

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2021

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

For the transition period from _____ to _____

Commission File No. 000-55329

Cleartronic, Inc.

(Exact name of registrant as specified in its 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

(Address of principal executive offices)

33487

(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 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 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

Non-accelerated filer

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 12(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 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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock Par Value \$0.00001	CLRI	NONE

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: 228,578,995 shares as of February 14, 2022.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CLEARTRONIC, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	ASSETS	
	December 31, 2021 (unaudited)	September 30, 2021
Current assets:		
Cash	\$ 378,094	\$ 401,001
Accounts receivable, net	273,378	320,245
Inventory	21,241	14,653
Prepaid expenses and other current assets	14,019	47,383
Total current assets	686,732	783,282
Property and Equipment, net	15,635	11,391
Other assets:		
Due from related party	51,187	44,801
Total other assets	51,187	44,801
Total assets	\$ 753,554	\$ 839,474
	LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:		
Accounts payable and accrued expenses	\$ 186,358	\$ 159,952
Deferred revenue, current portion	815,023	977,296
Total current liabilities	1,001,381	1,137,248
Long Term Liabilities		
Deferred revenue, net of current portion	144,200	154,500
Total long term liabilities	144,200	154,500
Total liabilities	1,145,581	1,291,748
Commitments and Contingencies (See Note 6)	-	-
Stockholders' deficit:		
Series A preferred stock - \$.00001 par value; 1,250,000 shares authorized, 512,996 issued and outstanding, respectively.	5	5
Series B preferred stock - \$.00001 par value; 10 shares authorized, 0 shares issued and outstanding, respectively.	-	-
Series C preferred stock - \$.00001 par value; 50,000,000 shares authorized, 3,341,503 shares issued and outstanding, respectively.	34	34
Series D preferred stock - \$.00001 par value; 10,000,000 shares authorized, 670,904 shares issued and outstanding, respectively.	7	7
Series E preferred stock - \$.00001 par value, 10,000,000 shares authorized, 3,000,000 shares issued and outstanding, respectively.	30	30
Common stock - \$.00001 par value; 5,000,000,000 shares authorized, 228,578,995 shares issued and outstanding, respectively.	2,286	2,286
Additional paid-in capital	15,240,107	15,240,107
Accumulated Deficit	(15,634,496)	(15,694,743)
Total stockholders' deficit	(392,027)	(452,274)
Total liabilities and stockholders' deficit	\$ 753,554	\$ 839,474

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

CLEARTRONIC, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	<u>For the Three Months</u> <u>ended December 31, 2021</u>	<u>For the Three Months</u> <u>ended December 31, 2020</u>
Revenue	\$ 519,185	\$ 381,338
Cost of Revenue	92,236	60,334
Gross Profit	426,949	321,004
Operating Expenses:		
Selling expenses	188,545	160,859
Administrative expenses	127,915	92,366
Depreciation	814	451
Research and development	49,260	30,789
Total Operating Expenses	366,534	284,465
Interest expense, net	(168)	(1,115)
Total Other Expense	(168)	(1,115)
Income from operations before income taxes	60,247	35,424
Provision for income taxes from operations	-	-
Net Income	60,247	35,424
Preferred stock dividends Series A Preferred	(10,344)	(10,346)
Net income attributable to common stockholders	\$ 49,903	\$ 25,078
Net income per common share - basic	\$ 0.00	\$ 0.00
Net income per common share - diluted	\$ 0.00	\$ 0.00
Weighted Average of number of shares outstanding - basic	<u>228,578,995</u>	<u>223,994,635</u>
Weighted Average of number of shares outstanding - diluted	<u>599,940,630</u>	<u>600,815,630</u>

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

CLEARTRONIC, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(Unaudited)

	For the Three Months ended December 31, 2021	For the Three Months ended December 31, 2020
NET INCOME	\$ 60,247	\$ 35,424
Cash Flows From Operating Activities		
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	814	451
Provision for bad debt	-	16,500
(Increase) decrease in assets:		
Accounts receivable	46,867	40,900
Inventory	(6,588)	594
Prepaid expenses and other current assets	33,364	(14,404)
Due from related party	(6,386)	(1,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	26,406	(9,852)
Deferred revenue	(172,573)	(70,540)
Net Cash Used In Operating Activities	(17,849)	(1,927)
Cash Flows From Investing Activities		
Purchase of fixed assets	(5,058)	-
Net Cash Used in Investing Activities	(5,058)	-
Cash Flows From Financing Activities		
Repayment of notes payable stockholders	-	(15,615)
Net Cash Used in Financing Activities	-	(15,615)
Net decrease in cash	(22,907)	(17,542)
Cash at beginning of period	401,001	75,983
Cash at end of period	\$ <u>378,094</u>	\$ <u>58,441</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 168</u>	<u>\$ 1,498</u>
Cash paid for taxes	<u>\$ 690</u>	<u>\$ -</u>

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

CLEARTRONIC, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Series E Preferred Stock		Common Stock		Additional paid-in capital	Accumulated deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at September 30, 2021	512,996	\$ 5	-	\$ -	3,341,503	\$ 34	670,904	\$ 7	3,000,000	\$ 30	228,578,995	\$ 2,286	\$ 15,240,107	\$ (15,694,743)	\$ (452,274)
Net income for the three months ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	60,247	60,247
Balance at December 31, 2021 (Unaudited)	<u>512,996</u>	<u>\$ 5</u>	<u>-</u>	<u>\$ -</u>	<u>3,341,503</u>	<u>\$ 34</u>	<u>670,904</u>	<u>\$ 7</u>	<u>3,000,000</u>	<u>\$ 30</u>	<u>228,578,995</u>	<u>\$ 2,286</u>	<u>\$ 15,240,107</u>	<u>\$ (15,634,496)</u>	<u>\$ (392,027)</u>

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

CLEARTRONIC, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED DECEMBER 31, 2020
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Series E Preferred Stock		Common Stock		Additional paid-in capital	Accumulated deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at September 30, 2020	512,996	\$ 5	-	\$ -	4,433,375	\$ 45	670,904	\$ 7	3,000,000	\$ 30	223,994,635	\$ 2,240	\$ 15,266,718	\$ (16,055,841)	\$ (786,796)
Net income for the three months ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	35,424	35,424
Balance at December 31, 2020 (Unaudited)	<u>512,996</u>	<u>\$ 5</u>	<u>-</u>	<u>\$ -</u>	<u>4,433,375</u>	<u>\$ 45</u>	<u>670,904</u>	<u>\$ 7</u>	<u>3,000,000</u>	<u>\$ 30</u>	<u>223,994,635</u>	<u>\$ 2,240</u>	<u>\$ 15,266,718</u>	<u>\$ (16,020,417)</u>	<u>\$ (751,372)</u>

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

CLEARTRONIC, INC. AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
December 31, 2021

NOTE 1 - ORGANIZATION

Cleartronic, Inc. (the "Company") was incorporated in Florida on November 15, 1999. All current operations are conducted through the Company's wholly owned subsidiary, ReadyOp Communications, Inc. ("ReadyOp"), a Florida corporation incorporated on September 15, 2014. ReadyOp facilitates the marketing and sales of subscriptions to the *ReadyOp*TM and *ReadyMed*TM platform and the AudioMate IP gateways discussed below.

In March 2018, the Company approved the spin-off VoiceInterop into a separate company under a Form S-1 registration to be filed with the United States Securities and Exchange Commission. On May 13, 2019, VoiceInterop filed an S-1 registration with the United States Securities and Exchange Commission. All VoiceInterop transactions have been recorded as discontinued operations. On February 14, 2020, the distribution of shares was approved by FINRA and VoiceInterop was deconsolidated from Cleartronic, Inc.

In October 2019, the Company acquired the ReadyMed software platform from Collabria LLC. ReadyMed is a web-based secure communications platform initially designed for the healthcare industry. This includes hospitals, clinics, doctor's offices, health insurance companies, workers compensation insurance companies and many other segments of the healthcare industry. The Company offers both the ReadyOp and ReadyMed capabilities to clients and usually refers to the platform as ReadyOp to avoid confusion in the marketplace of two platforms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements contain the consolidated accounts of Cleartronic, Inc. and its subsidiary, 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, 2021 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 three months ended December 31, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ended September 30, 2022.

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.

Significant estimates include the assumptions used in valuation of deferred tax assets, estimated useful life of property and equipment, valuation of inventory and allowance for doubtful accounts.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company did not own any cash equivalents on December 31, 2021 and September 30, 2021.

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. When a client is invoiced, the amount is recorded as an asset in Accounts Receivable and as Deferred Revenue in Current Liabilities. When payment is received the amount is moved to Cash on the balance sheet. The amount listed as Deferred Revenue is amortized monthly over the license period.

The Company provided \$10,000 and \$10,000 allowances for doubtful accounts as of December 31, 2021 and September 30, 2021, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated or amortized using the straight-line method over the estimated useful life of the asset or the underlying lease term for leasehold improvements, whichever is shorter onset the property and equipment is put into service.

CONCENTRATION OF CREDIT RISK

The Company currently maintains cash balances at one FDIC-insured banking institution. Deposits held in non interest-bearing transaction accounts are insured up to a maximum of \$250,000 at all FDIC-insured institutions. As of December 31, 2021 and September 30, 2021, the Company had \$0 and \$139,577, respectively, in excess of FDIC insurance limits.

RESEARCH AND DEVELOPMENT COSTS

The Company expenses research and development costs as incurred. For the three months ended December 31, 2021 and 2020, the Company had \$9,260 and \$30,789, respectively, in research and development costs.

REVENUE RECOGNITION AND DEFERRED REVENUES

The Company revenue recognition policy follows guidance from Accounting Standards Codification (ASC) 606, Revenue from contract with customers. Revenue is recognized when the Company transferred promised goods and services to the customer and in the amount that reflect the consideration to which the company expected to be entitled in exchange for those goods and services.

The Company applies the following five-step model in order to determine this amount:

- i. Identification of Contact with a customer;
- ii. Identify the performance obligation of the contract
- iii. Determine transaction price;
- iv. Allocation of the transaction price to the performance obligations; and
- v. Recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company generates revenue primarily through the sale of integrated hardware and software licenses. The portion of the contract that is associated with ongoing hosting and related customer service is amortized monthly over the license period. The Company incurs certain incremental contract costs (referred to as deferred subscriber acquisition costs, net) including selling expenses (primarily commissions) related to acquiring customers. Deferred subscriber acquisition costs, net are included in prepaid and expenses and other current assets on the consolidated balance sheet. Commissions paid in connection with acquiring new customers are determined based on the value of the contractual fees. Deferred subscriber acquisition costs will be expensed as incurred on the date the revenue associated with the cost is recognized. As of December 31, 2021 and September 30, 2021, respectively, the Company recorded \$0 and \$41,283, respectively, in deferred subscriber costs, which is included as a component of prepaid expense.

In transactions in which hardware is sold to a customer, the Company recognizes the revenue when the hardware has been shipped to the customer. The hardware supplied by the Company does not require a related software license and can be operated and fully functional without the Company's software.

From time to time clients request special training meetings. We send employees to these meeting and charge our clients on a per diem basis. These charges are recorded as consulting fees on our income statement.

The Company allocates the transaction price to each performance obligation based on a relative standalone selling price. Revenue associated with the sale and installation of system licenses is recognized once installation is complete.

Customer billings for services not yet rendered are deferred and recognized as revenue as services are provided. These fees are recorded as current deferred revenue on the consolidated balance sheet as the Company expects to satisfy any remaining performance obligations as well as recognize the related revenue within the next twelve months. Accordingly, the Company has applied the practical expedient regarding deferred revenue to exclude the value of remaining performance obligations if (i) the contract has an original expected term of one year or less or (ii) the Company recognizes revenue in proportion to the amount it has the right to invoice for services performed.

EARNINGS PER SHARE

Earnings per share ("EPS") are the amount of earnings attributable to each share of common stock. For convenience, the term is used to refer to either earnings or loss per share. EPS is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Pursuant to ASC Paragraphs 260-10-45-10 through 260-10-45-16, basic EPS shall be computed by dividing income available to common stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations (if that amount appears in the income statement) and also from net income. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants.

Pursuant to ASC Paragraphs 260-10-45-45-21 through 260-10-45-45-23 Diluted EPS shall be based on the most advantageous conversion rate or exercise price from the standpoint of the security holder. The dilutive effect of outstanding call options and warrants (and their equivalents) issued by the reporting entity shall be reflected in diluted EPS by application of the treasury stock method unless the provisions of paragraphs 260-10-45-35 through 45-36 and 260-10-55-8 through 55-11 require that another method be applied. Equivalents of options and warrants include non-vested stock granted to employees, stock purchase contracts, and partially paid stock subscriptions (see paragraph 260-10-55-23). Anti-dilutive contracts, such as purchased put options and purchased call options, shall be excluded from diluted EPS. Under the treasury stock method: a. Exercise of options and warrants shall be assumed at the beginning of the period (or at time of issuance, if later) and common shares shall be assumed to be issued. b. The proceeds from exercise shall be assumed to be used to purchase common stock at the average market price during the period. (See paragraphs 260-10-45-29 and 260-10-55-4 through 55-5.) c. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) shall be included in the denominator of the diluted EPS computation.

As of December 31, 2021 and 2020, we had no options and warrants outstanding.

As of December 31, 2021 and 2020, we had 512,996 shares of Series A Convertible Preferred stock outstanding, which are convertible into 51,299,600 shares of common stock.

As of December 31, 2021 and 2020, we had 3,341,503 and 4,433,375 shares of Series C Convertible Preferred stock outstanding, respectively, which are convertible into 16,707,515 and 22,166,875 shares of common stock, respectively.

As of December 31, 2021 and 2020, we had 670,904 shares of Series D Preferred stock outstanding which are convertible into 3,354,520 shares of common stock.

As of December 31, 2021 and 2020, we had 3,000,000 shares of Series E Convertible Preferred stock outstanding which are convertible into 300,000,000 shares of common stock.

The table below details the computation of basic and diluted earnings per share ("EPS") for the three months ended December 31, 2021 and 2020:

	For the Three Months ended December 31, 2021	For the Three Months ended December 31, 2020
Net income attributable to common stockholders for the period	\$ 49,903	\$ 25,078
Weighted average number of shares outstanding	228,578,995	223,994,635
Basic earnings per share	<u>\$ 0.00</u>	<u>\$ 0.00</u>

The following table sets for the computation of diluted earnings per share:

	For the Three Months ended December 31, 2021	For the Three Months ended December 31, 2020
Net income attributable to common stockholders for the period	\$ 49,903	\$ 25,078
Add: Preferred stock dividends	10,344	10,346
Adjusted net income	\$ 60,247	\$ 35,424
Weighted average number of shares outstanding	228,578,995	223,994,635
Add: Shares issued upon conversion of preferred stock	371,361,635	376,820,995
Weighted average number of common and common equivalent shares	599,940,630	600,815,630
Diluted earnings per share	<u>\$ 0.00</u>	<u>\$ 0.00</u>

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures the fair value of its assets and liabilities under ASC topic 820, "Fair Value Measurements and Disclosures". 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 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.

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 net realizable value on a first-in, first-out basis. The Company's policy is to record a reserve for technological obsolescence or slow-moving inventory items. The Company only carries finished goods to be shipped along with completed circuit boards and parts necessary for final assembly of finished product. All existing inventory is considered current and usable. The Company recorded no reserve for obsolete inventory as of December 31, 2021 and September 30, 2021, respectively.

ADVERTISING COSTS

Advertising costs are expensed as incurred. The Company had advertising costs of \$5,025 and \$3,532 during the three months ended December 31, 2021 and 2020, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

All newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 2021 and September 30, 2021, property and equipment, net, is as follows:

	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Office Equipment	\$ 19,180	\$ 14,122
Less: Accumulated Depreciation	(3,545)	(2,731)
Total Property and Equipment, net	\$ 15,635	\$ 11,391

Depreciation expense for the three months ended December 31, 2021 and 2020, was \$14 and \$451, respectively.

NOTE 4 - EQUITY TRANSACTIONS

Preferred Stock Dividends

As of December 31, 2021 and September 30, 2021, the cumulative arrearage of undeclared dividends for Series A Preferred stock totaled \$34,342 and \$123,998, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

Through December 1, 2021, the Company leased its office space from VoiceInterop the Company's former wholly owned subsidiary and now 96% owned by our shareholders for approximately \$1,400 per month. On February 14, 2020, VoiceInterop was deconsolidated and is no longer our subsidiary. Rent expense incurred during the three months ended December 31, 2021 and 2020 was \$5,886 and \$4,473, respectively (See Note 6).

As of December 31, 2021, the Company advanced \$51,187 to VoiceInterop, the Company's former wholly owned subsidiary and now 96% owned by our shareholders. The amount is included in due from related party on the consolidated balance sheet. The amount is due on demand and bears interest at 5% effective June 30, 2021.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Obligation Under Operating Lease

Through December 1, 2021, the Company leases approximately 1,700 square feet for its principal offices in Boca Raton, Florida at a monthly rental of approximately \$,500, which expired in November 2018. VoiceInterop executed a new 3-year lease with its current landlord on December 1, 2018 for the same office space. The lease provided one month free as a concession. The monthly rent is \$3,630 and provides for annual increases of base rent of 4% until the expiration date. The lease expires on November 30, 2021. Upon the deconsolidation, the Company subleases the office space from VoiceInterop at approximately \$1,400 per month.

On December 1, 2021, the Company signed a one year lease approximately 2,000 square feet for our principal offices in Boca Raton, Florida. The monthly rent is \$,200. The lease expires on November 30, 2022.

Rent expense incurred during the three months ended December 31, 2021 and 2020 was \$,886 and \$4,473, respectively.

Revenue and Accounts Receivable Concentration

For the three months ended December 31, 2021, one customer accounted for 14% of the Company's revenues .

For the three months ended December 31, 2020, one customer accounted for 11% of the Company's revenues.

As of December 31, 2021, no customer accounted for more than 10% of the Company's total outstanding accounts receivable.

As of September 30, 2021, no customer accounted for more than 10% of the Company's total outstanding accounts receivable.

Major Supplier and Sole Manufacturing Source

During 2014, the Company developed a proprietary interoperable communications solution. The Company relies on no major supplier for its products and services. The Company has contracted with a single local manufacturing facility to provide completed circuit boards used in the assembly of its IP gateway devices. Interruption to the manufacturing source presents additional risk to the Company. The Company believes that other commercial facilities exist at competitive rates to match the resources and capabilities of its existing manufacturing source.

Employment Agreements

In December 2016, the Board of Directors accepted the resignation of Larry M. Reid as Chief Executive Officer of the corporation and appointed Mr. Reid as Chief Financial Officer. The Board also appointed Michael M. Moore as Chief Executive Officer.

Under the terms of an employment agreement effective on November 28, 2016, Mr. Moore as CEO receives an annual salary of \$200,000. The term of agreement is for a one-year period beginning on the effective date and shall automatically renew and continue in effect for additional one-year periods.

Under the terms of an employment agreement effective on March 13, 2015, Mr. Reid as CFO receives an annual salary of \$96,000. The term of agreement is for a one-year period beginning on the effective date and shall automatically renew and continue in effect for additional one-year periods. Effective October 1, 2021, the annual compensation increased to \$104,000.

Exclusive Licensing Agreement

On May 5, 2017, the Company entered into an Exclusive Licensing Agreement with Sublicensing Terms (the "Agreement") with the University of Southern Florida Research Foundation, Inc. ("USFRF") relating to an exclusive license of certain patent rights in connection with one of USFRF's U.S. Patent Applications. Both parties recognize that the research and development work provided by the Company was sufficient for USFRF to enter into the Agreement with the Company.

The Agreement is effective April 25, 2017 and continues until the later of the date that no Licensed Patent remains a pending application or an enforceable patent or the date on which the Licensee's obligation to pay royalties expires.

The Company paid USFRF a License Issue Fee of \$6,000 and \$953 as reimbursement of expenses associated with the filing of the Licensed Patent. The company agreed to pay USFRF a royalty of 3% for sales of all Licensed Products and Licensed Processes and agreed to pay USFRF minimum royalty payments as follows:

Payment	Year
\$ 1,000	2019
\$ 4,000	2020
\$ 8,000	2021

-and every year thereafter on the same date, for the life of the agreement.

In the event the Company proposes to sell any Equity Securities, then USFRF will have the right to purchase 5% of the securities issued in such offering on the same terms and conditions are offered to other purchasers in such financing. As of December 31, 2021 and 2020, the Company has recorded \$2,000 and \$2,953 for the minimum royalty for the fiscal year ended 2022 and 2021.

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. All current operations are conducted through the Company’s wholly owned subsidiary, ReadyOp Communications, Inc. (“ReadyOp”), a Florida corporation incorporated on September 15, 2014. ReadyOp facilitates the marketing and sales of subscriptions to the *ReadyOp*TM and *ReadyMed*TM platform and the AudioMate IP gateways discussed below.

ReadyOp is a proprietary, innovative web-based planning, communications and operations platform for efficiently and effectively planning, managing, communicating, and directing operations and emergency response. ReadyOp is used by local, state and federal government agencies, corporations, school districts, utilities, hospitals and others to manage and report daily operations as well as the ability to handle incidents and emergency situations. ReadyOp is offered as a software as a service (SAAS) program on an annual contract basis although an increasing number of clients have requested multi-year agreements.

In March 2018, the Company approved the spin-off of VoiceInterop, Inc. (“Voiceinterop”), one of the Company’s wholly-owned subsidiaries, into a separate company under a Form S-1 registration filed with the United States Securities and Exchange Commission. Therefore, the Company has presented the operations of this subsidiary as discontinued operations.

In October 2019, the Company acquired the ReadyMed software platform from Collabria LLC. ReadyMed is a web-based secure communications platform initially designed for the healthcare industry. This includes hospitals, clinics, doctor’s offices, health insurance companies, workers compensation insurance companies and many other segments of the healthcare industry. The platform provides caregivers with patient tracking capability and allows physicians and other healthcare entities to track patient progress after medical treatment and/or release from hospital care. The software also enables monitoring and reporting of patients in medium and long-term care. Additionally, the platform provides secure communications capabilities and record keeping to track the healing process of patients, record their recovery and monitor their medications. ReadyMed has proved beneficial for multiple clients in the healthcare industry due to the impact of the COVID-19 pandemic. The Company offers both the ReadyOp and ReadyMed capabilities to clients and usually refers to the platform as ReadyOp to avoid confusion in the marketplace of two products.

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2020

Revenue

Revenues increased 36.15% to \$519,185 for the three months ended December 31, 2021 as compared to \$381,338 for the three months ended December 31, 2020. The primary reason for the increase in revenue was due to an increase subscriptions to the ReadyOp platform increased from \$369,740 in 2020 to \$449,500 in 2021, or approximately 21.57% and slightly offset by a decrease in sales of ReadyOp hardware products from \$5,800 in 2020 to \$2,000 in 2021. Consulting fees and related income increased from \$5,798 in 2020 to \$67,685 in 2021 due to more training activity and sale of thermal scanners in the three months ended December 31, 2021.

Cost of Revenue

Cost of revenues was \$92,236 for the three months ended December 31, 2021 as compared to \$60,334 for the three months ended December 31, 2020. Gross profits were \$426,949 and \$321,004 for the three months ended December 31, 2021 and December 31, 2020, respectively. Gross profit margins decreased from 84% for the three months ended December 31, 2020 to 82% for the three months ended December 31, 2021. The decrease in gross profit was primarily due to higher costs associated with sales of subscriptions to the ReadyOp platform.

Operating Expenses

Operating expenses increased 28.85% to \$366,534 for the three months ended December 31, 2021 compared to \$284,465 for the three months ended December 31, 2020. The increase was primarily due increases in selling, administrative expense, research and development and depreciation expense. For the three months ended December 31, 2021, selling expenses were \$188,545 compared to \$160,859 for the three months ended December 31, 2020. This increase was primarily due to an increase in advertising, travel and commissions expense. General and administrative expenses increased by \$35,549 or 38.49% as a result of increase in general business expenses. Depreciation expense increased by 80.49% from \$451 for the three months ended December 31, 2020 to \$814 for the three months ended December 31, 2021 due to the additional computer equipment purchased during the period. Research and development expenses were \$30,789 for the three months ended December 31, 2020 as compared to \$49,260 for the three months ended December 31, 2021. The increase was primarily due to expenses associated with the development of a new technology associated with a patent owned by the University of South Florida Research Foundation and an increase in salary. The Company has obtained the exclusive license to develop and market the technology associated with the patent.

Other Expenses

The Company's other expenses decreased to \$168 from other expense of \$1,115 during the three months ended December 31, 2021 as compared to the three months ended December 31, 2020. The primary reason for this decrease was a decrease in interest expense as the notes payable were fully repaid in the prior year.

Income from Operations

The Company’s income from operations was \$60,247 during the three months ended December 31, 2021 as compared to \$35,424 for the three months ended December 31, 2020. The increase was primarily due to an increase in subscription of ReadyOp software in 2021 and an offset by an increase in operating expenses.

Net Income Attributable to Common Stockholders

Net income attributable to common stockholders was \$49,903 for the three months ended December 31, 2021 as compared to a net income of \$25,078 for the three months ended December 31, 2020. The increase was primarily due to increased subscriptions to the ReadyOp platform.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended December 31, 2021, net cash used in operations of \$17,849 was the result of a net income of \$60,247, a decrease in accounts receivable of \$46,867, and an increase of accounts payable of \$26,406. These were offset by an increase in inventory of \$6,588, a decrease in prepaid expenses of \$33,364, and a decrease in deferred revenue of \$172,573.

For the three months ended December 31, 2020, net cash used in operations of \$1,927 was the result of a net income of \$35,424, provision of bad debt of \$16,500, a decrease in accounts receivable of \$40,900, and a decrease in inventory of \$594. These were offset by an increase in prepaid expenses of \$14,404, a decrease of accounts payable of \$14,870, and a decrease in deferred revenue of \$70,540.

Net cash used in investing activities was \$5,058 for the three months ended December 31, 2021, which was a purchase of fixed assets.

Net cash used in financing activities was \$15,615 for the three months ended December 31, 2020 which was a repayment of a stockholder note payable of \$15,615.

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, 2021 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 Chief Financial Officer (CFO) of the effectiveness of the design and operation of the registrant’s disclosure controls and procedures as of December 31, 2021. Based on that evaluation, the CEO and CFO 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.

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

Cleartronic is not engaged in any litigation at the present time and management is unaware of any claims or complaints that could result in future litigation. Management will seek to minimize disputes with the Company’s customers but recognizes the inevitability of legal action in today’s business environment as an unfortunate price of conducting business.

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

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 in as much 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. Each of the purchasers 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
<u>3.1</u>	Articles of Incorporation (1)
<u>3.2</u>	Articles of Amendment to Articles of Incorporation, filed March 12, 2001. (1)
<u>3.3</u>	Articles of Amendment to Articles of Incorporation, filed October 4, 2004. (1)
<u>3.4</u>	Articles of Amendment to Articles of Incorporation, filed March 31, 2005. (1)
<u>3.5</u>	Articles of Amendment to Articles of Incorporation, filed May 9, 2008. (2)
<u>3.6</u>	Articles of Amendment to Articles of Incorporation, filed June 28, 2010. (3)
<u>3.7</u>	Articles of Amendment to Articles of Incorporation, filed May 6, 2011. (4)
<u>3.8</u>	Bylaws. (1)
<u>3.9</u>	Articles of Amendment to the Articles of Incorporation, filed April 19, 2012 (5)
<u>3.10</u>	Articles of Amendment to the Articles of Incorporation, filed on September 7, 2012 (6)
<u>3.11</u>	Articles of Amendment to the Articles of Incorporation, filed on September 19, 2012 (7)
<u>3.12</u>	Articles of Amendment to the Articles of Incorporation, filed on October 5, 2012 (8)
<u>31.1</u>	Section 302 Certification by the Corporation's Principal Executive Officer *
<u>31.2</u>	Section 302 Certification by the Corporation's Principal Financial Officer *
<u>32.1</u>	Section 906 Certification by the Corporation's Principal Executive Officer and Principal Financial Officer *
<u>101.INS</u>	XBRL Instance Document (XBRL tags are embedded within the Inline XBRL document)*
<u>101.SCH</u>	Inline XBRL Taxonomy Extension Schema Document*
<u>101.CAL</u>	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
<u>101.LAB</u>	Inline XBRL Taxonomy Extension Label Linkbase Document.*
<u>101.PRE</u>	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
<u>101.DEF</u>	Inline XBRL Taxonomy Extension Definition Linkbase Document*
<u>104</u>	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101* 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.

February ____, 2022

By: /s/ Michael M. Moore
Michael M. Moore
Principal Executive Officer

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

CERTIFICATION

I, Michael M. Moore, 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: February 10, 2022

/s/ Michael M. Moore

Michael M. Moore, Principal Executive Officer

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: February 10, 2022

/s/ Larry M. 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 December 31, 2021 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.

February 10, 2022

By: /s/ Michael M. Moore
Michael M. Moore
Principal Executive Officer

By: /s/ Larry M. Reid
Larry M. Reid
Principal Financial Officer
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