COMPREHENSIVE HEALTHCARE SYSTEMS INC.
(FORMERLY GREENSTONE CAPITAL CORP.)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in US dollars)

Independent Auditor's Report

To the Shareholders of Comprehensive Healthcare Systems Inc.:

Opinion

We have audited the consolidated financial statements of Comprehensive Healthcare Systems Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Consolidated 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

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and generated negative cash flows from operating activities during the year ended December 31, 2023 and had a working capital deficit as of December 31, 2023. As stated in Note 1, these events and conditions, along with other matters as set froth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other Matter

The consolidated financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 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 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. 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 International Financial Reporting Standards, 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.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Eduard Shvekher.

MNP LLP

Toronto, Ontario
October 7, 2024

Chartered Professional Accountants
Licensed Public Accountants

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COMPREHENSIVE HEALTHCARE SYSTEMS INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

As at	Note	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		$ 23,811	$ 400,782
Accounts receivable	17	351,196	392,718
Contract assets		-	63,063
Deposit	5	70,000	-
Prepaid expenses		19,660	236,210
		464,667	1,092,773
Non-current			
Deposit	5	-	70,000
Property and equipment	4	71,632	84,475
Right-of-use assets	5	430,581	862,519
Total assets		$ 966,880	$ 2,109,767
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities	6	$ 3,903,183	$ 2,633,896
Contract liabilities		438,051	538,888
Term loan	8	1,079,763	63,348
Lease liabilities	7	1,066,165	458,293
Related party loan/advances	9,11	252,000	124,220
Loan payable	9	64,708	79,179
		6,803,870	3,897,824
Non-current			
Lease liabilities	7	-	499,070
Term loan	8	-	859,674
Total liabilities		6,803,870	5,256,568
SHAREHOLDERS' DEFICIENCY			
Share capital	11	15,362,641	14,870,206
Reserves	11	1,694,784	1,295,420
Accumulated other comprehensive income		10,177	10,177
Accumulated deficit		(22,904,592)	(19,322,604)
Total liabilities and shareholders' deficiency		$ 966,880	$ 2,109,767

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Approved and authorized for issue by the Board of Directors on October 7, 2024.

Chris Cosgrove Director

Chris Cosgrove Director

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

COMPREHENSIVE HEALTHCARE SYSTEMS INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in US dollars)

Years ended	**Note**		**December 31, 2023**		**December 31, 2022**
Revenues	12	$	3,835,660	$	4,304,815
Cost of revenues	13		2,680,726		2,902,329
Gross Profit			1,154,934		1,402,486
Expenses					
General and administrative	14		2,587,839		5,140,411
Research and development	15		488,766		493,818
Selling			845,461		591,795
Depreciation	4,5		444,781		194,968
Share-based payments	11		120,339		123,620
			(4,487,186)		(6,544,612)
Other items					
Interest and financing expense			(282,136)		(277,324)
Interest income			1,898		10,746
Foreign exchange gain (loss)			30,502		(47,434)
Gain on debt modification	8		-		351,592
Impairment of contract asset			-		(3,357)
			(249,736)		34,223
Net loss			(3,581,988)		(5,107,903)
Other comprehensive income: (amount that may be subsequently reclassified to profit or loss)					
Foreign currency translation to reporting currency			-		3,114
Comprehensive loss		$	(3,581,988)	$	(5,104,789)
Loss per share – Basic and diluted		$	(0.02)	$	(0.07)
Weighted average number of common shares outstanding – Basic and diluted			124,023,502		73,108,997

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

COMPREHENSIVE HEALTHCARE SYSTEMS INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS DEFICIENCY
(Expressed in US dollars)

	Common Shares						
	Number of shares	**Share capital**	**Obligation to issue shares**	**Reserves**	**Accumulated deficit**	**Accumulated other comprehensive income (loss)**	**Total**
		$	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2021	68,303,956	13,300,725	357,900	1,151,604	(14,214,701)	7,062	602,590
Settlement of obligation to issue shares	1,200,000	357,900	(357,900)	-	-	-	-
Private placement shares	34,800,000	1,284,323	-	-	-	-	1,284,323
Share issuance costs	-	(52,547)	-	-	-	-	(52,547)
Finders' warrants issued	-	(20,196)	-	20,196	-	-	-
Share-based payments	-	-	-	123,620	-	-	123,620
Foreign currency translation	-	-	-	-	-	3,114	3,114
Net loss and Comprehensive loss	-	-	-	-	(5,107,903)	-	(5,107,903)
Balance, December 31, 2022	**104,303,956**	**14,870,206**	**-**	**1,295,420**	**(19,322,604)**	**10,177**	**(3,146,801)**
Balance, December 31, 2022	**104,303,956**	**14,870,206**	**-**	**1,295,420**	**(19,322,604)**	**10,177**	**(3,146,801)**
Private placement units	**19,719,546**	**512,799**	**-**	**271,763**	**-**	**-**	**784,562**
Units issuance costs	-	**(8,564)**	**-**	**(4,538)**	**-**	**-**	**(13,102)**
Finders' warrants issued	-	**(11,800)**	**-**	**11,800**	**-**	**-**	**-**
Share-based payments	-	**-**	**-**	**120,339**	**-**	**-**	**120,339**
Net loss and Comprehensive loss	-	**-**	**-**	**-**	**(3,581,988)**	**-**	**(3,581,988)**
Balance, December 31, 2023	**124,023,502**	**15,362,641**	**-**	**1,694,784**	**(22,904,592)**	**10,177**	**(5,836,990)**

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

COMPREHENSIVE HEALTHCARE SYSTEMS INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US dollars)
Years ended December 31

		2023		2022
Cash flows from operating activities				
Net loss	$	(3,581,988)	$	(5,107,903)
Items not affecting cash:				
Interest and financing expense		282,136		107,558
Depreciation		444,781		194,968
Foreign exchange gain		15,725		47,434
Credit loss		113,083		-
Share-based payments		120,339		123,620
Gain on debt modification		-		(351,592)
Changes in non-cash working capital				
Accounts receivable		(71,561)		(197,750)
Contract assets		63,063		73,887
Accounts payable and accrued liabilities		1,269,287		1,220,119
Prepaid expenses		216,550		(195,722)
Accrued interest on line of credit		-		24,431
Contract liabilities		(100,837)		160,991
Deposit		-		(70,000)
Net cash flows used in operating activities		(1,229,422)		(3,969,959)
Cash flows from investing activities				
Purchase of equipment		-		(68,407)
Net cash flows used in investing activities		-		(68,407)
Cash flows from financing activities				
Repayment of loan payable		(14,471)		(9,593)
Repayments on Term loan		(10,000)		(130,000)
Proceeds from related party loan		252,000		124,220
Proceeds from private placement, net		660,342		1,284,323
Share issuance costs		(13,102)		(52,547)
Lease payments		(22,318)		(172,349)
Net cash flows provided by financing activities		852,451		1,044,054
Change in cash	$	(376,971)	$	(2,994,312)
Cash				
Beginning of year	$	400,782	$	3,395,094
End of year	$	23,811	$	400,782
Supplemental cash flow disclosure				
Interest paid	$	-	$	145,646
Interest received	$	1,898	$	9,746
Taxes paid	$	-	$	1,924
Non-cash transactions				
Settlement of obligation to issue shares	$	-	$	357,900
Right of use assets		-		735,249
Finders' warrants issued	$	11,800	$	20,195
Units issued for cash received in 2022		124,220		-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Comprehensive Healthcare Systems Inc. (the "Company"), formerly known as Greenstone Capital Corp., was incorporated on June 6, 2018 and became a "Reporting Issuer" in each of the Provinces of Alberta, British Columbia and Ontario pursuant to applicable securities legislation on April 11, 2019.

On September 29, 2021, the Company completed a reverse takeover with Comprehensive Healthcare Systems Inc. ("CHS"), a Delaware "C" Corporation founded in 2015, providing healthcare administrative software, licensing and maintenance services to various interests in the healthcare industry, including insurance companies, hospitals, doctors and labor unions. CHS was deemed to be the acquirer for accounting purposes.

Pursuant to the reverse takeover, the Company changed its name to "Comprehensive Healthcare Systems Inc." and began trading on the TSX Venture Exchange under the stock symbol CHS. The head office of the Company is at 2025 Lincoln Highway, State Route 27 – Suite 340, Edison, NJ 08817, US. The Company's registered and records office is at 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1.

As of and for the year ended December 31, 2023, the Company has recurring losses, working capital deficit of $6,339,203 (2022 - $2,805,051 working capital deficit), accumulated deficit totaling $22,904,592 (2022 - $19,322,604) and negative cash flows from operating activities of $1,229,422 (2022 - $3,969,959). The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. In addition, the Company was not in compliance with certain covenants related to the Term loan and did not make all required interest and principal payments. Upon occurrence and during the continuance of these conditions, lenders may deliver a notice of the default and declare the Term loan immediately due and payable, refer to Note 8.

These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. The Company intends to reduce discretionary spending and has received additional financial support from the current investor group and outside entities. Other strategic options may be available to the Company under certain circumstances.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Consolidation

These consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

2. BASIS OF PRESENTATION (continued)

Consolidation (continued)

Entity	Principal activities	Country of incorporation	Percentage Owned December 31, 2023
Comprehensive Healthcare Systems Inc. ("CHS")	Healthcare administration software, management and services	United States	100%
Health Plan Systems, Inc. ("HPS")	Healthcare administration software	United States	100%
New York Medical Management, Inc. ("NYMM")	Review, management and maintenance services	United States	100%
Health Plan Systems Services Corp.	Third-party administration services to customers of HPS and others	United States	100%

All intercompany balances and transactions have been eliminated on consolidation.

Significant estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS also requires management to make estimates and judgements that may have a significant impact on these consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The significant accounting judgements and estimates for the Company are as follows:

Useful lives of property and equipment

Estimates of the useful lives of property and equipment 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. 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. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Provision for expected credit losses on trade receivables

The provision for expected credit losses on trade receivables are estimated based on past credit history with customers and their current financial condition. The Company will calibrate its provision matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2. BASIS OF PRESENTATION (continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk-free interest rate, expected forfeiture rate and dividend yield of the stock option or warrant.

Going concern:

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern and operate in the normal course by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's assessment are derived from actual operating results along with industry and market trends.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment and right of use assets when events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable. When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future discounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future discounted cash flows, an impairment loss is recorded for the excess of the asset’s carrying value over its fair value. Management judgement is required in the determination of indicators of impairment, as well as the estimation of future undiscounted cash flows, and as necessary, the fair value of those assets or asset groups in which indicators of impairment have been identified.

Income Taxes

The Company is subject to assessments by tax authorities, who may interpret tax legislation differently than the Company. When there is uncertainty over income tax positions, the Company assesses whether it is probable that the relevant tax authority will accept the uncertain tax position. This assessment affects the amount of income tax expense recognized by the Company. If the Company concludes that it is not probable that a tax authority will accept the uncertain tax position, the effect of the uncertain tax position is reflected in the determination of the Company’s income tax expense or recovery based on the most likely amount or, if there are a wide range of possible outcomes, the expected value. Any interest and penalties related to unrecognized tax liabilities are presented within the provision for income taxes within the consolidated statements of operations.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates. The functional currencies for each entity are as follows:

Entity	Functional Currency
Comprehensive Healthcare Systems Inc. (formerly Greenstone Capital Corp.)	Canadian dollars
Comprehensive Healthcare Systems Inc. (“CHS”)	US dollars
Health Plan Systems, Inc. (“HPS”)	US dollars
New York Medical Management, Inc. (“NYMM”)	US dollars
Health Plan Systems Services Corp. (“LionGen”)	US dollars

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

In preparation of the consolidated financial statements of the Company, the results of foreign operations with a functional currency other than US dollars, which is the presentation currency of these consolidated financial statements, are retranslated to US dollars. Each entity's assets and liabilities are translated to US dollars at the prevailing exchange rate at reporting date. The revenue and expenses of these foreign operations are translated to US dollars using average exchange rates prevailing for each reporting period. Foreign exchange differences arising on translation are recognized as a separate component of equity and presented in the foreign currency translation reserve within equity.

Transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rates on the date of the statement of financial position. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair value was determined. Non-monetary items measured at historical costs in foreign currency are not re-translated. Revenues and expenses are translated at the transaction date exchange rate. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred and cost of major additions are capitalized. Leasehold improvements are depreciated on a straight-line basis over the lesser of the length of the lease and the estimated useful life of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations.

The estimated useful lives are:

Leasehold improvements	Shorter of term of lease or 10 years
Computers and Software	7 years
Furniture and Equipment	7 years

Impairment of assets

The Company performs impairment tests on its long-lived assets, including property and equipment, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office building	7 years
Computer equipment	4 years

For a modification that decreases the scope of the lease, the Company decreases the carrying amount of the right of use asset to reflect the partial or a full termination of the lease. The Company recognizes any gain or loss relating to the partial or full termination in the profit or loss for the year.

Revenue recognition

The Company's revenue is primarily derived from licensing its healthcare administrative software, providing customization to its core software and performing ongoing maintenance and consulting services. The Company recognizes revenue in accordance with IFRS 15 "Revenue from Contracts with Customers".

Revenue is recognized upon the satisfaction of performance obligations. Performance obligations are satisfied at the point at which control of the promised goods or services are transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive for those goods and services.

(a) Software Revenue

The Company provides the right to access software licenses and module customization services (collectively "Software Services"), which are not considered distinct from each other as the customer is unable to receive economic benefit from the utilization of the software until completion and installation of the modules. Revenue is generally recognized progressively by the reference to the stage of completion of the module customization.

(b) Maintenance Revenue

The Company offers monthly maintenance services, which are distinct from other services and products offered. Monthly maintenance services consist primarily of telephone consulting, product updates, the release of new product versions previously purchased by a customer, error reporting and correction services. Maintenance revenue is recognized on a monthly basis as maintenance services are offered to customers.

(c) Services Revenue

The Company provides claim processing and other consulting services which are distinct form other services and products offered. Services revenue is recognized as services are provided.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract balances

Contract assets include unbilled amounts typically resulting from services under long-term contracts when over time method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current.

Contract liabilities consist of advance payments and billings in excess of revenue recognized.

Contract assets and liabilities are reported in a net position on a contract by-contract basis at the end of each reporting period. Advance payments and billings in excess of revenue recognized are classified as current or noncurrent based on the timing of when revenue is expected to be recognized.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

Financial instruments

a) Financial assets

i) Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

ii) Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are classified as follows:

- Amortized cost - assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Financial assets measured at amortized cost are comprised of cash, accounts receivable and a deposit

- Fair value through other comprehensive income - assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

- Mandatorily at fair value through profit or loss - assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets carrying amount are recognized in profit or loss. The Company does not hold any financial assets measured at fair value through profit or loss.

- Designated at fair value through profit or loss on initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for accounts and other receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime. The Company assesses whether there has been a significant increase in credit risk since initial recognition or a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances.

b) Financial liabilities

i) Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

ii) Classification and subsequent measurement Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

3. **SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

Financial instruments (continued)

b) Financial liabilities (continued)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Diluted earnings per share, where applicable, is computed by dividing the net income attributed to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and the related expenses are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

(Expressed in US dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions, where applicable, are recognized separately when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. Accounting pronouncements issued which have come into effect during the reporting period.

The following accounting standards and amendments were effective for annual periods beginning on or after January 1, 2023 and did not have a material impact on the Company's financial statements:

i) Definition of Accounting Estimate — Amendments to IAS 8

ii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

iii) Insurance Contracts – IFRS 17

Accounting Pronouncements Issued but not yet effective:

Classification of liabilities as current or non-current

In October 2022, the IASB issued classification of liabilities as current or non-current, which made amendments to IAS 1 – Presentation of financial statements. The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations of the Company will exercise its right to defer settlement of a liability. Lastly, the amendment clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company is currently in the process of determine if debt may be classified as a current liability upon adoption.

4. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and Equipment	Computers and Software	Total
Cost				
Balance at December 31, 2021	$ 34,820	$ 14,685	$ 32,095	$ 81,600
Additions	-	3,306	66,761	70,067
Disposals	-	-	(1,660)	(1,660)
Balance at December 31, 2022	$ 34,820	$ 17,991	$ 97,196	$150,007
Balance at December 31, 2023	$ 34,820	$ 17,991	$ 97,196	$ 150,007
Accumulated depreciation				
Balance at December 31, 2021	$ 20,902	$ 11,592	$ 17,215	$ 49,709
Depreciation	3,482	2,478	9,863	15,823
Balance at December 31, 2022	$ 24,384	$ 14,070	$ 27,078	$ 65,532
Depreciation	3,482	1,468	7,893	12,843
Balance at December 31, 2023	$ 27,866	$ 15,538	$ 34,971	$ 78,375
Net book value				
December 31, 2022	$ 10,436	$ 3,921	$ 70,118	$ 84,475
December 31, 2023	$ 6,954	$ 2,453	$ 62,225	$ 71,632

(Expressed in US dollars)

5. RIGHT-OF-USE ASSETS

		Building		Equipment		Total
Cost						
Balance at December 31, 2021	$	505,632	$	156,374	$	662,006
Additions in 2022		735,249		-		735,249
Balance at December 31, 2022 and 2023	$	1,240,881	$	156,374	$	1,397,255
Accumulated depreciation						
Balance at December 31, 2021	$	286,376	$	69,213	$	355,589
Depreciation		141,549		37,598		179,147
Balance at December 31, 2022	$	427,925	$	106,811	$	534,736
Depreciation		394,340		37,598		431,938
Balance at December 31, 2023	$	822,265	$	144,409	$	966,674
Net book value						
December 31, 2022	$	812,956	$	49,593	$	862,519
December 31, 2023	$	418,616	$	11,965	$	430,581

During the year ended December 31, 2022, the Company entered into a lease agreement for a new office space. The lease runs until September 30,2024 and has a monthly base fee of $35,000. The monthly rent will automatically increase by 8% of the monthly rent for the month preceding the renewal date or the monthly market rate amount, whichever is greater. During the year ended December 31, 2022, the Company paid a security deposit of $70,000 towards the lease.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		December 31, 2022
Accounts payable	$	2,227,482	$	1,759,841
Accrued liabilities	$	1,675,701		874,055
	$	3,903,183	$	2,633,896

7. LEASE LIABILITIES

The Company's lease liabilities consisted of its office spaces and computer equipment in 2022. The present value of future lease payments was measured using an incremental borrowing rate of 13.1% per annum.

Balance at December 31, 2021	$	394,463
Additions		735,249
Interest expense		69,716
Lease payments		(242,065)
At December 31, 2022	$	957,363
Interest expense		131,120
Lease payments		(22,318)
At December 31, 2023	$	1,066,165

Lease liabilities	December 31, 2023		December 31, 2022
Current portion	$1,066,165	$	458,293
Long-term portion	0		499,070
Total lease liabilities	$1,066,165	$	957,363

The Company's leases for its two office spaces were terminated subsequent to the year ended December 31, 2023, refer to Note 21.

(Expressed in US dollars)

8. TERM LOAN

In October 2016, the Company entered into a $6,000,000 credit agreement with a bank (the "Credit Agreement") consisting of a term loan (the "Term Loan") and a $1,000,000 line of credit (the "Line of Credit") is collateralized by substantially all assets of the Company and contains financial covenants related to a debt service coverage ratio. On August 31, 2018, the Company signed a forbearance agreement with the bank whereby the Term Loan and Line of Credit bear interest at the default interest rate of LIBOR plus 10.75% and were set to mature on December 31, 2018. On May 30, 2019, the Company amended the forbearance agreement and extended the maturity date to December 30, 2019 with an interest rate of 13.13%.

On December 11, 2020, the Company amended the forbearance agreement (the 2020 Amendment") and extended the maturity date to January 31, 2023. The amended agreement provides for a payment schedule as follows: 24 monthly payments of $20,000 starting January 31, 2021 with the remainder due on or before January 31, 2023. Under the 2020 Amendment, the interest rate on the loans is 6%.

Under the 2020 Amendment, the Company is permitted to issue share and obtain new debt. In the event the Company is able to raise more than 3.5 times the current balance of loans due at the time of the raise, the Company is required to repay 50% of the balance due within one month of receiving the resulting funds and will continue to be required to make the remaining payments as scheduled under the 2020 Amendment thereafter.

On June 30, 2021, the Company received notice that it was in default on its term loan and line of credit. Subject to this event of default, interest on the term loan and line of credit increased by 4% to 10% per annum. The Company's outstanding term loan and line of credit balances also became due immediately. The Company engaged a consultant to assist in remedying the event of default.

On June 30, 2022, the Company amended the agreement and extended the maturity date to August 31, 2025. The amended agreement provides for a payment schedule of $10,000 per month starting September 1, 2021, with the remainder due on or before August 31, 2025, Under the amendment, the principal balance is reduced by $50,000 and interest rate on the loan will be 4%. This amendment represented a modification of the original note terms, resulting in the original line of credit and term loans being derecognized and a new term loan liability being recognized. $351,592 (2021 - $Nil) in other income was recognized in relation to this modification. In the event of default, the lender can elect to increase the interest rate by 4%.

Under the 2022 amendment, the Company will be permitted to issue share and obtain new debt. In the event the Company is able to raise money through share capital stock, the Company is required to repay 20% of the gross proceeds of such issuance and will continue to be required to make the remaining payments as scheduled under the amendment thereafter. However, this provision shall apply prospectively to all issuances after the listing date and excludes post-listing date subscriptions related to the listing. As at December 31, 2023 and the date these consolidated financial statements were approved for issuance, the Company was not in compliance with certain covenants related to the Term loan and did not make all required interest and principal payments. Upon occurrence and during the continuance of these conditions, lenders may deliver a notice of the default and declare the Term loan immediately due and payable.

A reconciliation of the Term Loan and Line of Credit is as follows:

Balance, December 31, 2021	$	1,318,463
Repayments		(130,000)
Interest and accretion expenses		86,151
Derecognition of old liabilities		(1,296,815)
Recognition of modified term loan		945,223
Balance, December 31, 2022	$	923,022
Repayments		(10,000)
Interest and loan fees paid		-
Interest and loan fees recorded		166,741
Balance, December 31, 2023	$	1,079,763

		Term Loan		Total
Current portion	$	1,079,763	$	1,079,763
Non-current portion		-		-
Total	$	1,079,763	$	1,079,763

(Expressed in US dollars)

9. LOANS PAYABLE AND RELATED PARTY LOAN

During the year ended December 31, 2020, the Company received a $159,900 Covid-19 Economic Injury Disaster Loan through the U.S. Small Business Administration. The loan bears interest at a rate of 3.75% per annum and accrues only on funds actually advanced from the date of each advance. Payments on the loan are deferred for 30 months following receipt of the loan at which time minimum monthly payments of $731 are required. The balance of principal and interest on the loan is payable 30 years from receipt. Loan proceeds are to be used towards funding working capital and normal operating expenses. The loan is secured by general business assets of the Company as set out in the Uniform Commercial Code. As at December 31, 2023, the carrying value of the loan was $64,708 (December 31, 2022 - $79,179).

During the year ended December 31, 2023, the Company received $252,000 loan from the Company's CEO. The loan bears an interest rate of 12% per annum and matured on March 31, 2024. The Company recognized interest expense during the year in the amount of $16,360 and has a balance of $252,000 principal and $16,360 accrued interest as at December 31, 2023. The balance of the principal and accrued interest is payable on maturity. As of the date the consolidated financial statements were approved for issuance, the loan was not repaid.

10. INCOME TAXES

The Company is subject to income taxes in Canada and the US. The statutory income tax rates were 23% in Canada and 30.09% in the US. A reconciliation of the expected income tax recovery to the actual income recovery is as follows:

		2023		**2022**
Loss before recovery of income taxes		(3,581,988)	$	(5,107,903)
Expected income tax recovery		(1,077,820)		(1,174,818)
Non-deductible expenses		28,665		7,249
Financing fees		(5,266)		(17,078)
Effect of rate change		-		919
Change in tax benefits not recognized		1,054,421		1,663,687
Effect of different jurisdiction tax rates		-		(497,599)
	$	-	$	-

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes:

		2023		**2022**
Deferred tax assets	$	142,788		-
Deferred tax liability	$	(142,788)		-
	$	-	$	-

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset (liability), which has been recognized during the year are as follows:

		2023		**2022**
Deferred tax assets				
Lease Liability	$	142,788	$	-
		142,788		
Deferred tax liability				
Property, plant and equipment		(13,226)		-
Right of use assets		(129,562)		-
		(142,788)		
Net deferred tax asset (liability)	$	-	$	-

All of the movement with respect to the temporary differences that give rise to significant portions of deferred tax assets and liabilities is recognized through profit and loss.

(Expressed in US dollars)

10. INCOME TAXES (continued)

The following table summarizes the components of unrecognized temporary differences:

		2023		2022
Non-capital losses	$	15,001,977	$	4,570,785
Capital assets		21,293		17,630
Financing fees		56,702		13,662
Other		22,659		70,869
Lease liability		591,629		-
Unrecognized temporary differences	$	15,694,260	$	4,672,946

As at December 31, 2023 the Company has US net operating losses of approximately $14,969,093 (2022 - $13,540,806). $3,201,942 expire between 2032-2038 with the remainder being carried forward indefinitely. The losses may be carried forward to offset future taxable income.

As at December 31, 2023, the Company has Canadian tax loss carry forwards of $32,884 ($44,383 CAD) to reduce income taxes in future years which begin to expire in 2043.

Inversion

The Company is treated as a U.S corporation for U.S. federal income tax purposes under U.S. Internal Revenue Code ("IRC") Section 7874 and is subject to U.S. federal income tax. However, for Canadian tax purposes, the Company is expected, regardless of any application of IRC Section 7874, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada)) for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the U.S. Notwithstanding the foregoing, it is management's expectation that the Company's activities will be conducted in such a manner that income from operations will not be subjected to double taxation.

11. EQUITY

The authorized capital of the Company consists of an unlimited number of common and preferred shares with no par value. As of December 31, 2023, the Company had 124,023,502 common shares issued and outstanding (2022 – 104,303,956 common shares).

Additionally, there were total 20,689,767 common shares held in escrow that are to be released in future dates.

During the year ended December 31, 2022:

The Company issued 1,200,000 shares to settle its $357,900 obligation to issue shares.

The Company issued 34,800,000 units for gross proceeds of $1,284,323 (1,740,000 CAD). Each unit consists of one common share and one share purchase warrant. The warrants are exercisable for a period of 24 months from the of issuance (the "Exercise Period"). Each share purchase warrant entitles its holder to purchase one common share at a price of $0.10 CAD per share for the first 12 months of the Exercise Period and at a price of $0.15 CAD per share between 12 and 24 months of the Exercise Period. The Company has applied the residual method in valuing the shares and the share purchase warrants included in the units, therefore, these warrants have been recorded at $nil value. The Company issued 1,341,900 finders warrants with a fair value of $20,195. Each finders warrant entitles its holder to purchase one common share at a price of $0.10 CAD per share for the first 12 months of the Exercise Period and at a price of $0.15 CAD per share between 12 and 24 months of the Exercise Period. The fair value of the finders warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2 year expected life; share price at grant date of $0.08 CAD; 73.05% volatility; risk-free interest rate of 3.91%; and a dividend yield of 0%. TMXV didn't accept three insider purchases of shares in the above private placement, that they accepted in a January 2023 private placement, so the Company reflects $124,220 as a Subscription Payable at December 31, 2022.

(Expressed in US dollars)

11. EQUITY (continued)

During the year ended December 31, 2023:

The Company issued 19,719,546 units for gross proceeds of $784,562 ($1,047,863 CAD), $124,220 was received in 2022 and recorded under related party advances in the consolidated statements of financial position. Each unit consists of one common share and one share purchase warrant. The warrants are exercisable for a period of 24 months from the of issuance. Each share purchase warrant entitles its holder to purchase one common share at a price of $0.10 CAD per share for the first 12 months of the Exercise Period and at a price of $0.15 CAD per share between 12 and 24 months of the Exercise Period. The Company allocated the gross proceeds between common shares and warrants using a relative fair value approach of $512,799 and $271,763 respectively, net of cash transaction fees of $13,102 which were deducted $8,564 and $4,538 from common shares and warrants respectively. The fair value of the warrants was estimated using a valuation model with the following assumptions: expected life in years- 2, volatility- 99.86%, risk free rate- 3.74%, share price- $0.13 CAD.

In connection with the issuance of the units as detailed above, the Company issued 350,000 finders warrants which were accounted for as the transaction fees. Each finder warrant entitles its holder to purchase one common share at a price of $0.10 CAD per share for the first 12 months of the Exercise Period and at a price of $0.15 CAD per share between 12 and 24 months of the Exercise Period. The finders warrants were valued at $18,054 using the valuation model with the following assumptions: expected life in years- 2, volatility- 99.86%, risk free rate- 3.74%, share price- $0.13 CAD.

The fair value of the warrants was deducted $11,800 and $6,254 from common shares and warrants respectively.

The number of units purchased by related parties is 1,739,215.

Options

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options from time to time to acquire shares. The exercise price of each option shall be determined by the Board of Directors (but must be at least equal to the closing price of a Share on the TSX-V on the day immediately prior to the relevant grant date). Options may be granted for a maximum term of ten years from the date of grant. Options are non-transferable and expire immediately upon termination of employment for cause, or within 90 days of termination of employment or holding office as director or officer of the Company or in the case of death. Unless otherwise provided in the applicable grant agreement, options fully vest upon the grant thereof.

During the year ended December 31, 2022, the Company granted 6,200,000 options at an exercise price of $0.06 ($0.08 CAD).

Each stock option permits the holder to purchase one common share of the Company at the stated exercise price. The vesting conditions are as follows:

- 3,900,000 options: 12.5% of allotted options vesting each quarter over 8 quarters; and
- 2,300,000 options: 25% of allotted options vesting each quarter over 4 quarters.

The options were determined an initial grant date fair value of $287,617 using the Black-Scholes Option Pricing Model with the following inputs:

	Year ended December 31, 2022
Share price (CAD)	0.08
Exercise price (CAD)	0.08
Risk-free interest rate	3.08%
Estimated life (years)	9.44
Estimated volatility	81.52%
Expected dividend yield	0.00%

(Expressed in US dollars)

11. EQUITY (continued)

Options (continued)

At December 31, 2023, the following options were issued and outstanding:

	Number of Options		Weighted Average Exercise Price (CAD)
Balance, December 31, 2021	197,681	$	0.15
Granted	6,200,000	$	0.08
Balance, December 31, 2022	6,397,681	$	0.08
Expired	(870,000)	$	0.08
Balance, December 31, 2023	5,527,681	$	0.08

At December 31, 2023, outstanding and exercisable stock options were as follows:

Expiry date	Exercise price (CAD)	Options outstanding	Options exercisable	Weighted average remaining contractual life (years)
September 21, 2025	0.08	500,000	500,000	1.73
April 24, 2029	0.15	197,681	197,681	5.32
September 21, 2032	0.08	4,830,000	3,581,250	8.73
		5,527,681	4,278,931	7.98

Warrants

At December 31, 2023, the following warrants were issued and outstanding:

	Number of Warrants		Weighted Average Exercise Price (CAD)
Balance, December 31, 2021	13,426,073	$	0.66
Issued	36,141,900		0.15
Expired	(447,383)		0.40
Balance, December 31, 2022	49,120,590		0.29
Issued	20,069,546		0.15
Expired	(5,948,225)		0.74
Balance, December 31, 2023	63,241,911	$	0.20

Number of Warrants	Exercise Price	Expiry Date
261,386	$0.60	January 8, 2023
495,754	$0.75	April 8, 2023
202,611	$0.75	April 29, 2023
7,030,465	$0.60	September 29, 2026
4,988,474	$0.75	September 29, 2023
15,657,600	$0.15	October 31, 2024
14,769,300	$0.15	November 28, 2024
5,715,000	$0.15	December 12, 2024
20,069,546	$0.15	January 30, 2025
69,190,136		

As at December 31, 2023, the warrants had a remaining weighted average useful life of 1 year (December 31, 2022 – 2).

(Expressed in US dollars)

11. EQUITY (continued)

Reserves

As at December 31, 2023, the Company had the following reserves in equity:

		Options		Warrants		Total
Balance at December 31, 2021		52,539		1,099,065		1,151,604
Finders warrants issued		-		20,196		20,196
Share-based payments		123,620		-		123,620
Balance, December 31, 2022	$	176,159	$	1,119,261	$	1,295,420
Finders warrants issued		-		11,800		11,800
Warrants issued on private placement				271,763		271,763
Units issuance costs				(4,538)		(4,538)
Share-based payments	$	120,339		-		120,339
Balance, December 31, 2023	$	296,498		$1,398,286		$ 1,694,784

The option and warrants reserves are used to recognize the value of option and warrant grants respectively.

12. REVENUES

The following table presents a disaggregation of revenue by source and timing of revenue recognition.

		2023		2022
Software services	$	673,114		$687,879
Maintenance		1,888,950		2,803,902
Services		1,273,596		813,034
	$	3,835,660	$	4,304,815

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

		2023		2022
Recognized at a point in time	$	305,479	$	583,339
Recognized over the duration of contracts		3,530,181		3,721,476
	$	3,835,660	$	4,304,815

Revenues are recognized at the point in time the Company has provided services to customers. Licensing and maintenance contracts extending over multiple months are recognized in revenue as related core license access, customization and installation of modules, and subsequent maintenance services are provided to the Company's customers. Revenue relating to ongoing contracts is recognized monthly as services are performed.

All the Company's revenue is earned in the United States.

(Expressed in US dollars)

13. COST OF REVENUES

		2023		2022
Consulting	$	1,667,809	$	1,336,507
Equipment and software rentals		768,627		447,622
Salaries and benefits		244,290		1,118,200
	$	2,680,726	$	2,902,329

14. GENERAL AND ADMINISTRATIVE EXPENSES

		2023		2022
Office and general	$	179,482	$	2,941,709
Insurance		145,574		69,000
Director fees		60,000		95,000
Salaries and benefits		2,202,783		2,034,702
	$	2,587,839	$	5,140,411

The comparative numbers were reclassified to confirm with 2023 presentation.

15. RESEARCH AND DEVELOPMENT

		2023		2022
Consulting	$	92,171	$	414,825
Salaries and benefits		396,595		78,993
	$	488,766	$	493,818

16. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel was as follows:

		2023		2022
Salaries and benefits	$	511,990	$	818,934
Consulting fees		180,000		1,003,000
Share-based payments		81,683		97,990
Director fees		60,000		95,000
		$833,673	$	2,014,924

During May 2022, the Company issued 1,200,000 shares to a company controlled by a director to settle a $357,900 obligation to issue shares.

As of December 31, 2023, the Company also owed $183,333 (December 31, 2022 - $349,870) to companies controlled by officers and directors and 717,428 (December 31, 2022 - $344,740) to directors and officers. These balances are unsecured, do not bear interest and have no fixed terms of repayment.

(Expressed in US dollars)

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:
Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

All Company's financial assets and financial liabilities are subsequently measured at amortised cost. The carrying value of the Company's financial assets and liabilities classified as amortized cost as at December 31, 2023 and December 31, 2022 approximate their fair value due to their short terms to maturity.

The carrying value of debt where interest is charged at a fixed rate is not significantly different from the fair value.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

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.

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and trade accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company mitigates its credit risk on receivables by actively managing and monitoring its receivables. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. Accounts receivable are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

The Company's aging of trade receivables was as follows:

		2023		**2022**
0 – 30 days	$	171,997	$	247,587
31 – 60 days		55,765		10,951
61 – 90 days		16,808		17,541
Over 90 days		106,626		116,639
		$351,196	$	392,718

The Company assesses the collectability of receivables of each customer on an individual basis using quantitative and qualitative information available to management. The historical loss rates are adjusted to reflect the current and forward-looking information on economic factors affecting the ability of the customers to make regular monthly payments on the receivables.

(Expressed in US dollars)

17. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

During the year ended December 31, 2023, the Company identified significantly overdue trade accounts receivable with three customers. Since this trade accounts receivables had been outstanding for numerous months and there is uncertainty surrounding the collection of the receivable, the Company recognized an credit loss on the trade accounts receivables of $113,083 (2022 - $Nil), which was recorded as a part of general and administrative expenses in the consolidated statements of loss and comprehensive loss. During the year ended December 31, 2023, the Company reached a settlement agreement with several customers resulting in the recovery of $nil (2022 - $184,479) in previously impaired accounts receivables.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through the issuance of preferred shares. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at December 31, 2023:

	Within one year	Between one and five years	More than five years
Accounts payable and accrued expenses	$ 3,875,683	$ -	$ -
Term loan	1,079,763	-	-
Lease liabilities	1,066,165	-	-
Related party loan	252,000	-	-
Loan payable	296	1,660	62,752
	$ 6,273,907	$ 1,660	$ 62,752

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk on its U.S. dollar accounts payable balances and its subsidiary's Canadian dollar accounts payable, debentures and bank account. Based on these foreign currency financial instruments held as at December 31, 2023, a 10% change in foreign exchange rates would change the Company's net loss by approximately $Nil (December 31, 2022 - $3,315).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Based on borrowings that accrue interest and do not have a fixed interest rate as at December 31, 2023, a 1% change in interest rates would change its net loss by approximately $Nil (2022 - $Nil).

Capital Management

In the management of capital, the Company includes components of shareholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. 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. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2023. There are no external restrictions on the management of capital.

18. CONCENTRATIONS

Major customers are defined as customers that each individually account for greater than 10% of the Company's annual revenues. As at December 31, 2023, the Company had receivables from two major customers (December 31, 2022 – four major customers) that accounted for approximately 26% and 38% of receivables (December 31, 2022 – 15%, 17%, 19% and 22%). For the year ended December 31, 2023, the Company had revenue from two major customers (December 31, 2022– two major customers) that accounted for approximately 12% and 24% (December 31, 2022 - 16% and 25%) of revenue respectively.

19. SEGMENTED INFORMATION

The Company has one operating segment, being the provider of healthcare administrative software, licensing and maintenance services. All of the Company's assets are located in the United States. All revenue recognized during the year ended December 31, 2023 was earned in the United States.

20. COMMITMENTS AND CONTINGENCIES

Magnum Health Revenue Cyle Management, Inc. ("Magnum", owned by Dr. Mohaideen Hassan) was hired as a consultant on April 1, 2022. Management believed that there were actions on Magnum's part that were in breach of the non-solicit/non-compete portion of the consulting agreement. Management stopped payment and Magnum filed a claim in NY State court against CHS for the remaining payment for 2022 in the agreement (US$300,000).

CHS filed a response on March 3, 2023 and has not received any response.

The Company paid US$150,000 in April 2022 and accrued the remaining balance of US$300,000 as of December 31, 2022. The Company does not estimate that any additional payment to settle this claim will be required as at December 31, 2023.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $270,000 (2022 – 562,500) and no additional contingent payments upon the occurrence of a change of control.

The Company has entered into a consulting agreement with consulting firm. According to the agreement, if the Company closes a financing of a minimum gross proceeds of CAD 2,000,000 ($1,538,000), it will pay the consultant CAD 190,000 ($146,000). The agreement has expired in September 2024.

The Company has a litigation claim outstanding from a former employee and the Company is in the process of negotiating a settlement. Based on management's best estimate, the company has provided the amount that is expected to settle the claim.

21. SUBSEQUENT EVENTS

1. Subsequent to year-end, the Company terminated its two rental leases of office properties. One was settled for $75,000 and the other at no cost to the company, combined the write down of the ROU assets will result in a gain on lease termination in 2024.
2. The company received $200,00 loan that matures on July 31, 2026 at 18% interest rate with the option to convert to equity at a 20% discount rate to the closing price the day before it is approved and announced. If not earlier converted, the principal amount of the loan and accrued interest will be paid on the maturity date.
3. The company received $200,00 loan that matures on July 31, 2026 at 18% interest rate with the option to convert to equity at a 20% discount rate to the closing price the day before it is approved and announced. If not earlier converted, the principal amount of the loan and accrued interest will be paid on the maturity date.
4. The company had some litigation initiated by unpaid vendors in 2024 of which one for $80,000 was settled for $10,000.