**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

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# FORM 10-Q

(Mark One)

[ X ] **Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2016

[ ] **Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ________ to ________

Commission File Number: **000-55329**

**Cleartronic, Inc.**
(Exact name of registrant as specified in it's charter)

| | |
|---|---|
| **Florida** | **65-0958798** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| **8000 North Federal Highway, Boca Raton, Florida** | **33487** |
| (Address of principal executive offices) | (Zip Code) |

**561-939-3300**
**(**Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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 past 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 past 90 days. Yes _X_ No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes X No __



Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ____ Accelerated filer ____

Non-accelerated filer ____ Smaller reporting company _X_

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 198,570,447 shares as of May 16, 2016.



## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

## CLEARTRONIC, INC. AND SUBSIDIARIES
### CONDENSED CONSOLIDATED BALANCE SHEETS

**ASSETS**

| | March 31, 2016 (unaudited) | September 30, 2015 |
|---|---|---|
| **Current assets:** | | |
| Cash | $ 18,542 | $ 6,156 |
| Accounts receivable, net | 30,231 | 88,442 |
| Inventory | 27,373 | 11,967 |
| Prepaid expenses and other current assets | 28,183 | 9,991 |
| **Total current assets** | **104,329** | **116,556** |
| **Other assets:** | | |
| Licensing agreement (net of amortization) | 562,666 | 633,000 |
| **Total assets** | **$ 666,995** | **$ 749,556** |

**LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

| | | |
|---|---|---|
| **Current liabilities:** | | |
| Accounts payable | $ 414,017 | $ 414,588 |
| Accrued expenses | 122,334 | 131,856 |
| Deferred revenue, current portion | 43,817 | 38,967 |
| Customer deposits | 756 | 756 |
| Convertible note payable, net of discount | 10,434 | 29,221 |
| Notes payable - stockholders | 141,632 | 95,001 |
| **Total current liabilities** | **732,990** | **710,389** |
| **Long Term Liabilities** | | |
| Deferred revenue, net of current portion | 5,351 | 3,253 |
| **Total long term liabilities** | **5,351** | **3,253** |
| **Total liabilities** | **738,341** | **713,642** |
| **Commitments and Contingencies** | | |
| **Stockholders' deficit:** | | |
| Series A preferred stock - $.00001 par value; 1,250,000 shares authorized, 40,750 and 40,750 shares issued and outstanding, respectively | - | - |
| Series B preferred stock - $.00001 par value; 10 shares authorized, 1 share issued and outstanding | - | - |
| Series C preferred stock - $.00001 par value; 50,000,000 shares authorized, 2,563,375 and 2,570,655 shares issued and outstanding, respectively | 26 | 26 |
| Series D preferred stock - $.00001 par value; 10,000,000 shares authorized, | | |

| | | |
|---|---|---|
| 670,094 and 670,094 shares issued and outstanding | 7 | 7 |
| Common stock - $.00001 par value; 5,000,000,000 shares authorized, 198,509,125 and 197,375,267 shares issued and outstanding, respectively | 1,985 | 1,974 |
| Additional paid-in capital | 14,224,268 | 14,188,824 |
| Accumulated Deficit | (14,297,632) | (14,154,917) |
| **Total stockholders' equity (deficit)** | **(71,346)** | **35,907** |
| **Total liabilities and stockholders' deficit** | **$ 666,995** | **$ 749,549** |

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



**CLEARTRONIC, INC. AND SUBSIDIARY**
**Condensed Consolidated Statements of Operations**
**(Unaudited)**

| | For the three months ended March 31, 2016 | For the three months ended March 31, 2015 | For the six months ended March 31, 2016 | For the six months ended March 31, 2015 |
|---|---|---|---|---|
| **Revenue** | **$ 188,398** | **$ 31,345** | **$ 279,392** | **$ 103,421** |
| **Cost of Revenue** | **65,665** | **12,685** | **106,046** | **50,195** |
| **Gross Profit** | **122,733** | **18,660** | **173,346** | **53,226** |
| **Operating Expenses:** | | | | |
| Selling expenses | 32,109 | 6,384 | 45,421 | 21,389 |
| Administrative expenses | 99,509 | 76,452 | 151,739 | 152,747 |
| Amortization and depreciation | 35,167 | - | 70,334 | - |
| Research and development | - | 3,027 | - | 3,027 |
| **Total Operating Expenses** | **166,785** | **85,863** | **267,494** | **177,163** |
| **(Loss) from operations** | **(44,052)** | **(67,203)** | **(94,148)** | **(123,937)** |
| **Other Income (Expense)** | | | | |
| **Loss on forgiveness of debt and accrued expenses** | - | (489,758) | (14,975) | (489,758) |
| **Interest and other expense** | (11,053) | (24,288) | (33,592) | (43,243) |
| **Total Other Expenses** | **(11,053)** | **(514,046)** | **(48,567)** | **(533,001)** |
| **Net loss** | **(55,105)** | **(581,249)** | **(142,715)** | **(656,938)** |
| **(Loss) per Common Share basic and diluted** | **$ (0.00028)** | **$ (0.00031)** | **$ (0.00072)** | **$ (0.00035)** |
| **Weighted Average of Shares Outstanding - basic and diluted** | **198,509,125** | **1,869,495,230** | **198,127,792** | **1,888,380,944** |

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

**CLEARTRONIC, INC. AND SUBSIDIARY**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | For the six months ended March 31, 2016 | For the six months ended March 31, 2015 |
|---|---|---|
| **NET LOSS** | $ (142,715) | $ (656,938) |
| **Adjustments to reconcile net (loss) to net cash (used) in operating activities:** | | |
| Loss on forgiveness of debt and accrued expenses | - | 489,758 |
| Amortization of license agreement | 70,334 | - |
| Premium on convertible debt | 2,500 | - |
| Amortization of debt discount | 17,168 | 12,229 |
| (Increase) decrease in assets: | | |
| Accounts receivable | 58,211 | - |
| Inventory | (15,406) | 7,214 |
| Prepaid expenses and other current assets | (18,192) | (9,758) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (571) | 24,700 |
| Accrued expenses | (9,522) | 24,081 |
| Customer deposit | - | 1,500 |
| Deferred revenue | 6,948 | 3,651 |
| **Net Cash Used in Operating Activities** | (31,245) | (103,563) |
| **Cash Flows From Financing Activities** | | |
| Principal payments on notes payable | (36,369) | - |
| Proceeds from issuance of common and preferred stock | 5,000 | 25,000 |
| Proceeds from convertible note payable | 25,000 | 38,000 |
| Proceeds from note payable - stockholders | 50,000 | 40,000 |
| **Net Cash Provided by Financing Activities** | 43,631 | 103,000 |
| **Net Decrease In Cash** | 12,386 | (563) |
| **Cash - Beginning of Period** | 6,156 | 2,505 |
| **Cash - End of Period** | $ 18,542 | $ 1,942 |
| **SUPPLEMENTAL CASH FLOW INFORMATION:** | | |
| **Cash paid for interest** | $ 1,193 | $ 2,945 |

**NONCASH FINANCING ACTIVITY:**

During the six months ended March 31, 2016, the company converted $10,000 of a convertible note payable into 847,458 shares of the Company's common stock.

During the six months ended March 31, 2016, the company obtained a convertible note and recorded a discount of $20,455.

During the six months ended March 31, 2016, the Company converted 7,280 shares of Series C Preferred stock into

36,400 shares of the Company's common stock.

During the six months ended March 31, 2015 the CEO of the Company cancelled 2,000,000,000 shares of the Company's common stock held by him in exchange for a new employment agreement and 200,000 shares of Series C Preferred Stock

During the six months ended March 31, 2015 the Company issued 25,000,000 shares of the Company's common stock to Collabria LLC in exchange for a 5 year licensing agreement valued at $2,000,000.

During the six months ended March 31, 2015, the Company issued 670,904 shares of Series D preferred stock in exchange for forgiveness of debt and accrued expenses of $335,452

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



***CLEARTRONIC, INC. AND SUBSIDIARIES***
**Notes to Condensed Consolidated Financial Statements**
**March 31, 2016**

**NOTE 1 -ORGANIZATION**

Cleartronic, Inc. (the "Company") was incorporated in Florida on November 15, 1999.

The Company, through one of its wholly owned subsidiaries VoiceInterop, Inc., designs, builds and installs unified group communication solutions, including unique hardware and customized software, for public and private enterprises and markets those services and products under the VoiceInterop brand name.

In March 2015, the Company amended its Licensing Agreement with Collabria LLC of Tampa, Florida ("Collabria"). The Agreement grants the Company master distribution rights to market, sell and support Collabria's command and control software, trade-named ReadyOp. ReadyOp software is designed for fast, efficient access to information and for communication with multiple persons, groups and agencies. This agreement will remain in effect for an initial term of five years unless either the Company or Collabria sooner terminates the agreement. Upon expiration of the agreement, the Company's only obligation to Collabria shall be the payment of all outstanding obligations to Collabria. In September 2014, the Company formed ReadyOp Communications, Inc. (a Florida corporation), as a wholly owned subsidiary to facilitate the marketing of ReadyOp software. According to the terms of the agreement ReadyOp Communications will pay Collabria a royalty for all ReadyOp software sold. The Company's two operating subsidiaries are Voiceinterop and ReadyOp Communications.

**NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**PRINCIPLES OF CONSOLIDATION**

The accompanying unaudited interim consolidated financial statements contain the consolidated accounts of Cleartronic, Inc. and its subsidiaries, VoiceInterop, Inc. and ReadyOp Communications, Inc. All material intercompany transactions and balances have been eliminated.

**BASIS OF PRESENTATION**

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q of Regulation S-K. They may not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended September 30, 2015 included in the Company's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission. The unaudited interim consolidated financial statements should be read in conjunction with those financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal and recurring adjustments have been made. Operating results for the six months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2016.



**USE OF ESTIMATES**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and operations for the reporting period. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**ACCOUNTS RECEIVABLE**

The Company provides an allowance for uncollectible accounts based upon a periodic review and analysis of outstanding accounts receivable balances. Uncollectible receivables are charged to the allowance when deemed uncollectible. Recoveries of accounts previously written off are used to credit the allowance account in the periods in which the recoveries are made.

The Company has an Accounts Receivable Purchase and Security Agreement with Bridgeport Capital Resources of Birmingham, AL. Under the terms of the agreement the Company sells certain acceptable accounts receivable to Bridgeport Capital at a discount to the receivable face value. Discounts can range between 2.25 and 6.25 percent depending on the length of time the receivable remains outstanding. At March 31, 2016 the Company had seven invoices in the amount of $91,007 assigned to the factor.

**CONCENTRATION OF CREDIT RISK**

The Company currently maintains cash balances at one FDIC-insured banking institution. Deposits held in noninterest-bearing transaction accounts are insured up to a maximum of $250,000 at all FDIC-insured institutions.

**RESEARCH AND DEVELOPMENT COSTS**

The Company expenses research and development costs as incurred. For the six months ending March 31, 2016 and 2015, the Company had $0 and $3,027, respectively, in research and development costs from continuing operations.

**REVENUE RECOGNITION AND DEFERRED REVENUES**

Unified group communication solutions consist of three elements to be provided to customers: software licenses and equipment purchased from third-party vendors, proprietary hardware that is manufactured on contract to required specifications and installation and integration of the hardware and software into the cohesive communication source.

The Company's revenue recognition policies are in accordance with Accounting Standards Codification 605-10 "Revenue Recognition" (ASC 605-10). Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after shipment. The Company recognizes revenue for the elements separately as the sales of the equipment and software, installation and integration, and support services represent separate earnings processes that are generally specified under separate agreements.

Revenue from the resale of equipment utilized in unified group communication solutions is recognized when shipped. For software licenses, the Company does not provide any services that are considered essential to the functionality of the software, and therefore revenue is recognized upon delivery of the software, provided (1) there is evidence of an arrangement, (2) collection of the fee is considered probable and (3) the fee is fixed and determinable.

The Company also provides support to customers under separate contracts varying from one to five years. The Company's obligations under its service contracts vary by the length of the contract. In all cases the Company is the primary obligor to provide first level support to the client. If the contract has less than one year of service and support remaining on the contract it is classified as a current liability, if longer it is classified as a non-current liability.



**EARNINGS PER SHARE**

Basic income (loss) per common share is calculated using the weighted average number of shares outstanding during the periods reported. Diluted earnings per share include the weighted average effect of all dilutive securities outstanding during the periods presented. Diluted per share loss is the same as basic per share loss when there is a loss from continuing operations. Accordingly, for purposes of dilutive earnings per share, the Company excluded the effect of warrants and options.

As of March 31, 2016 and 2015, we had outstanding options and warrants exercisable for an aggregate of 0 and 167 shares of common stock, respectively. As of March 31, 2016 and 2015, we had 40,750 and 324,000 shares of Series A Convertible Preferred stock outstanding convertible into 4,075,000 and 32,4000,000, common shares, respectively. As of March 31, 2016 and 15, we had 2,563,375 and 2,570,655 shares of Series C Convertible Preferred stock outstanding which are convertible into 12,816,875 and 12,853,275 shares of common stock, respectively. As of March 31, 2016 and 2015, we had 670,904 and 670,094 shares of Series D Convertible Preferred stock outstanding convertible into 3,354,520 and 3,354,520 common shares, respectively. As of March 31, 2016, we had one convertible note outstanding in the principal amount of $25,000. The convertible note is convertible into shares of common stock at a discount to the current market price of the stock. There was one convertible note outstanding in the amount of $38,000 on March 31, 2015.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company adopted ASC topic 820, "Fair Value Measurements and Disclosures" (ASC 820), formerly SFAS No. 157 "Fair Value Measurements," effective January 1, 2009. ASC 820 defines "fair value" as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There was no impact relating to the adoption of ASC 820 to the Company's consolidated financial statements.

ASC 820 also describes three levels of inputs that may be used to measure fair value:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are generally observable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial instruments consist principally of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and deferred revenue. The carrying amounts of such financial instruments in the accompanying condensed consolidated balance sheet approximate their fair values due to their relatively short-term nature. The fair value of long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying amounts approximate fair value. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

The Company revalues its derivative liability at every reporting period and recognizes gains or losses in the interim condensed consolidated statement of operations that are attributable to the change in the fair value of the derivative liability. The Company has no other assets or liabilities measured at fair value on a recurring basis.

**INVENTORY**

Inventory consists of components held for assembly and finished goods held for resale or to be utilized for installation in projects. Inventory is valued at lower of cost or market on a first-in, first-out basis. The Company's policy is to record a reserve for technological obsolescence or slow-moving inventory items. For the six months ending March 31, 2016 and 2015, the Company had no reserve for technological obsolescence or slow-moving inventory items.



**EQUITY INSTRUMENTS ISSUED TO PARTIES OTHER THAN EMPLOYEES FOR ACQUIRING GOODS OR SERVICES**

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB ASC. Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

**DERIVATIVE INSTRUMENTS**

The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification and paragraph 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

**ADVERTISING COSTS**
Advertising costs are expensed as incurred. The Company had advertising costs of $530 during the three months ended March 31, 2016, and $853 during the three months ended March 31, 2015. For the six months ending March 31, 2016 and 2015, the Company had $2,378 and $2,694 in advertising costs, respectively.

**NOTE 3 -GOING CONCERN**

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management is currently seeking funding from significant shareholders and outside funding sources sufficient to meet its minimal operating expenses. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.



**NOTE 4 - NOTES PAYABLE TO STOCKHOLDERS**

In November 2015, the Company entered into a promissory note for $50,000 with a stockholder and director of the Company. The note bears an 8% interest rate, is unsecured and is due on December 31, 2016.

Interest expense on the notes payable to stockholders was $5,572 and $3,137 for the three months ended March 31, 2016 and 2015, respectively. Interest expense on the notes payable to stockholders was $23,837 and $3,137 for the six months ended March 31, 2016 and 2015, respectively.

**NOTE 5 - CONVERTIBLE PROMISSORY NOTE AND EMBEDDEDED DERIVATIVE LIABILITIES**

In December 2015, the Company entered into a Convertible Promissory Note with a private investor in the principal sum of $150,000. The note matures on December 6, 2017 and carries a 10% Original Issue Discount and incurs a one-time 12% interest charge on March 6, 2016. The principal sum due to the investor shall be based on the consideration actually paid by the investor plus a 10% original issue discount on the consideration paid as well as any other interest or fees. The Company is only required to repay the amount funded and is not required to repay any unfunded portion of the note. The initial consideration paid by the investor was $25,000. The note is convertible into shares of the Company's common stock at the greater of; (i) the variable conversion price (55% multiplied by the market price) that is equal to the average of the lowest trading price of the Common Stock during the twenty five (25) trading days prior to the date of conversion or (ii) the fixed conversion price of $.00005 (iii) the investor has the right, at any time after 180 days after principal consideration has been paid to convert all or part of the outstanding principal along with interest and any fees into the Company's common stock. The Company may repay the note at any time on or before 90 days from the effective date, after which the Company may not make further payments on the Note prior to the maturity date without written approval from the investor.

*Beneficial Conversion Feature*

In connection with the convertible note entered into in December 2015, the Company determined that a beneficial conversion feature existed on the date the note was issued. The beneficial conversion feature related to this note was valued as the difference between the effective conversion price (computed by dividing the relative fair value allocated to the convertible note by the number of shares the note is convertible into) and the fair value of the common stock multiplied by the number of shares into which the note may be converted.

In accordance with ASC 470 “Debt with Conversion and other Options”, the intrinsic value of the beneficial conversion features were recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the instrument. The Company recorded beneficial conversion features related to the December convertible note financing of approximately $20,455. Amortization of the discount from the beneficial conversion feature included in interest expense was $3,389 for the six months ended March 31, 2016, and $852, for the three months ended December 31, 2015. In addition, the note specifies an Original Issue Discount of 10% of the principal due upon any repayment. Accordingly, the Company recognized interest expense and a related premium in the amount of $2,500 for the six months ended March 31, 2016.

On November 23, 2015, a convertible note holder converted $10,000 in principal of a $43,000 note into 847,458 shares of common stock. On November 27, 2015 the Company repaid the remaining balance of the convertible note along with accrued interest and penalties for a total amount of $47,975. The remaining discount on the convertible note payable was recognized as interest totaling $13,779.

The Company had one convertible promissory note in the amount of $38,000 as of March 31, 2015.



**NOTE 6 -EQUITY**

*Common stock issued for conversion of preferred stock*

In December 2015, two shareholders converted 7,280 shares of Series C Convertible Preferred stock into 36,400 shares of common stock.

*Common stock issued for cash*

In December 2015, a shareholder purchased 250,000 shares of common stock for $5,000 in cash.

**NOTE 7 -RELATED PARTY TRANSACTIONS**

The Company leases its office space from another entity that is also a stockholder. Rent expense paid to the related party was $10,696 and $10,284 for the three months ended March 31, 2016 and 2015, respectively and $21,089 and $23,105 for the six months ended March 31, 2016 and 2015, respectively.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events for the period from March 31, 2016 the date of these condensed consolidated financial statements, through the date of the filing of May 16, 2016 and there have been no material subsequent events during that period.



## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

### FORWARD-LOOKING STATEMENTS

The information set forth in this Management’s Discussion and Analysis contains certain “forward-looking statements,” including, among others (i) expected changes in our revenues and profitability, (ii) prospective business opportunities, and (iii) our strategy for financing our business. Forward-looking statements are statements other than historical information or statements of current condition. Some forward-looking statements may be identified by use of terms such as “believes,” “anticipates,” “intends,” or “expects.” These forward-looking statements relate to our plans, objectives, and expectations for future operations. Although we believe that our expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of our knowledge of our business and operations, in light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this prospectus should not be regarded as a representation that our objectives or plans will be achieved. In light of the risks and uncertainties, there can be no assurance that actual results, performance, or achievements will not differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. The foregoing review of important factors should not be construed as exhaustive. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

**Overview**

Cleartronic, Inc. (the "Company") was incorporated in Florida on November 15, 1999. The Company operates through two wholly owned subsidiaries, VoiceInterop, Inc. and ReadyOp Communications, Inc.

VoiceInterop, Inc., designs, builds sells and installs unified group communication solutions for public and private enterprises. VoiceInterop also manufactures and markets a line of IP Gateways under the trade name AudioMate AM360. These gateways are sold direct to enterprises by the Company and indirectly through authorized dealers in North America and a number of foreign countries.

ReadyOp Communications, Inc. is a new subsidiary formed in September 2014, to market, sell and support ReadyOp software through a Software License Agreement with Collabria LLC of Tampa, Florida. The Agreement was amended in March 2015 and grants the Company master distribution rights to use, market, sell, license and support Collabria's emergency notification command and control software, trade-named *ReadyOp*™. *ReadyOp*™ software is designed for fast, efficient access to information and for communication with multiple persons, groups and agencies. This agreement will remain in effect for an initial term of five years unless earlier by either the Company or Collabria pursuant to the termsof the Agreement.

**FOR THE THREE MONTHS ENDED MARCH 31, 2016 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2015**

**Revenue**

Revenues increased to $188,398 for the three months ended March 31, 2016 as compared to $31,345 for the three months ended March 31, 2015. The primary reason for the increase in revenue was due to sales of ReadyOp software and hardware, which grew to $95,290 for the three months ended March 31, 2016 compared with no sales in the three month period ended March 31, 2015. Revenue from sales of VoiceInterop software, hardware and maintenance agreements grew to $93,108 during the three month period ended March 31, 2016, compared to sales of $31,345 for the three month period ended March 31, 2015. This increase in sales was due to significant sales of software and hardware to two customers in the three month period ended March 31, 2016.



**Cost of Revenue**

Cost of revenues was $65,665 for the three months ended March 31, 2016 as compared to $12,685 for the three months ended March 31, 2015. The increase was due to increased sales by both VoiceInterop and ReadyOp Communications. Gross profits were $122,733 and $18,660 for the three months ended March 31, 2016 and 2015, respectively. Gross margins increased to 65% from 59% for the three months ended March 31, 2016 and 2015, respectively. The primary reason for the improvement in gross profit margin is the lower costs associated with ReadyOp software and continuing maintenance agreements associated with VoiceInterop software installations.

**Operating Expenses**

Operating expenses increased approximately 94% to approximately $166,785 for the three months ended March 31, 2016 compared to $85,863 for the three months ended March 31, 2015. For the three months ended March 31, 2016, selling expenses increased to $32,109 from $6,384 for the three months ended March 31, 2015, which was primarily due to increased commission expenses associated with VoiceInterop sales and increased royalty expenses associated with ReadyOp sales. General and administrative expenses increased by $23,057 or approximately 30% which was primarily caused by an increase in the use of outside consulting services. Research and development expenses were $0 for the three months ended March 31, 2016 as compared to $3,027 for the three months ended March 31, 2015 due to the completion of the development of the upgrades to the Company's current hardware product line.

**Loss from Operations**

The Company's net loss from operations declined to $44,052 during the three months ended March 31, 2016 as compared to $67,203 for the three months ended March 31, 2015. The primary reason for the decrease was due to the increase in sales by both VoiceInterop and ReadyOp Communications.

**Net Loss**

Net loss per common share was $0.00028 and $0.00031 for the three months ended March 31, 2016 and 2015, respectively.



**FOR THE SIX MONTHS ENDED MARCH 31, 2016 COMPARED TO THE SIX MONTHS ENDED MARCH 31, 2015**

**Revenue**

Revenues from operations were $279,392 for the six months ended March 31, 2016 as compared to $103,421 for the six months ended March 31, 2015. The increase was primarily due to the completion of two installation contracts to furnish materials, equipment and supervision as well as labor and other services for the installation of interoperable communication systems for enterprise clients and an increase in sales of the Company's proprietary hardware products. Sales of ReadyOp software also contributed to the increase in revenue.

**Cost of Revenue**

Cost of revenues was $106,046 for the six months ended March 31, 2016, as compared to $50,195 for the six months ended March 31, 2015. This increase was due primarily to two new enterprise communication projects and their associated costs and from higher software costs associated with ReadyOp software. Gross profits were $173,346 and $53,226 for the six months ended March 31, 2016 and 2015, respectively. Gross margins increased to 62% from 51% for the six months ended March 31, 2016 and 2015, respectively The increase in gross profits was primarily due to an increase in sales of the Company's hardware and software products and two completed enterprise communication projects.

**Operating Expenses**

Operating expenses for the six months ended March 31, 2016 were $267,494 compared to $177,163 for the six months ended March 31, 2015. The increase was primarily due to increased selling costs associated with higher sales volume and amortization expenses associated with the licensing agreement with Collabria LLC for the ReadyOp software product.

**Loss from Operations**

The Company's net loss from operstions decreased to $94,148 during the six months ended March 31, 2016 as compared to a loss of $123,937 for the six months ended March 31, 2015. The primary reason for this decrease was approximately a 170% increase in revenue to $279,392 for the six months ended March 31, 2016 compared to $103,421 for the same period in 2015.

**Net Loss**

Net loss was $142,715 and $656,938 for the six months ended March 31, 2016 and 2015, respectively. The decrease was primarily due to the $489,758 in losses on forgiveness of debt and accrued expenses that were incurred in the six months ended March 31, 2015. Net loss per common share was $0.00072 and $0.00035 for the six months ended March 31, 2016 and 2015, respectively.

**LIQUIDITY AND CAPITAL RESOURCES**

Net cash used in operating activities was $31,245 for the six months ended March 31, 2016 compared to $103,563 for the six months ended March 31, 2015. This decrease was mainly attributable to the smaller net loss of $142,715 for the six months ended March 31, 2016 as compared to $656,938 for the six months ended March 31, 2015.



Net cash provided by financing activities was $43,631 for the six months ended March 31, 2016 compared to $103,000 for the six months ended March 31, 2015. The decrease was primarily due to principal payments made on notes payable and a lesser amount of proceeds received from the issuance of common stock and preferred stock which was partially offset by proceeds from a convertible note payable and notes payable to stockholder.

Our obligations are being met on a month-to-month basis as cash becomes available. We have made a concentrated effort to restructure the company through the issuance of Preferred stock in exchange for cancellation of debt, issuance of stock in lieu of cash paid for services and exchanging preferred stock for common stock. We believe that theses restructuring efforts will put the Company in a better position to secure an acquisition or consummate a merger with a private company. There can be no assurance that the Company's efforts in this restructure will be successful or that present flow of cash will be sufficient to meet current and future obligations.

We have incurred losses since our inception and continue to require additional capital to fund operations and development. As such, our ability to pay our already incurred obligations is mostly dependent on the Company being able to have substantially increased revenues and raising substantial additional capital through the sale of its equity or debt securities. There can be no assurance that the Company will be successful in accomplishing any of the foregoing.

We believe that in order to fund our business plan, we will need approximately $1 million in new equity or debt capital. In the past, in addition to revenues and deferred revenues, we have obtained funds from the private sale of our debt and equity securities. We intend to continue to seek private financing from existing stockholders and others.

The costs to operate our current business are approximately $30,000 per month. In order for us to cover our monthly operating expenses, we would have to generate revenues of approximately $75,000 per month. Accordingly, in the absence of revenues, we will need to secure $30,000 in equity or debt capital each month to cover our overhead expenses. In order to remain in business for one year without any revenues we would need to secure $360,000 in equity or debt capital. If we are unsuccessful in securing sufficient capital or revenues, we would have to cease business in approximately 90 days.

**Critical Accounting Estimates**

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2015 for information regarding our critical accounting estimates.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

An evaluation was conducted by the registrant's Chief Executive Officer (CEO) and Principal Financial Officer ("PFO") of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of March 31, 2016. Based on that evaluation, the CEO and PFO concluded that the registrant's controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports that the registrant files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. If the registrant develops new business or engages or hires a Chief Financial Officer or similar financial expert, the registrant intends to review its disclosure controls and procedures.



Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with general administrative and financial matters. However, at this time management has decided that considering the abilities of the employees now involved and the control procedures in place, the risk associated with such lack of segregation is low and the potential benefits of adding employees to clearly segregate duties do not justify the substantial expenses associated with such increases. Management may reevaluate this situation as circumstances dictate.

**Change in Internal Controls over Financial Reporting**

There was no change in the registrant's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a–15 or Rule 15d–15 under the Securities Exchange Act of 1934 that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

## PART II - OTHER INFORMATION

**Item 1. Legal Proceedings**

There have been no material developments during the quarter ended March 31, 2016 in any material legal proceedings to which we are a party or of which any of our property is subject.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In December 2015, a shareholder purchased 250,000 shares of common stock for $5,000 cash.

There were no principal underwriters.

The registrant claimed exemption from the registration provisions of the Securities Act of 1933 with respect to the securities pursuant to Section 4(2) thereof inasmuch as no public offering was involved. The shares were not offered or sold by means of: (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, or broadcast over television or radio, (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising, or (iii) any other form of general solicitation or advertising and the purchases were made for investment and not with a view to distribution. The purchaser was, at the time of the purchaser's respective purchase, an accredited investor, as that term is defined in Regulation D under the Securities Act of 1933, and had access to sufficient information concerning the registrant and the offering.

**Item 3. Defaults upon Senior Securities**

None

**Item 5. Other Information**

None

**Item 6. Exhibits.**

| Exhibit Number | Description |
|---|---|
| 3.1 | Articles of Incorporation (1) |
| 3.2 | Articles of Amendment to Articles of Incorporation, filed March 12, 2001.(1) |
| 3.3 | Articles of Amendment to Articles of Incorporation, filed October 4, 2004. (1) |
| 3.4 | Articles of Amendment to Articles of Incorporation, filed March 31, 2005. (1) |
| 3.5 | Articles of Amendment to Articles of Incorporation, filed May 9, 2008. (2) |
| 3.6 | Articles of Amendment to Articles of Incorporation, filed June 28, 2010. (3) |
| 3.7 | Articles of Amendment to Articles of Incorporation, filed May 6, 2011. (4) |
| 3.8 | Bylaws. (1) |
| 3.9 | Articles of Amendment to the Articles of Incorporation, filed April 19, 2012 (5) |
| 3.10 | Articles of Amendment to the Articles of Incorporation, filed on September 7, 2012 (6) |
| 3.11 | Articles of Amendment to the Articles of Incorporation, filed on September 19, 2012 (7) |
| 3.12 | Articles of Amendment to the Articles of Incorporation, filed on October 5, 2012 (8) |
| 31.1 | Section 302 Certification by the Corporation's Principal Executive Officer * |
| 31.2 | Section 302 Certification by the Corporation's Principal Financial Officer * |
| 32.1 | Section 906 Certification by the Corporation's Principal Executive Officer and Principal Financial Officer * |
| 101.INS | XBRL Instance Document * |
| 101.SCH | XBRL Taxonomy Extension Document * |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase* |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase* |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase * |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase* |



* Filed herewith.

(1) Filed as an exhibit to the registrant's registration statement on Form SB-2 filed with the Securities and Exchange Commission on July 3, 2006 and hereby incorporated by reference.

(2) Filed as an exhibit to Amendment No. 6 to the registrant's registration statement on Form S-1 filed with the Securities and Exchange Commission on May 28, 2008, and hereby incorporated by reference

(3) Filed as an exhibit to the registrant's quarterly report on Form 10-Q filed with the Securities and Exchange Commission on February 14, 2011 and hereby incorporated by reference.

(4) Filed as an exhibit to the registrant's current report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2011 and hereby incorporated by reference.

(5) Filed as an exhibit to the registrant's quarterly report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2012 and hereby incorporated by reference.

(6) Filed as an exhibit to the registrant's current report on Form 8-K filed with the Securities and Exchange Commission on September 7, 2012 and hereby incorporated by reference.

(7) Filed as an exhibit to the registrant's current report on Form 8-K filed with the Securities and Exchange Commission on September 19, 2012 and hereby incorporated by reference.

(8) Filed as an exhibit to the registrant's current report on Form 8-K filed with the Securities and Exchange Commission on October 5, 2012 and hereby incorporated by reference.

## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CLEARTRONIC, INC.**

Date: May 16, 2016

By: /s/ Larry Reid
Larry Reid
Principal Executive Officer and Principal
Financial Officer and Chief Accounting Officer

**Exhibit 31.1**

# CERTIFICATION

I, Larry Reid, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cleartronic, 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 the only certifying officer 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 my 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Board of Directors:

(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: May 16, 2016

_/s/ Larry Reid____ ______________
Larry Reid, Principal Executive Officer

**Exhibit 31.2**

# CERTIFICATION

I, Larry Reid, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cleartronic, 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 the only certifying officer 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 my 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Board of Directors:

(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: May 16, 2016

/s/ Larry Reid
Larry Reid, Principal Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Cleartronic, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: May 16, 2016 | | /s/ Larry Reid |
| | *By* | Larry Reid<br>Principal Executive Officer and Principal Financial Officer |