Certive Solutions Inc.

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

For the years ended May 31, 2021 and 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Certive Solutions Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Certive Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flow, and the consolidated statement of changes in shareholders' deficit for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about Certive Solutions Inc.'s ability to continue as a going concern.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's discussion and analysis report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's discussion and analysis report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial statement information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Mickey Goldstein.

HARBOURSIDE CPA LLP

Harbourside CPA LLP
Chartered Professional Accountants

Vancouver, British Columbia
October 4, 2021

Certive Solutions Inc.
Consolidated Statements of Financial Position as at
(Expressed in U.S. Dollars)

	Notes		May 31, 2021		May 31, 2020
ASSETS					
Current assets					
Cash		**$**	**1,935**	$	29,295
Marketable securities	4		**36,785**		4,329
Receivables, net of allowance	5		**404,091**		419,965
Prepayments	11		**40,532**		105,743
Total current assets			**483,343**		559,332
Non-current assets					
Right-of-use assets	16		**-**		5,452
Receivable from sale of KCA	5		**95,801**		106,060
Software development	6		**130,848**		209,124
Total assets		**$**	**709,992**	$	879,968
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8,15, 19	**$**	**2,618,380**	$	1,855,598
Convertible debt	9, 15		**4,237,090**		3,813,742
Short term loans	10,15		**915,891**		374,849
Notes payable – current portion	11, 15		**300,000**		300,000
Lease liability – current portion	16		**-**		5,689
Derivative liability	13		**230,574**		-
Total current liabilities			**8,301,935**		6,349,878
Non-current liabilities					
Derivative liability	13		**-**		275,483
Note payable – long term portion	11		**150,000**		368,600
Total liabilities			**8,451,935**		6,993,961
Shareholders' deficit					
Share capital	12		**24,311,081**		23,923,918
Reserve - Transactions costs			**(655,877)**		(655,877)
Reserve - Share options	12		**1,880,841**		1,871,803
Reserve - Share warrants	12		**728,387**		728,387
Contributed surplus			**766,829**		766,829
Equity portion of convertible debt	12		**618,876**		599,651
Deficit			**(35,392,080)**		(33,348,704)
Total shareholders' deficit			**(7,741,943)**	,	(6,113,993)
Total deficit and liabilities		**$**	**709,992**	$	879,968

Nature of operations and going concern (Note 1)
Subsequent events (Note 20)

APPROVED ON BEHALF OF THE BOARD:

"Tim Hyland" Director "Tom Marreel" Director

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

Certive Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss for the Years Ended
(Expressed in U.S. Dollars)

	Notes		May 31, 2021		May 31, 2020
REVENUE					
Lost charge recovery revenue		$	**1,756,176**	$	**1,406,309**
OPERATING COSTS					
Commissions			**36,635**		**31,301**
Contractor and consultant fees			**50,760**		**141,294**
Direct payroll and employee benefits	15		**1,523,054**		**1,010,042**
Travel to client sites			**-**		**881**
License fees			**150**		**150**
Total operating costs			**1,610,599**		**1,183,668**
Gross profit			**145,577**		**222,641**
EXPENSES					
Amortization & depreciation	6,16		**83,728**		**271,626**
Bad debt expense	5		**228,577**		**118,547**
Bank charges and interest	9,10,11,16		**768,235**		**946,879**
Consulting fees	15		**90,000**		**134,000**
Foreign exchange (gain) loss			**363,598**		**(87,359)**
General and administrative			**207,279**		**221,573**
Investor relations	15		**-**		**8,200**
Management fees	15		**-**		**63,000**
Professional fees	15		**46,882**		**315,047**
Rent	16		**26,249**		**15,480**
Salaries and wages	15		**795,984**		**862,967**
Sales and marketing			**18,653**		**21,921**
Share-based compensation	12, 15		**9,038**		**17,788**
Transfer agent and filing fees			**31,315**		**44,730**
Travel and promotion			**3,681**		**20,158**
Total expenses			**2,673,219**		**2,974,557**
Loss from operations			**(2,527,642)**		**(2,751,916)**
OTHER INCOME (EXPENSE)					
Derivative liability recovery (expense)	13		**44,909**		**64,776**
Gain from settlement / write-off of debt	12		**-**		**693,483**
PPP loan forgiveness and other income	11		**383,969**		**-**
Recovery of accounts payable			**20,093**		**-**
Unrealized gain (loss) on marketable securities	4		**33,743**		**(22,377)**
Recovery of rent expense	16		**1,552**		**16,239**
Other income, net			**484,266**		**752,121**
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(2,043,376)**	$	**(1,999,795)**
Basic and diluted loss per common share		**$**	**(0.01)**	$	**(0.02)**
Weighted average number of common shares outstanding			**139,701,472**		**113,942.485**

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

Certive Solutions Inc.
Consolidated Statements of Cash Flow for the Years Ended
(Expressed in U.S. Dollars)

		May 31, 2021		May 31, 2020
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the year	**$**	**(2,043,376)**	$	(1,999,795)
Adjustments for				
Amortization and depreciation		**83,728**		271,626
Share based compensation expenses		**9,038**		17,788
Convertible debt issued for consulting fees		**-**		70,000
Accretion and transaction cost		**236,855**		300,038
Accretion on leases		**107**		11,198
Derivative		**(44,909)**		(64,776)
Foreign exchange		**116,426**		94,426
Gain from settlement/write-off of debt		**(20,093)**		(693,483)
Unrealized gain marketable securities		**(33,743)**		22,377
PPP loan forgiveness		**(383,969)**		-
Recovery on rent expenses		**(1,552)**		(16,239)
Changes in non-cash working capital:				
Receivables		**15,874**		(19,997)
Prepayments		**65,211**		(11,870)
Accounts payable and accrued liabilities		**818,753**		645,427
Net cash used in operating activities		**(1,181,651)**		(1,373,280)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Cash received from KCA		**10,259**		6,791
Net cash provided by investing activities		**10,259**		6,791
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES				
Proceeds from convertible debt		**397,234**		895,000
Proceeds from warrants exercised		**-**		142,000
Proceeds from long-term loan		**160,000**		368,600
Short-term loan		**598,023**		341,849
Lease payments made		**(4,244)**		(180,815)
Repayment of short-term loan		**(6,981)**		(85,000)
Repayment of notes payable		**-**		(150,000)
Net cash provided by financing activities		**1,144,032**		1,331,634
CHANGE IN CASH DURING THE YEAR		**(27,360)**		(34,855)
CASH, BEGINNING OF YEAR		**29,295**		64,150
CASH, END OF YEAR	**$**	**1,935**	$	29,295
Supplemental disclosure of cash flow information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

Non-cash transactions affecting cash flows from financing and investing activities for the year ended May 31, 2021:

- The Company issued 6,519,578 shares through converting $335,863 of convertible debt, which included principal and accrued interest (Note 12).
- $55,375 was transferred from short-term loans to convertible debt (Note 9).

Non-cash transactions affecting cash flows from financing and investing activities for the year ended May 31, 2020:

- The Company returned 900,000 shares to treasury valued at $270,000 (Note 12).
- The Company issued $70,000 of convertible debt in exchange for consulting services (Note 9).
- The Company issued $50,000 of convertible debt for consulting services included as prepaid expenses as at May 31, 2020 (Note 9).
- The Company issued 31,971,576 shares through converting $1,896,273 of convertible debt, which included principal and accrued interest (Note 12).
- $275,000 was transferred from short-term loans to convertible debt (Note 9).
- The Company issued 2,804,558 shares valued at $82,168 in settlement of accounts payable of $252,761.

Certive Solutions Inc.
Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in U.S. Dollars)

	Capital Stock									
	Number of Shares	**Amount**	**Reserve – Transaction Costs**	**Reserve – Share Options**	**Reserve – Warrants**	**Contributed Surplus**	**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	1,773,272	-	-	-	-	-	-	-	1,773,272
Share based compensation	-	-	-	17,788	-	-	-	-	-	17,788
Equity portion of shares issued for conversion of debt	-	12,966	-	-	-	-	-	(12,966)	-	-
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)**
Convertible debt issued	-	-	-	-	-	-	-	70,525	-	70,525
Shares issued for the conversion of convertible debt	6,519,578	335,863	-	-	-	-	-	-	-	335,863
Equity portion of shares issued for conversion of debt	-	51,300	-	-	-	-	-	(51,300)	-	-
Share based compensation	-	-	-	9,038	-	-	-	-	-	9,038
Loss and comprehensive loss	-	-	-	-	-	-	-	-	(2,043,376)	(2,043.376)
Balance as at May 31, 2021	**144,404,692**	**$ 24,311,081**	**$ (655,877)**	**$ 1,880,841**	**$ 728,387**	**$ 766,829**	**$ -**	**$ 618,876**	**$ (35,392,080)**	**$ (7,741,943)**

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

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 currently provides services to hospital clients enhancing the efficiency and effectiveness of lost charge recovery services, in revenue sharing relationships that improve hospital clients' net operating results.

The Company's mailing address is 1185 West Georgia Street, Suite 1140, Vancouver, BC V6E 4E6. The Company's records office recently relocated to 8149 North 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 May 31, 2021, the Company has a working capital deficit of ($7,818,592), a loss for the year of ($2,043,376) and an accumulated deficit of ($35,392,080).

Management of the Company does not expect that cash flows from the Company's operations will be sufficient 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 to the 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 21). 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

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

The consolidated financial statements have been prepared on a historical cost basis except for certain financial 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.

These consolidated financial statements were reviewed and approved and authorized for issue by the Board of Directors of the Company on October 4, 2021.

2. BASIS OF PRESENTATION (cont'd…)

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.

Critical Judgments

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.

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 un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, 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.

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd…)

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

Key Sources of Estimation Uncertainty (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 on leases that were previously classified as operating leases under IAS 17. The liabilities were measured at the present value of the remaining lease payments and using a discount rate of 15%. The Company had two office leases that were classified as finance leases effective as at June 1, 2019.

b) 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.

c) 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	May 31, 2021 Interest %	May 31, 2020 Interest %	Principal Activity
Certive Solutions Inc. (the parent company)	British Columbia, Canada	N/A	N/A	Management solutions
Certive Health Inc.	Arizona, United States	100%	100%	Management solutions
Omega Technology Solutions Inc. ("Omega")	Arizona, United States	100%	100%	Healthcare revenue cycle management solutions
Advantive Information Systems Inc. ("AIS")	Arizona, United States	100%	100%	Dormant

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

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

b) Capital assets

Capital assets are stated at cost less accumulated amortization and accumulated impairment losses. The cost of a capital asset consists of the purchase price, and costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located. Amortization is provided at rates calculated to write off the costs of the asset, less its estimated residual value. The capital assets of the Company consist primarily of furniture and fixtures and are amortized straight line over 2 years.

c) Intangible assets

Separately acquired intellectual property and technological assets are recorded at historical cost. Intellectual property and technological assets acquired in a business combination are recognized at fair value at the acquisition date. Technological assets have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the items over their estimated useful lives of seven years.

d) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for any assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

d) Financial instruments (cont'd…)

Measurement

i) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

ii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

iii) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

iv) Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

i) Financial Assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

ii) Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

d) Financial instruments (cont'd…)

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category
Cash	FVTPL
Marketable securities	FVTPL
Receivables	FVTPL
Accounts payable	Amortized cost
Convertible debt	Amortized cost
Short term loans	Amortized cost
Note payable	Amortized cost
Derivative liability	FVTPL

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities are measured at fair value using Level 1 inputs. The derivative liability has been measured at fair value using level 3 inputs (Note 16).

e) Loss per share

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

f) Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

g) Revenue recognition

The Company recognizes revenue when it has persuasive evidence of a contract with commercial substance, performance obligations have been identified and satisfied, payment items have been identified, and it is probable that the Company will collect the consideration it is entitled to.

Revenue from lost charge recovery services are recognized at the time such lost charges are reported to the hospital clients and approved by the hospital clients for submission to the payer, such as an insurance company, Medicaid and Medicare. Generally, invoices to a hospital client are on the first of the month following a hospital client's receipt of payment from the payer.

h) Income taxes

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

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

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

i) Foreign exchange

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

j) Impairment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets with indefinite useful lives are tested for impairment annually at the appropriate CGU level and when circumstances indicate that the carrying value may be impaired.

k) Leases

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).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

k) New accounting policies adopted (cont'd)

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, if there is a change in the Company's estimate of 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.

l) Future accounting pronouncements

A number of new standards, amendments to standards and interpretations may not yet be 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.

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

4. MARKETABLE SECURITIES

Cost		
At May 31, 2019, 2020 and 2021	$	7,474
Adjustment to fair value		
At May 31, 2019		17,982
Unrealized loss		(22,377)
At May 31, 2020		(4,395)
Unrealized gain		33,743
At May 31, 2021		29,348
Monetary exchange		
At May 31, 2020		1,250
At May 31, 2021		(37)
Net Book Value		
At May 31, 2020	$	4,329
At May 31, 2021	$	36,785

5. RECEIVABLES

		May 31, 2021		May 31, 2020
GST input tax credits	$	12,941	$	11,422
Trade receivables		23,360		28,659
Work in progress		545,417		498,431
Allowance for uncollectable WIP		(177,627)		(118,547)
	$	404,091	$	419,965

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

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
- Cash in the amount of $930,000 to be paid in monthly installments of net revenues as follows:

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

5. RECEIVABLES (cont'd…)

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 estimated that the amount receivable was $112,851 as at May 31, 2019, based on a 5-year cash flow projection, using a discount rate of 20%, and 5-year projected revenues of KCA. The Company's receivable from KCA is $95,801 and $106,060 as at May 31, 2021 and 2020, respectively.

6. SOFTWARE DEVELOPMENT

		Software Development
Cost		
At May 31, 2019, 2020 and 2021	$	573,316
Accumulated Amortization		
At May 31, 2019		278,659
Amortization expense		85,533
At May 31, 2020		364,192
Amortization expense		(78,276)
At May 31, 2021		442,468
Net Book Value		
At May 31, 2020	$	209,124
At May 31, 2021	$	130,848

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

7. IMPAIRED ASSETS

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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		May 31, 2021		May 31, 2020
Accounts payable (Note 15)	$	347,875	$	370,220
Accrued liabilities		1,730,468		1,134,594
Payroll and payroll tax liabilities (Note 19)		540,037		350,784
	$	2,618,380	$	1,855,598

9. CONVERTIBLE DEBT

As at May 31, 2021 and 2020, the Company had the following convertible debt:

Description		Face value		Total liability May 31, 2021		Total liability May 31, 2020
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 5% per annum.	CDN$	30,000	$	24,852	$	21,759
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		350,413		306,802
Past due convertible note, convertible at CDN$0.10 per share, accruing interest at 12% per annum.	CDN$	10,000		8,284		7,253
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 10% per annum.	CDN$	400,000		331,360		290,120
Past due convertible note, convertible at CDN$0.15 per share, accruing interest at 18% per annum.	CDN$	700,000		578,967		505,872
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		310,650		271,988
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		331,360		290,120
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 15)	$	250,000		250,000		250,000
Mature in June 2020, convertible at $0.03 per share, accruing interest of 10% per annum	$	50,000		49,997		49,992
Mature in July 2021, convertible at $0.03 per share, accruing interest of 15% per annum (Note 15)	$	50,000		-		49,007
Mature on February 28, 2022, convertible at $0.03 per share, accruing interest of 10% per annum	$	253,561		240,897		228,822
Mature on October 31, 2021, convertible at $0.06 per share, accruing interest of 8% per annum (Note 15)	$	819,093		536,793		736,345
Mature on February 29, 2024, convertible at $0.14 per share, accruing interest of 12% per annum (Note 15)	$	747,052		642,372		615,662
Mature on February 29, 2024, convertible at $0.14 per share, accruing interest of 12% per annum (Note 15)		452,609		391,144		-
			$	4,237,090	$	3,813,742

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

9. CONVERTIBLE DEBT (cont'd…)

As at May 31, 2021 and 2020, the Company has the following convertible notes outstanding:

	May 31, 2021	May 31, 2020
Convertible notes overdue	$ 2,375,886	$ 2,133,914
Convertible notes due within 12 months of period end	827,687	49,992
Convertible notes due after 12 months from period end	1,033,517	1,629,836
	$ 4,237,090	$ 3,813,742

During the year ended May 31, 2021, the Company had the following convertible debt transactions:

The Company offered four-year 12% 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"). The notes are due February 29, 2024, and, during the term, the unpaid principal and unpaid accrued interest, if any, may be converted into common shares of Certive at $0.14 per share. The notes are to be repaid from, among other sources, the lenders' pro rata share of 1/3 of the net 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 notes. As of May 31, 2021, such offering represents $1,199,661 (2020 - $747,052) face value of convertible promissory notes and $1,033,516 of the liability (2020 - $615,662).

In addition, Certive's Board of Directors approved a new non-brokered $1,000,000 Private Placement Offering of four-year 10% convertible promissory notes. During the term, the unpaid principal and unpaid accrued interest, if any, may be converted into common shares of Certive at $0.14/share. The notes are to be repaid from, among other sources, the lenders' pro rata share of 25% of the net cash collections from three recent new clients along with the Company's next new client, which shall be designated before the Offering's Closing. The Company shall not be penalized for early repayment of any or all the notes. As at May 31, 2021, the Company has received $273,808 from lenders intending to participate in such Offering, of which $69,000 was received from two Officers and Directors of the Company and $73,263 was received from an Advisory Council member. These amounts have been recorded in 10% short-term loans disclosed in Note 10 below.

During the year ended May 31, 2020, the Company had the following convertible debt transactions:

i. The Company offered 8% two-year convertible promissory notes effective October 31, 2019 (the "Closing Date"). These notes are due October 31, 2021 and are convertible at the greater of:
   - $0.06 per share;
   - a 25%- discount to the last closing price if such price is CDN$0.50 per share, or less;
   - a 20%- discount to the last closing price if such price is between CDN$0.51 and CDN$2.00 per share; or
   - a 15%- discount to the last closing price if such price is above CDN$2.00 per share.

   As a result of the variable conversion price, these notes have an embedded derivative liability.

   As at May 31, 2020, these notes represent $819,093 face value of the convertible notes outstanding, $736,435 of the host liability.

   During the year ended May 31, 2020, these notes were made up as follows:

   - $1,831,651 of notes outstanding as at May 31, 2019 were converted into these notes. The liability portion of these notes was $1,609,131 using a weighted average discount rate of 15% being the interest rate that would be available to the Company on similar instruments without a conversion option. The embedded derivative liability was calculated to be $276,535.
   - The Company received $410,000 in cash, $70,000 in consulting services and $70,956 in principal and interest transferred from demand notes from lenders. The liability portion of the notes were determined to be $475,832, using a weighted average discount rate of 15% being the interest rate that would be available to the Company on similar instruments without a conversion option. The embedded derivative liability was calculated to be $75,124.

9. CONVERTIBLE DEBT (cont'd…)

During the year ended May 31, 2020, the Company had the following convertible debt transactions: (continued)

- The Company cancelled convertible notes of $2,071,651 and accrued interest of $92,697 and issued new convertible notes in the amount of the cancelled principal plus accrued interest of $2,164,348. The change in value due to the amendments was recorded in the statement of loss and comprehensive loss, in gain from settlement/write-off of debt. As a result of the amendments, the Company recorded a gain. The carrying value of the amended loans were calculated using a weighted average discount rate of 15%, being the interest rate that would be available to the Company on similar instruments without a conversion option.
- During the year ended May 31, 2020, lenders elected to convert promissory notes with a fair value of $1,450,297 and derivative liability of $985,104 into 28,116,394 shares.

ii. The Company offered of 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 Northeastern U.S. The Company shall not be penalized for early repayment of any, or all the note.

As of May 31, 2020, such offering represents $747,052 face value of convertible promissory notes and $615,662 of the liability.

During the year ended May 31, 2020, these notes were made up as follows:

- During the year ended May 31, 2020, the Company received $485,000 in cash, $50,000 in prepaid consulting services, and $205,000 of principal were transferred from demand notes from lenders subscribing to the 12% four-year convertible promissory notes offering. Of the demand notes transferred, $130,000 were from officers and directors of the Company, and $75,000 were from a non-related party. The liability portion of the notes were determined to be $604,007, using a weighted average discount rate of 15% being the interest rate that would be available to the Company on similar instruments without a conversion option. The equity portion was calculated to be $136,016.
- In addition, during the year ended May 31, 2020, the Company cancelled convertible notes of $360,000 and accrued interest of $7,052 and issued new convertible notes in the amount of the cancelled principal plus accrued interest of $367,052. The change in value due to the amendments was recorded in the statement of loss and comprehensive loss, in gain from settlement/write-off of debt. As a result of the amendments, the Company recorded a gain of $3,112, and an increase in the equity portion of the convertible debts of $456 during the year ended May 31, 2020. The carrying value of the amended loans were calculated using a weighted average discount rate of 15%, being the interest rate that would be available to the Company on similar instruments without a conversion option.

iii. The Company extended 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. As a result of the amendment, the Company recorded a gain of $13,302, and an increase to the equity portion of the convertible debts of $7,670. The carrying value of the amended loans were calculated using a weighted average discount rate of 15%, being the interest rate that would be available to the Company on similar instruments without a conversion option.

iv. The Company extended the due date of a $50,000 convertible promissory note dated July 2018, bearing simple interest at 15% per annum, which 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. The adjustments to the equity portion of convertible and gain on modification was insignificant.

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

10. SHORT-TERM LOANS

The loans are made of the following:

		May 31, 2021		May 31, 2020
Loans from related parties (Note 15) (1)	$	554,512	$	163,000
Loans from other entities (2)		361,379		211,849
	$	915,891	$	374,849

(1) As at May 31, 2021, of the total short-term loans from related parties, $299,250 are non-interest-bearing advances, payable on demand, to the Company, which are due on demand. Of the remaining $255,262, $113,000 have an interest rate of 12% and $142,262 have an interest rate of 10% and all are due on demand. As at May 31, 2020, of the total short-term loans from related parties, $8,000 are non-interest-bearing advances to the Company, due on demand. Of the remaining $155,000, $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 all are due on demand.

(2) As at May 31, 2021, of the total short-term loans from other parties, $100,000 are non-interest bearing advances to the Company, which are due on demand. Of the remaining $261,379, $125,000 have an interest rate of 12% and $131,525 have an interest rate of 10% and all are due on demand. The remaining $4,854 is a line of credit owing to a financial institution that bears interest at 4% per annum. As at May 31, 2020, of the total short-term loans from other parties, $83,000 are non-interest bearing advances to the Company, while $125,000 have an interest rate of 12% and all 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.

11. NOTE PAYABLE

Short-term notes 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 issued a convertible promissory note of $600,000 to the former owner of Omega's assets, which was converted into 10,000,000 common shares of the Company. In addition, 1,300,000 common shares of the Company, with a deemed value of $240,000, were issued as directed by the former owner of Omega's assets.

The Company also 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 becomes due (past due).

As at May 31, 2021 and 2020, the remaining unpaid balance of $300,000 is included in notes payable – current portion (Note 15).

11. NOTE PAYABLE (cont'd…)

Long-term notes payable

On April 22, 2020, CHI received a $368,600 loan pursuant to the U.S. Small Business Administration ("SBA") Paycheck Protection Program under the CARES Act (the "PPP Loan"). CHI used the proceeds to pay for qualifying expenses, such as payroll, payroll taxes, employee benefits and occupancy costs. CHI received notice from the SBA that the PPP Loan was fully forgiven effective on November 20, 2020. In accordance with the PPP Loan forgiveness terms, the $10,000 advance received from the SBA Economic Injury Disaster Loan ("EIDL") was to be repaid based on the terms of the PPP Loan. However, the Company received notice from its financial institution on February 24, 2021 that the $10,000 advance and $82 of accrued interest related to the SBA EIDL advance was forgiven.

On July 26, 2020, the Company was awarded a $150,000 SBA EIDL with an interest rate of 3.75%, repayments deferred for one year and then monthly payments based on a 30-year term loan. As at May 31, 2021, the long-term principal portion carrying value is $150,000. During the month of April 2021, the SBA announced that it is extending the first payment due date for the EIDL for two years from the loan date. Under these updated terms, the Company would not be expected to make the first EIDL payment until July 2022.

12. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and Outstanding

During the year ended May 31, 2021, the Company had the following share capital transactions:

- The Company issued 6,519,578 shares through converting $335,863 of convertible debt, which included principal and accrued interest.

During the year ended May 31, 2020, the Company had the following share transactions:

- The Company returned to treasury 900,000 shares valued at $270,000.
- The Company issued 2,750,000 shares for $142,000 in cash from the exercise of 2,750,000 warrants with a fair value of $31,708.
- The Company issued 31,971,576 shares through converting $1,896,273 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. On March 20, 2020, the shares were issued as directed by the vendor. A loss on settlement of debt of 27,908 was recorded on settlement.
- The Company issued 1,804,558 shares valued at $54,260 as settlement of accounts payable with a value of $252,638 due to certain current and former officers & directors, which was previously recorded in accounts payable. As a result, $198,378 was recorded as a gain on the settlement of debt. (Note 15).

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

12. SHARE CAPITAL (cont'd…)

b) 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)	$0.05
Outstanding, May 31, 2020 and 2021	-	-

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, 2019	10,008,708	$0.13
Expired (1)	(900,000)	$0.12
Granted	1,550,000	CDN$0.05
Outstanding, May 31, 2020	10,658,708	$0.12
Expired (2)(3)	(8,458,708)	$0.12
Outstanding, May 31, 2021	2,200,000	$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.

(2) On December 31, 2020, 4,058,708 stock options expired. The expired stock options consisted of 508,708 stock options pertaining to the Company's former CEO and of 3,550,000 stock options pertaining primarily to current and former members of the Company's Advisory Council. Such expired stock options were exercisable at CDN$0.25.

(3) On January 29, 2021, 4,400,000 of stock options granted to executive management expired because the vesting provision was not met. The stock options were granted by the Company's Board of Directors contingent upon the Company achieving a share price sustained at or above $0.30/share for a 45-consecutive day period on a volume weighted basis prior to January 29, 2021. When the Company initially granted these options, it was determined that the probability of achieving the required share price was nil and as a result did not record any share-based compensation in connection with these options.

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

12. SHARE CAPITAL (cont'd…)

c) Stock options (cont'd…)

As at May 31, 2021, the following stock options were outstanding to directors, officers and employees of the Company:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
1,050,000(1)	1,050,000	$0.22	0.04	September 13, 2021
1,150,000	400,000	CDN$0.05	8.31	December 18, 2029
2,200,000	1,450,000	$0.12	4.17	

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

During the year ended May 31, 2021, the Company did not grant any stock options.

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. However, these options expired on January 29, 2021, because they did not vest. These options would only vest if the Company's share price achieved $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 was 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 $6,923 was recorded as share-based compensation expense during the fiscal year ended May 31, 2021, to the Company's CEO and CFO. These retention stock options will vest in their entirety 36 months after the date of the grant and are exercisable at a price of CDN$0.05 per share for a ten-year term.

- On March 31, 2020, the Company granted 200,000 incentive stock options to an advisory council member of the Company, exercisable at CDN$0.05 for a period of 10 years. However, these options expired on January 29, 2021, because they did not vest. These options would only vest if the Company's share price achieved $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 was 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 $2,115 was recorded as share-based compensation expense during the fiscal year ended May 31, 2021, to two independent directors of the Company, exercisable at CDN$0.05 per share for a ten-year term, which will vest in their entirety 12 months after the date of grant.

The fair value of the stock options during the period was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	May 31, 2020
Expected volatility	240.03%
Expected option life (years)	5.4
Risk-free interest rate	1.58%
Expected dividend yield	0%

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

13. 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 May 31, 2021 and May 31, 2020 is as follows:

As at May 31, 2021:

Expiration Date	Exercise price	Number of securities exercisable/convertible		Fair value as at May 31, 2021
October 31, 2021	$0.06	13,301,720	$	230,574

These securities issued outstanding as at May 31, 2021 were valued using the Black Scholes option pricing model with a weighted average expected volatility of 212.51%, discounted rate of 0.32%, expected life of 0.42 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, 2021	$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%.

14. INCOME TAXES

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

		May 31, 2021		May 31, 2020
Loss for the year	$	(2,043,376)	$	(1,999,795)
Statutory rate		25%		25%
Expected income tax recoverable at statutory rate		(508,208)		(497,369)
Adjustment to prior year's provision vs statutory tax return, and other		(30,649)		145,241
Permanent differences		1,777		(42,495)
Change in unrecognized deductible temporary differences		537,080		394,623
Total income tax recovery	$	-	$	-

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

14. INCOME TAXES (cont'd…)

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

		May 31, 2021		May 31, 2020
Temporary Differences				
Share issuance costs	$	-	$	2,786
Marketable securities		(3,645)		391
Software		(32,543)		(52,011)
ROU Assets		-		(1,356)
Debt with accretion		1,053,807		948,516
Lease liabilities		-		1,415
Non-capital losses available for future period		5,398,002		4,978,800
		6,415,621		5,878,541
Unrecognized deferred tax asset		(6,415,621)		(5,878,541)
Net deferred tax asset	$	-	$	-

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

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

		May 31, 2021	Expiry Date Range		May 31, 2020
Temporary Differences					
Share issuance costs	$	-	n/a	$	11,000
Marketable securities	$	29,000	No expiry	$	3,000
Debt with accretion	$	4,237,000	No expiry	$	3,814,000
Non-capital losses available for future period – Canada	$	6,663,000	2031 – 2041	$	6,663,000
Non-capital losses available for future period – USA	$	15,041,000	2032 – 2041	$	13,355,000

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

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**
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
Jack Chapman	Advisory council member
Steve Schramm	Advisory council member
Don Gilbert	Advisory council member
J.J. Linder, M.D.	Advisory council member
Scott Donaldson	Advisory council member
Sheila Schweitzer	Advisory council member
Tim Bricker	Advisory council member

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

15. RELATED PARTY TRANSACTIONS (cont'd…)

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

	Nature of relationship	May 31, 2021	May 31, 2020
Accounts payable (Note 8)	Directors, key management personnel, and companies controlled by these parties,	$ 260,492	$ 168,964
Convertible loans – face value (Note 9)	Directors	$ 230,575	$ 180,575
Convertible loans – face value (Note 9)	Advisory board member	$ 646,564	$ 563,789
Notes payable (Note 11)	Key management personnel	$ 300,000	$ 300,000
Short-term loans payable (Note 10)	Key management personnel	$ -	$ 25,000
Short-term loans payable (Note 10)	Directors, advisory board and key management	$ 476,713	$ 138,000

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 years ended:

	May 31, 2021	May 31, 2020
Management fees	$ -	$ 63,000
Salaries to key management personnel, included in operating costs and expenses	394,298	441,457
Share based compensation to officers and directors	9,038	17,788
Consulting fees	50,000	94,000
Professional fees	-	220,000
Total	$ 453,336	$ 836,245

During the year ended May 31, 2021, there was a recovery of accounts payable of $11,835 (2020 - $198,378) due to related parties as a result of debt settlement agreements (Note 12).

16. LEASES

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

a) 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 recognition as a right-of-use asset due to the short-term nature of this agreement.

b) The Company had a lease through its subsidiary, Omega, which expired on March 31, 2020. As at February 28, 2021, the Company had not entered into a new lease. During March 2020, Omega moved out of its offices, stored its furnishings, relocated its servers to a secure vendor and Omega's employees continue to work remotely from their homes until further notice due to the pandemic.

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.

For the years ended May 31, 2021 and 2020 (Expressed in U.S. Dollars)

16. LEASES (cont'd…)

Right-of-use assets

		Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Cost						
At June 1, 2019, May 31, 2020, and May 31, 2021	$	37,365	$	154,180	$	191,545
Accumulated depreciation						
At June 1, 2019		-		-		-
Depreciation expense		31,913		154,180		186,093
At May 31, 2020		31,913		154,180		186,093
Depreciation expense		5,452		-		5,452
At May 31, 2021		37,365		154,180		191,545
Net book value						
At May 31, 2020	$	5,452	$	-	$	5,452
At May 31, 2021	$	-	$	-	$	-

Lease liability

		Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
At June 1, 2019	$	37,365	$	154,180	$	191,545
Interest expense		2,993		8,205		11,198
Payments		(34,669)		(146,146)		(180,815)
Recovery of rent		-		(16,239)		(16,239)
At May 31, 2020		5,689		-		5,689
Payments		(4,137)		-		(4,137)
Recovery of rent		(1,552)		-		(1,552)
At May 31, 2021	$	-	$	-	$	-

17. MANAGEMENT OF CAPITAL

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

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

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

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

There have been no changes to the Company's approach to capital management during the year ended May 31, 2021.

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, and derivative 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 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 is 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 17. 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

(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 the United States. As at May 31, 2021, the Company has approximately CDN$3,760,940 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 $311,556.

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

Financial instrument risk exposure (cont'd…)

(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

The Company filed litigation against the Company's former CFO in an attempt to recover losses sustained by the Company, which includes a claim that the Company contends was the result of a transaction improperly Board-approved due to conflicts of interest amongst the former CFO and certain other Board members that approved the transaction. In addition, penalties and interest costs have resulted from the former CFO's failure to submit payroll withholding taxes to the Internal Revenue Service ("IRS") for an approximate 18-month period during 2017-2018. As the result of a settlement conference conducted by a judge in August 2021, the Company and its former CFO have agreed in principle on a settlement.

Included in accrued liabilities is a payroll tax liability of $379,712 as of May 31, 2021. The Company had been making payments under a negotiated payment plan with the IRS for satisfaction of the existing liabilities, which required a $25,000 monthly payment. On March 26, 2020, the IRS granted approval of a deferral of the payment plan. On September 28, 2020, the Company submitted an Offer-in-Compromise to the IRS regarding this matter. The IRS initially denied the Company's request and the Company has filed an appeal, which is now pending adjudication by the IRS.

20. SUBSEQUENT EVENTS

a) The Company raised funds to provide working capital subsequent to May 31, 2021 as follows:

(i) The Company received $528,263 from lenders, $60,000 of which are from an Officer and Director of the Company, in 10% Demand Notes intended to be invested in the Company's Offering of 10% 48-month promissory notes convertible at $0.14/share at the Offering's closing.

(ii) The Company received non-interest-bearing advances, payable on demand of $18,325 from two Officers and Directors of the Company and $12,500 from a key management personnel member.

b) The Company changed the legal name of CHI's wholly owned subsidiary Omega Technology Solutions Inc. to Certive Health Revenue Solutions Inc. ("CHRS").

c) The Company formed a second CHI wholly owned subsidiary Certive Health Compliance Solutions Inc. ("CHCS").

20. SUBSEQUENT EVENTS (cont'd…)

d) Effective September 8, 2021, CHCS entered into a binding Memorandum of Understanding with a technology company to sell its suite of cyber security products, onboard new clients and provide customer service to health care companies desirous of enhancing their cyber security defense in a cost effective, on-demand HIPAA-compliant manner with the goal of becoming a long-term wholesale channel partner.

e) On September 13, 2021, 1,050,000 stock options expired pertaining to the Company's former CEO. Such expired stock options were exercisable at $0.22.