were issued as directed by the vendor (Note 20).

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

*(Unaudited - Expressed in U.S. Dollars)***13. SHARE CAPITAL (cont'd...)****b) Warrants**

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, May 31, 2018	32,257,994	\$ 0.10
Expired	(9,091,260)	0.22
Outstanding, May 31, 2019	23,166,734	0.05
Exercised	(2,750,000)	0.05
Expired	(20,416,734)	0.05
Outstanding, February 29, 2020	-	\$ -

c) Stock options

The Company's Stock Option Plan is a 20% rolling plan that allows a maximum 20% of the issued shares to be reserved for issuance under the plan. Options granted under the plan may not have a term exceeding 10 years and vesting provisions are at the discretion of the Board of Directors.

The following summarizes the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, May 31, 2018	11,102,493	\$0.19
Granted	4,400,000	CDN\$0.05
Expired ⁽¹⁾	(5,493,785)	\$0.20
Outstanding, May 31, 2019	10,008,708	\$0.13
Expired ⁽²⁾	(900,000)	\$0.13
Granted	1,150,000	CDN\$0.05
Outstanding, February 29, 2020	10,258,708	\$0.13

- (1) Of the 5,493,785 options that expired during the year ended May 31, 2019, 743,785 expired due to accelerated expiry terms due to the cessation of a former officer and director.
- (2) Of the 900,000 options that expired, 400,000 expired due to accelerated expiry terms due to the cessation of a former key manager and 500,000 expired due to accelerated expiry a year after the death of the former Chairman and CEO.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

13. SHARE CAPITAL (cont'd...)

At February 29, 2020, the following stock options were outstanding to directors, officers, and employees:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
4,058,708	4,058,708	CDN\$0.25	0.84	December 31, 2020
1,050,000	1,050,000	\$0.22	1.54	September 13, 2021
4,200,000	-	CDN\$0.05	8.92	January 29, 2029
200,000	200,000	CDN\$0.05	8.92	January 29, 2029
750,000	-	CDN\$0.05	9.81	December 18, 2029
10,258,708	5,308,708	\$0.13	5.03	

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting. On January 29, 2019, the Company granted 4,200,000 of incentive stock options to the Company's executive management that are exercisable at CDN\$0.05 for 10 years. Of these options, 400,000 expired on August 29, 2019 due to the accelerated expiry term for the cessation of a former key manager. On December 18, 2019, the Board granted an aggregate of 400,000 additional incentive stock options to primarily managers of its Omega Division that are exercisable at a price of CDN\$0.05 per share for a ten-year term. The incentive stock options only vest if the Company's share price achieves US\$0.30 on a volume weighted basis for a 45-day period prior to January 29, 2021. The Company determined that the probability of achieving this share price is nil and as a result has not recorded any share-based compensation in connection with these options. In addition, on January 29, 2019, the Board granted 200,000 stock options to the Company's independent directors that are exercisable at a price of CDN\$0.05 per share for a ten-year term, which vested on January 29, 2020. On December 18, 2019, the Board also granted 750,000 retention stock options to the Company's CEO and CFO that are exercisable at a price of CDN\$0.05 per share for a ten-year term, which will vest in their entirety 36 months after the date of the Board's grant.

14. DERIVATIVE LIABILITY

The derivative financial liability consists of the fair value of non-compensatory share purchase warrants and convertible notes that have an exercise price or a conversion price that differs from the functional currency of the Company. Details of the derivative liability as at February 29, 2020 and May 31, 2019 is as follows:

As at February 29, 2020 derivative liability was \$Nil. These securities were valued using the Black Scholes option pricing model with a weighted average expected volatility of 251%, discounted rate of 1.50%, expected life of 0.25 years, and a dividend rate of 0%.

As at May 31, 2019, derivative liability was as follows:

Expiration Date	Exercise price	Number of securities exercisable/convertible	Fair value as at May 31, 2019
February 26, 2020	CDN\$0.06	6,666,734	\$ 131,958
February 26, 2020	CDN\$0.04	9,375,000	208,301
		16,041,734	\$ 340,259

These securities were valued using the Black Scholes option pricing model with a weighted average expected volatility of 214%, discounted rate of 1.65%, expected life of 0.75 years, and a dividend rate of 0%.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

15. RELATED PARTY TRANSACTIONS

Balances and transactions between the Parent Company and its consolidated subsidiaries, which are related parties of the Parent, have been eliminated on consolidation and are not disclosed in this note.

Company's related parties consist of its Directors, Key Management Personals ("KMPs") and companies owned in whole or in part by KMPs and directors as follows:

Name	Position and nature of relationship
Bridge Business Development	Company controlled by former officer and director
InteliHealth	Company controlled by advisory council member
UTA Holdings, LLC	Company controlled by advisory council member
SMA Group, LLC	Company controlled by key management personnel
Miller and Associates Environmental Consultants Inc.	Company controlled by the corporate secretary
Hyland Property Management Services LLC	Company controlled by officer and director
Lena V. LaMantia Trust	Company controlled by officer and director
Tim Hyland	Director, officer and former advisory council member
Tom Marreel	Director, officer and former advisory council member
Jeff Wareham	Independent Director
Jack Saltich	Independent Director
Scott Thomas	Director and VP Investor Relations
Brian Cameron	Former officer and director
Mike Miller	Corporate secretary and chief legal officer
Susan Miller	Spouse of the corporate secretary
Fredrick Erickson	Former key management personnel
Ann Fierro	Key management personnel
Van Potter	Former officer and director
Jeff Benton	Advisory council member
Dr. Arthur Pelberg	Advisory council member
Bob Uxa	Advisory council member
Jack Chapman	Advisory council member
Steve Schramm	Advisory council member
Don Gilbert	Advisory council member
Joey Petelle	Advisory council member
Dr. J.J. Linder	Advisory council member
Scott Donaldson	Advisory council member
Sheila Schweitzer	Advisory council member

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

*(Unaudited - Expressed in U.S. Dollars)***15. RELATED PARTY TRANSACTIONS (cont'd...)**

The amounts due (to) or (from) the related parties are as follows:

	Nature of relationship	February 29, 2020	May 31, 2019
Account payable (Note 10)	Former directors, key management personnel	\$ 99,062	\$ 126,873
Accounts payable (Note 10)	Directors, key management personnel, and companies controlled by these parties,	\$ 89,900	\$ 45,900
Convertible loans – face value (Note 11)	Directors	\$ 130,000	\$ 606,372
Convertible loans – face value (Note 11)	Advisory board member	\$ 620,852	\$ 533,112
Convertible loans – face value (Note 11)	Former officer and director	\$ 55,000	\$ 55,000
Notes payable (Note 7)	Key management personnel	\$ 300,000	\$ 450,000
Short-term loans payable (Note 12)	Former officer and director	\$ 25,000	\$ 25,000
Short-term loans payable (Note 12)	Directors and key management	\$ 80,000	\$ 70,000

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. There is no other remuneration of directors or other members of key management personnel during the three and nine months ended February 29, 2020 and February 28, 2019 are as follows:

	Nine months ended February 29, 2020	Three months ended February 29, 2020	Nine months ended February 28, 2019	Three months ended February 28, 2019
Management fees	\$ 57,000	\$ 21,000	\$ 122,000	\$ 68,000
Salaries to key management personnel, included in operating costs and expenses	191,250	95,625	191,250	63,750
Salaries to key management personnel, included in discontinued operations	-	-	116,970	40,700
Consulting fees	119,000	25,000	164,223	64,251
Director's fees	-	-	10,000	-
Professional fees	244,734	83,851	192,947	53,335
Corporate finance fee to an advisory board member, and directors	-	-	12,000	-
Total	\$ 611,984	\$ 225,476	\$ 809,390	\$ 290,036

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

16. MANAGEMENT OF CAPITAL

The Company considers its common shares, stock options and share purchase warrants as capital. 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 nine months ended February 29, 2020.

17. LEASES

The Company had two lease agreements for its leased office premises. For Certive and CHI, the Scottsdale, Arizona lease agreement expires on July 31, 2020. The Company intends to extend the lease for an additional two-year period. For Omega, the lease agreement expired on March 31, 2020 and Omega planned to relocate. However, those plans have been delayed. Due to the local Mayor's "shelter-in-place" order issued March 15, 2020, Omega moved out of its offices, stored its furnishings, relocated its servers to a secure vendor and its employees are all working remotely from their homes until further notice. Prior to June 1, 2019, leases of office premises were classified as operating leases. At June 1, 2019, the leases were recognized as a right-of-use asset and a corresponding liability was measured at the present value of the remaining lease payments using the Company's incremental borrowing rate of 15% and the lease terms of 3 years and 10 months respectively. The right-of-use asset is depreciated over the lease term on a straight-line basis.

a) Right-of-use assets

	Certive Solutions Inc.	Omega Technology Solutions Inc.	Total
Cost			
Balance at June 1, 2019 and February 29, 2020	\$ 95,738	\$ 154,180	\$ 249,918
Accumulated depreciation			
Balance at June 1, 2019	\$ -	\$ -	\$ -
Depreciation	23,935	138,761	162,696
Balance at February 29, 2020	\$ 23,935	\$ 138,761	\$ 162,696
Net Book Value			
June 1, 2019	\$ 95,738	\$ 154,180	\$ 249,918
February 29, 2020	\$ 71,803	\$ 15,419	\$ 87,222

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

17. LEASES (cont'd...)

b) Lease liability

	Certive Solutions Inc.	Omega Technology Solutions Inc.	Total
Balance at June 1, 2019	\$ 95,738	\$ 154,180	\$ 249,918
Interest	8,480	8,017	16,497
Payments	(26,351)	(146,147)	(172,498)
Balance at February 29, 2020	\$ 77,867	\$ 16,050	\$ 93,917

	February 29, 2020
Lease liability – current portion	\$ 47,339
Lease liability – non-current portion	46,578
Total	\$ 93,917

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) 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 cash, marketable securities, receivables, accounts payable, convertible debt, short-term loans, notes payable derivative liability and lease liability.

The fair value of cash and marketable securities are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of the lease liability, convertible debt, and derivative liability is measured on the statement of financial position using level 2 of the fair value hierarchy. The fair values of accounts receivables, accounts payable, and short-term loans and notes payable approximate their book values because of the short-term nature of these instruments. The fair value of the long-term portion of the note payable approximates its carrying value.

b) Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk, which includes currency risk, interest rate risk and price risk.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

b) Financial instrument risk exposure (cont'd...)

The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash and receivables. 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. In addition, the Company affords credit to customers with which it believes will collect payment. The Company does not believe it has a material exposure to credit risk.

(ii) 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 16. There is a risk that the Company may not be able to meet its financial obligation when they are due. The Company's accounts payable all have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates, and commodity and equity prices.

(a) 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 United States dollar as the Company's main center of operations is in the United States. As at February 29, 2020, the Company has approximately CDN\$3,288,000 of financial liabilities denominated in Canadian dollars. A 10% change in exchange rate would result in a change to loss and comprehensive loss of approximately \$249,000

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of interest rate risk on its notes payable is minimal, as these have a short-term to maturity, and a fixed interest rate.

(c) Price risk

The Company is not exposed to significant price risk as it does not hold significant investments in publicly traded securities. The Company's price risk is limited to the value of its marketable securities.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended February 29, 2020

(Unaudited - Expressed in U.S. Dollars)

19. LEGAL MATTER

Included in accrued liabilities is a payroll tax liability of \$381,384 as of February 29, 2020 that stems from the failure of the former CFO to make payroll tax withholding payments to the Internal Revenue Service (“IRS”) during the period from approximately April 2017 to June 2018. The failure to make such legally required payments was not fully disclosed by the Company’s former CFO until the end of 2017 when representations were made to the Board of Directors that there had been arrangements made for payment to the IRS. Those representations have proven to be false.

The Company has been making payments under a negotiated payment plan with the IRS for satisfaction of the existing liabilities, which requires a \$25,000 payment to be made on a monthly basis until the outstanding balance, including penalties and interest, is satisfied. Due to the potential impact of COVID-19 and the resulting economic crisis, the Company’s ability to raise working capital may be temporarily impaired. Therefore, on March 26, 2020, the Company requested the IRS to approve a deferral of the payment plan until July 28, 2020. In addition, the Company has sent a demand to the former CFO for the return of improper payments of the CFO’s salary during the period when the IRS liabilities were incurred. Other remedies are being explored as well.

20. SUBSEQUENT EVENTS

- a) The Company raised funds to provide working capital subsequent to February 29, 2020 as follows:
 - (i) The Company received \$50,000 from a lender of the Company in exchange for a short-term demand note, which bears 12% interest.
 - (ii) The Company received \$60,000 from a lender in connection with the Company’s Offering of 12% four-year convertible promissory notes, which the Board approved on October 29, 2019.
 - (iii) The Company issued a \$50,000 convertible promissory note to a current advisory council member of the Company in exchange for consulting services, which is in connection with the Company’s Offering of 12% four-year convertible promissory notes.
- b) On March 20, 2020, the Company issued 1,000,000 common shares as directed by a vendor pursuant to a prior settlement agreement at a deemed value of \$0.06/share.
- c) On March 31, 2020, the Board granted 100,000 10-year stock options to each of the two independent Directors of the Company, which are exercisable at CDN\$0.05 following vesting on March 31, 2021.
- d) On March 31, 2020, the Board granted 200,000 10-year stock options to a current advisory council member, which are exercisable at CDN\$0.05 if vested. The stock options vest if the Company’s share price achieves \$0.30/share on a volume weighted basis for a 45-day period by January 29, 2021.
- e) On April 3, 2020, the Company’s wholly-owned U.S. subsidiary, CHI, applied for a \$368,600 loan pursuant to the Small Business Administration (“SBA”) Paycheck Protection Program under the CARES Act, which was enacted March 27, 2020 (the “PPP Loan”). The PPP Loan proceeds were received by CHI on April 22, 2020 and CHI intends to use them to pay for qualifying expenses, such as payroll and occupancy costs over the next 60-days. The PPP Loan terms include: (i) a maturity date in two years; (ii) interest at 1.00% per annum; (iii) no early prepayment penalties; and (iv) amounts used by CHI for qualifying U.S. employee payroll costs during a 60-day period prior to June 30, 2020, may be forgiven by the SBA upon their approval of a CHI application for forgiveness and proper documentation.