Certive Solutions Inc.

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

As at and for the three-month period ended August 31, 2020

Page

CONSOLIDATED FINANCIAL STATEMENTS

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 three-month period ended August 31, 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
October 29, 2020

Certive Solutions Inc.

Condensed consolidated interim statements of financial position as at:

(Unaudited - Expressed in U.S. Dollars)

	Notes		August 31, 2020		May 31, 2020
ASSETS					
Current assets					
Cash		**$**	**71,819**	$	29,295
Marketable securities	4		**3,896**		4,329
Receivables	5		**574,279**		419,965
Prepayments and other			**40,000**		105,743
Total current assets			**689,994**		559,332
Non-current assets					
Right-of-use assets	17		**-**		5,452
Receivable from sale of KCA	6		**101,905**		106,060
Software development	9		**197,067**		209,124
Total assets		**$**	**988,966**	$	879,968
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	10	**$**	**1,955,791**	$	1,855,598
Convertible debt	11		**4,092,490**		3,813,742
Short term loans	12		**397,986**		374,849
Note payable – current portion	7		**300,000**		300,000
Lease liability – current portion	17		**-**		5,689
Total current liabilities			**6,746,267**		6,349,878
Non-current liabilities					
Derivative liability	14		**295,184**		275,483
Note payable – long term portion	7		**528,600**		368,600
Total liabilities			**7,570,051**		6,993,961
Shareholders' deficit					
Share capital			**23,985,131**		23,923,918
Reserve – Transaction costs			**(655,877)**		(655,877)
Reserve – Share options			**1,874,062**		1,871,803
Reserve – Share warrants			**728,387**		728,387
Equity portion of convertible debt			**599,651**		599,651
Contributed surplus			**766,829**		766,829
Deficit			**(33,879,268)**		(33,348,704)
Total shareholders' deficit			**(6,581,085)**		(6,113,993)
Total shareholders' deficit and liabilities		**$**	**988,966**	$	879,968

Nature of operations and going concern (Note 1)
Subsequent events (Note 21)

Certive Solutions Inc.

Condensed consolidated interim statements of loss and comprehensive loss for three-months ended:

(Unaudited - Expressed in U.S. Dollars)

	Notes		August 31, 2020		August 31, 2019
REVENUE					
Loss charge recovery revenue		$	**422,897**	$	329,786
OPERATING COSTS					
Commissions			**7,615**		-
Contractors and consulting fees	15		**12,580**		40,965
Direct payroll and employee benefits	15		**310,107**		231,318
Travel to client sites			**-**		881
Licence fees			**150**		150
Total operating costs			**(330,452)**		(273,314)
Gross profit			**92,445**		56,472
EXPENSES					
Amortization	9		**12,057**		19,569
Depreciation	17		**5,452**		54,232
Bad debt expense			**(42,773)**		-
Bank charges and interest			**186,113**		236,774
Consulting fees	15		**22,500**		65,500
Foreign exchange			**116,309**		18,698
General and administrative			**49,371**		61,480
Management fees	15		**-**		12,000
Professional fees			**870**		76,907
Rent			**3,750**		-
Salaries and wages	15		**242,633**		230,176
Sales and marketing			**7,965**		4,376
Share-based compensation	13		**2,259**		-
Transfer agent and filing fees			**7,009**		5,611
Travel and promotion			**746**		7,567
Total expenses			**(614,261)**		(792,890)
			(521,816)		(736,418)
Foreign derivative recovery (expense)			**-**		(35,494)
Derivative recovery (expense)	14		**(19,701)**		-
Unrealized gain (loss) on marketable securities	4		**(307)**		(14,400)
Other income			**3,208**		-
Recovery of accounts payable			**6,500**		-
Recovery of rent expense	17		**1,552**		-
			(8,748)		(49,894)
Loss from continuing operations			**(530,564)**		(786,312)
Net loss and comprehensive loss for the period		$	**(530,564)**	$	(786,312)
Basic and diluted loss per common share		$	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding			**138,782,729**		101,425,284

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

Certive Solutions Inc.

Condensed consolidated interim statements of cash flows for the three-months ended:

(Unaudited - Expressed in U.S. Dollars)

		August 31, 2020		August 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	**(530,564)**	$	(786,312)
Amortization and depreciation		**17,509**		73,801
Share-based compensation expense		**2,259**		-
Accrued interest and accretion		**184,540**		195,200
Amortization of finance costs		**-**		96,929
Derivative		**19,701**		35,494
Foreign exchange		**(18,608)**		(289,987)
Other income		**(3,208)**		
Payment of security deposit		**(2,500)**		
Gain from write-off of debt		**(6,500)**		-
Unrealized gain on marketable security		**307**		14,400
Recovery of rent expense		**(1,552)**		-
Non-cash working capital item changes:				
Receivables		**(154,314)**		(116,790)
Prepaid and other assets		**63,243**		31,373
Accounts payable and accrued liabilities		**100,193**		245,137
Net cash used in operating activities		**(329,494)**		(500,755)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from KCA		**4,155**		636
Net cash used in investing activities		**4,155**		636
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short term loan		**2,000**		143,000
Proceeds from convertible debt		**210,000**		210,000
Proceeds from long term loan		**160,000**		95,124
Lease payments made		**(4,137)**		-
Net cash from financing activities		**367,863**		448,124
Net increase (decrease) in cash during the period		**42,524**		(51,995)
Cash, beginning of the period		**29,295**		64,150
Cash, end of the period	$	**71,819**	$	12,155
Cash (paid) received for				
Interest	$	**(23,812)**	$	-
Taxes	$	**-**	$	-

Non-cash transactions affecting cash flows from financing and investing activities for the three-months ended August 31, 2019:

- The Company returned 900,000 shares to treasury valued at $270,000 (Note 13).
- The Company issued a $50,000 convertible note in exchange for consulting services.

Non-cash transactions affecting cash flows from financing and investing activities for the three-months ended August 31, 2020:

- The Company issued $50,000 of convertible debt in exchange for consulting services, of which $37,500 is recorded as prepaid expense as at August 31, 2020.
- The Company issued 1,667,000 shares through converting $61,212 of convertible debt, which included principal and accrued interest (Note 13).

Certive Solutions Inc.

Condensed consolidated interim statements of changes in equity for the three-months ended August 31, 2020 and 2019:

(Unaudited - Expressed in U.S. Dollars)

	Capital Stock											
	Number of Shares	**Amount**	**Shares to be Issued**	**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**
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	-	-	-	-	-		-	-	-	244,217	-	244,217
Removal of prior year debt that was amended in the current year	-	-	-	-	-		-	-	-	(300,427)		(300,427)
Shares returned to treasury	(900,000)	(270,000)	-	-	-	-	-	-	270,000	-	-	-
Exercise of warrants	2,750,000	176,708	-	-	-	(31,708)	-	-	-	-	-	145,000
Shares issued for prior debt settlement	2,804,558	82,168	-	-	-	-	-	-	-	-	-	82,168
Shares issued for the conversion of convertible debt	31,971,576	1773,272	-	-	-	-	-	-	-	(12,966)	-	1,773,272
Share-based compensation	-	12,966			17,788							17,788
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(1,999,795)	(1,999,795)
Balance as at May 31, 2020	**137,885,114**	**$ 23,923,918**	**$ -**	**$ (655,877)**	**$ 1,871,803**	**$ 728,387**	**$ 766,829**	**$ -**	**$ -**	**$ 599,651**	**$ (33,348,704)**	**$ (6,113,993)**
Balance as at May 31, 2020	**137,885,114**	**$ 23,923,918**	**$ -**	**$ (655,877)**	**$ 1,871,803**	**$ 728,387**	**$ 766,829**	**$ -**	**$ -**	**$ 599,651**	**$ (33,348,704)**	**$ (6,113,993)**
Convertible debt issued	-	-	-	-	-	-	-	-	-		-	-
Shares issued for the conversion of convertible debt	1,667,000	61,213	-	-	-	-	-	-	-	-	-	61,213
Share-based compensation	-	-	-	-	2,259	-	-	-	-	-	-	2,259
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(530,564)	(530,564)
Balance as at August 31, 2020	**139,552,114**	**$ 23,985,131**	**$ -**	**$ (655,877)**	**$ 1,874,062**	**$ 728,387**	**$ 766,829**	**$ -**	**$ -**	**$ 599,651**	**$ (33,879,268)**	**$ (6,581,085)**

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 operational headquarters is located at 8149 N. 87th Place, 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 August 31, 2020, the Company has a working capital deficit of ($6,056,273), a loss for the three-months ended of ($530,564) and an accumulated deficit of ($33,879,268).

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. There is also uncertainty as the likely effects of the novel coronavirus ("COVID-19") outbreak which may, among other things, impact the Company's operations and ability to raise further financing (see Note 20). 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, 2020.

The accounting policies followed by the Company are as set out in the audited financial statements for the year ended May 31, 2020 and have been consistently followed in the preparation of these condensed consolidated 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 October 29, 2020.

b) Significant accounting judgments 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.

<u>Critical judgments</u>

The preparation of these consolidated financial statements requires management to make judgments 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.

<u>Key sources of estimation uncertainty</u>

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:

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgments and estimates (cont'd…)

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.

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 judgments 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.

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgments and estimates (cont'd…)

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 currently had two office leases that were classified as finance leases effective as at June 1, 2019.

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:

Name	Place of incorporation	August 31, 2020 Interest %	May 31, 2020 Interest %	Principal activity
Certive Solutions Inc. (the parent company)	British Columbia, Canada	100%	100%	Management solutions
Certive Health Inc. ("CHI") (formerly Certive Technologies Arizona Inc.)	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")	Arizona, United States	100%	100%	Dormant

(1) Knowledge Capital Alliance Inc. was sold on May 31, 2019 and recorded as discontinued operations in prior periods.

3. NEW AND FUTURE ACCOUNTING POLICIES

a) New standards 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. 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. The Company elected to apply the effect of changes retrospectively with the cumulative effect of initially applying the standards recognized to retained earnings at the date of initial application which is June 1, 2019 (Note 18). The right-of-use assets are measured on adoption at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease recognized in the statement of financial position at adoption.

The following is the Company's new accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and lease liability is recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, including periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the implicit interest rate in the lease. If the rate cannot be readily determined, the Company's incremental rate of borrowing is used. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate. The change in the Company's estimate depends on the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

(Unaudited - Expressed in U.S. Dollars)

3. NEW AND FUTURE ACCOUNTING POLICIES (cont'd…)

b) Future accounting pronouncements

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

4. MARKETABLE SECURITIES

Cost		
At May 31, 2019 and 2020 and August 31, 2020	$	7,474
Adjustment to fair value		
At May 31, 2019		17,982
Unrealized loss		(22,377)
At May 31, 2020		(1,619)
Unrealized loss		(307)
At August 31, 2020		(1,926)
Monetary exchange		
At May 31, 2019		(1,581)
At May 31, 2020		1,250
At August 31, 2020		126
Net Book Value		
At May 31, 2020	$	4,329
At August 31, 2020	$	3,896

5. RECEIVABLES

		August 31, 2020		May 31, 2020
GST input tax credits	$	11,784	$	11,422
Trade receivables		208,767		28,659
Work in progress ("WIP")		471,637		498,431
Allowance for uncollectible WIP		(117,909)		(118,547)
	$	574,279	$	419,965

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

(Unaudited - Expressed in U.S. Dollars)

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.

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 $101,905 as at August 31, 2020.

7. NOTE PAYABLE

Short-term notes

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 issued a convertible promissory note of $600,000 to the former owner of Omega. During the year ended May 31, 2017, this promissory note was converted into 10,000,000 shares to be issued and was recorded in other equity reserve as at May 31, 2017 and 2018. In addition, a further $240,000 was recorded in other equity reserve relating to 1,300,000 common shares to be issued to the former owner of Omega.

7. NOTE PAYABLE (cont'd…)

Short-term notes (cont'd…)

During the year ended May 31, 2019, the 11,300,000 shares to be issued were issued, and the resulting other equity reserve of $840,000 was transferred to share capital (Note 14).

During the year ended May 31, 2018, the Company and the former owner of Omega negotiated a further amount to be paid in connection with the acquisition of Omega. This amount was renegotiated further during the year ended May 31, 2019.

The Company agreed to make payments totaling $500,000, which when paid, will be full settlement of any amounts owed between the Company and the former owner of Omega's assets as follows:

- $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.

As at May 31, 2020, the remaining unpaid balance of $300,000 is included in Short-Term Notes Payable (Note 15).

Long-term notes

On April 3, 2020, CHI applied for a $368,600 loan pursuant to the U.S. 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. CHI has used the proceeds to pay for qualifying expenses, such as payroll, payroll taxes, employee benefits and occupancy costs. The PPP Loan terms include: (1) a maturity date in two years; (2) interest at 1.00% per annum; (3) no early prepayment penalties; and (4) 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. As at August 31, 2020, the entire PPP Loan Balance has been included in Long-Term Notes Payable. In accordance with the PPP loan forgiveness application, the $10,000 advance received from the SBA Economic Injury Disaster Loan will be deducted from the forgiveness amount.

The Company applied for and was awarded a $150,000 SBA Economic Injury Disaster Loan with an interest rate of 3.75%, repayments deferred for one year and then monthly payments based on a 30-year term loan.

8. IMPAIRED ASSETS

The Company considered Omega and KCA to be separate CGUs. The Company determined that Omega was impaired as at May 31, 2018 and determined that its recoverable amount was $Nil. As a result, 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 during the year ended May 31, 2018. An assessment will be made at each reporting date to determine whether the previous impairment of Omega no longer exists or has decreased. The KCA customer list was sold on May 31, 2019.

(Unaudited - Expressed in U.S. Dollars)

9. SOFTWARE DEVELOPMENT

		Software Development
Cost		
Balance at May 31, 2019	$	573,316
Additions		-
Balance at May 31, 2020 and August 31, 2020	$	573,316
Accumulated Amortization		
Balance at May 31, 2019	$	278,659
Amortization		85,533
Balance at May 31, 2020		364,192
Amortization		12,057
Balance at August 31, 2020	$	376,249
Net Book Value		
At May 31, 2020	$	209,124
At August 31, 2020	$	197,067

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		August 31, 2020		May 31,2020
Accounts payable	$	286,265	$	370,220
Accrued liabilities		1,330,091		1,134,594
Payroll and payroll tax liabilities		339,435		350,784
	$	1,955,791	$	1,855,598

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT

As at August 31, 2020, the Company had the following convertible debt:

Description		Face value		Total liability
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 5% per annum.	CDN$	30,000	$	23,004
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		324,356
Past due convertible note, convertible at CDN$0.10 per share, accruing interest at 12% per annum.	CDN$	10,000		7,668
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 10% per annum.	CDN$	400,000		306,720
Past due convertible note, convertible at CDN$0.15 per share, accruing interest at 18% per annum.	CDN$	700,000		533,981
Mature in July 2019, convertible at $0.03 per share, accruing interest of 15% per annum	$	50,000		50,000
Mature in July 2019, convertible at $0.06 per share, accruing interest of 18% per annum	$	50,000		50,000
Mature in November 2019, convertible at $0.04 per share, accruing interest of 10% per annum	$	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		287,500
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		306,720
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 (Note 16)	$	250,000		250,000
Mature in July 2021, convertible at $0.03 per share, accruing interest of 15% per annum (Note 16)	$	50,000		49,211
Mature on February 28, 2022, convertible at $0.03 per share, accruing interest of 10% per annum	$	253,561		231,938
Mature on October 31, 2021, convertible at $0.06 per share, accruing interest of 8% per annum (Note 16)	$	819,093		749,627
Mature on February 29, 2024, convertible at $0.14 per share, accruing interest of 12% per annum (Note 16)	$	747,052		831,765
			$	4,092,490

As at August 31, 2020 and May 31, 2020, the Company has the following convertible notes outstanding:

		August 31, 2020		May 31, 2020
Convertible notes overdue	$	2,133,914	$	2,133,914
Convertible notes due within 12 months of period end		49,211		49,992
Convertible notes due after 12 months from period end		1,909,365		1,629,836
	$	4,092,490	$	3,813,742

(Unaudited - Expressed in U.S. Dollars)

11. CONVERTIBLE DEBT (cont'd…)

The Company offered 12%, four-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"). 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 north-eastern U.S. The Company shall not be penalized for early repayment of any or all the note. As at August 31, 2020, such offering represents $238,662 of funds received during the three-months ended August 31, 2020. The Company did not record a debt and equity component as an additional interim closing of the 12%, four-year convertible promissory notes was not approved by the Board until effective September 1, 2020.

12. SHORT-TERM LOANS

Loans are made of the following:

		August 31, 2020		May 31, 2020
Loans from related parties (Note 15) (1)	$	140,000	$	163,000
Loans from other entities (2)		257,986		211,849
	$	397,986	$	374,849

(1) As at August 31, 2020, of these short-term loans from related parties, $8,000 are non-interest-bearing advances to the Company, due on demand, while the remaining $132,000 have an interest rate of 12% and are due on demand. As at May 31, 2020, of these short-term loans from related parties, $8,000 are non-interest-bearing advances to the Company, due on demand, while the remaining $130,000 have an interest rate of 12%, $20,000 have an interest rate of 10% and $5,000 have an interest rate of 8% and are due on demand.

(2) As at August 31, 2020, of these short-term loans from other parties, $130,000 are non-interest bearing advances to the Company, due on demand, while the remaining $125,000 have an interest rate of 12% and are due on demand. The remaining $3,986 is a line of credit owing to a financial institution that bears interest at 4% per annum. As at May 31, 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 $125,000 have an interest rate of 12% and are due on demand. The remaining $3,849 is a line of credit owing to a financial institution that bears interest at 4% per annum.

13. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and outstanding

During the three-months ended August 31, 2019, the Company had the following share transactions:

- The Company returned 900,000 shares to treasury valued at $270,000.
- The Company issued 1,750,000 shares through exercised warrants valued at $95,124.

(Unaudited - Expressed in U.S. Dollars)

13. SHARE CAPITAL (cont'd…)

During the three-months ended August 31, 2020, the Company had the following share transactions:

- The Company issued 1,667,000 shares through converting $61,212 of convertible debt, which included principal and accrued interest.

b) Purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average
Outstanding, May 31, 2019	23,166,734	0.05
Exercised	(2,750,000)	0.05
Expired	(20,416,734)	0.04
Outstanding, May 31 and August 31, 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 table summarizes the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, May 31, 2019	10,008,708	$0.13
Expired [(1)]	(900,000)	$0.12
Granted	1,550,000	CDN$0.05
Outstanding, May 31 and August 31, 2020	10,658,708	$0.12

(1) 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.

As at May 31, 2020 and August 31, 2020, the following stock options were outstanding to directors, officers and employees:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
3,008,708	3,008,708	CDN$0.25	0.34	December 31, 2020
2,100,000	2,100,000	$0.22	1.04	September 13, 2021
4,000,000	200,000	CDN$0.05	8.42	January 29, 2029
1,150,000	-	CDN$0.05	9.31	December 18, 2029
400,000	-	CDN$0.05	9.69	March 31, 2030
10,658,708	5,308,708	$0.12	4.83	

(Unaudited - Expressed in U.S. Dollars)

13. SHARE CAPITAL (cont'd…)

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting.

During the year ended May 31, 2020, the Company granted the following stock options:

- On December 18, 2019, the Company 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.

- On December 18, 2019, the Company also granted 750,000 retention stock options with a fair value of USD$0.04 per option, of which an additional $1,731 was recorded as share-based compensation expense during the three-months ended August 31, 2020, 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 grant.

- On March 31, 2020, the Company granted 200,000 incentive stock options to an advisory member of the Company, exercisable at CDN$0.05 for a period of 10 years. These options will vest if the Company's share price sustains at or above $0.30 for a 45-consecutive day period on a volume weighted basis 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.

- On March 31, 2020, the Company also granted 200,000 stock options with a fair value of USD$0.02 per option, of which an additional $528 was recorded as share-based compensation expense during the three-months ended August 31, 2020, to directors of the Company, CDN$0.05 per share for a ten-year term, which will vest in their entirety 12 months after the date of grant.

During the three-months ended August 31, 2020, the Company did not grant any stock options.

	August 31, 2020
Expected volatility	241.17%
Expected option life (years)	5.15
Risk-free interest rate	1.58%
Expected dividend yield	0%

(Unaudited - Expressed in U.S. Dollars)

14. DERIVATIVE LIABILTY

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 August 31, 2020 and May 31, 2020 is as follows:

As at August 31, 2020:

Expiration Date	Exercise price	Number of securities exercisable/convertible		Fair value as at August 31, 2020
October 31, 2020	$0.06	14,348,969	$	295,184

These securities issued outstanding as at August 31, 2020 were valued using the Black Scholes option pricing model with a weighted average expected volatility of 205.54%, discounted rate of 0.28%, expected life of 1.25 years, and a dividend rate of 0%.

As at May 31, 2020:

Expiration Date	Exercise price	Number of securities exercisable/convertible	Fair value as at May 31, 2020
October 31, 2020	$0.06	14,348,969	275,483

These securities issued outstanding as at May 31, 2020 were valued using the Black Scholes option pricing model with a weighted average expected volatility of 253.12%, discounted rate of 0.28%, expected life of 1.5 years, and a dividend rate of 0%.

(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. The 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
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 of investor relations
Mike Miller	Corporate secretary and chief legal officer
Susan Miller	Spouse of the corporate secretary
Fredrick Erickson	Former key management personnel
Brian Cameron	Former key management personnel
Ann Fierro	Key management personnel
Jeff Benton	Advisory council member
Arthur Pelberg, M.D.	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
J.J. Linder, M.D.	Advisory council member
Scott Donaldson	Advisory council member
Sheila Schweitzer	Advisory council member

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

	Nature of relationship		August 31, 2020		May 31, 2020
Accounts payable (Note 10)	Directors, key management personnel, and companies controlled by these parties,	$	134,567	$	168,964
Convertible loans – face value (Note 11)	Directors	$	230,575	$	180,575
Convertible loans – face value (Note 11)	Advisory board member	$	588,789	$	563,789
Notes payable (Note 7)	Key management personnel	$	300,000	$	300,000
Short-term loans payable (Note 12)	Former officer and director	$	25,000	$	25,000
Short-term loans payable (Note 12)	Directors and key management	$	138,000	$	138,000

(Unaudited - Expressed in U.S. Dollars)

15. RELATED PARTY TRANSACTIONS (cont'd…)

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-months ended August 31, 2020 and 2019 are as follows:

	August 31, 2020	August 31, 2019
Management fees	$ -	$ 12,000
Salaries to key management personnel, included in operating costs and expenses	95,886	48,979
Consulting fees	-	65,500
Professional fees	-	76,907
Total	$ 95,886	$ 203,386

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 three-months ended August 31, 2020.

(Unaudited - Expressed in U.S. Dollars)

17. LEASES

Upon transition to IFRS 16 on June 1, 2019, the Company had two lease agreements for its leased office premises:

i) The Company had a lease in Scottsdale, Arizona, which expired on July 31, 2020. The Company did not renew this lease. Subsequent to the expiry of this lease, the Company rents office space on a month to month basis, which is exempt from recognized as a right of use asset due to the short-term nature of this agreement.

ii) The Company had a lease through its subsidiary, Omega, which expired on March 31, 2020. As at May 31, 2020, the Company had not entered into a new lease, as a “shelter-in-place” order has been issued. As a result of the order, 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.

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 14 months and 10 months respectively. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Right-of-use assets

		Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Cost						
Balance at June 1, 2019 and August 31, 2020	$	37,365	$	154,180	$	191,545
Accumulated depreciation						
Balance at June 1, 2019	$	-	$	-	$	-
Depreciation		31,913		154,180		186,093
Balance at May 31, 2020	$	31,913	$	154,180	$	186,093
Depreciation		5,452		-		5,452
Balance at August 31, 2020		37,365		154,1580		191,545
Net book value						
June 1, 2019	$	37,365	$	154,180	$	191,545
May 31, 2020		5,452		-		5,452
August 31, 2020	$	-	$	-	$	-

Lease liability

		Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Balance at June 1, 2019	$	37,365	$	154,180	$	191,545
Interest		2,993		8,205		5,217
Payments		(34,669)		(146,146)		(184,952)
Recovery of rent		-		(16,239)		(17,791)
Balance at May 31, 2020	$	5,689	$	-	$	5,689
Payments		(4,137)		-		(4,137)
Recovery of rent		(1,552)		-		(1,552)
Balance at August 31, 2020	$	-	$	-	$	-

18. 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 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 is measured on the statement of financial position using level 2 of the fair value hierarchy. The fair value of convertible debt and derivative liability is measured on the statement of financial position using level 3 of the fair value hierarchy. The fair values of 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.

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.

a) 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.

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 it will collect payment. The Company does not believe it has a material exposure to credit risk.

b) *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 19. 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 accounts payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

c) 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.

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

(i) 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 August 31, 2020, the Company has approximately CDN$2,600,000 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 $206,000.

(ii) 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.

(iii) 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.

19. LEGAL MATTER

Included in accrued liabilities is a payroll tax liability of $339,435 as of August 31, 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. However, due to the COVID-19 pandemic, the Company may believe it will not be able to make payments in a timely manner. 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. On September 28, 2020, the Company recently submitted an Offer-in-Compromise to the IRS regarding this matter. As of October 29, 2020, the outcome is unknown.

20. CONTINGENCY

Since early 2020, the outbreak of the novel strain of coronavirus ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, including the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally. Governments and central banks have reacted at times with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions. Most recently, additional fiscal stimulus in the United States has been delayed at a time when new diagnosed cases of COVID-19 have reached new daily highs. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

21. SUBSEQUENT EVENTS

a) The Company raised funds to provide working capital subsequent to August 31, 2020 as follows:

(i) The Company's Board approved a $1,200,000 Offering of 12%, four-year convertible promissory notes on October 29, 2019. At the option of the lender, any unpaid principal and interest may be converted to shares of the Company's common stock at $0.14/share during the term. As of September 28, 2020, the $1,199,661 Offering was closed, which included $158,571 raised subsequent to August 31, 2020.

(ii) The Company received $32,000 from an Officer and Director of the Company in exchange for short-term demand notes, which bears interest at 12%.

(iii) The Company received $45,000 from a lender in exchange for a short-term demand note, which bears interest at 10%.

b) The Company has completed its application to the SBA to forgive its $368,400 Paycheck Protection Program loan because the funds were fully used for qualifying expenses. As of October 29, 2020, the outcome is unknown.