

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended September 30, 2023

☐ **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**

(State or other jurisdiction of incorporation or organization)

**65-0958798**

(I.R.S. Employer Identification No.)

**28050 S Highway 19 N, Ste 310**

**Clearwater, Florida**

(Address of principal executive offices)

**33761**

(Zip Code)

Registrant's telephone number, including area code: **(813) 289-7620**

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

**None**

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

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Common stock, par value \$0.00001 per share	CLRI	None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☒

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on September 30, 2023 (based on the closing sale price of \$0.0281 per share of the registrant's common stock, as reported on the OTC Pink operated by The OTC Markets Group, Inc. on that date) was approximately \$6,439,416. The stock price of \$0.0281 at September 30, 2023, takes into account a one for 3,000 reverse stock split on December 28, 2012. Common stock held by each officer and director and by each person known to the registrant to own five percent or more of the outstanding common stock has been excluded in that those persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. At December 20, 2023, the registrant had outstanding 229,160,695 shares of common stock, par value \$0.00001 per share.

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### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In light of the risks and uncertainties inherent in all projected operational matters, the inclusion of forward-looking statements in this Form 10-K, should not be regarded as a representation by us or any other person that any of our objectives or plans will be achieved or that any of our operating expectations will be realized. Our revenues and results of operations are difficult to forecast and could differ materially from those projected in the forward-looking statements contained in this Form 10-K, as a result of certain risks and uncertainties including, but not limited to, our business reliance on third parties to provide us with technology, our ability to integrate and manage acquired technology, assets, companies and personnel, changes in market condition, the volatile and intensely competitive environment in the business sectors in which we operate, rapid technological change, and our dependence on key and scarce employees in a competitive market for skilled personnel. These factors should not be considered 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 hereof or to reflect the occurrence of unanticipated events.

## PART I

Except for historical information, this report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words “expects,” “anticipates,” “intends,” “believes” and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances taking place after the date of this document.

### Item 1. Business.

#### The Company

The Company was initially incorporated on November 15, 1999, as Menu Sites, Inc., a Florida corporation. On March 9, 2001, the Company’s name was changed to CNE Communications, Inc. On October 1, 2004, the name was changed to CNE Industries, Inc. and on March 29, 2005, the name was changed to GlobalTel IP, Inc. On May 9, 2008, the Company’s name was changed to Cleartronic, Inc.

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*™ and *ReadyMed*™ 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. (See Note 6).

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.

#### *ReadyOp*™ Software

*ReadyOp* is a proprietary, innovative web-based planning and communications 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.

ReadyOp requires no new or on-site hardware or programming by clients and provides multiple options for communications including radio interoperability using the Company’s AudioMate gateways. Plans and operations can be built and stored securely in ReadyOp on a by-location, region and systemwide basis. Assets can be listed along with their location, person to contact and other information that may be needed. Diagrams, charts, maps, pictures, report forms and other documentation can be securely stored yet immediately available securely from any location. ReadyOp also provides efficient planning and response for responding to disasters and for continuity of operations (COOP) and recovery. ReadyOp is the COOP platform for multiple organizations including many federal agencies.

#### *ReadyMed*™ Software

In October 2019, the Company acquired the ReadyMed software platform from Collabria LLC. In exchange for this asset, the Company issued 12,000,000 shares of Common stock of the Company. 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 recordkeeping to track the healing process of patients, record their recovery and monitor their medications. During the COVID-19 pandemic this software proved beneficial to multiple federal and state agencies and clients in 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 products.

#### AudioMate IP Gateways

The Company offers a proprietary line of Internet Protocol Gateways branded as *AudioMate 360 IP Gateway*. The *AudioMate 360 IP Gateway* was designed to provide an Internet Protocol Gateway to users of unified group communications. The AudioMate units are currently being sold directly to end-users by the Company’s sales teams and by Value Added Resellers (“VARs”). More than 1,000 end-users in the United States and 18 foreign countries have purchased the Company’s AudioMate gateways. Although other devices are available that perform the same or similar functions, we believe that our price for the *AudioMate 360 IP Gateway* is competitive with prices other companies are charging for similar devices.

#### Patents and Intellectual Property

Our business will be dependent in part on our intellectual property. For projects that are in development, we intend to rely on intellectual property rights afforded by trademark and trade secret laws, as well as confidentiality procedures, licensing arrangements and potential patent filings. These measures are to establish and protect our rights to the technology and other intellectual property. We cannot foretell if these procedures and arrangements will be adequate in protecting our intellectual property.

On March 13, 2012, the United States Patent Office notified the Company that U.S. Patent Number 8,135,001 B1 had been granted for the 34 claims of our patent application for Multi Ad Hoc Interoperable Communicating Networks. We may file similar patent applications in additional countries. The claims in the patent application relate to various aspects of the *AudioMate 360 IP Gateway*. It may be that one or more of the claims are not meaningful. Furthermore, the validity of issued patents is frequently challenged by others. One or more patent applications may have been filed by others previous to our filing, which encompass the same or similar claims. A patent application does not in and of itself grant exclusive rights. A patent application must be reviewed by the Patent Office of each relevant country prior to issuing as a patent and granting exclusive rights. The laws of many foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States, if at all.

Because of limited resources, the Company may be unable to protect a patent, either owned or licensed, or to challenge others who may infringe upon a patent. Because many holders of patents have substantially greater resources and patent litigation is very expensive, we may not have the resources necessary to successfully challenge the validity of patents held by others or withstand claims of infringement or challenges to any patent the Company may possess or obtain. Even if we prevail, the cost and management distraction of litigation could have a material adverse effect on the Company.

Internet Protocol Gateways and their related manufacturing processes are covered by a large number of patents and patent applications. Infringement actions may be instituted against the Company if we use or are suspected of using technology, processes or other subject matter that is claimed under patents of others. An adverse outcome in any future patent dispute could subject us to significant liabilities to third parties, require disputed rights to be licensed or require us to cease using the infringed technology.

If trade secrets and other means of protection upon which the Company relies may not adequately protect us, the Company's intellectual property could become available to others. Although we may rely on trade secrets, copyright law, employee and third-party nondisclosure agreements and other protective measures to protect some of our intellectual property, these measures may not provide meaningful protection to the Company.

## Exclusive Licensing Agreement

On May 5, 2017, the Company entered into an Exclusive Licensing Agreement with Sublicensing Terms (the “Agreement”) with the University of South 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 \$2,373 as reimbursement of expenses associated with the filing of the Licensed Patent for the year ended September 30, 2023. 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 as are offered to other purchasers in such financing.

## Rapid Technological Change Could Render the Company’s Products Obsolete

The Company’s markets are characterized by rapid technological changes, frequent new product introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies and the emergence of new industry standards could render our existing products obsolete. The Company’s future success will depend upon our ability to continue to develop and introduce new products and services to address the increasingly sophisticated needs of customers. The Company may experience delays in releasing new products, product enhancements and services in the future which may cause customers and prospective to forego purchase and use of our products and purchase those of competitors.

## Sales to government entities are subject to a number of challenges and risks.

The ReadyOp platform is a Cloud Service Offering (CSO) that is being used by several agencies of the federal government. In order to expand the usage by additional federal government agencies the Company is in the process of obtaining a FedRAMP Authorization. FedRAMP provides a standardized security framework for all cloud products and services that is recognized by all executive branch federal agencies. As a Cloud Service Provider or CSP the Company only needs to go through the FedRAMP Authorization process once for each CSO and perform continuous monitoring, with all agencies reviewing the same continuous monitoring deliverables, creating efficiencies across the government. The Company commenced the FedRamp certification process in 2023 and expects to have completed the certification by mid 2024.

## Seasonality of Our Business

We do not anticipate that our business will be affected by seasonal factors.

## Impact of Inflation

We are affected by inflation along with the rest of the economy. Specifically, our costs to complete our products could rise if specific components needed incur an increase in cost.

## Manufacturing and Suppliers

We have outsourced the manufacturing of our *AudioMate 360 IP Gateway*. This outsourcing has allowed us to:

- Avoid costly capital expenditures for the establishment of manufacturing operations;
- Focus on the design, development, sales and support of our products and services; and
- Leverage the scale, expertise and purchasing power of specialized contract manufacturers.

Currently, Company has arrangements for the production of the AudioMate gateways with two contract manufacturers. The reliance on contract manufacturing involves a number of potential risks, including the absence of adequate capacity, ownership of certain elements of electronic designs, and reduced control over delivery schedules. The Company’s contract manufacturers can provide a range of operational and manufacturing services, including component procurement and performing final testing and assembly of our products. The Company intends to continue use of contract manufacturers to procure components and to maintain adequate manufacturing capacity.

## Competition

We are not aware of any direct competitors for ReadyOp and ReadyMed that offer the same combinations of capabilities and function. However, there are similar programs being marketed that appear similar and are sometimes confused with ReadyOp such as WebEOC and Everbridge. ReadyOp provides different capabilities and is priced lower than both of these and in fact, has several clients that use one or even both of these programs in addition to ReadyOp. We may have increased competition in the future. We continue to develop and enhance the ReadyOp/ReadyMed platform to improve the value and increase the potential market size and growth of our client clientele.

The unified communications industry where the Company’s gateways are offered is competitive. The Company will continue to offer the AudioMate gateways, but primarily in conjunction with the ReadyOp platform to provide radio interoperability. Competition for an integrated radio and operations platform is limited and the Company will continue to market the ReadyOp platform, both with the gateways and without.

## **Sales and Marketing**

The ReadyOp/ReadyMed platform is currently marketed through a combination of inside salespersons and outside sales groups. We intend to expand the use of commissioned sales groups and individual sales representatives to market and sell our programs and gateways.

## **Key Personnel of Cleartronic**

Our future financial success depends to a large degree upon the personal efforts of our key personnel, Michael M. Moore, our Chief Executive Officer (CEO) and Director, and Larry M. Reid, our Chief Financial Officer (CFO), Secretary and Director. They and their designees play the major role in securing persons capable of developing and executing the Company's business strategy. While the Company intends to employ additional executive, development and technical personnel in order to minimize dependency upon any one person, we may not be successful in attracting and retaining the persons needed.

At present, Cleartronic has two executive officers, Michael M. Moore and Larry M. Reid. A copy of the employment agreement with Mr. Moore has been previously filed on January 13, 2016 as an exhibit to a Form 10-K. Mr. Moore is paid a base salary of \$16,667 per month. Effective April 20, 2022, the annual compensation increased to \$220,000. See Item 13. "Certain Relationships and Related Transactions and Director Independence."

In March 2015, the Company entered into a new employment agreement with the Company's CFO, Larry M. Reid (the "Agreement"). Under the Agreement, Mr. Reid agreed to remit 2.0 billion shares of common stock back to the Company in exchange for 200,000 shares of Series C Convertible Preferred stock with a fair value of \$252,000. Mr. Reid is paid a base salary of \$8,000 per month. A copy of the employment agreement with Mr. Reid has been previously filed on March 18, 2015 with the SEC as an exhibit to a Form 8-K. Effective October 1, 2021, the annual compensation increased to \$104,000.

Unless the Company shall have given Mr. Moore or Mr. Reid written notice at least 30 days prior to the Termination Date, the employment agreements automatically renew and continue in effect for additional one-year periods. The Company has the election at any time after the expiration of the initial term of the Mr. Reid's Agreement to give Mr. Reid notice of Termination.

## **The Financial Results for Cleartronic May Be Affected by Factors Outside of Our Control**

Our future operating results may vary from quarter to quarter due to a variety of factors, many of which are outside our control. Our anticipated expense levels are based, in part, on our estimates of future revenues and may vary from projections. We may be unable to adjust spending rapidly enough to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenue in relation to our planned expenditures could materially and adversely affect our business, operating results, and financial condition. Further, we believe that period-to-period comparisons of our operating results are not necessarily a meaningful indication of future performance.

## **Transfer Agent**

Our transfer agent is ClearTrust, LLC, whose address is 16540 Pointe Village Drive, Suite 206, Lutz, Florida 33558, and telephone number is (813) 235-4490.

## **Company Contact Information**

Our principal executive offices are located at 28050 US Highway 19 N., Ste 310, Clearwater, FL 33761, telephone (813) 240-0307. Our email address is [info@cleartronic.com](mailto:info@cleartronic.com). The Cleartronic Internet website is [www.cleartronic.com](http://www.cleartronic.com) and the ReadyOp website is [www.readyop.com](http://www.readyop.com). The information contained in our website does not constitute part of this report.

## **Item 1A. Risk Factors.**

Not applicable.

## **Item 1B. Unresolved Staff Comments.**

None.

## **Item 2. Property.**

During the years prior to December 1, 2022, the Company sub-leased approximately 1,700 square feet for our principal offices in Boca Raton, Florida, from VoiceInterop, Inc. The monthly rent is \$1,400 and provided for annual increases of base rent of 4% until the expiration date. The lease expired on November 30, 2021. On December 1, 2021, the Company signed a one year lease for approximately 2,000 square feet for our principal offices in Boca Raton, Florida. The monthly rent is \$2,200. The lease expires on November 30, 2022.

On December 2, 2022, and effective on January 1, 2023, the Company signed a two-year lease of 1,145 square feet for our principal offices in Clearwater, Florida. The monthly rent is \$2,134 in year one and increases to \$2,198 in year two. The lease expires on December 31, 2024 (See Note 6).

## **Item 3. 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 4. Safety Disclosures.**

Not applicable.

## PART II

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

The Company's common stock has been traded on the OTC PINK under the symbol "CLRI." The last price of our common stock as reported on the pink tier of OTC Markets on September 30, 2023 was \$0.0281 per share.

As of September 30, 2023 we were authorized to issue 5,000,000,000 shares of our common stock, of which 229,160,695 shares were outstanding. Our shares of common stock are held by approximately 218 stockholders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our common stock whose shares are held in the names of various securities brokers, dealers, and registered clearing agencies. In addition to our authorized common stock, Cleartronic has designated 200,000,000 shares of preferred stock, par value \$0.00001 per share, of which 7,317,403 shares are issued or outstanding. There is no trading market for the shares of our preferred stock.

#### Dividends

We do not anticipate paying any cash dividends or other distributions on the Company's common stock in the foreseeable future. Any future dividends will be declared at the discretion of the Company's board of directors and will depend, among other things, on the earnings and financial requirements for future operations and growth, and other facts as the board of directors may then deem appropriate. See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for a description of the preferred stock and dividend rights pertaining to the preferred stock.

The Company is obligated to pay dividends on its Series A Convertible Preferred Stock. Each Series A Preferred Holder is entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum for each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis. As of September 30, 2023 and 2022, the cumulative arrearage of undeclared dividends totalled \$206,181 and \$165,144, respectively.

#### Recent Sales of Unregistered Securities

Except for those unregistered securities previously disclosed in reports filed with the Securities Exchange Commission during the period covered by this report, we have not sold any securities under the Securities Act of 1933.

#### Issuer Purchases of Equity Securities

None

### Item 6. Selected Financial Data.

Not applicable.

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

THE FOLLOWING DISCUSSION SHOULD BE READ TOGETHER WITH THE INFORMATION CONTAINED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES INCLUDED ELSEWHERE IN THIS ANNUAL REPORT ON FORM 10-K.

#### MANAGEMENT DISCUSSION

The following discussion reflects the Company's plan of operation. This discussion should be read in conjunction with the financial statements which are attached to this report. This discussion contains forward-looking statements, including statements regarding our expected financial position, business and financing plans. These statements involve risks and uncertainties. The actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this report, particularly under the headings "Special Note Regarding Forward-Looking Statements."

Unless the context otherwise suggests, "we," "our," "us," and similar terms, as well as references to "Cleartronic", all refer to Cleartronic, Inc. and our subsidiaries as of the date of this report.

#### Results of Operations

#### YEAR ENDED SEPTEMBER 30, 2023 COMPARED TO THE YEAR ENDED SEPTEMBER 30, 2022

##### Revenue

Revenues increased 5.67% to \$2,131,955 for the year ended September 30, 2023 as compared to \$2,017,563 for the year ended September 30, 2022. The primary reason for the increase was an increase in revenue from the ReadyOp platform from \$1,818,035 in 2022 to \$2,022,550 in 2023. There was also an increase in sales of ReadyOp hardware products from \$33,800 in 2022 to 48,325 in 2023. Consulting fees and related income decreased from \$86,000 in 2022 to \$32,850 in 2023 due primarily to a decrease in sales of thermal scanners as these were primarily purchased by clients for operations during the COVID 19 pandemic.

##### Cost of Revenue

Cost of revenues decreased to \$316,163 for the year ended September 30, 2023 as compared to \$334,138 for the year ended September 30, 2022. Gross profits were \$1,815,792 and \$1,683,425 for the years ended September 30, 2023 and September 30, 2022, respectively. Gross profit margins increased to 85.17% for the year ended September 30, 2023 from 83.44% for the year ended September 30, 2022.

##### Operating Expenses

Operating expenses increased 32.49% to \$1,761,843 for the year ended September 30, 2023 compared to \$1,329,791 for the year ended September 30, 2022. The increase was primarily due to administrative expenses and selling expenses. General and administrative expenses increased by \$270,184 or 26.14% as a result of the increase in general business expenses, an increase in headcount and personnel related costs associated with the addition of new employees. In addition, the Company's paid fees to outside consulting services that are assisting us in obtaining FedRAMP certification. For the year ended September 30, 2023, \$59,324 was paid in connection with FedRAMP certification. There were also charitable contributions and employee holiday bonuses paid during the year. For the year ended September 30, 2023, selling expenses were

\$425,498 compared to \$272,521 for the year ended September 30, 2022. This increase was primarily due expenses associated with a trade show hosted by the Company and bad debt expense. There was also an increase in advertising and travel expenses as the Company increased its sales and marketing efforts following the COVID 19 pandemic. Research and development expenses were \$27,314 for the year ended September 30, 2023, as compared to \$19,742 for the year ended September 30, 2022. This increase was primarily due to research and development expenses.

**Other Income/(Expenses)**

The Company's other income decreased by \$44,654 from other income of \$2,607 during the year ended September 30, 2023 as compared to \$47,261 in other expenses for the year ended September 30, 2022. The primary reason for this decrease was an increase in interest income on note receivable due from a related party and offset by a settlement of certain accounts payable for the year ended September 30, 2022.



## **Income before Income Taxes**

The Company's income before income taxes was \$56,556, during the year ended September 30, 2023, as compared to \$400,895 for the year ended September 30, 2022. The decrease was primarily due to expensing audit expenses, a move of the corporate headquarters, the addition of new employees, employee related costs and costs associated with FedRAMP certification. The increased costs were partially offset by an increase in subscriptions of ReadyOp licenses.

## **Net Income Attributable to Common Stockholders**

Net income attributable to common stockholders was \$15,518 for the year ended September 30, 2023 as compared to a net income of \$359,858 for the year ended September 30, 2022. The decrease was primarily due to an increase in administrative and offset by an increase in sales of ReadyOp licenses. The increased costs were partially due expenses related to a move of the corporate headquarters and the addition of new employees. The preferred stock dividends remained consistent.

## **Liquidity and Capital Resources**

For the year ended September 30, 2023, net cash provided in operations of \$99,595 was the result of a net income of \$56,556, depreciation and amortization expense of \$5,051, amortization of operating lease of \$17,949, provision of bad debt of \$97,994, an increase in accounts payable of \$10,640, and a decrease in inventory of \$816. These were offset by an increase in accounts receivable of \$105,537, increase in prepaid expenses of \$17,635 and an increase in deferred revenue of \$52,169.

For the year ended September 30, 2022, net cash used in operations of \$74,649 was the result of a net income of \$400,895, depreciation expense of \$3,732, provision of bad debt of \$14,000, gain on settlement and reversal of accounts payable of \$47,792, an increase in accounts receivable of \$231,785, and a decrease of accounts payable of \$36,943. These were offset by an increase in inventory of \$6,444, an increase in prepaid expenses of \$6,228, and an increase in deferred revenue of \$6,285.

Net cash used in investing activities was \$50,807 for the year ended September 30, 2023 which was for the purchase of fixed assets of \$6,434, and intangible assets of \$44,374. Net cash used in investing activities was \$ 7,483 for the year ended 2022, which was for the purchase of fixed assets of \$7,483.

## **Critical Accounting Estimates**

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, and the related disclosures of contingent liabilities. We base our estimates on historical experience and other assumptions that we believe are reasonable in the circumstances. Actual results may differ from these estimates.

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements.

## **Accounts Receivable and Allowance for Credit Losses**

The Company maintains current receivable amounts with most of its customers. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. This evaluation is based upon an analysis of current and past due amounts, along with relevant history and facts particular to the customer. The Company records its allowance for credit losses based on the results of this analysis. The analysis requires the Company to make significant estimates and as such, changes in facts and circumstances could result in material changes in the allowance for credit losses. The Company considers as past due any receivable balance not collected within its contractual terms.

The Company provided \$63,665 and \$18,000 allowances for doubtful accounts as of September 30, 2023, and September 30, 2022, respectively.

## **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.

## **Recent Accounting Pronouncements**

The recent accounting standards that have been issued or proposed by Financial Accounting Standard Board (FASB) or other standard setting bodies that do not require adoption until a future date are not expected to have a material impact on the financial statement upon adoption.

The recent accounting pronouncements are described in Note 2 to the consolidated financial statement appearing elsewhere in this report.

## **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

## **Item 8. Financial Statements and Supplementary Data.**

The financial statements and related notes are included as part of this report as indexed in the appendix on page F-1, *et seq.*

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

None

## **Item 9A. Controls and Procedures.**

*Evaluation of Disclosure and Controls and Procedures.* We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a - 15(c) and 15d - 15(e)). Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective (1) to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to us, including our Chief Executive and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (15 U.S.C. 78a ,*et seq.*) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of inherent limitations in all control systems, internal control over financial reporting may not prevent or detect misstatements, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the registrant have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Management's Annual Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

The term internal control over financial reporting is defined as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2023. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO-2013) in Internal Control-Integrated Framework. Management concluded that our internal control over financial reporting was effective as of September 30, 2023.

*Changes in Internal Control Over Financial Reporting.* There have been no changes in the registrant's internal control over financial reporting through the date of this report or during the quarter ended September 30, 2023, that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

*Independent Registered Accountant's Internal Control Attestation.* This report does not include an attestation report of the registrant's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the registrant's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the registrant to provide only management's report in this report.

#### **Item 9B. Other Information.**

None.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

The following table sets forth information concerning the directors and executive officers of Cleartronic as of the date of this report:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director Since</u>
Richard J. Martin	63	Chairman and Director	2016
Michael M. Moore	68	Chief Executive Officer and Director	2015
Larry M. Reid	78	President, Chief Financial Officer, Secretary and Director	1999

The members of our board of directors are subject to change from time to time by the vote of the stockholders at special or annual meetings to elect directors. Our current board of directors consists of three directors who have expertise in the business of Cleartronic. Based on our continuing profitability, we intend to seek directors and officers who would be able to assist in the execution of our business plan.

The foregoing notwithstanding, except as otherwise provided in any resolution or resolutions of the board, directors who are elected at an annual meeting of stockholders, and directors elected in the interim to fill vacancies and newly created directorships, will hold office for the term for which elected and until their successors are elected and qualified or until their earlier death, resignation or removal.

Whenever the holders of any class or classes of stock or any series thereof are entitled to elect one or more directors pursuant to any resolution or resolutions of the board, vacancies and newly created directorships of such class or classes or series thereof may generally be filled by a majority of the directors elected by such class or classes or series then in office, by a sole remaining director so elected or by the unanimous written consent or the affirmative vote of a majority of the outstanding shares of such class or classes or series entitled to elect such director or directors. Officers are elected annually by the directors. There are no family relationships among our directors and officers.

We may employ additional management personnel, as our board of directors deems necessary. Cleartronic has not identified or reached an agreement or understanding with any other individuals to serve in management positions, but does not anticipate any problem in employing qualified staff.

A description of the business experience for the directors and executive officers of Cleartronic is set forth below.

Richard J. Martin currently serves as Chairman and Director of Cleartronic, Inc. Prior to joining the Cleartronic team, Martin served as CEO of SMARTLogix, Inc., a petroleum logistics technology company which he founded in 2000. Graduating with an Engineering degree from The University of Buffalo's School of Engineering, Martin joined the Exxon Management Development Program. Following his tenure at Exxon, he purchased an Exxon distributorship in the Carolinas. Culp Petroleum was transformed into a large regional distribution company. While at Culp, Martin developed and implemented several technologies that have since become industry standards. Martin sold the petroleum business in 2005 and focused his efforts on his technology ventures including the SMARTank division of SMARTLogix. SMARTank grew substantially and the technology was later sold to a public company in 2011.



Michael M. Moore is currently Chief Executive Officer and a Director of Cleartronic, Inc. He was founder and CEO of Collabria, LLC, a private software development company. Prior to founding Collabria in 2008, Moore for 13 years was CEO of DTNet Group and for seven years served as CEO of Payroll Transfers, Inc. He also was an assistant vice president with both Kidder Peabody and Merrill Lynch. Mr. Moore is an honors graduate of the United States Air Force Academy and served as an Air Force fighter pilot for eight years, flying F-4 and F-16 fighter aircraft. He is also one of six entrepreneurs profiled in the book *Daring Visionaries, How Entrepreneurs Build Companies, Inspire Allegiance, and Create Wealth*.

Larry Reid is the founder of Cleartronic and a co-founder of VoiceInterop. With over thirty years of executive management experience including sales and marketing, operations management, and financial management, from 2001 to 2005 Mr. Reid served as CFO and director of Connectivity, Inc., a manufacturer and distributor of emergency call boxes. He was instrumental in Connectivity's acquisition by CNE Group, Inc., (an American Stock Exchange listed company) and served as Executive Vice President and Director of CNE from 2003 to 2005. Mr. Reid has broad experience in venture start-ups, raising capital, building organizational synergies, creating and developing joint ventures and strategic partnerships, opening new markets, and driving key business initiatives. Early in his professional career in corporate financial management, Mr. Reid was responsible for raising more than \$5 million in start-up capital for Ocurest Laboratories, Inc., a company he co-founded to package and distribute over-the-counter eye drops in a new (patented) eye drop dispenser. He forged Ocurest's successful IPO in 1996 and helped lead the company's achieving an estimated 80% market penetration of optical supply retail outlets in the United States.

#### **Committees of the Board**

We do not currently have an Audit, Executive, Finance, Compensation, or Nominating Committee, or any other committee of the Board of Directors.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Under Section 16(a) of the Exchange Act, our directors and certain of our officers, and persons holding more than 10 percent of our common stock are required to file forms reporting their beneficial ownership of our common stock and subsequent changes in that ownership with the United States Securities and Exchange Commission. Such persons are also required to furnish Cleartronic with copies of all forms so filed.

Based solely upon a review of copies of such forms filed on Forms 3, 4, and 5, and amendments thereto furnished to us, we believe that as of the date of this report, our executive officers, directors and greater than 10 percent beneficial owners have not complied on a timely basis with all Section 16(a) filing requirements.

#### **Communication with Directors**

Stockholders and other interested parties may contact any of our directors by writing to them at Cleartronic, Inc., at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487, Attention: Corporate Secretary.

The Company's Board has approved a process for handling letters received by us and addressed to any of our directors. Under that process, the Secretary reviews all such correspondence and regularly forwards to the directors a summary of all such correspondence, together with copies of all such correspondence that, in the opinion of the Secretary, deal with functions of the board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by us that are addressed to members of the board and request copies of such correspondence.

#### **Conflicts of Interest**

With respect to transactions involving real or apparent conflicts of interest, we have not adopted any written policies and procedures.

#### **Code of Ethics for Senior Executive Officers and Senior Financial Officers**

We have not adopted a Code of Ethics for Senior Executive Officers and Senior Financial Officers.

#### **Item 11. Executive Compensation.**

##### **Summary of Cash and Certain Other Compensation**

At present, Cleartronic has two executive officers, Michael M. Moore and Larry M. Reid. Michael M. Moore is the Chief Executive Officer of the Company. The Company executed an Employment Agreement with Mr. Moore on November 28, 2016. Under the Agreement, Mr. Moore agreed that he shall carry out the strategic plans and policies as established by our business plan. Mr. Moore will advise us from time to time on organization, hiring, mergers, and execution of our business plan. Mr. Moore is paid a base salary of \$16,667 per month.

Unless Cleartronic shall have given Mr. Moore written notice at least 30 days prior to the Termination Date, the Agreement shall automatically renew and continue in effect for additional one-year periods (and all provisions of this anniversary from such original Termination Date shall thereafter be designated as the "Termination Date" for all purposes under the Agreement, provided, however, that we may, at our election at any time after the expiration of the initial term of the Agreement, give Mr. Moore notice of Termination, in which event he shall continue to receive, as severance pay, six months of his base salary, if any, or the amount due through the next "Termination Date", whichever is less. Mr. Moore may terminate the Agreement without severance pay upon 10 days written notice to the Company.

The Company executed an Employment Agreement with Mr. Reid on March 13, 2015. The Employment Agreement replaces the previously executed Employment Agreement with Mr. Reid. Pursuant to the Employment Agreement (the "Agreement"), Cleartronic and Mr. Reid agreed that for a one year period beginning on March 13, 2015, we employed Mr. Reid to perform services for us both on and offsite. The last day of the one year period shall be the "Termination Date" for purposes of the Agreement. Termination of the agreement can be made by either party without penalty upon 10 days written notice. Pursuant to the Agreement, Cleartronic and Mr. Reid agreed that for a one year period beginning on November 28, 2016, Mr. Reid to perform services for us both on and offsite. The last day of the one year period shall be the "Termination Date" for purposes of the Agreement.

Unless Cleartronic shall have given Mr. Reid written notice at least 30 days prior to the Termination Date, the Agreement shall automatically renew and continue in effect for additional one-year periods (and all provisions of this anniversary from such original Termination Date shall thereafter be designated as the "Termination Date" for all purposes under the Agreement, provided, however, that we may, at our election at any time after the expiration of the initial term of the Agreement, give Mr. Reid notice of Termination, in which event he shall continue to receive, as severance pay, six months of his base salary, if any, or the amount due through the next "Termination Date", whichever is less. Mr. Reid may terminate the Agreement without severance pay upon 10 days written notice to the Company. Under the Agreement, Mr. Reid agreed that he shall carry out the strategic plans and policies as established by our business plan. Mr. Reid will advise us from time to time on organization, hiring, mergers, and execution of our business plan.

##### **Summary Compensation Table**

The following table sets forth, for our named executive officers for the two completed fiscal years ended September 30, 2023, and 2022:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified deferred compensation earnings (\$)	All Other Compensation (\$)	Total (\$)
Larry M. Reid (1)	2022	104,000	5,500	-0-	-0-	-0-	-0-	-0-	109,500
	2023	104,000	400	-0-	-0-	-0-	-0-	-0-	104,400
Michael Moore (2)	2022	208,462	20,812	-0-	-0-	-0-	-0-	-0-	229,274
	2023	220,000	3,100	-0-	-0-	-0-	-0-	-0-	223,100

(1) Mr. Reid is our Chief Financial Officer, Secretary, and a director.

(2) Mr. Moore is our CEO and a director.

## Outstanding Equity Awards at Fiscal Year-End

Our Executive Officers have not received any equity awards for the years ended September 30, 2023 and 2022.

## Director Compensation

Our Directors have not received compensation for the years September 30, 2023 and 2022.

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

The following table presents information regarding the beneficial ownership of all shares of our common stock and preferred stock as of the date of this report by:

- Each person who owns beneficially outstanding shares of our preferred stock;
- Each director;
- Each named executive officer; and
- All directors and officers as a group.

Name of Beneficial Owner (1)	Shares of Common Stock Beneficially Owned (2)		Shares of Preferred Stock Beneficially Owned (2)	
	Number	Percent	Number	Percent
Larry M. Reid (3)	5,016,325	2.19%	511,225	5.93%
Michael Moore (4)	5,702,988	2.50%	3,000,000	34.18%
Richard J. Martin	1,868,202	0.82%	1,582,966	18.37%
All directors and officers as a group (one person)	12,587,515	5.51%	5,094,199	59.12%

(1) Unless otherwise indicated, the address for each of these stockholders is c/o Cleartronic, Inc., at 8000 North Federal Highway, Suite 100, Boca Raton, Florida 33487. Also, unless otherwise indicated, each person named in the table above has the sole voting and investment power with respect to our shares of common stock or preferred stock which he beneficially owns.

(2) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. As of the date of this report, we have 5,000,000,000 authorized shares of common stock, par value \$0.00001 per share, of which 228,578,995 shares were issued and outstanding. As of the date of this report, we have 71,250,010 authorized and designated shares of preferred stock, par value \$0.00001 per share, of which 7,525,403 shares were issued and outstanding. Mr. Reid owns 511,525 shares of Series C Preferred stock. See below for a description of our preferred stock and voting rights. Mr. Martin owns 512,996 shares of our Series A Preferred stock and 1,070,000 shares of our Series C Preferred stock.

(3) Mr. Reid is our president, chief financial officer, principal accounting officer, secretary, and director.

(4) Mr. Moore is our Chief Executive Officer and a director. Mr. Moore owns 5,702,988 shares of our common stock and 3,000,000 shares of our Series E Preferred stock.

Other than as stated herein, there are no arrangements or understandings, known to us, including any pledge by any person of our securities:

- The operation of which may at a subsequent date result in a change in control of Cleartronic; or
- With respect to the election of directors or other matters.

## Preferred Stock

As of the date of this report, we have 200,000,000 authorized shares of preferred stock, par value \$0.00001 per share, of which 7,317,403 shares were issued and outstanding. There are currently 5 series of preferred stock designated as follows:

- 1,250,000 shares have been designated as Series A Preferred Stock, 512,996 of which are issued and outstanding;
- 10 shares have been designated as Series B Preferred Stock, none of which is issued and outstanding;
- 50,000,000 shares have been designated as Series C Preferred Stock, 3,133,503 of which are issued and outstanding; and
- 10,000,000 shares have been designated Series D Preferred stock, of which 670,904 are issued and outstanding; and
- 10,000,000 shares have been designated Series E Preferred stock, of which 3,000,000 are issued and outstanding.

Pursuant to our Articles of Incorporation establishing our preferred stock:

- A holder of shares of the Series A Preferred Stock is entitled to the number of votes equal to the number of shares of the Series A Preferred Stock held by such holder multiplied by one on all matters submitted to a vote of our stockholders. Each one share of our Series A Preferred Stock shall be convertible into 100 shares of our common stock. Each holder of Series A Preferred Stock is entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred Stock then held by such holder, on a pro rata basis.
- A holder of shares of the Series B Preferred Stock is entitled one vote per share on all matters submitted to a vote of our stockholders. If at least one share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred Stock at any given time, regardless of their number, shall have voting rights equal to two times the sum of the total number of shares of our common stock which are issued and outstanding at the time of voting, plus the total number of shares of any shares of our preferred stock which are issued and outstanding at the time of voting. A holder of shares of the Series B Preferred Stock shall have no conversion rights or rights to dividends.
- A holder of shares of the Series C Preferred Stock is entitled, to the number of votes equal to the number of shares of the Series C Preferred Stock held by such holder multiplied by 5 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series C Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series C Preferred Stock shall be convertible into five shares of our common stock.
- A holder of shares of the Series D Preferred Stock is entitled, to the number of votes equal to the number of shares of the Series D Preferred Stock held by such holder multiplied by 5 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series D Preferred Stock shall be entitled to receive dividends when,

as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series D Preferred Stock shall be convertible into five shares of our common stock.

- A holder of shares of the Series E Preferred Stock is entitled, to the number of votes equal to the number of shares of the Series E Preferred Stock held by such holder multiplied by 100 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series E Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series E Preferred Stock shall be convertible into 100 shares of our common stock.

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

None



## **Item 14. Principal Accounting Fees and Services.**

### **Change in Audit Firms**

On October 6, 2022, Liggett & Webb P.A. (“L&W”) resigned as the independent auditors of Cleartronic, Inc., a company incorporated under the laws of the State of Florida (the “Company”). The Company’s Board of Directors accepted L&W’s resignation on October 6, 2022.

The reports of L&W on the financial statements of the Company as of and for the fiscal year ended September 30, 2021 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s most recent fiscal years and the subsequent interim period through October 6, 2022, there were no disagreements with L&W on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of L&W, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report. During the Company’s most recent fiscal years and the subsequent period through October 6, 2022, there were no reportable events of the type described in Item 304(a)(1)(v) of Regulation S-K.

The Company provided L&W with a copy of the foregoing disclosure and requested L&W to furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements made therein. A copy of such letter furnished by L&W is filed as Exhibit 16.1 to the form 8-K filed by the Company.

On December 7, 2022, the Board of Directors of the Company approved the engagement of Assurance Dimensions (“Assurance”) as the Company’s independent registered public accounting firm for the audit of the Company’s annual report on Form 10-K for the year ended September 30, 2022.

### **Audit Fees**

The aggregate fees billed by Liggett & Webb, P.A. for professional services rendered for the audit and reviews of our financial statements for the fiscal years ended September 30, 2022, was \$48,000.

The aggregate fees billed by Assurance Dimensions for professional services rendered for the audit and review of our financial statements for the fiscal year ended September 30, 2022, was \$30,000.

The aggregate fees billed by Assurance Dimensions for professional services rendered for the audit and review of our financial statements for the fiscal year ended September 30, 2023, was \$50,000.

### **Audit Related Fees**

The aggregate audit-related fees billed by Liggett & Webb, P.A. for professional services rendered for the audit of our annual financial statements for the fiscal year ended September 30, 2022 was \$4,000.

### **Tax Fees**

The aggregate tax fees billed by Liggett & Webb, P.A. professional services rendered for tax services for the fiscal year ended September 30, 2023 and 2022 was \$1,500 and \$1,500, respectively.

### **All Other Fees**

There were no other fees billed by Assurance Dimensions (“Assurance”) for professional services rendered during the fiscal year ended September 30, 2023, other than as stated under the captions Audit Fees, Audit-Related Fees, and Tax Fees.

There were no other fees billed by Liggett & Webb, P.A. for professional services rendered during the fiscal years ended September 30, 2023 and 2022, other than as stated under the captions Audit Fees, Audit-Related Fees, and Tax Fees.

### **Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

Given the small size of our Board, our Board acts as our Audit Committee. Our Board pre-approves all audit and permissible non-audit services. These services may include audit services, audit-related services, tax services, and other services. Our Board approves these services on a case-by-case basis.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

- (a) All financial statements are included in Item 8 of this report.
- (b) All financial statement schedules required to be filed by Item 8 of this report and the exhibits contained in this report are included in Item 8 of this report.
- (c) The following exhibits are attached to this report:

<u>Exhibit No.</u>	<u>Identification of Exhibit</u>
<a href="#"><u>3.1**</u></a>	Articles of Incorporation, filed as exhibit 3.01 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
<a href="#"><u>3.2**</u></a>	Articles of Amendment to Articles of Incorporation filed March 12, 2001, filed as exhibit 3.02 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
<a href="#"><u>3.3**</u></a>	Articles of Amendment to Articles of Incorporation filed October 4, 2004, filed as exhibit 3.03 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
<a href="#"><u>3.4**</u></a>	Articles of Amendment to Articles of Incorporation filed March 31, 2005, filed as exhibit 3.04 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
<a href="#"><u>3.5**</u></a>	Articles of Amendment to Articles of Incorporation filed May 9, 2008, filed as exhibit 3.02 to the registrant's registration statement on Form S-1 on May 28, 2008, Commission File Number 333-135585.
<a href="#"><u>3.6**</u></a>	Articles of Amendment to Articles of Incorporation filed June 28, 2010, filed as exhibit 3.7 to the registrant's Form 10-Q on February 14, 2011, Commission File Number 333-135585.
<a href="#"><u>3.7**</u></a>	Articles of Amendment to Articles of Incorporation filed May 6, 2011, filed as exhibit 3.1 to the registrant's Form 8-K on May 6, 2011, Commission File Number 333-135585.
<a href="#"><u>3.8**</u></a>	Articles of Amendment to Articles of Incorporation filed April 19, 2012, filed as exhibit 3.09 to the registrant's Form 10-Q on May 14, 2012, Commission File Number 333-135585.
<a href="#"><u>3.9**</u></a>	Articles of Amendment to Articles of Incorporation filed September 7, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on September 7, 2012, Commission File Number 333-135585.
<a href="#"><u>3.10**</u></a>	Articles of Amendment to Articles of Incorporation filed September 19, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on September 19, 2012, Commission File Number 333-135585.
<a href="#"><u>3.11**</u></a>	Articles of Amendment to Articles of Incorporation filed October 5, 2012, filed as exhibit 3.1 to the registrant's Form 8-K on October 5, 2012, Commission File Number 333-135585.
<a href="#"><u>3.12**</u></a>	Articles of Amendment to Articles of Incorporation filed December 28, 2013, filed as exhibit 3.12 to the registrant's Form 8-K on January 14, 2014, Commission File Number 333-135585.
<a href="#"><u>3.13**</u></a>	Bylaws, filed as exhibit 3.05 to the registrant's registration statement on Form SB-2 on July 3, 2006, Commission File Number 333-135585.
<a href="#"><u>3.14**</u></a>	Amended and Restated Bylaws, filed as exhibit 3.1 to the registrant's Form 8-K on July 26, 2010, Commission File Number 333-135585.
<a href="#"><u>10.1**</u></a>	Employment Agreement dated October 5, 2012, between Larry M. Reid and the registrant, filed as exhibit 10.1 to the registrant's Form 8-K on October 12, 2012, Commission File Number 333-135585.
<a href="#"><u>10.2**</u></a>	Lease Agreement dated November 30, 2014, between BGNP Associates, LLC and Cleartronic, Inc, filed as Exhibit 10.10 to the registrant's Form 10-K on January 13, 2015, Commission File Number 000-55329
<a href="#"><u>10.3**</u></a>	Employment Agreement dated March 13, 2015, between Larry M. Reid and the registrant, filed as Exhibit 10.1 to the registrant's Form 8-K on March 18, 2015, Commission File Number 000-55329
<a href="#"><u>10.4**</u></a>	Subscription Agreement between registrant and private accredited investor dated March 31, 2015 for purchase of 278,743 shares of Series D Convertible Preferred stock, filed as exhibit 10.1 to the registrant's Form 8-K on April 10, 2015, Commission File Number 000-55329
<a href="#"><u>10.5**</u></a>	Subscription Agreement between registrant and private accredited investor dated March 31, 2015 for purchase of 270,024 shares of Series D Convertible Preferred stock, filed as exhibit 10.2 to the registrant's Form 8-K on April 10, 2015, Commission File Number 000-55329
<a href="#"><u>10.6**</u></a>	Subscription Agreement between registrant and private accredited investor dated March 31, 2015 for purchase of 278,743 shares of Series D Convertible Preferred stock, filed as exhibit 10.3 to the registrant's Form 8-K on April 10, 2015, Commission File Number 000-55329
<a href="#"><u>10.7**</u></a>	Promissory Note date November 24, 2015 in the original amount of \$50,000 issued to Mr. Marc Moore filed as exhibit 10.18 to the registrant's Form 10-K on January 13, 2016, Commission File 000-55329.
<a href="#"><u>10.8**</u></a>	Asset Purchase Agreement dated November 29, 2016 between the registrant and Collabria LLC. Filed as an exhibit to the registrant's Form 8-K on December 5, 2016.
<a href="#"><u>10.9**</u></a>	Employment Agreement dated November 28, 2016 between the registrant and Mr. Moore.
<a href="#"><u>10.10**</u></a>	Promissory Note dated September 27, 2017 in the amount of \$35,000 issued to Richard Martin.
<a href="#"><u>10.11**</u></a>	Promissory Note dated October 12, 2017 in the amount of \$15,000 issued to Richard Martin
<a href="#"><u>10.12**</u></a>	Installment Note dated September 30, 2019 in the amount of \$75,279 issued to Richard Martin
<a href="#"><u>10.13**</u></a>	Lease Agreement dated December 1, 2018 , between BGNP Associates, LLC and VoiceInterop, Inc.
<a href="#"><u>10.14**</u></a>	Promissory Note dated December 2, 2019 in the amount of \$50,000 issued to Mr. John F. Marek.
<a href="#"><u>31.1*</u></a>	Certification of Michael M. Moore, Chief Executive Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
<a href="#"><u>31.2*</u></a>	Certification of Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
<a href="#"><u>32.1*</u></a>	Certification of Michael M. Moore, Chief Executive Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
<a href="#"><u>32.1*</u></a>	Certification of Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101	XBRL Instance Document (XBRL tags are embedded within the Inline iXBRL document)

\*Filed herewith.

\*\*Previously filed.

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEARTRONIC, INC.

Date: December 21, 2023

By /s/ Michael M. Moore

Michael M. Moore, Chief Executive Officer

By /s/ Larry M. Reid

Larry M. Reid, Chief Financial Officer and

Principal Accounting Officer

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

Date: December 21, 2023

By /s/ Michael M. Moore

Michael M. Moore, Chief Executive Officer

By /s/ Larry M. Reid

Larry M. Reid, Chief Financial Officer and

Principal Accounting Officer

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PCAOB ID 5036)

To the Board of Directors and Stockholders of Cleartronic, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cleartronic, Inc. (the Company) as of September 30, 2023 and 2022, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flow for each of the years in the two-year period ended September 30, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations and its cash flows each of the years in the two-year period ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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

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

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

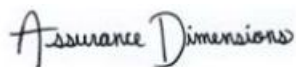
### Valuation of accounts receivable

#### *Description of the Matter*

As described in Note 2 to the consolidated financial statements, the Company provides an allowance for credit losses 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.

#### *How We addressed the Matter in our Audit*

The primary procedures performed included evaluating the methodologies used in the determination of allowance for credit losses and reviewing historical data, collections and other inputs used by the Company as well as subsequent collections. Based on our procedures we deemed the Company's treatment of accounts receivable and the corresponding allowance for credit losses to be appropriate as of September 30, 2023.



We have served as the Company's auditor since 2022.  
Margate, Florida  
December 21, 2023

**CLEARTRONIC, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

ASSETS	September 30, 2023	September 30, 2022
<b>Current assets:</b>		
Cash and cash equivalents	\$ 516,955	\$ 468,167
Accounts receivable, net of an allowance for credit losses of \$63,665 as of September 30, 2023 and \$18,000 as of September 30, 2022	545,573	538,030
Inventory	21,913	21,097
Prepaid expenses and other current assets	68,522	53,611
Interest receivable - related party	2,724	-
<b>Total current assets</b>	<b>1,155,687</b>	<b>1,080,905</b>
<b>Property and Equipment, net</b>	<b>16,526</b>	<b>15,142</b>
<b>Intangible Assets, net</b>	<b>44,373</b>	<b>-</b>
<b>Operating lease - right-of-use asset</b>	<b>29,914</b>	<b>-</b>
<b>Other assets:</b>		
Due from related party	53,302	53,302
<b>Total other assets</b>	<b>53,302</b>	<b>53,302</b>
<b>Total assets</b>	<b>\$ 1,299,802</b>	<b>\$ 1,149,349</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 85,858	\$ 75,217
Deferred revenue, current portion	1,105,580	1,012,211
Operating lease liability	24,580	-
<b>Total current liabilities</b>	<b>1,216,018</b>	<b>1,087,428</b>
<b>Long term liabilities:</b>		
Deferred revenue, net of current portion	72,100	113,300
Operating lease liability - long term	6,507	-
<b>Total long term liabilities</b>	<b>78,607</b>	<b>113,300</b>
<b>Total liabilities</b>	<b>1,294,625</b>	<b>1,200,728</b>
<b>Commitments and Contingencies (See Note 6)</b>		
<b>Stockholders' equity/(deficit):</b>		
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.c	-	-
Series C preferred stock - \$.00001 par value; 50,000,000 shares authorized, 3,133,503 and 3,341,503 shares issued and outstanding, respectively.	32	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, 229,160,695 and 228,120,695, shares issued and outstanding, respectively.	2,291	2,281
Additional paid-in capital	15,240,104	15,240,112
Accumulated Deficit	(15,237,292)	(15,293,848)
<b>Total stockholders' equity (deficit)</b>	<b>5,177</b>	<b>(51,379)</b>
<b>Total liabilities and stockholders' equity/(deficit)</b>	<b>\$ 1,299,802</b>	<b>\$ 1,149,349</b>

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

**CLEARTRONIC, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Year Ended September 30, 2023	For the Year Ended September 30, 2022
<b>Revenue</b>	<b>\$ 2,131,955</b>	<b>\$ 2,017,563</b>
<b>Cost of Revenue</b>	<b>316,163</b>	<b>334,138</b>
<b>Gross Profit</b>	<b>1,815,792</b>	<b>1,683,425</b>
<b>Operating Expenses:</b>		
Selling expenses	425,498	272,521
Administrative expenses	1,303,980	1,033,796
Depreciation and amortization expense	5,051	3,732
Research and development	27,314	19,742
<b>Total Operating Expenses</b>	<b>1,761,843</b>	<b>1,329,791</b>
Gain on the settlement and reversal of accounts payable	-	47,792
Interest income/expense, net	2,607	(531)
Total Other Income/(Expenses)	2,607	47,261
Income before income taxes	56,556	400,895
Provision for income taxes from continuing operations	-	-
<b>Net Income</b>	<b>56,556</b>	<b>400,895</b>
<b>Preferred stock dividends Series A Preferred</b>	<b>(41,038)</b>	<b>(41,037)</b>
<b>Net income( loss) attributable to common stockholders</b>	<b>\$ 15,518</b>	<b>\$ 359,858</b>
<b>Net income (loss) per common share - basic</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Net income (loss) per common share - diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted Average of number of shares outstanding - basic</b>	<b>228,786,339</b>	<b>228,239,979</b>
<b>Weighted Average of number of shares outstanding - diluted</b>	<b>599,107,974</b>	<b>599,601,614</b>

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

**CLEARTRONIC, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

	For the Year Ended September 30, 2023	For the Year Ended September 30, 2022
<b>NET INCOME</b>	\$ 56,556	\$ 400,895
<b>Cash Flows From Operating Activities</b>		
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>		
Depreciation and amortization expense	5,051	3,732
Amortization of operating lease - right-of-use asset	17,949	-
Gain on the settlement and reversal of accounts payable	-	(47,792)
Provision for credit losses	97,994	14,000
(Increase) decrease in assets:		
Accounts receivable	(105,537)	(231,785)
Inventory	(816)	(6,444)
Prepaid expenses and other current assets	(17,635)	(6,228)
Due from related party	-	(8,501)
Increase (decrease) in liabilities:		
Accounts payable	10,640	(36,943)
Deferred revenue	52,169	(6,285)
Right-of-use assets and lease liabilities, net	(16,776)	-
<b>Net Cash Provided by Operating Activities</b>	<u>99,595</u>	<u>74,649</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(6,434)	(7,483)
Purchase of intangible assets	(44,373)	-
<b>Net Cash Used in Investing Activities</b>	<u>(50,808)</u>	<u>(7,483)</u>
<b>Cash Flows From Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Net (decrease) increase in cash</b>	48,788	67,166
<b>Cash at beginning of year</b>	<u>468,167</u>	<u>401,001</u>
<b>Cash at end of year</b>	<u>\$ 516,955</u>	<u>\$ 468,167</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 117	\$ 53
Cash paid for taxes	\$ 400	\$ 690
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Cancellation of 458,300 shares of common stock	\$ -	\$ 5
Series C Convertible Preferred shares exchanged for common stock	\$ 10	\$ -
Operating lease right of use asset recorded on adoption of ASC 842	<u>\$ 47,863</u>	<u>\$ -</u>

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

CLEARTRONIC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY/(DEFICIT)  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	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	Stockholders' (Deficit)/Equity
	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)
Share cancellation	-	-	-	-	-	-	-	-	-	-	(458,300)	(5)	5	-	-
Net income for the year ended September 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	400,895	400,895
Balance at September 30, 2022	512,996	\$ 5	-	\$ -	3,341,503	\$ 34	670,904	\$ 7	3,000,000	\$ 30	228,120,695	\$ 2,281	\$ 15,240,112	\$ (15,293,848)	\$ (51,379)
Series C Convertible Preferred shares exchanged for common stock	-	-	-	-	(208,000)	(2)	-	-	-	-	1,040,000	10	(8)	-	-
Net income for the year ended September 30, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	56,556	56,556
Balance at September 30, 2023	<u>512,996</u>	<u>\$ 5</u>	<u>-</u>	<u>\$ -</u>	<u>3,133,503</u>	<u>\$ 32</u>	<u>670,904</u>	<u>\$ 7</u>	<u>3,000,000</u>	<u>\$ 30</u>	<u>229,160,695</u>	<u>\$ 2,291</u>	<u>\$ 15,240,104</u>	<u>\$ (15,237,292)</u>	<u>\$ 5,177</u>

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



*CLEARTRONIC, INC. AND SUBSIDIARY*

**Notes to Consolidated Financial Statements  
September 30, 2023 and 2022**

**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™ and ReadyMed™ platforms and the AudioMate IP gateways discussed below.

**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.

**USE OF ESTIMATES**

In preparing the consolidated 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 credit losses.

**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 has investments Treasury Bills. The Treasury Bills have remaining terms ranging from four-week month to thirteen weeks on September 30, 2023.

Treasury Bills with an original maturity date of three months or less are included within cash and cash equivalents on the balance sheet at September 30, 2023.

**ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES**

The Company maintains current receivable amounts with most of its customers. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. This evaluation is based upon an analysis of current and past due amounts, along with relevant history and facts particular to the customer. The Company records its allowance for credit losses based on the results of this analysis. The analysis requires the Company to make significant estimates and as such, changes in facts and circumstances could result in material changes in the allowance for credit losses. The Company considers as past due any receivable balance not collected within its contractual terms.

The Company provided \$63,665 and \$18,000 allowances for doubtful accounts as of September 30, 2023, and September 30, 2022, respectively.

**PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist primarily of deferred subscriber costs and prepaid expenses. Deferred subscriber costs totalling \$38,250 and \$38,250 at September 30, 2023 and September 30, 2022, respectively. Prepaid expenses totalling \$30,272 and \$15,361 at September 30, 2023 and September 30, 2022, 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 or when the property and equipment is put into service.

**INTANGIBLE ASSETS**

The Company’s intangible assets consist of fees paid to outside consulting services that are assisting us in obtaining FedRAMP certification. At September 30, 2023, The Company had intangible assets with a cost of approximately \$44,373, with finite lives. The Company amortizes intangible assets with finite lives over the shorter of their estimated useful or legal life. The useful life is reevaluated for each reporting period. For the year ended September 30, 2023, no amortization expense was recorded.

The Company evaluates intangible assets with finite lives for impairment at least annually or when events or changes in circumstances indicate that an impairment may exist. The Company determined that none of its intangible assets were impaired during the year ended September 30, 2023.

**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 September 30, 2023 and September 30, 2022, the Company had \$118,140 and \$208,135, respectively, in excess of FDIC insurance limits.

**RESEARCH AND DEVELOPMENT COSTS**

The Company expenses research and development costs as incurred.

For the years ended September 30, 2023 and 2022, the Company had \$27,314 and \$19,742 respectively, in research and development costs. Salary expenses for the year ended September 30, 2022 were reclassified for consistency with the current year presentation.

## 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 has transferred promised goods and services to the customer and in the amount that reflects the consideration to which the company expects 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 software licenses and integrated hardware. 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.

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.

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. As of September 30, 2023 and September 30, 2022, respectively, the Company recorded \$1,177,680 and \$1,125,511, respectively, in deferred revenue.

## DISAGGREGATED REVENUE

The following table sets forth the approximate net sales by primary category:

	For the years ended	
	September 30, 2023	September 30, 2022
Licensing of ReadyOp Software	\$ 2,022,550	\$ 1,818,035
Hardware Sales and Consulting	109,405	199,528
Total	<u>\$ 2,131,955</u>	<u>\$ 2,017,563</u>

## DEFERRED REVENUE

The following table provides a summary of the changes included in deferred revenue during the year ended September 30, 2023 and September 30, 2022:

	For the year ended September 30, 2023	For the year ended September 30, 2022
Beginning balance	\$ 1,125,511	\$ 1,131,796
Additions to deferred liability (1)	2,184,124	2,011,278
Deductions to deferred liability (2)	(2,131,955)	(2,017,563)
Ending balance	<u>\$ 1,177,680</u>	<u>\$ 1,125,511</u>

- (1) Customer billings for services not yet rendered
- (2) Revenue recognized in the current year related to the deferred liability

## 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 adding 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 260-10-45-21 through 260-10-45-23 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 September 30, 2023 and 2022, we had no options and warrants outstanding.

As of September 30, 2023 and 2022, 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 September 30, 2023 and 2022, we had 3,133,503 and 3,341,503 shares of Series C Convertible Preferred stock outstanding, respectively, which are convertible into 15,947,515 and 16,707,515 shares of common stock, respectively.

As of September 30, 2023 and 2022, we had 670,904 shares of Series D Preferred stock outstanding which are convertible into 3,354,520 shares of common stock.

As of September 30, 2023 and 2022, 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 years ended September 30, 2023 and 2022:

	For the year ended September 30, 2023	For the year ended September 30, 2022
Net income attributable to common stockholders for the period	\$ 15,518	\$ 359,858
Weighted average number of shares outstanding	228,786,339	228,239,979
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 year ended September 30, 2023	For the year ended September 30, 2022
Net income attributable to common stockholders for the period	\$ 15,518	\$ 359,858
Add: Preferred stock dividends	41,038	41,037
Adjusted net income	\$ 56,556	\$ 400,895
Weighted average number of shares outstanding	228,786,339	228,239,979
Add: Shares issued upon conversion of preferred stock	370,321,635	371,361,635
Weighted average number of common and common equivalent shares	599,107,974	599,601,614
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 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.

As of September 30, 2023 and 2022, we held no assets that were required to be measured at fair value on a recurring basis. There were no transfers between levels in the fair value hierarchy during fiscal 2023 and 2022, respectively.

## 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 September 30, 2023 and September 30, 2022, respectively.

At September 30, 2023 inventory was \$21,913 of raw materials.

At September 30, 2022, inventory was \$21,097 of raw materials.

## ADVERTISING COSTS

Advertising costs are expensed as incurred. The Company had advertising costs of \$95,373 and \$51,318 during the years ended September 30, 2023 and 2022, respectively.

## RECENT ADOPTED ACCOUNTING PRONOUNCEMENTS

### Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the Financial Accounting Standards Board (the “FASB”) issued ASU 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures (“ASU 2022-02”), which eliminates the accounting guidance on troubled debt restructurings (“TDRs”) for creditors in ASC 310, Receivables (Topic 310), and requires entities to provide disclosures about current period gross write-offs by year of origination. Also, ASU 2022-02 updates the requirements related to accounting for credit losses under ASC 326, Financial Instruments – Credit Losses (Topic 326), and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. ASU 2022-02 was effective for the Company October 1, 2022. The adoption of ASU 2022-02 did not have a material impact on the Company’s consolidated financial statements.

## RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

The Company continues to monitor new accounting pronouncements issued by the FASB and does not believe any accounting pronouncements issued through the date of this report will have a material impact on the Company’s Financial Statements.

In the current year, the Company adjusted its classification of selling and administrative expenses in the Statement of Operations. For comparative purposes, amounts in the prior years have been reclassified to conform to current year presentations. These reclassifications had no effect on previously reported results of operations or retained earnings.

## LEASE ACCOUNTING

We determine if an arrangement is a lease, or contains a lease, at inception and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

We have a lease agreement with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because our lease does not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

In general, leases, where we are the lessee, may include options to extend the lease term. These leases may include options to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset. Certain operating leases provide for annual increases to lease payments based on an index or rate. We calculate the present value of future lease payments based on the index or rate at the lease commencement date.

Differences between the calculated lease payment and actual payment are expensed as incurred. Amortization of finance lease assets is recognized over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset.

On December 2, 2022, and effective on January 1, 2023, the Company signed a two-year lease of 1,145 square feet for our principal offices in Clearwater, Florida. The monthly rent is \$2,134 in year one and increases to \$2,198 in year two. The lease expires on December 31, 2024.

The tables below present information regarding the Company’s operating lease assets and liabilities at September 30, 2023:

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Operating lease -right-of-use assets-non-current	\$ 29,914	\$ -
<b>Liabilities</b>		
Operating lease liability	\$ 31,087	\$ -
Weighted-average remaining lease term (years)	1.25	-
Weighted-average discount rate	8%	-
The components of lease expense were as follows:		
<b>Operating lease cost</b>		
Amorization on right-of-use operating lease asset	\$ 17,949	\$ -
Lease liability expense in connection with obligation repayment	2,429	-
Total operating lease costs	\$ 20,378	\$ -

Supplemental cash outflows information related to operation lease was as follows:

Operating cash outflows from operating lease (obligation payment)	\$ 19,206	\$ -
Right-of-use asset obtained in exchange for new operating lease liability	\$ 47,863	\$ -

At September 30, 2023, the Company has no financing leases as defined in ASC 842, “Leases.”

Future minimum lease payments required under leases that have initial or remaining non-cancelable lease terms in excess of one year at September 30, 2023:

2024	\$	26,184
2025		6,594
Total undiscounted cash flows		32,778
Less: amount representing interest		(1,691)
Present value of operating lease liability		31,087
Less: current portion of operation lease liability		24,580
Long-term operating lease liability	\$	6,507

### NOTE 3 – PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

At September 30, 2023 and September 30, 2022, property and equipment, net, is as follows:

	For the year ended September 30, 2023	For the year ended September 30, 2022
Office Equipment	\$ 28,040	\$ 21,605
Less: Accumulated Depreciation	(11,514)	(6,463)
Total Property and Equipment, net	\$ 16,526	\$ 15,142

At September 30, 2023 and September 30, 2022, intangible assets, net, is as follows:

	For the year ended September 30, 2023	For the year ended September 30, 2023
Intangible Assets	44,373	-
Total Intangible Assets, net	\$ 44,373	\$ -

Depreciation and amortization expense for the years ended September 30, 2023 and 2022, was \$5,051 and \$3,732, respectively.

### NOTE 4 - EQUITY TRANSACTIONS

#### *Preferred Stock Dividends*

As of September 30, 2023 and September 30, 2022, the cumulative arrearage of undeclared dividends for Series A Preferred stock totaled \$205,658 and \$165,144, respectively and \$41,038 for the year ended September 30, 2023.

As of the date of this report, we have 200,000,000 authorized shares of preferred stock, par value \$0.00001 per share, of which 7,373,403 shares were issued and outstanding. There are currently 5 series of preferred stock designated as follows:

- 1,250,000 shares have been designated as Series A Preferred Stock, 512,996 of which are issued and outstanding;
- 10 shares have been designated as Series B Preferred Stock, none of which is issued and outstanding;
- 50,000,000 shares have been designated as Series C Preferred Stock, 3,133,503 of which are issued and outstanding; and
- 10,000,000 shares have been designated Series D Preferred stock, of which 670,904 are issued and outstanding; and
- 10,000,000 shares have been designated Series E Preferred stock, of which 3,000,000 are issued and outstanding.

Pursuant to our Articles of Incorporation establishing our preferred stock:

- A holder of shares of the Series A Preferred Stock is entitled to the number of votes equal to the number of shares of the Series A Preferred Stock held by such holder multiplied by one on all matters submitted to a vote of our stockholders. Each one share of our Series A Preferred Stock shall be convertible into 100 shares of our common stock. Each holder of Series A Preferred Stock is entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred Stock then held by such holder, on a pro rata basis.
- A holder of shares of the Series B Preferred Stock is entitled to one vote per share on all matters submitted to a vote of our stockholders. If at least one share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred Stock at any given time, regardless of their number, shall have voting rights equal to two times the sum of the total number of shares of our common stock which are issued and outstanding at the time of voting, plus the total number of shares of any shares of our preferred stock which are issued and outstanding at the time of voting. A holder of shares of the Series B Preferred Stock shall have no conversion rights or rights to dividends.
- A holder of shares of the Series C Preferred Stock is entitled to the number of votes equal to the number of shares of the Series C Preferred Stock held by such holder multiplied by 5 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series C Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series C Preferred Stock shall be convertible into five shares of our common stock.
- A holder of shares of the Series D Preferred Stock is entitled to the number of votes equal to the number of shares of the Series D Preferred Stock held by such holder multiplied by 5 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series D Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series D Preferred Stock shall be convertible into five shares of our common stock.
- A holder of shares of the Series E Preferred Stock is entitled to the number of votes equal to the number of shares of the Series E Preferred Stock held by such holder multiplied by 100 on all matters submitted to a vote of our stockholders. In addition, the holders of our Series E Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. No dividends have been declared. Finally, each one share of our Series E Preferred Stock shall be convertible into 100 shares of our common stock.



*Common stock issued for Conversion of C Preferred*

During the year ended September 30, 2023, the holder of Series C preferred stock, converted 208,000 shares of Series C Preferred Stock into 1,040,000 shares of Common Stock at the stated conversion rate with no gain or loss recognized.

### *Cancellation of Shares*

During the year ended September 30, 2022, the Company canceled an aggregate of 458,300 shares of its common stock due to share issuance in error by the Company.

### *Stock repurchase program*

On January 6, 2023, the Board of Directors approved a stock repurchase program pursuant to which the Company may repurchase shares of its outstanding common stock. The repurchase program may be extended, suspended, or discontinued at any time. As of September 30, 2023, no common stock was repurchased.

## **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 years ended September 30, 2023 and 2022 was \$22,722 and \$26,973, respectively (See Note 6).

During the years ended September 30, 2023 and 2022, the Company paid \$36,000 and \$39,000, respectively, to a related party consultant.

As of December 31, 2022, the Company advanced \$53,302 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 September 30, 2024, and bears interest at 5% effective October 1, 2022. As of September 30, 2023, the Company recorded \$2,724 in interest receivable – related party.

## **NOTE 6 - COMMITMENTS AND CONTINGENCIES**

### *Obligation Under Operating Lease*

On December 2, 2022, and effective on January 1, 2023, the Company signed a two-year lease of 1,145 square feet for our principal offices in Clearwater, Florida. The monthly rent is \$2,134 in year one and increases to \$2,198 in year two. The lease expires on December 31, 2024. On January 1, 2023, upon adoption of ASC 842, the Company will recognize right-to-use assets as operating leases and operating lease obligations.

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 \$2,200. The lease expired on November 30, 2022.

Rent expense incurred during the years ended September 30, 2023 and 2022 was \$22,722 and \$26,973, respectively.

### *Revenue and Accounts Receivable Concentration*

For the year ended September 30, 2023, one customer accounted for 11.13% of the Company's revenues.

No customer accounted for more than 10% of the Company's revenue for the year ended September 30, 2022.

As of September 30, 2023, no customers accounted for more than 10% of the Company's total outstanding accounts receivable.

As of September 30, 2022, no customer accounted for more than 10% of the Company's total outstanding accounts receivable.

### *Major Supplier and Sole Manufacturing Source*

The Company relies on no major supplier for its products. The Company has contracted with local manufacturing facilities to provide completed circuit boards used in the assembly of its IP gateway devices. Interruption of adequate supply of components, primarily computer chips, to the manufacturing source presents additional risk to the Company. The Company believes that additional commercial facilities exist at competitive rates to match the resources and capabilities of its existing manufacturing source, but the current worldwide shortage of computer chips does limit our ability to supply our proprietary radio gateways to clients and other buyers.

### *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. Effective April 20, 2022, the annual compensation increased to \$220,000.

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 South 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 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 of \$8,000 for fiscal year 2022 and 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 September 30, 2023 and 2022, the Company has recorded \$6,000 and \$8,000 for the minimum royalty for the fiscal year ended 2023 and 2022.

## NOTE 7 - DEFERRED INCOME TAXES

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Uncertain tax positions are recognized only when the Company believes it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. The Company has no material unrecognized tax benefits and no adjustments to its consolidated financial position, results of operations or cash flows were required as of September 30, 2023 and 2022.

The Company filed consolidated tax returns for the years ended September 30, 2023 and 2022, which are subject to examination by federal and state tax jurisdictions. No income tax returns are currently under examination by taxing authorities. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense. The Company did not have any accrued interest or penalties associated with uncertain tax positions as of September 30, 2023 and 2022. The Company's U.S. federal income tax returns for tax years 2020 through 2023 are subject to examination by the Internal Revenue Service.

The Company calculates its deferred tax assets based upon its consolidated net operating loss ("NOL") carryovers available to offset future taxable income, net of other tax credit(s) or tax deferred liabilities, if any. No deferred tax assets for the years ended September 30, 2023 and 2022 have been recorded since any available deferred tax assets are fully offset by increases in its valuation allowances. The Company increased its valuation allowance based on its history of consolidated net losses. At September 30, 2023, the Company has an adjusted net operating loss carryforward of approximately \$13,608,000 that expire through 2040. Should a cumulative change in the ownership of more than 50% occur within a three-year period, there could be an annual limitation on the use of the net operating loss carryforwards.

Deferred income taxes reflect the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes plus any available consolidated, net deferred tax credits. Significant components of the Company's net deferred income tax assets at September 30, 2023 and 2022, respectively are as follows:

### Schedule of deferred income tax assets

	September 30, 2023	September 30, 2022
Depreciation	\$ 1,750	\$ 2,842
Allowance for credit losses	40,717	15,880
Net operating loss carryforward	3,449,013	3,493,201
Net deferred income tax asset	3,491,480	3,511,923
Less: valuation allowance	(3,491,480)	(3,511,923)
Total deferred income tax assets	\$ -	\$ -

A reconciliation of the Federal and respective State income tax rate as a percentage of income before taxes is as follows:

### Schedule of income tax rate as a percentage

	September 30, 2023	September 30, 2022
Federal statutory taxes	\$ 11,224	\$ 79,558
State income taxes, net of federal benefit	3,111	22,049
Change in tax estimates	26,586	850
Less: Valuation allowance, non-deductible items	3,267	2,100
Change in valuation allowance	(44,188)	(104,557)
	\$ -0-	\$ -0-
	September 30, 2023	September 30, 2022
Federal statutory Income tax rate	21.00%	21.00%
State taxes, net of federal benefit	4.35%	4.35%
Effective rate of deferred tax asset	25.35%	25.35%
Less: Valuation allowance	(25.35%)	(25.35%)
Effective income tax rate	0.00%	0.00%

Management has determined that it is more likely than not that the Company will not use the NOL carryforward and has a 100% valuation allowance against the deferred asset. The reserve is based on historical experience of the Company's operations as it has not recognized net income in its current incarnation and there is no indication of any events or conditions that would show that trend will not continue due to the Company's current expectation of expense requirements.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael M. Moore, certify that:

1. I have reviewed this Form 10-K, 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 present in this report;

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

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

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

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

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

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

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

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

Date: December 21, 2023

/s/ Michael M. Moore

Michael M. Moore, Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry M. Reid, certify that:

1. I have reviewed this Form 10-K, 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 present in this report;

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

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

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

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

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

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

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

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

Date: December 21, 2023

/s/Larry M. Reid,

Larry M. Reid, Chief Financial Officer and Principal Accounting Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report on Form 10-K, of Cleartronic, Inc. for the fiscal year ending September 30, 2022, I, Michael M. Moore, Chief Executive Officer of Cleartronic, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Annual Report on Form 10-K, for the fiscal year ending September 30, 2023, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K, for the fiscal year ending September 30, 2023, fairly presents, in all material respects, the financial condition and results of operations of Cleartronic, Inc.

Date: December 21, 2023

/s/ Michael Moore

Michael M. Moore, Chief Executive Officer of Cleartronic, Inc.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report on Form 10-K, of Cleartronic, Inc. for the fiscal year ending September 30, 2022, I, Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Annual Report on Form 10-K, for the fiscal year ending September 30, 2023, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K, for the fiscal year ending September 30, 2023, fairly presents, in all material respects, the financial condition and results of operations of Cleartronic, Inc.

Date: December 21, 2023

/s/ Larry M. Reid

Larry M. Reid, Chief Financial Officer and Principal Accounting Officer of Cleartronic, Inc.