UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission file number **333-212446**

NDIVISION INC.

(Exact name of registrant as specified in its charter)

Nevada	**47-5133966**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7301 N. State Highway 161, Suite 100, Irving, TX	**75039**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 785-6355**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None		

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, par value $0.001**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

APPLICABLE ONLY TO CORPORATE ISSUERS

The aggregate market value of Common Stock held by non-affiliates of the Registrant on June 30, 2021, was approximately $12,675,085 based on a $0.70 price paid for such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

45,919,870 common shares as of April 13, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

Forward-Looking Statements

This annual report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

PART I

Item 1. Business

Our financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our common stock.

General Overview

As used in this current report and unless otherwise indicated, the terms "we", "us" and "our" mean nDivision Inc., unless otherwise indicated.

nDivision Inc. ("nDivision" or the "Company") was incorporated under the laws of the state of Texas. nDivision's registered office is located at 7301 N. State Highway 161, Suite 100, Irving, TX, 75039. The Company provides managed IT services and project-based professional services in the information technology industry, selling its services directly to customers and through global service providers (GSP). The Company operates in most states of the United States of America.

On February 13, 2018, Go2Green Landscaping, Inc., a Nevada corporation (the "Registrant") executed an Agreement and Plan of Merger (the "Merger Agreement") with nDivision Inc, and NDI Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of the Registrant ("Acquisition") whereby Acquisition was merged with and into nDivision (the "Merger") in consideration for Twenty Seven Million Five Hundred Thousand (27,500,000) newly-issued shares of Common Stock of the Company (the "Merger Shares").

As a result of the Merger, nDivision became a wholly-owned subsidiary of the Registrant and following the consummation of the Merger and giving effect to the issuance of the Merger Shares and the retirement of 10,000,000 shares of the then 14,400,000 shares issued and outstanding of the Registrant by its principal stockholders, the stockholders of nDivision beneficially owned approximately Seventy percent (70%) of the issued and outstanding Common Stock of the Registrant.

For accounting purposes, nDivision was deemed to be the accounting acquirer in the transaction and, consequently, the transaction was treated as a recapitalization of the Company. Accordingly, nDivision's assets, liabilities and results of operations are the historical consolidated financial statements of the Company and the Company's assets, liabilities and results of operations are consolidated with nDivision effective as of the date of the Merger. No step-up in basis or intangible assets or goodwill was recorded in this transaction.

On February 26, 2018, the Company executed an Asset Purchase Agreement (the "Agreement") with Gamwell Technologies Inc., a Texas corporation ("Gamwell"). Gamwell is engaged in the business of providing managed services, VOIP telephone, security consulting and professional services to its customers.

nDivision Inc. uses the ticker symbol: NDVN.

Emerging Growth Company Status

We are an emerging growth company under the JOBS Act. We shall continue to be deemed an emerging growth company until the earliest of:

1. The last day of the fiscal year of the issuer during which it had total annual gross revenues of $1,007,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,007,000) or more;

2. The last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective IPO registration statement;

3. The date on which such issuer has, during the previous 3-year period, issued more than $1,007,000,000 in non- convertible debt; or

4. The date on which such issuer is deemed to be a 'large accelerated filer', as defined in section 240.12b-2 of title 46, Code of Federal Regulations, or any successor thereto.

As an emerging growth company, we are exempt from Section 404(b) of Sarbanes Oxley. Section 404(a) requires issuers to publish information in their annual reports concerning the scope and adequacy of the internal control structure and procedures for financial reporting. This statement shall also assess the effectiveness of such internal controls and procedures. Section 404(b) requires that the registered accounting firm shall, in the same report, attest to and report on the assessment and the effectiveness of the internal control structure and procedures for financial reporting.

As an emerging growth company, we are also exempt from Section 14A (a) and (b) of the Securities Exchange Act of 1934 which require the shareholder approval of executive compensation and golden parachutes. These exemptions are also available to us as a Smaller Reporting Company.

Our Current Business

nDivision supports organizations in their journey towards digital transformation using advanced technologies across the datacenter, cloud, network and end user help desk. Progressive Chief Information Officers ("CIOs") want to reduce the proportion of their IT budget that is spent on KTLO (Keeping The Lights On) and pivot towards initiatives that make the organization more effective and more efficient; however, IT Operations is still a critical business function and cannot be compromised. In the past, service providers have promised lower costs and improved service levels through labor arbitrage, achieved by utilizing offshore resources. Unfortunately, this has rarely lived up to expectations, and has generally resulted in poor service levels and constant additional costs for 'out of scope' work. nDivision takes a radically different approach. It hires some of the best talent in the industry, harnesses technologies like automation, artificial intelligence, machine learning and cognitive learning to dramatically reduce costs and drive up service levels. nDivision's business model is driven by state-of-the-art technologies, low overheads through strategies that include remote working, a flat organizational structure and highly motivated & talented U.S. based employees. The net effect is a very competitive value proposition and delighted customers. nDivision's services are industry segment agnostic and its customers range from a small and midsize business ("SMB"), through midmarket and large enterprise (the largest customer is a Fortune 500 account). It provides remote support for customer IT operations in 32 countries and across six continents. One of the top ten global technology distributor ($60bn+ revenues) recently entered into an agreement with nDivision to resell nDivision's services through its approximately 50,000 resellers in the U.S.

Services and Solutions

Autonomic Services

SINGLE PANE-OF-GLASS IT OPERATIONS
nDivision uses an integrated IT Operations platform, not a collection of tools. It is made up of over 20 different modules, all of which were developed from the ground up (i.e. no acquired IP) and are fully ITIL compliant. Organizations can choose to implement some or all of the modules, for the same all-inclusive price. Every function is available through a single pane-of-glass, providing visibility and control of incidents, remediation, assets, change management, problem management, knowledge management, SOP's, etc.

INTEGRATED CMDB
An accurate Configuration Management Database (CMDB) is the heart of ITSM (IT Service Management). Very few major organizations have an accurate CMDB, and many of those who are trying to get there are using a spreadsheet. nDivision's platform has an integrated CMDB that is controlled by the change management module, making it very difficult to add, remove or change Configuration Items without maintaining the integrity of the CMDB. Further, the CMDB within nDivision's platform can store correlations and dependencies, which improves incident management, and is invaluable when planning major changes such as datacenter and/or cloud migrations.

AUTOMATIONS
There are a number of tools available that allow automations to be scripted, however, nDivision's platform provides a framework for automations spanning multiple areas such as infrastructure, operating systems, hypervisors, services, databases and major applications. These automations run across solutions from all the major vendors and can either run as standard or using a WYSIWYG 'drag and drop' approach, can be quickly customized to match an organization's SOP's. In fact, if an asset is IP-addressable, can accept keyboard-based commands and generate outputs, it can be part of an automation.

SMART IT SUPPORT
This is nDivision's packaged 24/7 'all-in' remote IT support service for Small Businesses (it is typically aimed at customers with between 10 and 100 IT users) and spans IT infrastructure (servers, storage and networking), and end user help desk support including devices (laptops, desktops, tablets and mobile phones). SMART IT Support has three levels of service: Essential, Advanced and Premium. Advanced includes the same service options as Essential but includes additional security-related and Microsoft cloud services, whereas Premium includes more advanced security-related and Microsoft cloud services. Each of the three service options is priced per user, per month. The quantities of infrastructure equipment and user devices included in the service is calculated as a ratio of the number of users under contract, with additional items charged for on a per item per month basis. SMART IT Support provides Small Businesses with comprehensive IT support at a competitive price-point, backed by industry-leading services levels. SMART IT Support's transparent and published pricing makes it easy for Small Businesses to budget for their IT Support, and customers enjoy the benefits of nDivision's autonomic services, staffed 24/7 network operations center and deep technical resources.

AUTONOMIC MANAGED SERVICE (AMS)
nDivision's AMS makes extensive use of automation which often resolves incidents without any human involvement; this is referred to as Autonomic Resolution. In other cases, the automation will attempt to fix the problem, but if it can't, it gathers all the relevant information at the time that an incident occurs and automatically escalates the ticket to a human engineer; this is referred to as Autonomic Assistance. Sometimes, the platform will notify a human engineer that it has resolved a particular incident multiple times in a given time period and will automatically escalate the incident to Problem Management. There are also some situations where an incident cannot be addressed autonomically and a human will have to investigate the incident and carry out remediation. Where an organization does not want to use its human labor for tasks that cannot be carried out autonomically, nDivision's AMS provides an ITIL Level 1 Autonomic Managed Service (L1 AMS) and an ITIL Level 2 Autonomic Managed Service (L2 AMS).

END USER HELP DESK
nDivision understands that every minute that an end user is unable to access an IT service or technology costs the organization money. If that user is a knowledge-worker, C-level executive or other key resource, the costs can be significantly higher. Furthermore, equipment costs may only represent 20% of the Total Cost of Ownership, with support costs representing the other 80%. Therefore, optimizing access to technology is a critical area of cost-saving and improved productivity.

Many organizations find that providing a multi-tiered Help Desk for its end users can be challenging. Often, Tier 2 resources cannot be spared to address complex end user issues, which leads to protracted user response and resolution times. Also, when resources are limited, providing a high level of support outside of business hours and over weekends can be difficult to do effectively.

Our Proactive service provides a single point of contact for ticketing and remediation through email, web or by phone, and is charged for based on the number of devices. We install an agent on each device that allows us to quickly provide remote control support and keep patches up to date. The service includes anti-virus & anti-malware protection (or we can leverage the customer's) and software distribution for operating systems and applications. Bare metal backups and recovery is an optional service. We leverage manufacturer warranties or a spares program, as needed. All support staff for our Proactive service are based in the U.S.

Our real-time Executive Dashboard provides data on the quality of service (each interaction can be rated by the user), call center statistics (abandonment, talk time, hold time, etc.), inventory data (asset type, operating system, location, etc.) and patching data (installed, missing approved and failed). The Speed of Service metrics includes service level achievement, speed by priority, speed by time and speed by support team member. The Resolved Tickets metrics includes count by team, percentage closed by team, mean time to respond and mean time to resolve. Custom views can also be created as a separate services engagement.

Sales and Marketing

We market and sell our services directly through our professional staff, senior management and direct sales personnel operating out of our business development offices and from home-based locations. We also partner with a number of global service providers (GSPs) that either resell our services across the U.S. or recommend our services to their targeted customers.

Customers

The services we provide are distributed among a number of customers, however a loss of a significant customer or a few significant customers in a short period of time could have a significant impact on our business and could materially reduce revenues. However, the services we provide directly to our customers are multi-year contracts with automatic renewals for at least a year, unless at least ninety (90) days' notice is served to end the contract at the end of the current term. This provides time for us to adjust our resources accordingly and minimize the impact to cash flow. The services that we provide to our larger customers are typically critical to their operations and a termination of our services and therefore have a high renewal rate. The volume of work performed for specific customers is likely to vary from month to month, but these are typically not material variances.

Competition

The markets for our services are highly competitive, characterized by a large number of participants and subject to rapid change. Competitors may include systems integration firms, contract programming companies, application software companies, cloud computing service providers, traditional consulting firms, professional services groups of computer equipment companies, infrastructure management and outsourcing companies and boutique digital companies. Our direct competitors in large accounts include, among others, Accenture, Atos, Capgemini, Deloitte Digital, DXC Technology, Unisys, HCL Technologies, IBM Global Services, Infosys Technologies, NTT Data, Tata Consultancy Services, Unisys and Wipro. In addition, we compete with numerous smaller local companies in the various geographic markets in which we operate.

The principal competitive factors affecting the markets for our services include the provider's reputation and experience, vision and strategic advisory ability, digital services capabilities, performance and reliability, responsiveness to customer needs, financial stability, corporate governance and competitive pricing of services. Accordingly, we rely on the following to compete effectively:

- investments in state-of-the-art technologies;
- our recruiting, training and retention model;
- our 24/7 remote global service delivery model;
- an entrepreneurial culture and approach to our work;
- strategic partnerships with global service providers;
- customer referrals;
- investment in process improvement and knowledge capture;
- financial stability and good corporate governance;
- continued focus on responsiveness to customer needs, quality of services and competitive prices; and
- continual service improvement, project management capabilities and technical expertise.

Intellectual Property

We provide value to our customers based, in part, on our proprietary business processes, methodologies, reusable knowledge capital and other intellectual property ("IP") assets. We recognize the importance of IP and its ability to differentiate us from our competitors. We seek IP protection for some of our innovations and rely on a combination of IP laws, confidentiality procedures and contractual provisions, to protect our IP and our brand. We have registered, and applied for the registration of, U.S. and international trademarks, service marks, domain names and copyrights. While our proprietary IP rights are important to our success, we believe our business as a whole is not materially dependent on any particular IP right, or any particular group of patents, trademarks, copyrights or licenses.

Employees

We had 45 employees at the end of 2021. We are not party to any collective bargaining agreements.

WHERE YOU CAN FIND MORE INFORMATION

You are advised to read this Form 10-K in conjunction with other reports and documents that we file from time to time with the SEC. In particular, please read our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we file from time to time. You may obtain copies of these reports directly from us or from the SEC at the SEC's Public Reference Room at 100 F. Street, N.E. Washington, D.C. 20549, and you may obtain information about obtaining access to the Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains information for electronic filers at its website http://www.sec.gov.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks, uncertainties and other factors described below, in addition to the other information set forth in this Form 10-K, before making an investment decision. Any of these risks, uncertainties and other factors could materially and adversely affect our business, financial condition, results of operations, cash flows or prospects. In that case, the market price of our common stock could decline, and you may lose all or part of your investment in our common stock. See also "Cautionary Statement Regarding Forward-Looking Statements."

Our business depends on the availability of a large number of highly qualified IT professionals, sales and management personnel, and our ability to recruit and retain these individuals.

We actively compete with many other IT service providers for qualified personnel, including professional IT staff, salespeople, and management. The availability of qualified personnel may affect our future ability to provide services and meet the requirements of our clients. An inability to attract resources at the costs anticipated for customer contracts may adversely impact our revenue and operating results in the future.

We have a history of significant cash needs and this may increase in the future.

As of December 31, 2021, we had approximately $521,000 in cash and negative working capital of approximately $1,524,235. We have reported losses of approximately $4,065,900 and $1,500,000 for the years ended December 31, 2021 and 2020, respectively. We do not believe that our current recurring revenue, existing revenue opportunities, balances of cash, and factoring opportunities will be sufficient to finance our anticipated capital and operating requirements for the next twelve months from the date of filing this annual report. The Company will require significant additional debt and equity financing to support the anticipated cash requirements to run normal operations until sales have increased significantly to support the operations and without this support, there is substantial doubt about the Company's ability to continue to operate.

Our independent registered public accounting firm has issued an opinion on our consolidated financial statements included in this Annual Report on Form 10-K that states that the consolidated financial statements were prepared assuming we will continue as a going concern. Our consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America applicable for a going concern, which assume that we will realize our assets and discharge our liabilities in the ordinary course of business.

The IT services industry is highly competitive and fragmented, which means that our clients have a number of choices for providers of IT services and we may not be able to compete effectively.

The market for our services is highly competitive. The market is fragmented, and no company holds a dominant position. Consequently, our competition for client requirements and experienced personnel varies significantly by geographic area and by the type of service provided. Some of our competitors are larger and have greater technical, financial, and marketing resources and greater name recognition than we have in the markets we collectively serve. In addition, clients may elect to increase their internal IT systems resources to satisfy their end user, systems and network support needs. Finally, small and medium business customers typically have multiple smaller service providers within their local geography that are willing to provide onsite support as needed and there is no guarantee that our remote services will be appealing to these types of customers.

We may unintentionally infringe on the proprietary rights of others.

Many lawsuits currently are being brought in the software industry alleging violation of intellectual property rights. Although we do not believe that we are infringing on any patent rights, patent holders may claim that we are doing so. Any such claim would likely be time-consuming and expensive to defend, particularly if we are unsuccessful, and could prevent us from selling our products or services. In addition, we may also be forced to enter into costly and burdensome royalty and licensing agreements.

We may be unable to achieve the financial or other goals intended at the time of any potential acquisition.

Our growth strategy includes the potential acquisition of business assets or companies to increase our recurring revenues and add scale to our business operations. We may not be successful in identifying or funding acquisitions that are consistent with our strategy or in completing such acquisitions. Acquisitions of business assets or companies are subject to numerous potential risks, including the following:

- our inability to enter into a definitive agreement with respect to any potential acquisition, or if we are able to enter into such agreement, our inability to consummate the potential acquisition;
- our inability to achieve the anticipated financial and other benefits of a specific acquisition;
- our inability to obtain the necessary financing, on favorable terms or at all, to finance any or all of our potential acquisitions;
- risks of entering geographical markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- our inability to retain key personnel from an acquired company, if necessary;
- difficulty in maintaining controls, procedures and policies during the transition and integration process;
- our inability to integrate the target company's technologies, products or businesses with ours;
- diversion of our management's attention from other business concerns; and
- failure of our due diligence processes to identify significant issues, including issues with respect to future cash flows, and other legal and financial contingencies.

If we are unable to manage these risks effectively as part of any acquisition, our business and prospects could be adversely affected. Depending upon the nature and structure of future acquisitions, our stockholders may not have the ability to vote on, or consent to, the consummation of any such acquisition.

Concentration of ownership among our existing executive officers, directors and their affiliates, and others who beneficially own at least 10% of our outstanding common stock, may prevent new investors from influencing significant corporate decisions.

Our executive officers, directors and their affiliates, together with others who own at least 10% of our outstanding common stock, beneficially own or control more than 50% of our common stock. Accordingly, these persons, acting individually or as a group, will have substantial influence over the outcome of a corporate action requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transaction. These stockholders may also exert influence in delaying or preventing a change in control of our company, even if such change in control would benefit our other stockholders. In addition, the significant concentration of stock ownership may adversely affect the market value of our common stock due to investors' perception that conflicts of interest may exist or arise.

Our Common Stock may be affected by trading volume and price fluctuations, which could adversely impact the value of our Common Stock.

The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with securities traded in those markets. Broad market and industry factors may seriously affect the market price of companies' stock, including ours, regardless of actual operating performance. Market prices for public companies whose principle revenues are derived from the licensing of intellectual property have been particularly volatile. We believe that various factors may cause the market price of our common stock to fluctuate, perhaps substantially, and the factors include, among others, the following:

- quarterly variations in our operating results compared to market expectations;
- our raising or failure to raise additional capital;
- the risk of our inability to continue to meet listing requirements of the OTC-QB;
- developments in relationships with strategic partners;
- our competitors' technological innovations;
- our failure to meet or exceed securities analysts' expectations of our financial results;
- a change in financial estimates or securities analysts' recommendations;
- changes in management's or securities analysts' estimates of our financial performance;
- changes in market valuations of similar companies;
- regulatory developments and court decisions that negatively impact the ability of patent owners to protect their assets;
- actual or expected sales of our common stock by our stockholders, including any of our significant stockholders.

Our common stock may be considered a "penny stock."

The SEC has adopted regulations, which generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions. The market price of our common stock is less than $5.00 per share and therefore may be a "penny stock." Brokers and dealers effecting transactions in "penny stock" must disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect your ability to sell shares of our common stock in the future.

Our stockholders may experience significant dilution if future equity offerings are used to fund operations or acquire complementary businesses.

Our authorized capital stock consists of One Hundred Eighty million (180,000,000) shares of common stock and Twenty million (20,000,000) shares of blank check preferred stock. If we engage in capital raising activities in the future as we did in the 2021 and previously, including issuances of common stock or securities that are convertible into, or exercisable for, our common stock, to fund the growth of our business, our stockholders could experience significant dilution. In addition, securities issued in connection with future financing activities or potential acquisitions may have rights and preferences senior to the rights and preferences of our common stock. We have adopted an equity incentive plan pursuant to which equity awards may be granted to eligible employees (including our executive officers), directors and consultants, if our Board of Directors determines that it is in the best interest of the Company and our stockholders to do so. The issuance of shares of our common stock upon the exercise of any such equity awards may result in dilution to our stockholders and adversely affect our earnings. As of December 31, 2021, the Company had 9,226,544 options and 1,372,752 warrants issued and exercisable.

Sales of our currently issued and outstanding stock may become freely tradable pursuant to Rule 144 and may dilute the market for your shares and have a depressive effect on the price of the shares of our common stock.

A number of the outstanding shares of common stock are "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") ("Rule 144"). As restricted shares, these shares may be resold only pursuant to an effective registration statement or under the requirements of Rule 144 or other applicable exemptions from registration under the Securities Act and as required under applicable state securities laws. Rule 144 provides in essence that a non-affiliate who has held restricted securities for a period of at least six months may sell their shares of common stock. Under Rule 144, affiliates who have held restricted securities for a period of at least six months may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed the greater of 1% of a company's outstanding shares of common stock or the average weekly trading volume during the four calendar weeks prior to the sale (the four calendar week rule does not apply to companies quoted on the OTC Markets). A sale under Rule 144 or under any other exemption from the Securities Act, if available, or pursuant to subsequent registrations of our shares of common stock, may have a depressive effect upon the price of our shares of common stock in any active market that may develop.

A decline in the price of our common stock could affect our ability to raise working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. A decline in the price of our common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new services and continue our current operations. If our common stock price declines, we can offer no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

Our internal computer systems, or those of our development partners or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our development partners, data management organizations and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities.

We rely on email and other messaging services in connection with our operations. We may be targeted by parties using fraudulent spoofing and phishing emails to misappropriate passwords, payment information or other personal information or to introduce viruses through Trojan horse programs or otherwise through our networks, computers, smartphones, tablets or other devices. Despite our efforts to mitigate the effectiveness of such malicious email campaigns through a variety of control and non-electronic checks, spoofing and phishing may damage our business and increase our costs. We do maintain a cyber insurance policy; however it may not be sufficient enough to cover all damages. Any of these events or circumstances could materially adversely affect our business, financial condition and operating results and could significantly impair our ability to successfully complete a potential strategic transaction on terms that are favorable to our stockholders, or at all.

We are increasingly dependent on information technology systems, infrastructure and data.

We are increasingly dependent upon information technology systems, infrastructure and data. Our computer systems may be vulnerable to service interruption or destruction, malicious intrusion and random attack. Security breaches pose a risk that sensitive data, including intellectual property, trade secrets or personal information may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, denial-of service, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our key business partners face similar risks, and a security breach of their systems could adversely affect our security posture. While we continue to invest data protection and information technology, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that could adversely affect our business and operations and/or result in the loss of critical or sensitive information or the illegal transfer of funds to unknown persons, which could result in financial, legal, business or reputational harm. Any of these issues could significantly impair our ability to successfully complete a potential strategic transaction on terms that are favorable to our stockholders, or at all.

We depend on key management for the success of our business.

Our success is largely dependent on the skills, experience and efforts of our senior management team. The loss of the services of any of these key managers could materially harm our business, financial condition, future results and cash flow. We do not maintain "key person" life insurance policies on any of these employees. We may also not be able to locate or employ on acceptable terms qualified replacements for our senior management if their services were no longer available.

The requirements of being a public company may strain our resources and distract management.

As a result of filing the registration statement, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). These requirements are extensive. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting.

We may incur significant costs associated with our public company reporting requirements and costs associated with applicable corporate governance requirements. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Ineffective internal controls could impact the Company's business and operating results.

The Company's internal control over financial reporting may not prevent or detect misstatements because of the inherent limitations of internal controls, including the possibility of human error, the circumvention or overriding of controls, poorly designed or ineffective controls, or fraud. Internal controls that are deemed to be effective can provide only reasonable assurance with respect to the preparation and fair presentation of the Company's financial statements. If the Company fails to maintain the adequacy of its internal controls, including the failure to implement new or improve existing controls, or fails to properly execute or properly test these controls, the Company's business and operating results could be negatively impacted and the Company could fail to meet its financial reporting obligations.

We have identified a material weakness in our internal control over financial reporting.

Management, including our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, and concluded that we did not maintain effective internal control over financial reporting. Specifically, management identified a material weakness over the inadequate segregation of duties consistent with control objectives and lack of multiple levels of supervision and review—see Item 9A, "Controls and Procedures," below.

Changing economic conditions and the effect of such changes on accounting estimates could have a material impact on our results of operations.

The Company has also made a number of estimates and assumptions relating to the reporting of its assets and liabilities and the disclosure of contingent assets and liabilities to prepare its consolidated financial statements pursuant to the rules and regulations of the SEC and other accounting rulemaking authorities. Such estimates primarily relate to the valuation of stock options for recording equity-based compensation expense, allowances for doubtful accounts receivable, valuation allowances for deferred tax assets, legal matters and other contingencies, as applicable. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Changes in the economic climates in which the Company operates may affect these estimates and will be reflected in the Company's financial statements in the event they occur. Such changes could result in a material impact on the Company's results of operations.

If we issue shares of preferred stock, investments in common stock could be diluted or subordinated to the rights of the holders of preferred stock.

Our Board of Directors is authorized by our Certificate of Incorporation to establish classes or series of preferred stock and fix the designation, powers, preferences and rights of the shares of each such class or series without any further vote or action by our stockholders. Any shares of preferred stock so issued could have priority over our common stock with respect to dividend or liquidation rights. Further, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could be used to discourage an unsolicited acquisition proposal. For instance, the issuance of a series of preferred stock might impede a business combination by including class voting rights that would enable a holder to block such a transaction. In addition, under certain circumstances, the issuance of preferred stock could adversely affect the voting power of holders of our common stock. Although our Board of Directors is required to make any determination to issue preferred stock based on its judgment as to the best interests of our stockholders, our Board of Directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which such stockholders might receive a premium for their stock over the then-market price of such stock. Presently, our Board of Directors does not intend to seek stockholder approval prior to the issuance of currently authorized preferred stock, unless otherwise required by law or applicable stock exchange rules. Although we have no plans to issue any additional shares of preferred stock or to adopt any new series, preferences or other classification of preferred stock, any such action by our Board of Directors or issuance of preferred stock by us could dilute your investment in our common stock and warrants or subordinate your holdings to such shares of preferred stock.

Changing economic conditions and other effects of the such changes caused by the coronavirus disease 2019 (COVID-19).

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced. The spread of COVID-19 around the world in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, as of August 2020, the Company has transitioned its operations to 100% work from home and there has been minimal impact to our internal operations from the transition. The Company is unable to determine if there will be a material future impact to its customers' operations and ultimately an impact to the Company's overall revenues.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate office is located at 7301 N. State Highway 161, Suite 100, Irving, TX 75039. The lease for the property is a 60-month lease.

Item 3. Legal Proceedings

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. The Company is not involved in any pending legal proceeding or litigation and, to the best of its knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of its properties is subject, which would reasonably be likely to have a material adverse effect on the Company.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Dividend Policy

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our Board of Directors.

Equity Compensation Plan Information

As of December 31, 2021, there were stock options outstanding under the Company's 2018 Equity Incentive Plan, as amended (the "2018 Plan"). The plan granted additional incentives to select persons who can make, are making and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons and to encourage and reward such contributions by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restructured stock. The 2018 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2018 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2018 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an award made under the 2018 Plan. The maximum number of shares that may be granted under the 2018 Plan is 18,000,000. This number is subject to adjustment to reflect changes in the capital structure or organization of the Company. All stock options outstanding as of December 31, 2021 were non-qualified stock options, had exercise prices equal to the market price on the date of grant and had expiration dates 10 years from the date of grant.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	8,526,544	$ 0.41	9,388,353
Equity compensation plans not approved by security holders	700,000	0.34	-
Total	9,226,544	$ 0.41	9,388,353

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

During the year ended December 31, 2021, the Company issued 1,200,000 shares of common stock for a commitment fee valued at $177,600 with no material fees.

During the year ended December 31, 2021, the Company issued 85,103 shares of common stock for the cashless exercise of stock options.

During the year ended December 31, 2021, the Company issued 1,134,984 shares of common stock for the conversion of notes payable and accrued interest valued at $160,419 with no material fees.

During the year ended December 31, 2020, the Company issued 1,250,000 shares of common stock for services valued at approximately $437,500 with no material fees. As of December 31, 2021, the Company has amortized $373,103 of the services, with the remainder being amortized during the year ended December 31, 2022.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended December 31, 2021.

Item 6. Reserved

Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include but are not limited to those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" beginning on page 6 of this annual report.

Our audited consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Results of Operations - Years Ended December 31, 2021 vs. December 31, 2020

The following summary of our results of operations should be read in conjunction with our consolidated financial statements for the years ended December 31, 2021, and 2020, which are included herein.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

	December 31,		
	2021	2020	Change
Revenue	$ 6,143,273	$ 5,927,173	$ 216,100
Cost of revenue	5,338,979	4,107,556	1,231,423
Operating Expenses	4,875,789	3,217,188	1,658,601
Net loss	$ (4,065,910)	$ (1,498,926)	$ 2,566,984

Revenues increased by $216,100 or 4% for the fiscal year ended December 31, 2021 compared with the fiscal year ended December 31, 2020. The change in revenue is due to the following increases: new customers of approximately $387,400, professional services of approximately $174,500 and additional services of approximately $25,000, these increases were partially offset by terminated customers revenue of approximately $370,800 of revenue.

Cost of revenue increased by $1,231,423 or 30% compared with the prior fiscal year. The gross margin declined to 13.1%, a decreased by approximately 57.3% compared to the prior year gross margin of 30.7%. The decrease in gross profit was from lower high margin professional services. In addition, there was additional labor added to cost of sales to increase services provided as standard managed services provided by the Company. Management increased these services to improve customer satisfaction and, in an effort, to improve the Company's ability to increase sales.

Operating expenses increased by $1,658,601 or 52% compared with the prior fiscal year. There was an increase in compensation, commission expenses, marketing expenses, amortization of beneficial conversion feature expenses, stock compensation and professional service expenses, which was partially offset by decreases in travel, depreciation and rent expense.

The Company incurred a net loss of $4,065,910 and $1,498,926 for the fiscal years ended December 31, 2021 and 2020, respectively. Other income and expenses decreased by $106,940. The net gain of other income and expenses was related to the PPP loan forgiveness of $716,982 and offset by interest expense of $717,760, an increase of interest expense of $607,950. The increase in the net loss is primarily related to a decrease in the gross margin and an increase in selling, general and administrative expenses.

Liquidity and Capital Resources

Working Capital

	At December 31, 2021	At December 31, 2020
Current assets	$ 1,256,120	$ 2,459,189
Current liabilities	2,780,355	2,160,942
Working capital	$ (1,524,235)	$ 298,247

Cash Flows	Year Ended December 31,	
	2021	2020
Cash flows used in operating activities	$ (3,048,869)	$ (1,445,924)
Cash flows used in investing activities	(21,994)	(64,719)
Cash flows provided by financing activities	1,785,296	1,559,554
Net (decrease) increase in cash during the year	$ (1,285,567)	$ 48,911

At December 31, 2021, the Company had cash of $521,039. The decrease in cash of $1,285,567 from the December 31, 2020, cash balance of $1,806,606 was related to the significant losses sustained during the year and the decrease of deferred revenue.

Net cash used in investing activities for the fiscal year ended December 31, 2021, was $21,994 with $64,719 being used for the fiscal year ended December 31, 2020. During the years ended December 31, 2021, and 2020, the Company repaid debt related to the acquisition and purchased equipment and software licenses.

Net cash flows provided by financing activities for the fiscal year ended December 31, 2021, was $1,785,296 compared to $1,559,554 for the fiscal year ended December 31, 2020. During the year ended December 31, 2021, the Company received $1,190,000 proceeds from the issuance of convertible debt issuance of non-convertible debt of $515,500 and $213,606 of proceeds from a factoring agreement partially offset by repayments of finance lease obligations of $133,810. During the year ended December 31, 2020, the Company received proceeds of $1,050,000 from the issuance of convertible debt and proceeds received under the Payroll Protection Program of $710,500, offset by repayments of financed lease obligations of $200,946.

The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months from the date of the issuance of these consolidated financial statements with existing cash on hand, cash flow from operations, short-term debt from the factoring of receivables, additional debt financings and additional equity financings. The Company must raise capital through additional debt and equity financings to fund the operations of the business, there is, however, no assurance that the Company will be able to raise any additional capital through any type of offering on terms acceptable to the Company, as existing cash on hand will not be sufficient to finance operations over the next twelve months.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate these estimates, including those related to bad debts, intangible assets, and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

We have identified below the accounting policies, related to what we believe are most critical to our business operations and are discussed throughout Management's Discussion and Analysis of Financial Condition or Plan of Operation where such policies affect our reported and expected financial results.

Revenue Recognition

For revenue recognition arrangements that we determine are within the scope of Topic ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model to arrangements that meet the definition of a contract under Topic 606, including when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company evaluates the goods or services promised within each contract related performance obligation and assesses whether each promised good or service is distinct. The Company recognizes as revenue, the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company recognizes revenue upon completion of our performance obligations or expiration of the contractual time to use services such as professional service hours purchased in bulk for a given time period. Any early termination fees are recognized in the period the contract is terminated and the termination invoice is paid.

The Company has elected the following practical expedients in applying ASC 606:

Unsatisfied Performance Obligations - all performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in ASC 606 and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Contract Costs - all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less in duration.

Sales Tax Exclusion from the Transaction Price - the Company excludes from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from the customer.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect the Company's estimate of potential losses inherent in accounts receivable balances, based on historical loss and known factors impacting its customers. Management has determined that there should be a $40,000 and $26,000 allowance required for the years ended December 31, 2021 and 2020. The Company does not accrue interest on past due receivables.

Impairment of Long-lived Assets

The Company records an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. During the year ended December 31, 2021, the Company recorded a $302,115 impairment related to the contracts purchased in February 2018 based on the expected negative cash flow from the business unit over the next 18-month period. The Company did not record any impairment during the year ended December 31, 2020.

Convertible Debt and Securities

The Company follows beneficial conversion feature guidance in ASC 470-20, which applies to convertible stock as well as convertible debt. A beneficial conversion feature is defined as a nondetachable conversion feature that is in the money at the commitment date. The beneficial conversion feature guidance requires recognition of the conversion option's in-the-money portion, the intrinsic value of the option, in equity, with an offsetting reduction to the carrying amount of the instrument. The resulting discount is amortized as interest over the life of the instrument, if a stated maturity date exists, or to the earliest conversion date, if there is no stated maturity date. If the earliest conversion date is immediately upon issuance, the expense must be recognized at inception. When there is a subsequent change to the conversion ratio based on a future occurrence, the new conversion price may trigger the recognition of an additional beneficial conversion feature on occurrence.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. The new rules were effective for the Company in the first quarter of 2021. The Company determined that the adoption of this ASU had no impact on its consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326)", authoritative guidance amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model, which is a new impairment model based on expected losses. The new guidance is effective for interim and annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity"*, which simplifies the guidance for certain convertible debt instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company expects the primary impacts of this new standard will be to increase the carrying value of its convertible debt and reduce its reported interest expense. In addition, the Company will be required to use the if-converted method for calculating diluted earnings per share. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company", the Company is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

nDivison Inc.

December 31, 2021 and 2020

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of nDivision Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of nDivision Inc. (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, stockholders' (deficit) equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's accumulated deficit and operating losses raise a substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company's auditor since 2018.

Marlton, New Jersey
April 14, 2022

NDIVISION INC
CONSOLIDATED BALANCE SHEETS

		December 31, 2021		December 31, 2020
ASSETS				
Current assets				
Cash	$	521,039	$	1,806,606
Accounts receivable, net (allowance for doubtful accounts was $40,000 at December 31, 2021 and $26,000 at December 31, 2020)		571,994		531,244
Prepaid expenses		163,087		121,339
Total current assets		1,256,120		2,459,189
Equipment and software licenses - at cost, less accumulated depreciation and amortization		418,635		540,918
Other assets				
Intangible asset, less accumulated amortization		-		455,320
Right-of-use asset		337,179		441,940
Total other assets		337,179		897,260
Total assets	$	2,011,934	$	3,897,367
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY				
Current liabilities				
Accounts payable	$	233,217	$	153,427
Accrued liabilities		888,325		373,487
Deferred revenue		229,327		870,184
Factoring credit facility		213,606		-
Current portion of note payable		118,277		514,678
Current portion of convertible notes payable, net of discount		831,991		-
Current portion of acquisition note payable		-		18,102
Current portion of operating lease payable		129,392		105,615
Current portion of finance lease obligations		136,220		125,449
Total current liabilities		2,780,355		2,160,942
Note payable		-		195,822
Convertible notes payable, net of discount		358,770		734,282
Operating lease payable, net of current portion		226,846		336,520
Finance lease obligations, net of current portion		287,911		380,209
Total long-term liabilities		873,527		1,646,833
Commitments				
Stockholders' (deficit) equity				
Preferred stock, $0.001 par value, 20,000,000 shares authorized, no shares issued and outstanding		-		-
Common stock, $0.001 par value, 180,000,000 shares authorized, and 44,919,870 and 42,499,783 shares issued and outstanding, respectively		44,920		42,500
Additional paid in capital		9,492,125		7,160,175
Accumulated deficit		(11,178,993)		(7,113,083)
Total stockholders' (deficit) equity		(1,641,948)		89,592
Total liabilities and stockholders' (deficit) equity	$	2,011,934	$	3,897,367

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

NDIVISION INC
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31, 2021	Years Ended December 31, 2020
Service revenue	$ 6,143,273	$ 5,927,173
Service costs	5,338,979	4,107,556
Gross profit	804,294	1,819,617
Operating expenses		
Selling, general and administrative expenses	4,573,674	3,217,188
Impairment of intangible asset	302,115	-
	4,875,789	3,217,188
Loss from operations	(4,071,495)	(1,397,571)
Other income (expense)		
Interest expense	(717,760)	(109,810)
Gain on change in derivative liability	6,363	-
PPP loan forgiveness	716,982	-
Other	-	8,455
Other income (expense)	5,585	(101,355)
Net loss before income tax	(4,065,910)	(1,498,926)
Income tax expense	-	-
Net loss	(4,065,910)	(1,498,926)
Basic and diluted loss per share	$ (0.09)	$ (0.04)
Weighted average shares outstanding	43,232,248	41,437,625

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

NDIVISION INC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY

2020	**Common Stock Shares**	**Common Stock Amount**	**Additional Paid In Capital**	**Accumulated Deficit**	**Shareholders' (Deficit) Equity**
Balance, December 31, 2019	41,249,783	$ 41,250	$ 6,037,767	$ (5,614,157)	$ 464,860
Amortization of stock based compensation and warrant expense	-	-	690,571	-	690,571
Beneficial conversion feature	-	-	336,300	-	336,300
Common stock issued for services	1,250,000	1,250	95,537	-	96,787
Net loss	-	-	-	(1,498,926)	(1,498,926)
Balance, December 31, 2020	42,499,783	$ 42,500	$ 7,160,175	$ (7,113,083)	$ 89,592
Amortization of stock based compensation and warrant expense	-	-	936,926	-	936,926
Common stock issued for commitment fee	1,200,000	1,200	176,400	-	177,600
Warrant issued with debt	-	-	34,050	-	34,050
Beneficial conversion feature	-	-	1,025,375	-	1,025,375
Exercise of stock options - cashless	85,103	85	(85)	-	-
Conversion of notes payable and accrued interest, net of unamortized discount	1,134,984	1,135	159,284	-	160,419
Net loss	-	-	-	(4,065,910)	(4,065,910)
Balance, December 31, 2021	44,919,870	$ 44,920	$ 9,492,125	$ (11,178,993)	$ (1,641,948)

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

NDIVISION INC
CONSOLIDATED STATEMENTS OF CASH FLOW

	Years Ended December 31, 2021	2020
Cash flows from operating activities		
Net loss	$ (4,065,910)	$ (1,498,926)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	331,663	432,278
Provision for doubtful accounts	14,000	24,624
Amortization of beneficial conversion feature	447,381	20,582
Amortization of debt discount	19,327	-
Non-cash lease expense	104,761	101,035
Stock based compensation	936,926	787,358
Loss on sale of assets	-	88
Gain on the change in derivative liability	(6,363)	-
Forgiveness of SBA PPP loan	(716,982)	-
Impairment of intangible asset	302,115	-
Changes in assets and liabilities		
Accounts receivable	(54,750)	(7,043)
Prepaid expenses	(41,748)	(13,911)
Accounts payable	79,790	(89,749)
Accrued liabilities	327,675	-
Deferred revenue	(640,857)	(1,107,641)
Operating lease payable	(85,897)	(94,619)
Net cash used in operating activities	(3,048,869)	(1,445,924)
Cash flows from investing activities		
Repayment of debt related to acquisition	(18,102)	(54,056)
Proceeds from sale of equipment and software license	-	401
Acquisition of equipment and software licenses	(3,892)	(11,064)
Net cash used in investing activities	(21,994)	(64,719)
Cash flows from financing activities		
Proceeds of Paycheck Protection note payable	-	710,500
Proceeds from factor credit facility	213,606	-
Proceeds from note, net	515,500	-
Proceeds from convertible notes payable, net	1,190,000	1,050,000
Repayment of finance lease obligations	(133,810)	(200,946)
Net cash provided by financing activities	1,785,296	1,559,554
Net (decrease) increase in cash	(1,285,567)	48,911
Cash, beginning of year	1,806,606	1,757,695
Cash, end of year	$ 521,039	$ 1,806,606
Supplemental cash flow disclosures		
Interest paid	$ 40,473	$ 33,318
Non-cash financing activities		
Operating lease asset obtained in exchange for operating lease obligation	$ -	$ 34,000
Conversion of notes payable and accrued interest to common stock, net of unamortized discount	$ 160,419	$ -
Purchase of equipment under capital lease	$ 51,396	$ 550,066
Beneficial conversion feature	$ 1,025,375	$ 336,300
Debt discount issued in connection with debt	$ 204,900	$ -
Common stock issued for commitment fees	$ 177,600	$ -
Warrants issued with debt	$ 34,050	$ -

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

nDivision Inc.
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

1. DESCRIPTION OF BUSINESS

nDivision Inc. ("nDivision" or the "Company") was incorporated under the laws of the state of Nevada. nDivision's registered office is located at located at 7301 N. State Highway 161, Suite 100, Irving, TX, 75039. The Company provides managed IT services and project-based professional services in the information technology industry, selling its services directly to customers and through global service providers (GSP). The Company operates in most states of the United States of America.

2. GOING CONCERN AND LIQUIDITY

The Company has, and is continuing to, experience significant losses and negative cash flows from operations. Management has secured new managed services contracts, implemented a new strategic sales strategy, focusing on large resellers in the industry to increase monthly recurring revenue to improve the overall profitability and cash flows of the Company. The Company continues to explore additional options for short-term and long-term financing until these new strategies have fully developed and are generating the necessary cash flow.

During the year ended December 31, 2021, the Company received proceeds from the issuance of convertible and non-convertible notes payable of approximately $,705,500. The Company had negative working capital of $1,524,235 on December 31, 2021.

The Company has continued to increase the monthly recurring revenue during the year ended December 31, 2021, however the Company has increased resources to support the new implementations and increased business at an accelerated rate. This increase was compounded by a single contract which required significant resources above what was originally planned. Due to the challenges with this contract, the Company has agreed to a discount of $90,000, which has been included in these financials statements as a reduction to sales and accounts receivable.

The Company has factored approximately $231,175 of its invoices and received approximately $213,606 advance on these factored receivables under the Company's factoring credit facility agreement for the year ended December 31, 2021. The fees during the year related to this factoring agreement was approximately $10,600. The Company receives 90% of the factored receivables for a fee of 2.4% of the factored invoice and has committed to a minimum balance of $150,000 of invoices factored for six months from the initial funding in November 2021.

The ability to continue as a going concern is dependent upon the Company generating profitable operations in the near future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months from the date of the issuance of these consolidated financial statements with existing cash on hand, factoring of receivables, obtaining additional debt and/or the private placement of common stock. There is, however, no assurance that the Company will be able to raise any additional capital through any type of offering on terms acceptable to the Company, as existing cash on hand will be insufficient to finance operations over the next twelve months and at the same time pay back various convertible notes due during this same time period. Accordingly, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of at least 12 months from the date of issuance of these consolidated financial statements. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company has transitioned its operations to 100% work from home and there has been minimal impact to our internal operations from the transition. The Company is unable to determine if there will be a material future impact to its customers' operations and ultimately an impact to the Company's overall revenues.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles ("GAAP") of the United States.

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Use of Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition

For revenue recognition arrangements that we determine are within the scope of Topic ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model to arrangements that meet the definition of a contract under Topic 606, including when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company evaluates the goods or services promised within each contract related performance obligation and assesses whether each promised good or service is distinct. The Company recognizes as revenue, the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company recognizes revenue upon completion of our performance obligations or expiration of the contractual time to use services such as professional service hours purchased in bulk for a given time period. Any early termination fees are recognized in the period the contract is terminated and the termination invoice is paid.

The Company has elected the following practical expedients in applying ASC 606:

Unsatisfied Performance Obligations - all performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in ASC 606 and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Contract Costs - all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less in duration.

Sales Tax Exclusion from the Transaction Price - the Company excludes from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from the customer.

Cash

For purposes of the consolidated financial statements, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company's cash balances are primarily maintained at a single bank. Balances are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect the Company's estimate of potential losses inherent in accounts receivable balances, based on historical loss and known factors impacting its customers. Management has determined that a $40,000 and $26,000 allowance was required for the fiscal years ended December 31, 2021 and 2020, respectively. The Company does not accrue interest on past due receivables.

Intangible Assets

Customer contracts acquired were recorded at their estimated fair value at the date of acquisition and are being amortized over their estimated useful life of five years using the straight-line method.

Impairment of Long-lived Assets

The Company records an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. During the year ended December 31, 2021, the Company recorded a $302,115 impairment related to the contracts purchased in February 2018 based on the expected negative cash flow from the business unit over the next 18-month period. The Company did not record any impairment during the year ended December 31, 2020.

Paycheck Protection Note Payable

The Company received a loan from the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the amount of $710,500. The loan was subject to a note dated May 2, 2020, and subject to forgiveness to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Company applied for full forgiveness of this loan. As of May 15, 2021, the Small Business Administration (the "SBA") confirmed the application for forgiveness has been approved and the PPP loan in the amount of $710,500 plus accrued interest of $6,482 has been forgiven.

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are cash and accounts receivable. See Note 15 for significant customer concentration disclosure.

Cash is maintained with a major financial institution in the United States and may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand, and, therefore, bear minimal risk. At December 31, 2021 and 2020, deposits in excess of FDIC limits were $271,039 and $1,556,606, respectively.

Equipment and Software Licenses

Equipment and software licenses are stated at cost. Depreciation is calculated using the straight-line method over an estimated useful life of one to ten years.

Convertible Debt and Securities

The Company follows beneficial conversion feature guidance in ASC 470-20, which applies to convertible stock as well as convertible debt. A beneficial conversion feature is defined as a nondetachable conversion feature that is in the money at the commitment date. The beneficial conversion feature guidance requires recognition of the conversion option's in-the-money portion, the intrinsic value of the option, in equity, with an offsetting reduction to the carrying amount of the instrument. The resulting discount is amortized as interest over the life of the instrument, if a stated maturity date exists, or to the earliest conversion date, if there is no stated maturity date. If the earliest conversion date is immediately upon issuance, the expense must be recognized at inception. When there is a subsequent change to the conversion ratio based on a future occurrence, the new conversion price may trigger the recognition of an additional beneficial conversion feature on occurrence.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging". For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

Earnings and Loss per Share

Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and the conversion of notes payable to common stock. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation. There were approximately 14,672,875 and 9,488,750 of common stock equivalents excluded for the fiscal years ended December 31, 2021 and 2020, respectively because their effect is anti-dilutive.

Marketing Costs

Marketing costs, which are expensed as incurred, totaled approximately $456,466 and $56,943 for the fiscal years ended December 31, 2021 and 2020, respectively and is included in selling, general and administrative expenses.

Stock-Based Compensation

Compensation expense related to share-based transactions, including employee stock options, is measured in the financial statements based on a determination of the fair value. The grant date fair value is determined using the Black-Scholes-Merton ("Black-Scholes") pricing model. For all stock options, the Company recognizes expense over the requisite service period on a straight-line basis (generally the vesting period of the equity grant). The Company's option pricing model requires the input of highly subjective assumptions, including the expected stock price volatility and expected term. Any changes in these highly subjective assumptions significantly impact stock-based compensation expense.

See Note 12 for the assumptions used to calculate the fair value of stock-based employee and non-employee compensation.

Leases

The Company determines if an arrangement is a lease at the inception of a contract. Operating lease right-of-use ("ROU") assets are included in right-of-use assets on the consolidated balance sheets. The current and long-term components of operating lease liabilities are included in the current portion of operating lease liabilities and operating lease liabilities, net of current portion, respectively on the consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. Certain leases may include options to extend or terminate the lease. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Leases of assets where the Company has assumed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest element of the finance leases is accounted for as finance costs and expensed over the lease term using the effective interest rate method.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company has determined the deferred tax assets and liabilities on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize our deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, it recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. As of December 31, 2021, no accrued interest or penalties are included on the related tax liability line in the balance sheet.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. The new rules were effective for the Company in the first quarter of 2021. The Company determined that the adoption of this ASU had no impact on its consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326)", authoritative guidance amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model, which is a new impairment model based on expected losses. The new guidance is effective for interim and annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity", which simplifies the guidance for certain convertible debt instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company expects the primary impacts of this new standard will be to increase the carrying value of its convertible debt and reduce its reported interest expense. In addition, the Company will be required to use the if-converted method for calculating diluted earnings per share. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future consolidated financial statements.

5. EQUIPMENT AND SOFTWARE LICENSES

Equipment and software licenses consist of the following:

	December 31, 2021	December 31, 2020
Equipment and software	$ 656,073	$ 599,900
Software licenses	1,302,143	1,302,141
	1,958,216	1,902,041
Less - Accumulated depreciation and amortization	(1,539,581)	(1,361,123)
	$ 418,635	$ 540,918

Depreciation and amortization expense related to assets for the fiscal years ended December 31, 2021 and 2020 was approximately $178,458 and $58,157 respectively.

Included in the above paragraph is depreciation and amortization expense related to leased assets for the years ended December 31, 2021 and 2020 was approximately $154,088 and $171,570, respectively.

During the year ended December 31, 2020, the Company disposed of $16,105 of equipment and software and related accumulated depreciation of $15,792, for proceeds of $401 which resulted in a gain $88.

6. INTANGIBLE ASSETS

Intangible Assets

As of December 31, 2021

	Useful Life	Cost	Accumulated Amortization	Impairment	Net Book Value
Service Contracts	5	$ 1,012,335	$ 710,220	$ 302,115	$ -

As of December 31, 2020

	Useful Life	Cost	Accumulated Amortization	Net Book Value
Service Contracts	5	$ 1,012,335	$ 557,015	$ 455,320

There was approximately $153,205 and $202,551 of amortization expense for the fiscal years ended December 31, 2021 and 2020. Service contracts are amortized based on the future undiscounted cash flows or straight – line basis over estimated remaining useful lives of five years. The Company recorded an impairment of $302,115 related to the intangible asset during the year ended December 31, 2021, as the undiscounted cashflows for the Company are negative for the remaining life of these contracts.

7. ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accrued compensation	$ 187,534	$ 138,707
Accrued interest	144,773	23,185
Accrued sales tax	5,810	23,525
Accrued franchise tax	14,862	11,832
Derivative liability	76,137	-
Accrued payables	459,209	176,238
Total accrued liabilities	$ 888,325	$ 373,487

8. FACTORING CREDIT FACILITY

The Company had agreements with a third party for factoring of specific accounts receivable. Under this arrangement, the Company had transferred the relevant receivables to the factor in exchange for cash and was prevented from selling or pledging the receivables. The agreement provided for an advanced rate of 90% with a fee of 1.9% to be charged on the gross face amount of the invoices purchased for 30 days, and an additional 0.06% charge for each additional day until the invoice(s) were paid.

On October 22, 2021, the Company entered into a new one-year purchase and security agreement to factor its accounts receivable, replacing the previously signed factoring agreement. The agreement provides for an advanced rate of 90% with a fee of 2.4% to be charged on the gross face amount of the invoices purchased for 30 days. The Company has retained late payment and credit risk related to the factored receivables and therefore continues to recognize the factored receivables in their entirety on its balance sheet.

The balance of the accounts receivable amount factored, and the related factor payable is $213,606 as of December 31, 2021, and $0 at December 31, 2020, respectively. The Company has recognized $10,600 and $24,676 in interest expense related to these arrangements for the fiscal year ended December 31, 2021, and 2020, respectively.

9. NOTE PAYABLE

On May 2, 2020, the Company entered into a PPP loan for $710,500 in connection with the CARES Act related to COVID-19.

Under the PPP of the CARES Act, up to the full principal amount of a loan and any accrued interest can be forgiven if the borrower uses all of the loan proceeds for forgivable purposes (payroll, benefits, lease/mortgage payments and/or utilities) required under the CARES Act and any rule, regulation, or guidance issued by the SBA pursuant to the CARES Act (collectively, the “Forgiveness Provisions”). The amount of forgiveness of the PPP loan depends on the borrower’s payroll costs over either an eight-week or twenty-four-week period beginning on the date of funding. Any processes or procedures established under the Forgiveness Provisions must be followed and any requirements of the Forgiveness Provisions must be fully satisfied to obtain such loan forgiveness. Pursuant to the provisions of the CARES Act, the first six monthly payments of principal and interest will be deferred. Interest will accrue during the deferment period. The borrower must pay principal and interest payments on the fifth day of each month beginning seven months from the date of the applicable promissory note.

On April 30, 2021, the Company submitted its PPP Loan Forgiveness Application to the SBA. On May 15, 2021, the SBA confirmed the application for forgiveness has been approved and that its PPP loan, in the amount of $710,500 plus accrued interest of $6,482 has been forgiven and included in other income on the consolidated statements of operations.

Aggregate interest expense on this loan at the time of forgiveness was approximately $6,482.

2021 Note (the 2021 Note)

On December 20, 2021 the Company entered into a Securities Purchase Agreement with AJB Capital Investments, LLC with respect to the sale and issuance of (i) a promissory note in the principal amount of $600,000; (ii) a common stock purchase warrant to purchase up to 500,000 shares of common stock with an exercise price of $0.40 per share; and (iii) a guaranteed commitment fee in the amount of $150,000 for six months and an additional $150,000 if the loan is extended an additional six months to be paid in stock or cash. The Company received the aggregate cash proceeds of $515,500, net of $60,000 original issue discount, $12,000 for broker fees and $12,500 in legal fees.

The Company issued 1,200,000 shares of the Company's common stock as partial consideration for the commitment fee. The stock price on December 20, 2021, was approximately $0.15 per common share and 1,000,000 or $150,000 was recorded as the six-month commitment fee and considered to be a derivative based on the Company's guarantee of the stock value when AJB Capital Investments, LLC liquidates the stock. The Company recorded a derivative liability of $82,500 and $82,500 as a debt discount at the issuance of the debt related to 1,000,000 of the shares of the Company's common stock. The Company recognized $27,600 as a reduction of the commitment fee accrual for the 200,000 shares issued of the Company's common stock. The Company also recognized a gain on the change in derivative liability of $6,363 for the period ended December 31, 2021.

Pursuant to the terms of the 2021 Note, the investor has the right, only following an event of default, to convert all amounts outstanding under the Note into the shares of Common Stock (the "Conversion Shares"). The initial conversion price, following and during an event of default, for the principal and interest of the 2021 Note equals the lesser of 90% (representing a 10% discount) multiplied by the lowest trading price (i) during the previous twenty (20) trading day period ending on the date of issuance of the Conversion Shares, or (ii) during the previous twenty (20) trading day period ending on date of conversion of the 2021 Note, subject to adjustment as provided in the 2021 Note.

The 2021 Note also contains certain negative covenants, including, among other things, prohibitions on incurrence of indebtedness, sales of assets, stock repurchases, and distributions.

10. CONVERTIBLE NOTES PAYABLE

The Company entered into promissory notes (the "Notes") with investors of the Company with a face value of $2,240,000 of which $200,000 is from a related party, with $1,190,000 raised during the year ended December 31, 2021, and $1,050,000 raised during the year ended December 31, 2020. The Notes had an initial beneficial conversion feature valued at $1,361,675, which is recorded as a discount. The total discount on the Notes will be amortized over the life of the Notes and recorded as interest expense. For the year ended December 31, 2021, the Company amortized $447,381 of the discount to interest expense. The Notes have an interest rate of 8%. The principal and interest of the Notes are due in full beginning September 2022 through April 2023 or can be converted into the Company's common stock at a purchase price of the lesser of $0.40 per common share at any time after issuance or a 25% discount of the common stock price of a debt or equity offering that occurs subsequent to the date of the closing of the offering that results in gross offering proceeds of at least $5,000,000.

During the year ended December 31, 2021, $450,000 of the Notes and $3,994 of accrued interest was converted into 1,134,984 shares of common stock and the related unamortized discount of $293,575 was netted against additional paid in capital and was all long-term debt at the conversion of the notes.

	December 31, 2021	December 31, 2020
Convertible debt	$ 1,790,000	$ 1,050,000
Debt discount	599,239	315,718
Convertible debt, net of debt discount	1,190,761	734,282
Short-term convertible debt, net of debt discount	831,991	-
Long-term convertible debt, net of debt discount	$ 358,770	$ 734,282

11. LEASE OBLIGATIONS

Finance Leases

The Company finances certain property and equipment using finance leases. These leases range from one to five years. The finance lease obligations represent the present value of the minimum lease payments, net of imputed interest. The finance lease obligations are secured by the underlying leased assets. Leases are payable in monthly installments ranging from $354 to $4,397 including interest, ranging from 6.99% to 12% per annum.

Future minimum lease payments, including principal and interest, under the finance leases for subsequent years are as follows:

Year ended		
2022	$	164,967
2023		145,383
2024		126,320
2025		43,970
Total		480,640
Less: interest		(56,509)
Present value of net minimum lease payments		424,131
Short term		136,220
Long term total	$	287,911

Lease payments for the years ended December 31, 2021 and 2020 aggregated approximately $133,806 and $194,478, respectively.

The finance lease obligations are secured by underlying leased assets with a net book value of approximately $406,358 and $509,050 as of December 31, 2021 and 2020, respectively.

Operating Lease

The Company determines if a contract contains a lease at inception. US GAAP requires that the Company's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option will result in an economic penalty. All of the Company's real estate leases are classified as operating leases.

Most real estate leases include one or more options to renew, with renewal terms that generally can extend the lease term for an additional four to five years. The exercise of lease renewal options is at the Company's discretion. The Company evaluates renewal options at lease inception and on an ongoing basis and includes renewal options that it is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities. Lease agreements generally do not require material variable lease payments, residual value guarantees or restrictive covenants.

The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment. The Company used incremental borrowing rates as of January 1, 2019 for operating leases that commenced prior to that date.

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of December 31, 2021 are:

Weighted average remaining lease term	35 Months
Weighted average incremental borrowing rate	5.0%

The table below reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized in the consolidated balance sheet as of December 31, 2021:

2022	$	129,392
2023		131,859
2024		120,871
Total undiscounted future minimum lease payments		382,122
Less: Imputed interest		(25,884)
Present value of operating lease obligation	$	356,238

The Company has one leased facility which is office, manufacturing, and warehouse space. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases. Therefore, all lease and non-lease components are combined and accounted for as single lease component.

For the year ended December 31, 2021, the components of lease expense, included in cost of services and general and administrative expenses and the related interest expense in the consolidated statements of operations are as follows:

		December 31, 2021
Operating lease cost:		
Operating lease cost	$	105,615
Financing lease cost:		
Amortization of leased assets		136,311
Interest expense		36,177
Total lease cost	$	172,488

12. STOCK BASED COMPENSATION

Number of options outstanding:	
2018 Equity Incentive Plan	8,526,544
Options granted not part of a shareholder approved plan	700,000
December 31, 2021	9,226,544

Effective on May 5, 2021, the Board of Directors of the Company (the "Board of Directors") approved an amended and restatedstock option plan that increases the available options from 8,000,000 shares to 18,000,000 shares, which was approved majority written consent of the shareholders.

The Board of Directors approved the Company's 2018 Equity Incentive Plan (the "2018 Plan"). The purpose of the 2018 Plan is to provide additional incentives to select persons who can make, are making, and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons, and to encourage and reward such contributions, by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restricted stock. The 2018 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2018 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2018 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an award made under the 2018 Plan. The maximum number of shares that may be granted under the 2018 Plan is 18,000,000. This number is subject to adjustment to reflect changes in the capital structure or organization of the Company.

The following table reflects the stock options for year ended December 31, 2021 and 2020:

A summary of stock option activity is as follows:

	2021	2020
Number of options outstanding:		
Beginning of year	9,601,677	6,939,178
Granted	2,200,000	2,825,000
Exercised	(175,000)	-
Forfeited / exchanged / modification	(2,400,133)	(162,501)
End of year	9,226,544	9,601,677
Number of options exercisable at end of year	7,223,766	6,513,572
Number of options available for grant at end of year	2,002,778	598,323
Weighted average option prices per share:		
Granted during the year	$ 0.47	$ 0.30
Exercised during the year	$ 0.38	-
Terminated during the year	$ 0.35	0.60
Outstanding at end of year	$ 0.41	0.39
Exercisable at end of year	$ 0.41	$ 0.40

Stock-based compensation expense attributable to stock options, restricted stock awards and warrants was $936,926 for the year ended December 31, 2021. As of December 31, 2021, there was approximately $927,273 of unrecognized compensation expense related to unvested stock options, restricted stock awards and warrants outstanding, and the weighted average vesting period for those options and warrants was 5 years. During the year ended December 31, 2021, the Company issued 85,103 shares of common stock for the cashless exercise of 175,000 stock options.

During the year ended December 31, 2021, the Company granted options to purchase2,200,000 shares of common stock with an average vesting period of3 years, an average expected life of 6.5 years and an average exercise price of $0.47 per common share. Total fair value was $1,017,898.

During the year ended December 31, 2020, the Company granted options to purchase625,000 shares of common stock with an average vesting period of3 years, an average expected life of 6.5 years and an average exercise price of $0.35 per common share. Total value was approximately $190,175.

On August 11, 2020, the Company issued an option to an employee to purchase up to2,000,000 shares of common stock at a per common share price of $0.34 per common share and an average expected life of 6.5 years. The option vests over 5 years; 400,000 shares on the employees 12 month anniversary and vests the remaining 1,600,000 shares 1/48th per month over the following 48 months. Total value of this option was $597,214. These shares were not part of the Shareholder approved stock option plan and issued as an inducement of the employee.

On August 27, 2020, the Company issued an option to an employee to purchase up to200,000 shares of common stock at a per common share price of $0.35 per common share and an average expected life of 6.5 years. The option vested immediately. Total value of this option was $61,172. These shares were not part of the Shareholder approved stock option plan and issued as an inducement of the employee.

	2021	2020
Expected option life (years)	6.5	7.5
Expected stock price volatility	114-118%	114-116%
Expected dividend yield	-%	-%
Risk-free interest rate	1.15–1.58%	2.07%

During the year ended December 31, 2020, the Company issued a warrant to a related party consultant to purchase up to750,000 shares of common stock at a per common share price of $0.625. The consulting contract is for eighteen months and the warrant term is eighteen months. The warrant vests immediately and the total value was approximately $174,000.

The Gamwell contract acquisition warrants remain outstanding. The warrant can be exercised for122,752 of the Company's common stock at an exercise price of $0.375 per share and expire April 23, 2028.

During the year ended December 31, 2021, the Company granted a warrant to purchase500,000 shares of common stock for $0.40 per share. The warrant vests immediately and has a 3 year term. The value of the warrant was $39,295.

	2021	2020
Number of warrants outstanding:		
Beginning of year	872,752	122,752
Granted	500,000	750,000
Exercised, converted	-	-
Forfeited / exchanged / modification	-	-
End of year	1,372,752	872,752

13. COMMON STOCK

During the years ended December 31, 2021 and 2020, the Company issued the following stock:

2021

During the year ended December 31, 2021, $450,000 of principal and $3,994 of accrued interest on the Notes was converted into 1,134,984 shares of common stock. As of the date of conversion, the unamortized discount that was written off was $293,575.

During the year ended December 31, 2021, the Company issued 1,200,000 shares of common stock for a commitment fee valued at $177,600.

2020

During the year ended December 31, 2020, the Company entered into three consulting agreements in which 1,250,000 shares of common stock, valued at $0.35 per share, were issued for consulting services. The value of these shares was $437,500, of which $95,537 was recognized as stock compensation expense during the year ended December 31, 2020 and $276,316 was recognized during the year ended December 31, 2021, with the remainder to be recognized during the year ended December 31, 2022.

14. RELATED PARTY TRANSACTIONS

The Company contracted with Norco Professional Services, LLC. ("Norco") to provide consulting services. The Company spent $90,000 for the year ended December 31, 2021 and $72,500 for the year ended December 31, 2020. Norco is owned by Andrew J. Norstrud, who joined the Company in January of 2019, as the Company's Chief Financial Officer. The Company continues to contract Andrew Norstrud's services through Norco.

During the year ended December 31, 2020, the Company obtained $200,000 in debt and granted a warrant to a related party, see note 10 and 12 for additional related party transaction details.

The above related party transactions are not necessarily indicative of the amounts and terms that would have been incurred had comparable transactions been entered into with independent parties.

15. SIGNIFICANT CUSTOMERS

The Company had significant customers in each of the years presented. A significant customer is defined as one that makes up ten percent or more of total revenues in a particular quarter or ten-percent of outstanding accounts receivable balance as of the year end.

Net revenues for the years ended December 31, 2021 and 2020 include revenues from significant customers as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Customer A	58%	43%
Customer C	10%	27%

Accounts receivable balances as of December 31, 2021 and 2020 from significant customers are as follows:

	December 31, 2021	December 31, 2020
Customer A	92%	80%
Customer E	3%	14%

16. INCOME TAXES

	Year Ended December 31, 2021	Year Ended December 31, 2020
Current expense (benefit):		
Federal	$ -	$ -
State	-	-
Total current expense (benefit):	-	-
Deferred expense (benefit):		
Federal	-	-
State	-	-
Total deferred expense (benefit):	-	-
Total income tax expense (benefit):	$ -	$ -

A reconciliation of the Company's tax provision for (benefit from) income taxes as computed by applying the U.S. statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Income at US Statutory Rate	$ (1,145,431)	$ (439,687)
State taxes, net of Federal benefit	-	-
Valuation allowance	1,145,431	439,687
Total	$ 0	$ 0

The net deferred income tax asset balance related to the following:

	Years Ended December 31, 2021	Years Ended December 31, 2020
Net operating losses	$ 2,245,673	$ 1,391,824
Stock options	532,669	335,726
Amortization and impairment	100,997	-
Other	7,526	806
Total deferred tax assets	$ 2,886,865	$ 1,728,356
Depreciation	(30,436)	(17,358)
Total deferred tax liability	$ (30,436)	$ (17,358)
Deferred tax asset (liability)	$ 2,856,429	$ 1,710,998
Valuation allowance	(2,856,429)	(1,710,998)
Net deferred tax asset (liability)	$ -	$ -

As of December 31, 2021, the Company had federal and state net operating loss carryforwards of approximately $10,693,683.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of December 31, 2021 and 2020, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company also considered whether there was any currently available information about future years. Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or by extrapolating past results. Moreover, the Company's earnings are strongly influenced by national economic conditions and have been volatile in the past. Considering these factors, the Company determined that it was not possible to reasonably quantify future taxable income. The Company determined that it is more likely than not that all of the deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of December 31, 2021 and 2020.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal taxes and the many states in which we operate or do business in. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

We record tax positions as liabilities in accordance with ASC 740 and adjust these liabilities when our judgement changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the recognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. As of December 31, 2021 and 2020 we have not recorded any uncertain tax positions in our financial statements.

We recognize interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. As of December 31, 2021, and 2020, no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheet.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company's tax years are still open under statute from December 31, 2014, to the present. Earlier years may be examined to the extent that the net operating loss carryforwards from those earlier years are used in future periods. The resolution of tax matters is not expected to have a material effect on the Company's consolidated financial statements.

17. SUBSEQUENT EVENTS

On February 25, 2022 the Company entered into a Securities Purchase Agreement with AJB Capital Investments, LLC with respect to the sale and issuance of (i) a promissory note in the principal amount of $600,000; (ii) a common stock purchase warrant to purchase up to500,000 shares of common stock with an exercise price of $0.40 per share; and (iii) a guaranteed commitment fee in the amount of $150,000 for six months and an additional $150,000 if the loan is extended an additional six months to be paid in stock or cash. The Company received the aggregate cash proceeds of $515,500, net of $60,000 original issue discount, $12,000 for broker fees and $12,500 in legal fees.

The Company issued 1,000,000 shares of the Company's common stock as partial consideration for the six-month commitment fee. Other terms are similar to the terms under the note signed on December 20, 2021.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial Officer) reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date, (i) that our disclosure controls and procedures were not effective to ensure that material information relating to the Company is recorded, processed, summarized and reported within the time periods specified in the and forms of the Securities and Exchange Commission (the "Commission"), and (ii) the Company's controls and procedures have not been designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our principal executive officer and principal financial officer concluded as at the evaluation date that our disclosure controls and procedures were not effective due primarily to a material weakness in the segregation of duties in the Company's internal controls.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. This assessment included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2021. The ineffectiveness of the Company's internal control over financial reporting was due to the following material weaknesses, which are indicative of many small companies with small staff:

(I) inadequate segregation of duties consistent with control objectives; and

(ii) lack of multiple levels of supervision and review.

We believe that the weaknesses identified above have not had any material effect on our financial results. We are currently reviewing our disclosure controls and procedures related to these material weaknesses and expect to implement changes in the current fiscal year, including identifying specific areas within our governance, accounting and financial reporting processes to add adequate resources to potentially mitigate these material weaknesses.

Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management's Remediation Plan

The weaknesses and their related risks are not uncommon in a company of our size because of the limitations in the size and number of staff. Due to our size and nature, segregation of all conflicting duties has not always been possible and may not be economically feasible.

However, we plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes in the current fiscal year as resources allow:

(i) Appoint additional qualified personnel to address inadequate segregation of duties and implement modifications to our financial controls to address such inadequacies; and

(ii) We will attempt to implement the remediation efforts set out herein by the end of the 2022 fiscal year. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Management believes that despite our material weaknesses set forth above, our financial statements for the fiscal year ended December 31, 2021 are fairly stated, in all material respects, in accordance with U.S. GAAP.

No Attestation Report by Independent Registered Accountant

The effectiveness of our internal control over financial reporting as of December 31, 2021 has not been audited by our independent registered public accounting firm by virtue of our exemption from such requirement as a smaller reporting company.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the most recent fiscal year ended December 31, 2021 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

Inherent Limitations on Effectiveness of Controls

The Company's management does not expect that its disclosure controls or its internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All directors of our Company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our Company are appointed by our Board of Directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Position Held with the Company	Age	Date First Elected or Appointed
Alan Hixon	President, Chief Executive Officer, Director	62	June 2011
Brad Wiggins	Chief Administrative Officer	46	June 2011
Justin Roby	Chief Technology Officer	39	June 2011
Andrew Norstrud	Chief Financial Officer	48	January 2019
Larry King	Director	67	November 2017
Susan Conner	Director	58	June 2021
Lisa McLin	Director	45	August 2021
Kelly Hopping	Director	45	August 2021

Business Experience

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Alan Hixon, 62, Chief Executive Officer, Director. Mr. Hixon has over 40 years of experience in the information technology industry. Mr. Hixon has been the Chief Executive Officer of nDivision Inc. since June of 2011. Mr. Hixon led the Company to be a leading managed services and professional services partner for several large companies. nDivision Inc. provides managed services and help desk services to several national and international customers and supports customers in 32 countries on six continents. Mr. Hixon graduated from Salvatorian College.

Brad Wiggins, 46, Chief Administrative Officer. Mr. Wiggins has over 15 years of experience in the information technology and engineering industries. Mr. Wiggins was a director a director of nDivision Inc. from June of 2011 to April of 2019. As Chief Solutions Architect for nDivision, Mr. Wiggins built a reseller business which generated cash flow to fund nDivision Inc.'s growth. Mr. Wiggins then assumed the role of Chief Administrative Officer and was responsible for non-technical business processes. Mr. Wiggins attended the School of Mechanical/Aerospace Engineering at the University of Texas Arlington.

Justin Roby, 39, Chief Technology Officer. Mr. Roby has worked in the software, and information technology industries for over 15 years. Mr. Roby has is the Chief Technology Officer and served as a director of nDivision Inc. from June of 2011 to August of 2021. Mr. Roby was responsible for handling advanced technologies to gain a competitive advantage in the information technology services industry. Mr. Roby also utilized sophisticated technology to improve nDivision Inc.'s internal processes, reduce human labor, improve accuracy and increase efficiencies.

Andrew J. Norstrud, 48, Chief Financial Officer. Mr. Norstrud joined nDivision in January of 2019, however, has been consulting with nDivsion's management team and accounting department since March of 2018. Mr. Norstrud served as a director of nDivision from April 2019 to October of 2021. Mr. Norstrud is currently the chief financial officer and director of Grove, Inc. Prior to joining nDivision, Mr. Norstrud served as the Chief Financial Officer for Gee Group Inc. from April 1, 2015 until June 15, 2018. Mr. Norstrud joined the Company in March 2013 as CFO and served as CEO and CFO from March 7, 2014 until April 1, 2015. Mr. Norstrud served as a director of GEE Group Inc. from March 7, 2014 until August 16, 2017. Prior to GEE Group Inc., Mr. Norstrud was a consultant with Norco Accounting and Consulting from October 2011 until March 2013. From October 2005 to October 2011, Mr. Norstrud served as the Chief Financial Officer for Jagged Peak. Prior to his role at Jagged Peak, Mr. Norstrud was the Chief Financial Officer of Segmentz, Inc. (XPO Logistics), and played an instrumental role in the company achieving its strategic goals by pursuing and attaining growth initiatives, building a financial team, completing and integrating strategic acquisitions and implementing the structure required of public companies. Previously, Mr. Norstrud worked for Grant Thornton LLP and PricewaterhouseCoopers LLP and has extensive experience with young, rapid growth public companies. Mr. Norstrud earned a BA in Business and Accounting from Western State College and a Master of Accounting with a systems emphasis from the University of Florida. Mr. Norstrud is a Florida licensed Certified Public Accountant.

Larry King, 67, Director. From June 2009 through May 2015, Mr. King was a Partner at BKD, LLP, serving as Dallas-Waco Office Managing Partner and then South Region Transaction Services Lead and also lead all phases of integration and assimilation of the firm's Dallas, TX and Waco, TX offices. From June 2015 through present, Mr. King has been an executive officer of WhamTech, Inc. From March 2015 through present, Mr. King has been the founder and managing partner of King Strategy, LLC. Mr. King has served on the Advisory Board or the Board of Directors for over fifteen companies and is currently serving on the Advisory Boards of WhamTech, Inc., Kwivik Therapeutics, Inc., BlockQAI, LLC, and Amegy Bank-Dallas. Mr. King is a Certified Public Accountant and a Chartered Global Management Accountant and received a Bachelor of Science in Accounting and Operations Research from Babson College.

Susan K. Conner, 58, Director. Since 2015 to present, Ms. Conner has served as an independent member of the Board of Directors, and the Audit &Risk Committee Chair of Pariveda Solutions, a strategic services and information technology consulting company.

As a corporate executive, she most recently served as the chief financial officer and chief operating officer of Daegis, Inc. (NASDAQ: DAEG), an international enterprise software company, from 2013 until the company was sold in late 2015. Before Daegis, Ms. Conner served as the chief financial officer of Zix Corporation (NASDAQ: ZIXI), a security technology company delivering email encryption services in the cloud, on a software as a service (SaaS) basis. From 2001 to 2006 she served as the executive vice president and chief financial officer of Pegasus Solutions, Inc. (NASDAQ: PEGS), a global technology service provider to the hospitality industry.

Beginning her career with 15 years in public accounting, Ms. Conner joined Pegasus from PricewaterhouseCoopers where she served as a partner in Audit and Business Advisory Services within the firm's Technology, Infocom, Communications, and Entertainment and Media group. Ms. Conner received her Bachelor of Business Administration in Accounting from the University of Texas at Austin and is a licensed Certified Public Accountant in Texas.

Lisa McLin 45, Director. Since December of 2021, Ms. McLin is the Global Vice President of Channel and Alliances for Unisys. Prior to this, Ms. McLin has served as a vice president of multiple Go To Market functions at Rackspace Technology. Owning strategy and execution of providing services related to building, scaling, and growing various selling methods with customers, leading acquisition and installed base teams of 120+ employees, Lisa took over the role as global vice president Alliances and Channel Sales as of 2020. Ms. McLin also serves on the boards of the Texas Conference for Women, the Rackspace Foundation, and Girls, Inc. Ms. McLin received a Bachelor of Business Administration in Accounting and Business Management from the University of Texas at San Antonio and completed the Texas Executive Education Program at the University of Texas at Austin.

Kelly Hopping 45, Director. Ms. Hopping served as the chief marketing officer for Toptal, where she was responsible for a team of more than 110 marketers globally across communications, content, creative, digital marketing, brand strategy, events, and integrated campaigns. Prior to her service with Toptal, Ms. Hopping served as the chief marketing officer for Gartner from 2019 through 2021, where she led a full funnel team of 100 marketers for the Digital Markets small business division, focused primarily on SEO, paid media, brand advertising, and content marketing. From 2015 through 2019, Ms. Hopping held various progressive leadership positions at Rackspace, ending with vice president of Integrated Solutions and Product Marketing, where she was responsible for establishing an organization to spearhead corporate transformation and build a vertical capability for the financial services, healthcare, government and retail sectors. Ms. Hopping has a Bachelor of Science degree from Texas A&M University, as well as a Masters of Business
Administration from Harvard Business School.

Employment Agreements

We have no formal employment agreements with any of our directors or officers.

Family Relationships

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has, during the past ten years:

1. been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);

2. had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;

3. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;

4. been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26)), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29)), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Ethics

The Company has adapted a Code of Business Conduct which is filed on form 8-K on October 22, 2019 as exhibit 14.2.

Board and Committee Meetings

Our Board of Directors held twenty-seven formal meetings and executed twenty-two consents during the year ended December 31, 2021. All proceedings of the Board of Directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada Statutes and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

Nominating Committee

The functions of the Nominating Committee are to assist the Board of Directors in identifying, interviewing and recommending to the Board of Directors qualified candidates to fill positions on the Board of Directors. The Nominating Committee met four times during the year ended December 31, 2021.

The Company does not have a policy regarding the consideration of diversity, however defined, in identifying nominees for director. Instead, in evaluating candidates to serve on the Company's Board of Directors, consideration is given to the level of experience, financial literacy and business acumen of the candidate. In addition, qualified candidates for director are those who, in the judgment of the Nominating Committee, have significant decision-making responsibility, with business, legal or academic experience. The Nominating Committee will consider recommendations for Board of Directors candidates that are received from various sources, including directors and officers of the Company, other business associates and shareholders, and all candidates will be considered on an equal basis, regardless of source.

Shareholders may contact the Nominating Committee to make such recommendations by writing in care of the Secretary of the Company, at located at 7301 N. State Highway 161, Suite 100, Irving, TX, 75039. Submissions must be in accordance with the Company's By-Laws and include: (a) a statement that the writer is a shareholder and is proposing a candidate for consideration by the Nominating Committee; (b) the name, address and number of shares beneficially owned by the shareholder; (c) the name, address and contact information of the candidate being recommended; (d) a description of the qualifications and business experience of the candidate; (e) a statement detailing any relationships between the candidate and the Company and any relationships or understandings between the candidate and the proposing shareholder; and (f) the written consent of the candidate that the candidate is willing to serve as a director if nominated and elected.

The Nominating Committee is presently composed of four non-employee, independent directors: Lisa Heritage (Chair) McLin, Susan Conner, Kelly Hopping and Larry King.

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company's accounting policies and practices, its financial reporting and its internal accounting controls. In addition, the Audit Committee reviews and approves the scope of the annual audit of the Company's books, reviews the findings and recommendations of the independent registered public accounting firm at the completion of their audit, and approves annual audit fees and the selection of an auditing firm. The Audit Committee met five times during the year ended December 31, 2021.

The Audit Committee is presently composed of four non-employee, independent directors: Susan Conner (Chair), Lisa Heritage McLin, Kelly Hopping and Larry King. The Board of Directors has determined that Susan Conner and Larry King are considered "audit committee financial experts" as defined by rules of the SEC. The Board of Directors has determined that each audit committee financial expert meets the independence criteria.

Compensation Committee

The Compensation Committee has the sole responsibility for approving and evaluating the officer compensation plans, policies and programs. It may not delegate this authority. It meets as often as necessary to carry out its responsibilities. The Compensation Committee has the authority to retain compensation consultants but has not done so. The Compensation Committee met once during the year ended December 31, 2021.

The Compensation Committee is presently composed of four non-employee, independent directors: Lisa Heritage McLin, Susan Conner, Kelly Hopping (Chair) and Larry King.

The Compensation Committee also has the responsibility to make recommendations to the Board of Directors regarding the compensation of directors.

Item 11. Executive Compensation

Our Board of Directors determines the compensation paid to our executive officers based upon the years of service to us, whether services are provided on a full-time basis and the experience and level of skill required. In addition, we may award our officers and directors shares of common stock as non-cash compensation as determined by the Board of Directors from time to time. The Board of Directors will base its decision to grant common stock as compensation on the level of skill required to perform the services rendered and time committed to providing services to us.

The following table shows for the fiscal year ended December 31, 2021, compensation awarded to, paid to or earned by the Company to our Named Executive Officers:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Alan Hixon President, CEO,and	2021	$ 121,875	$ 22,500	-	$ -	-	-	-	$ 144,375
Director	2020	$ 150,000	22,500	-	$ -	-	-	-	$ 172,500
Andrew Norstrud, Chief Financial	2021	$ 90,000	-	$ 16,530	$ -	-	-	-	$ 106,530
Officer	2020	$ 72,500	-	-	$ -	-	-	-	$ 72,500
Brad Wiggins, Chief Administrative	2021	$ 121,875	$ 22,500	-	$ -	-	-	-	$ 144,375
Officer	2020	$ 150,000	$ 22,500	-	$ -	-	-	-	$ 172,500
Justin Roby, Chief Technology	2021	$ 137,000	$ 30,000	-	$ -	-	-	-	$ 167,000
Officer	2020	$ 139,000	$ 46,500	-	$ -	-	-	-	$ 185,500

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options at the discretion of our Board of Directors in the future. We do not have any material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that share options may be granted at the discretion of our Board of Directors.

[Table of Contents](#)

Outstanding Equity Awards at Fiscal Year-End

Outstanding Equity Awards at Fiscal Year- End Table

The following table summarizes equity awards granted to Named Executive Officers and directors that were outstanding as of December 31, 2021:

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options: # Exercisable**	**Number of Securities Underlying Unexercised Options: # Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unearned and Unexercisable Options:**	**Option Exercise Price $**	**Option Expiration Date**	**# of Shares or Units of Stock That Have Not Vested #**	**Market Value of Shares or Units of Stock That Have Not Vested $**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #**	**Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested $**
Alan Hixon President, CEO, and Director	1,600,000	-	-	$ 0.375	2/13/2028	-	-	-	-
Andrew Norstrud, Chief Financial Officer	300,000	-	-	$ 0.375	3/9/2028	-	-	-	-
	20,000	-	-	$ 0.76	8/22/2028				
	100,000	-	-	$ 0.19	12/22/2031				
Brad Wiggins, Chief Administrative Officer	600,000	-	-	$ 0.375	2/13/2028	-	-	-	-
Justin Roby, Chief Technology Officer	750,000	-	-	$ 0.375	2/13/2028	-	-	-	-
Susan Conner, Director	50,000	250,000	-	$ 0.95	6/11/2031	-	-	-	-
Lisa McLin, Director	33,333	267,667		$ 0.45	8/25/2031				
Kelly Hopping, Director	33,333	267,667	-	$ 0.45	8/25/2031	-	-	-	-
Larry King, Director	117,222	-		$ 0.35	7/31/2030	-	-	-	-
	225,000	-	-	$ 0.375	2/13/2028				
	16,667	283,333		$ 0.24	10/25/2031				

Option Exercises and Stock Vested

During our fiscal year ended December 31, 2021 there were no options granted outside of the shareholder approved plan; no options exercised by our named officers.

During our fiscal year ended December 31, 2021 there were no options exercised by our named officers.

Compensation of Directors

We do not have any agreements for compensating our independent directors for their services in their capacity as directors, the Company has historically issued an option grant to the director when joining the Board of Directors and the independent directors are expected to receive stock options to purchase shares of our common stock in the future, as awarded by our Board of Directors.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the Board of Directors or a committee thereof.

Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years, is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the ownership, as of April 13, 2022, of our common stock by each of our directors, by all of our executive officers and directors as a group and by each person known to us who is the beneficial owner of more than 5% of any class of our securities. As of April 13, 2022, there were 45,919,870 shares of our common stock issued and outstanding. All persons named have sole or shared voting and investment control with respect to the shares, except as otherwise noted. The number of shares described below includes shares which the beneficial owner described has the right to acquire within 60 days of the date of this report.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class(1)
Alan Hixon 4925 Greenville Ave., Suite 200 Dallas TX 75206	9,236,319(2)	19.44%
Brad Wiggins 4925 Greenville Ave., Suite 200 Dallas TX 75206	8,236,319(3)	17.70%
Justin Roby 4925 Greenville Ave., Suite 200 Dallas TX 75206	8,386,319(4)	17.97%
Andrew Norstrud 4925 Greenville Ave., Suite 200 Dallas TX 75206	520,000(5)	1.12%
Larry King 4925 Greenville Ave., Suite 200 Dallas TX 75206	400,555(6)	0.86%
Susan Conner 4925 Greenville Ave., Suite 200 Dallas TX 75206	91,667(7)	0.20%
Kelly Hopping 4925 Greenville Ave., Suite 200 Dallas TX 75206	75,000(8)	0.16%
Lisa McLin 4925 Greenville Ave., Suite 200 Dallas TX 75206	75,000(9)	0.16%
Directors and Executive Officers as a Group	***27,021,179***	58.84%
Nuwa Group, LLC 1415 Oakland Blvd, Suite 219 Walnut Creek, CA 94596	4,545,661(10)	9.90%

(1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on April 14, 2022. As of April 14, 2022, there were 45,919,870 shares of our company's common stock issued and outstanding.
(2) Represents (i) 7,636,319 shares of common stock and (ii) 1,600,000 shares issuable upon the exercise of stock option that are exercisable within 60 days.
(3) Represents (i) 7,636,319 shares of common stock and (ii) 600,000 shares issuable upon the exercise of stock option that are exercisable within 60 days.
(4) Represents (i) 7,636,319 shares of common stock and (ii) 750,000 shares issuable upon the exercise of stock option that are exercisable within 60 days.
(5) Represents (i) 100,000 shares of common stock and (ii) 420,000 shares issuable upon the exercise of stock option that are exercisable within 60 days.
(6) Represents (i) 400,555 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 241,667 shares issuable upon vesting and exercise of remaining stock option.
(7) Represents (i) 91,667 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 208,333 shares issuable upon vesting and exercise of remaining stock option.
(8) Represents (i) 75,000 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 225,000 shares issuable upon vesting and exercise of remaining stock option.
(9) Represents (i) 75,000 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 225,000 shares issuable upon vesting and exercise of remaining stock option.
(10) Represents (i) 3,234,181 shares of common stock, (ii) 750,000 shares issuable upon the exercise of a warrant and 561,480 shares underlying a convertible note and accrued interest, assuming a conversion price of $0.40 per share.

Changes in Control

We are unaware of any contract or other arrangement or provisions of our Articles or Bylaws the operation of which may at a subsequent date result in a change of control of our company. There are not any provisions in our Articles or Bylaws, the operation of which would delay, defer, or prevent a change in control of our company.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction during the year ended December 31, 2021, in which the amount involved in the transaction exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at the year-end for the last three completed fiscal years.

Director Independence

The Board of Directors has determined that Larry King, Susan Conner, Lisa McLin and Kelly Hopping are independent directors under the listing standards.

Item 14. Principal Accounting Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended December 31, 2021 and for fiscal year ended December 31, 2020 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended	
	December 31, 2021	December 31, 2020
Audit Fees	$ 104,500	$ 93,450
Audit Related Fees	7,500	-
Tax Fees	-	-
All Other Fees	-	-
Total	$ 112,000	$ 93,450

Our Board of Directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the Board of Directors either before or after the respective services were rendered.

Our Board of Directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

Table of Contents

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this report:

(a) Documents filed as part of this Annual Report:

(1) Financial Statements

Financial Statements, included for our Company under Part II, "*Item 8. Financial Statements and Supplementary Data*".

(2) Financial Statement Schedules.

No financial statement schedules have been submitted because they are not required or are not applicable or because the information required is included in the financial statements or the notes thereto.

(3) List of Exhibits.

Exhibit Number	Description
3.1	Articles of Incorporation (Incorporated by reference to our Registration Statement on Form S-1 filed on July 8, 2016)
3.2	Amended and Restated Articles of Incorporation (Incorporated by reference to our Registration Statement on Form S-1 filed on July 8, 2016)
3.3	Bylaws of the Registrant (Incorporated by reference to our Current Report on Form 8-K filed on October 25, 2019)
4.1	Description of Registrant's Securities
10.1	2018 Equity Incentive Plan of the Registrant (Incorporated by reference to the Registration Statement on Form S-1 originally filed on March 9, 2021).
10.2	Form of Subscription Agreement for Convertible Note Offering (Incorporated by reference to our Registration Statement on Form S-1 filed on March 9, 2021)
10.3	Form of Convertible Note (Incorporated by reference to our Registration Statement on Form S-1 filed on March 9, 2021)
10.4	Securities Purchase Agreement dated as of February 25, 2022, by and between AJB Capital Investments and the Registrant (incorporated by reference to the Form 8-K filed on March 3, 2022)
10.5	Securities Purchase Agreement dated as of December 20, 2021, by and between AJB Capital Investments and the Registrant (Incorporated by reference to the Form 8-K filed on December 27, 2021)
14.1	Code of Business Conduct and Ethics of the Registrant (Incorporated by reference to our Current Report on Form 8-K filed on October 25, 2019)
14.2	Whistle Blower Policy (Incorporated by reference to our Current Report on Form 8-K filed on October 25, 2019)
21.3	Consent of Independent Registered Public Accounting Firm
31.1**	Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.
31.2**	Certification of Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Act of 2002, as amended.
32.1**	Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.
32.2**	Certification of Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002, as amended.
101*	**Interactive Data File**
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

**** Filed herewith.***
***** Furnished herewith***

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

	NDIVISION INC. (Registrant)
Dated: April 14, 2022	*/s/ Alan Hixon* **Alan Hixon** President, Chief Executive Officer and Director (Principal Executive Officer)
Dated: April 14, 2022	*/s/ Andrew J. Norstrud* **Andrew J. Norstrud** Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: April 14, 2022	*/s/ Alan Hixon* **Alan Hixon** President, Chief Executive Officer and Director (Principal Executive Officer)
Dated: April 14, 2022	*/s/ Andrew J. Norstrud* **Andrew J. Norstrud** Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Dated: April 14, 2022	*/s/ Susan K. Conner* **Susan K. Conner** Director
Dated: April 14, 2022	*/s/ Kelly Hopping* **Kelly Hopping** Director
Dated: April 14, 2022	*/s/ Lisa McLin* **Lisa McLin** Director
Dated: April 14, 2022	*/s/ Larry King* **Larry King** Director

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-256715) and S-1 (No. 333-254022) of nDivision Inc. (the "Company") of our report dated April 14, 2022, on our audits of the consolidated financial statements as of December 31, 2021 and 2020, and for each of the years in the two-year period ended December 31, 2021, which appear in this Form 10-K. Our report includes an explanatory paragraph about the existence of substantial doubt concerning the Company's ability to continue as a going concern.

/s/ Friedman LLP

Marlton, New Jersey
April 14, 2022

EXHIBIT 31.1

CERTIFICATION

I, Alan Hixon, certify that:

1. I have reviewed this Form 10-K annual report for the year ended December 31, 2021 of nDivsion Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 14, 2022

/s/ Alan Hixon
Alan Hixon
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Andrew J. Norstrud, certify that:

1. I have reviewed this Form 10-K annual report for the year ended December 31, 2021 of nDivision Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 14, 2022

/s/ Andrew J. Norstrud
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

In connection with the Annual Report of nDivision Inc. (the "Company") on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: April 14, 2022

By: */s/ Alan Hixon*
Alan Hixon
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Annual Report of nDivision Inc. (the "Company") on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: April 14, 2022

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial and Accounting Officer)