

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

FORM 10-Q

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

For the quarterly period ended June 30, 2023

or

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

For the transition period from to

Commission file number: 000-52765

**iCoreConnect Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

13-4182867

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

529 E. Crown Point Road, Suite 250, Ocoee, FL 34761

(Address of principal executive offices) (Zip Code)

(888) 810-7706

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act: **None**

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of August 14, 2023 there were 197,454,470 shares of the registrant's common stock outstanding.

**iCoreConnect Inc.**  
**FORM 10-Q QUARTERLY REPORT**  
**FOR THE QUARTER ENDED JUNE 30, 2023**

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**iCoreConnect Inc.**  
**CONDENSED BALANCE SHEETS**  
**AS OF JUNE 30, 2023 (UNAUDITED) AND DECEMBER 31, 2022**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
	(unaudited)	
Cash	\$ 68,735	\$ 196,153
Accounts receivable, net	365,940	414,809
Prepaid expenses and other current assets	684,655	480,706
<b>Total current assets</b>	<u>1,119,330</u>	<u>1,091,668</u>
Property and equipment, net	199,989	74,194
Right of use lease asset - operating	853,039	944,487
Software development costs, net	722,397	531,061
Acquired technology, net	37,664	79,428
Customer relationships, net	1,990,634	2,350,380
Goodwill	1,484,966	1,484,966
<b>Total long-term assets</b>	<u>5,288,689</u>	<u>5,464,516</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,408,019</u>	<u>\$ 6,556,184</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Accounts payable and accrued expenses	\$ 2,745,951	\$ 2,336,174
Operating lease liability, current portion	135,935	169,417
Notes payable, current portion	6,909,118	4,279,531
Deferred revenue	88,140	13,847
<b>Total current liabilities</b>	<u>9,879,144</u>	<u>6,798,969</u>
Long-term debt, net of current maturities	-	1,449,261
Operating lease liability, net of current portion	755,453	809,458
<b>Total long-term liabilities</b>	<u>755,453</u>	<u>2,258,719</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 10,634,597</u>	<u>\$ 9,057,688</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred Stock, par value \$0.001; 10,000,000 shares authorized; Issued and Outstanding: 0 as of June 30, 2023 and December 31, 2022	-	-
Common Stock par value \$0.001; 600,000,000 shares authorized; Issued and Outstanding: 196,148,863 as of June 30, 2023 and 181,320,528 as of December 31, 2022	196,149	181,321
Additional paid-in-capital	88,848,989	86,192,262
Accumulated deficit	(93,271,716)	(88,875,087)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<u>(4,226,578)</u>	<u>(2,501,504)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>\$ 6,408,019</u>	<u>\$ 6,556,184</u>

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

**iCoreConnect Inc.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (UNAUDITED)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Revenue, net	\$ 1,856,148	\$ 2,011,161	\$ 3,696,519	\$ 4,055,050
Cost of sales	484,033	621,283	975,482	1,255,513
Gross profit	1,372,115	1,389,878	2,721,037	2,799,537
Expenses				
Selling, general and administrative	3,189,103	2,261,577	5,560,174	4,293,934
Depreciation and amortization	291,600	340,245	580,509	714,100
Total operating expenses	3,480,703	2,601,822	6,180,683	5,008,034
Loss from operations	(2,108,588)	(1,211,944)	(3,459,646)	(2,208,497)
Other income (expense)				
Interest expense	(270,770)	(189,183)	(528,683)	(344,872)
Finance charges	(342,015)	(86,000)	(422,078)	(386,000)
Other income (expense)	13,778	-	13,778	(89,993)
Total other expense, net	(599,007)	(275,183)	(936,983)	(820,865)
Net loss	<u>\$ (2,707,595)</u>	<u>\$ (1,487,127)</u>	<u>\$ (4,396,629)</u>	<u>\$ (3,029,362)</u>
Net loss per share available to common stockholders, basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of shares, basic and diluted	<u>195,976,705</u>	<u>172,353,044</u>	<u>193,417,289</u>	<u>171,723,963</u>

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

**iCoreConnect Inc.**  
**CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (UNAUDITED)**

	Common stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
<b>Balances at January 1, 2022</b>	<b>167,493,497</b>	<b>\$ 167,493</b>	<b>\$ 83,633,061</b>	<b>\$ (82,795,263)</b>	<b>\$ 1,005,291</b>
Stock issued for cash	4,722,844	4,723	345,277	-	350,000
Finance fee on convertible debt			300,000		300,000
Stock compensation expense	-	-	255,697	-	255,697
Net loss	-	-	-	(1,542,235)	(1,542,235)
<b>Balances at March 31, 2022</b>	<b>172,216,323</b>	<b>\$ 172,216</b>	<b>\$ 84,534,035</b>	<b>\$ (84,337,498)</b>	<b>\$ 368,753</b>
Finance fee on convertible debt			86,000		86,000
Stock issued for conversion of debt	227,368	227	22,160		22,387
Stock compensation expense	30,000	30	272,530		272,560
Repurchase of common stock warrants			(45,000)		(45,000)
Net loss				(1,487,127)	(1,487,127)
<b>Balances at June 30, 2022</b>	<b>172,473,691</b>	<b>\$ 172,473</b>	<b>\$ 84,869,725</b>	<b>\$ (85,824,625)</b>	<b>\$ (782,427)</b>
<b>Balances at January 1, 2023</b>	<b>181,320,528</b>	<b>\$ 181,321</b>	<b>\$ 86,192,262</b>	<b>\$ (88,875,087)</b>	<b>\$ (2,501,504)</b>
Stock issued for cash	5,400,000	5,400	534,600		540,000
Finance fee			80,063		80,063
Stock issued for conversion of debt	7,057,198	7,057	678,276		685,333
Stock compensation expense	150,000	150	272,833		272,983
Net loss				(1,689,034)	(1,689,034)
<b>Balances at March 31, 2023</b>	<b>193,927,726</b>	<b>193,928</b>	<b>87,758,034</b>	<b>(90,564,121)</b>	<b>(2,612,159)</b>
Finance fee			342,015		342,015
Stock issued for conversion of debt	(203,863)	(204)	204		-
Stock compensation expense	2,425,000	2,425	748,736		751,161
Net loss				(2,707,595)	(2,707,595)
<b>Balances at June 30, 2023</b>	<b>196,148,863</b>	<b>\$ 196,149</b>	<b>\$ 88,848,989</b>	<b>\$ (93,271,716)</b>	<b>\$ (4,226,578)</b>

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

**iCoreConnect Inc.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (UNAUDITED)**

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	\$ (4,396,629)	\$ (3,029,362)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	10,577	10,981
Amortization expense	569,932	703,118
Finance fee	422,078	386,000
Change in allowance for doubtful accounts	110,520	137,676
Gain on sale of assets	13,778	-
Stock compensation expense	1,024,144	528,257
Non-cash interest expense	103,539	82,804
Changes in operating assets and liabilities:		
Accounts receivable	(61,651)	(210,502)
Prepaid expenses and other current assets	(203,949)	(87,673)
Right of use asset, net of lease liability	3,961	22,833
Accounts payable and accrued expenses	409,777	15,946
Deferred revenue	74,293	(20,419)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,919,630)</b>	<b>(1,434,944)</b>
<b>INVESTING ACTIVITIES</b>		
Sale of capital assets	28,000	-
Purchase of capital assets	(178,150)	-
Additions to capitalized software	(359,758)	(129,898)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(509,908)</b>	<b>(129,898)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from debt	2,263,010	2,420,000
Payments on debt	(1,186,223)	(1,112,591)
Proceeds from issuance of common stock	540,000	350,000
Purchase of common stock warrants	-	(22,500)
Stock issued for conversion of convertible debt	685,333	22,387
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>2,302,120</b>	<b>1,657,296</b>
<b>NET CHANGE IN CASH</b>	<b>(127,418)</b>	<b>92,454</b>
<b>CASH AT BEGINNING OF THE PERIOD</b>	<b>196,153</b>	<b>71,807</b>
<b>CASH AT END OF THE PERIOD</b>	<b>\$ 68,735</b>	<b>\$ 164,261</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for interest	\$ 348,941	\$ 301,644

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

**iCoreConnect Inc.**  
**Notes to Condensed Financial Statements**  
June 30, 2023

**1. NATURE OF OPERATIONS**

iCoreConnect Inc., (the “Company”), a Nevada Corporation, is a cloud-based software and technology company focused on increasing workflow productivity and customer profitability through its enterprise platform of applications and services.

**Business Combinations**

During 2021, the Company completed three asset acquisitions which were accounted for as business combinations (i) on April 23, 2021, the Company acquired substantially all the assets of Heyns Unlimited LLC doing business as Advantech (ii) on May 31, 2021, the Company acquired substantially all the assets of BCS Tech Center, Inc.; and (iii) on September 1, 2021, the Company acquired substantially all the assets of Spectrum Technology Solutions, LLC.

**Going Concern and Liquidity**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

For the six months ended June 30, 2023, the Company generated an operating loss of \$3,459,646. In addition, at June 30, 2023, the Company has an accumulated deficit, and net working capital deficit of 93,271,716 and \$8,759,814 respectively. The Company’s activities were primarily financed through private placements of equity securities and issuance of debt. The Company intends to raise additional capital through the issuance of debt and/or equity securities to fund its operations. The Company is reliant on future fundraising to finance operations in the near future. The financing may not be available on terms satisfactory to the Company, if at all. In light of these matters, there is substantial doubt that the Company will be able to continue as a going concern for a period of 12 months from the issuance date of these financial statements.

Currently, management intends to develop a vastly improved healthcare communications system and intends to develop alliances with strategic partners to generate revenues that will sustain the Company. While management believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. Management’s ability to continue as a going concern is ultimately dependent upon its ability to continually increase the Company’s customer base and realize increased revenues from signed contracts. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

### Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K/A as filed with the SEC on June 16, 2023. The interim results for the six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future periods.

### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are customer obligations due under normal trade terms. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the potential inability of certain customers to make required future payments on amounts due. Management determines the adequacy of this allowance by periodically evaluating the aging and past due nature of individual customer accounts receivable balances and considering the customer’s current financial situation as well as the existing industry economic conditions and other relevant factors that would be useful in assessing the risk of collectability. If the future financial condition of the Company’s customers were to deteriorate, resulting in their inability to make specific required payments, additions to the allowance for doubtful accounts may be required. In addition, if the financial condition of customers improves and collections of amounts outstanding commence or are reasonably assured, then the Company may reverse previously established allowances for doubtful accounts. The Company has estimated and recorded an allowance for doubtful accounts of approximately \$68,700 at June 30, 2022 and \$65,000 December 31, 2022.

### Software Development Costs and Acquired Software

The Company accounts for software development costs, including costs to develop software products or the software component of products to be sold to external users. In accordance with ASC 985-730, Computer Software Research and Development, research and planning phase costs are expensed as incurred and development phase costs including direct materials and services, payroll and benefits and interest costs are capitalized.

The Company has determined that technological feasibility for its products to be marketed to external users was reached before the release of those products. As a result, the development costs and related acquisition costs after the establishment of technological feasibility were capitalized as incurred. Capitalized costs for software to be sold to external users and software acquired in a business combination are amortized based on current and projected future revenue for each product with an annual minimum equal to the straight-line amortization over three years.

### Long-Lived Assets and Goodwill

The Company accounts for long-lived assets in accordance with the provisions of ASC 360-10-35, *Property, Plant and Equipment, Impairment or Disposal of Long-lived Assets*. This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2023 and December 31, 2022 there was no impairment of Long-lived Assets.

The Company accounts for goodwill and intangible assets in accordance with ASC 350, *Intangibles – Goodwill and Other*. Goodwill represents the excess of the purchase price of an entity over the estimated fair value of the assets acquired and liabilities assumed. ASC 350 requires that goodwill and other intangibles with indefinite lives be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. During the fourth quarter of 2020, the Company adopted ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This guidance simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Goodwill impairment will now be the amount by which the carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. As of June 30, 2023 and December 31, 2022 there was no impairment of the Company’s Goodwill.



## Revenue Recognition

We have 6 primary sources of revenue

1. Electronic Prescription Software
2. Insurance Verifications
3. ICD-10 Medical Coding Software
4. Encrypted and HIPAA Compliant Secure email
5. Analytics
6. MSaaS software

1) Electronic Prescription software services are provided on an annual subscription basis using the software as a service ('SaaS') model with revenue recognized ratably over the contract term.

2) Insurance verification services are provided on an annual subscription basis using SaaS model with revenue recognized ratably over the contract term.

3) ICD-10 Medical Coding services are provided on an annual subscription basis using the software as a SaaS model with revenues recognized ratably over the contract term.

4) Encrypted and HIPAA compliant and secure email services are provided on an annual subscription basis using the SaaS model with revenues recognized ratably over the contract term.

5) Analytics automatically compiles real-time KPI data on an intuitive dashboard which saves time and helps focus the team during the morning huddle. Additionally, the Practice Metrics page provides custom reporting with rich graphics helping management to view revenue, claims, AR, scheduling and more.

6) MSaaS software services are provided on an annual subscription basis using the software as a service ('SaaS') model with revenue recognized ratably over the contract term.

The Company accounts for revenue from contracts with customers in accordance with ASU No. 2017-09, Revenue from Contracts with Customers and a series of related accounting standard updates (collectively referred to as "Topic 606"). This guidance sets forth a five-step revenue recognition model which replaced the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance and to require more detailed disclosures. The five steps of the revenue recognition model are: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

At contract inception, the Company assesses the goods and services promised in the contract with customers and identifies a performance obligation for each. To determine the performance obligation, the Company considers all products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgment. The Company measures revenue as the amount of consideration expected to be received in exchange for transferring goods and services. Revenue is recognized net of any taxes collected from customers that are subsequently remitted to governmental authorities.

The Company's customers are acquired through its own salesforce and through the referrals from its many state association marketing partners. The Company primarily generates revenue from multiple software as a service (SaaS) offerings, which typically include subscriptions to its online software solutions. The Company's secondary source of revenue is professional services and other revenue related to customer onboarding, IT services and equipment sales that often precede a subscription service offering purchased by the customer. Approximately 90% of the Company's revenue is subscription based with the remainder being professional services and other IT related revenue. The geographic concentration of the Company's revenue is 100% in North America.

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Management has determined that it has the following performance obligations related to its products and services: multiple SaaS offerings, which typically include subscriptions to our online software solutions. Revenue from Software as a Service, hardware, service repairs, and support & maintenance are all recognized at a point in time when control of the goods is transferred to the customer, generally occurring upon shipment or delivery dependent upon the terms of the underlying contract, or services is completed. Our customers do not have the right to take possession of the online software solution. Revenue from subscriptions, including additional fees for items such as incremental contacts, is recognized ratably over the subscription period beginning on the date the subscription is made available to customers. Substantially all subscription contracts are one year. We recognize revenue from on-boarding services and equipment as the services are provided. Amounts billed that have not yet met the applicable revenue recognition criteria are recorded as deferred revenue.

For contracts with customers that contain multiple performance obligations, the Company accounts for the promised performance obligations separately as individual performance obligations if they are distinct. In determining whether performance obligations meet the criteria for being distinct, the Company considers several factors, including the degree of interrelation and interdependence between obligations and whether or not the good or service significantly modifies or transforms another good or service in the contract. After identifying the separate performance obligations, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company generally determines the standalone selling prices based on the prices charged to customers. Judgment may be used to determine the standalone selling prices for items that are not sold separately, including taking into consideration either historical pricing practices or an adjusted market assessment. Unsatisfied and partially unsatisfied performance obligations as of the end of the reporting period primarily consist of products and services for which customer purchase orders have been accepted and that are in the process of being delivered.

Transaction price is calculated as the selling price less any variable consideration, consisting of rebates and discounts. Discounts provided to customers are known at contract inception. Rebates are calculated on the “expected value” method where the Company (1) estimates the probability of each rebate amount which could be earned by the distributor, (2) multiplies each estimated amount by its assigned probability factor, and (3) calculates a final sum of each of the probability-weighted amounts calculated in step (2). The sum calculated in step (3) is the rebate amount, which along with discounts reduces the amount of revenue recognized.

The Company has elected to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost rather than as an additional promised service. As a result, the Company accrues the costs of shipping and handling when the related revenue is recognized. Costs incurred for shipping and handling are included in costs of goods sold on the Consolidated Statements of Operations. Amounts billed to a customer for shipping and handling are reported as revenue on the Consolidated Statements of Operations.

### **Advertising Costs**

Advertising costs are reported in selling, general and administrative expenses and include advertising, marketing and promotional programs and are charged as expenses in the year in which they are incurred. Advertising costs were \$306,468 and \$263,693 for the six months ended June 30, 2023 and 2022, respectively.

### **Accounting for Derivative Instruments**

The Company accounts for derivative instruments in accordance with ASC 815 “Derivatives and Hedging”, which requires additional disclosures about the Company’s objectives and strategies for using derivative instruments, how the derivative instruments and related hedged items are accounted for, and how the derivative instruments and related hedging items affect the financial statements.

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risk. Terms of convertible debt and preferred stock instruments are reviewed to determine whether or not they contain embedded derivative instruments that are required under ASC 815 to be accounted for separately from the host contract and recorded on the balance sheet at fair value. The fair value of derivative liabilities, if any, is required to be revalued at each reporting date, with corresponding changes in fair value recorded in current period operating results.

Freestanding warrants issued by the Company in connection with the issuance or sale of debt and equity instruments are considered to be derivative instruments. Pursuant to ASC 815, an evaluation of specifically identified conditions is made to determine whether the fair value of warrants issued is required to be classified as equity or as a derivative liability.

### **Financial Instruments With Down Round Features**

The Company follows the guidance of FASB ASU 2017-11, “Earnings per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); and Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features. ASU 2017-11 simplifies the accounting for certain financial instruments with down round features, a provision in an equity-linked financial instrument (or embedded feature) that provides a downround adjustment of the current exercise price based on the price of the future equity offerings. The standard requires companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for the purposes of determining liability of equity classification. Companies that provide earning per share (“EPS”) data will adjust their diluted EPS calculation for the effect of the feature when triggered (i.e. when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity.

### **Income Taxes**

The Company follows the asset and liability approach to accounting for income taxes. Under this method, deferred tax assets and liabilities are measured based on differences between the financial reporting and tax bases of assets and liabilities measured using enacted tax rates and laws that are expected to be in effect when differences are expected to reverse. Valuation allowances are established when it is necessary to reduce deferred income tax assets to the amount, if any, expected to be realized in future years.

ASC 740, Accounting for Income taxes (“ASC 740”), requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion more likely than not will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent cumulative loss experience and expectations of future taxable income by taxing jurisdictions, the carry forwarding periods available to us for tax reporting purposes and other relevant factors.

The Company has not recognized a liability for uncertain tax positions. A reconciliation of the beginning and ending amount of unrecognized tax benefits or penalties has not been provided since there has been no unrecognized benefit or penalty. If there were an unrecognized tax benefit or penalty, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company files U.S. Federal income tax returns and various returns in state jurisdictions. The Company’s open tax years subject to examination by the Internal Revenue Service and the state Departments of Revenue generally remain open for three years from the date of filing.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

### **Net Loss Per Share**

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of Common Stock outstanding for the period. Diluted net loss per share reflects the potential dilution of securities by adding other Common Stock equivalents, including stock options, shares issuable on exercise of warrants, convertible preferred stock and convertible notes in the weighted average number of common shares outstanding for a period, if dilutive. Common stock equivalents that are anti-dilutive were excluded from the computation of diluted earnings per share which consisted of all outstanding common stock options and warrants.

## **Stock-Based Compensation**

The Company accounts for share-based compensation costs in accordance with ASC 718, Compensation – Stock Compensation. ASC 718 requires companies to measure the cost of awards of equity instruments, including stock options and restricted stock awards, based on the grant-date fair value of the award and to recognize it as compensation expense over the employee’s requisite service period or the non-employee’s vesting period. An employee’s requisite service period is the period of time over which an employee must provide service in exchange for an award under a share-based payment arrangement and generally is presumed to be the vesting period. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in additional paid in capital, is recorded as an increase to share capital.

The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The Company estimates the fair value of its common stock using the closing stock price of its common stock on the option grant date. The Company estimates the volatility of its common stock at the date of grant based on its historical stock prices. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The fair value of shares of restricted stock issued are determined by the Company based on the estimated fair value of the Company’s common stock.

## **Beneficial Conversion Features and Warrants**

The Company evaluates the conversion feature of convertible debt instruments to determine whether the conversion feature was beneficial as described in ASC 470-30, Debt with Conversion and Other Options. The Company records a beneficial conversion feature (“BCF”) related to the issuance of convertible debt that has conversion features at fixed or adjustable rates that are in-the-money when issued and records the relative fair value of any warrants issued with those instruments. The BCF for the convertible instruments is recognized and measured by allocating a portion of the proceeds to the warrants and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion features, both of which are credited to additional paid-in capital. The Company calculates the fair value of warrants with the convertible instruments using the Black-Scholes valuation model.

Under these guidelines, the Company first allocates the value of the proceeds received from a convertible debt transaction between the convertible debt instrument and any other detachable instruments included in the transaction (such as warrants) on a relative fair value basis. A BCF is then measured as the intrinsic value of the conversion option at the commitment date, representing the difference between the effective conversion price and the Company’s stock price on the commitment date multiplied by the number of shares into which the debt instrument is convertible. The allocated value of the BCF and warrants are recorded as a debt discount and accreted over the expected term of the convertible debt as interest expense. If the intrinsic value of the BCF is greater than the proceeds allocated to the convertible debt instrument, the amount of the discount assigned to the BCF is limited to the amount of the proceeds allocated to the convertible debt instrument.

## **Leases**

The Company adopted ASU No. 2016-02, Leases and a series of related Accounting Standards Updates that followed (collectively referred to as “Topic 842”). Topic 842 requires organizations to recognize right-of-use (“ROU”) lease assets and lease liabilities on the balance sheet and to disclose key information about leasing arrangements. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The FASB retained the distinction between finance leases and operating leases, leaving the effect of leases in the statement of comprehensive income and the statement of cash flows largely unchanged from previous U.S. GAAP. The Company utilized the transition method allowed under ASU 2018-11 in which an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, if any.

The Company determines, at contract inception, whether or not an arrangement contains a lease and evaluates the contract for classification as an operating or finance lease. For all leases, ROU assets and lease liabilities are recognized based on the present value of lease payments, including annual rent increases, over the lease term at commencement date. If the Company's lease does not provide an implicit rate in the contract, the Company uses its incremental, secured borrowing rate based on lease term information available as of the adoption date or lease commencement date in determining the present value of lease payments. Any renewal periods are considered in the analysis of each lease to the extent that the Company considers them to be reasonably certain of being exercised.

#### **Related Party Transactions**

The Company accounts for related party transactions in accordance with FASB ASC 850, *Related Party Disclosures*. A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries' controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

#### **Reportable Segments**

U.S. GAAP establishes standards for reporting financial and descriptive information about a company's reportable segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The chief operating decision maker is the Company's Chief Executive Officer, who currently reviews the financial performance and the results of operations of the Company's operating subsidiaries on a consolidated basis when making decisions about allocating resources and assessing performance of the Company. Accordingly, the Company currently considers itself to be in a single reporting segment for reporting purposes focused on the North American market.

#### **Allowance for Credit Losses**

On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected.

The Company completed its assessment on the adoption date of the new standard and did not adjust the opening balance of retained earnings relating to its trade receivables. The Company writes off receivables once it is determined that they are no longer collectible, as local laws allow.

#### **Recently Issued Accounting Pronouncements**

The Company does not believe that any issued, but not yet effective accounting standards, if currently adopted, will have a material effect on the Company's financial position, results of operations and cash flows.

**3. NOTES PAYABLE**

	June 31, 2023	December 31, 2022
(1) Convertible Note bearing interest at 12% due May, 2023	-	578,802
(2) Note bearing interest at 18% due September 1, 2023	1,250,000	1,012,500
(2) Note bearing interest at 18% due September 1, 2023	512,500	506,250
(3) Note bearing interest at 18% due October 1, 2028	32,942	32,752
(4) Secured Promissory Note bearing interest at 17.5% due February 28, 2026	1,943,390	1,960,965
(5) Promissory Note bearing interest at 14%, due January 15, 2023	-	50,892
(6) Promissory Note bearing interest at 14%, due September 1, 2023	350,055	329,227
(7) Related Party Promissory Note bearing interest at 14% due September 1, 2023	66,293	108,778
(8) Promissory Note bearing interest at 15%, due January 25, 2023	-	506,370
(9) Promissory Note bearing interest at 15%, due September 1, 2023	253,082	253,184
(9) Promissory Note bearing interest at 15%, due September 1, 2023	253,082	253,184
(10) Related Party Promissory Notes bearing interest at 18%, due March 31, 2023	-	135,888
(11) Convertible Note bearing interest at 15% due March 2024	2,208,507	-
(7) Related Party Promissory Note bearing interest at 18%, due September 1, 2023	145,723	-
(12) Convertible Note bearing interest at 15% due June 14, 2024	77,506	-
(13) Convertible Note bearing interest at 15% due June 14, 2024	6,039	-
(14) Related Party Convertible Promissory Note bearing interest at 15% due June 30, 2024	35,000	-
	<u>6,909,119</u>	<u>5,728,792</u>
Less current maturities	(6,909,119)	(4,279,531)
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 1,449,261</u>

- In April 2021, the Company signed a \$500,000 convertible promissory note with a maturity date twelve months after issuance and received in exchange \$500,000. An interest charge of 12% per annum shall accrue and be paid on the maturity date. The note is convertible into the Company's Common Stock at a fixed conversion price of \$0.10 per common share. The Company has right of prepayment. The note holder is limited to receive upon conversion no more than 4.99% of the issued and outstanding Common Stock at the time of conversion at any one time. The Company also issued to the Holder 788,000 restricted shares of the Company's Common Stock and a warrant to purchase 2,600,000 shares of Company Common Stock with a 5-year term. The exercise price per share of Common stock under this Warrant is \$0.20 per share for the first 1,300,000 Warrant Shares and \$0.25 for the next 1,300,000 Warrant Shares. In August 2021 the down round provision in the Warrant Agreement was triggered resulting in an additional 3,250,000 warrants being issued and the strike price repriced to \$0.10 for all 5,850,000 warrants. In December 2022, the down round provision in the Warrant Agreement was triggered again resulting in an additional 1,462,500 warrants to be issued and the strike price repriced to \$0.08 for all 7,312,500 warrants. At Maturity this note was renegotiated and term extended to June 2023 for an additional principal consideration of \$55,400 under the same interest rate and conditions as the matured note. This note and accrued interest was converted in January 2023 for 6,037,883 shares of Common Stock. In May 2023 the Company and the warrant holder renegotiated the outstanding warrants back to their original intended values at issuance date of 1,300,000 exercisable at \$0.25 and 1,300,000 exercisable at \$0.20.
- In August 2021, the Company signed a \$1,000,000 and \$500,000 promissory note with a maturity date 24 months after issuance. An interest charge of 15% per annum shall accrue and be paid monthly. The Company also issued to the Holder 1,000,000 restricted shares of the Company's Common Stock and 1,500,000 cash Warrant Shares with a 5-year term. The exercise price per share of Common stock under this Warrant is \$0.25 per share. In December 2021 the down round provision in the Warrant Agreement was triggered resulting in an additional 2,250,000 warrants being issued and the strike price repriced to \$0.10 for all 3,750,000 warrants. In December 2022 the down round provision in the Warrant Agreement was triggered again resulting in an additional 937,500 warrants being issued and the strike price repriced to \$0.10 for all 4,687,500 warrants. In May the Company and the warrant holder renegotiated the outstanding warrants back to their original intended values at issuance date of 1,500,000 exercisable at \$0.25. The promissory note is subordinated to the Company's senior lenders.
- In November 2021, the Company signed a \$40,071 equipment finance agreement with a maturity date 60 months after issuance from a third-party financing company. Payments of principal and interest of \$791 are due monthly.
- On February 28, 2022, the Company signed a \$2,000,000 secured promissory note with a maturity date 48 months after issuance and received in exchange \$1,970,000 net of fees. An interest charge of 17.5% per annum shall accrue, with interest only payments being made for the first six months after which both interest and principal will be due. The Company has right of prepayment subject to certain minimum interest payments being made. The Prepayment Fee shall be (i) equal to 6 months' interest that would have accrued with regard to the prepaid principal, if prepaid prior to the 2nd anniversary of the date of the Initial Advance or Subsequent Advance, as applicable, and (ii) equal to 3 months' interest that would have accrued with regard to the prepaid principal, if prepaid on or after the 2nd anniversary and prior to the 3rd anniversary of the date of the Initial Advance or Subsequent Advance, as applicable. Additionally, the Company has the following covenant requirements; maintaining a minimum cash balance of \$150,000 in its combined bank accounts as well as entering into a Deposit Account Control Agreement; monthly financial reporting requirements and certifications; obtaining other indebtedness without consent; merge, consolidate or transfer assets; pledge assets as collateral; or guarantee without consent of the Lender. As of June 30, 2023, the Company was in default of certain provisions of its \$1,943,390 debt obligation. The Company received a waiver of all defaults with a specified grace period through September 1, 2023. The debt is being classified as current, given the uncertainty that the Company cannot ensure compliance is probable or reasonably possible after September 1, 2023.

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5. In April 2022, the Company signed a \$50,000 unsecured promissory note with a maturity date six (6) months after issuance with an interest charge of 14% per annum which shall accrue and be paid on the maturity date. The Company has the right to prepay this note without penalty. At maturity in October 2022, this note was reissued under the same term with a maturity of three (3) months. The promissory note is subordinated to the Company's senior lender. This note was fully repaid in March 2023.
6. In April 2022, the Company signed a \$300,000 unsecured promissory note with a maturity date six (6) months after issuance with an interest charge of 14% per annum which shall accrue and be paid on the maturity date. The Company has the right to prepay this note without penalty. At maturity in October 2022, this note was reissued under the same terms with a maturity of date of six (6) months. In March 2023, the term of this note was extended to September 1, 2023. The promissory note is subordinated to the Company's senior lenders.
7. In June 2022, the Company signed a \$100,000 unsecured promissory note with related party with a maturity date six (6) months after issuance with an interest charge of 14% per annum which shall accrue and be paid on the maturity date. The Company has the right to prepay this note without penalty. At maturity in November 2022, this note was reissued under the same terms with a maturity of date of three (3) months. The Company also issued to the Holder a warrant to purchase 18,813 shares of Company Common Stock with a 5-year term. The exercise price per share of Common stock under this Warrant is \$0.25 per share for 9,407 warrants and \$0.20 per share for 9,406 warrants. In March 2023, the term of this note was extended to September 1, 2023. In June 2023 the Company signed a \$45,010 unsecured promissory note with the same lender with a maturity date of September 1, 2023 after issuance with an interest rate charge of 18% per annum which shall accrue and be paid on the maturity date. The Company has the right to prepay this note without penalty. The promissory notes are subordinated to the Company's senior lenders.
8. In July 2022, the Company signed a \$500,000 unsecured promissory note with a maturity date six (6) months after issuance with an interest charge of 14% per annum. The note is callable by the Holder no earlier than 90 days from issue. The Company has the right to prepay this note without penalty. The Company issued to the Holder a warrant to purchase 175,000 shares of Company Common Stock with a 5-year term. The exercise price per share of Common stock under this Warrant is \$0.25 per share for 87,500 warrants and \$0.20 per share for 87,500 warrants. This note was fully repaid in March 2023.
9. In August 2022, the Company signed two \$250,000 unsecured promissory notes with a maturity date six (6) months after issuance with an interest charge of 14% per annum to the same investor in 14 and 9. The notes are callable by the Holder no earlier than 90 days from issue. The Company has the right to prepay this note without penalty. The Company issued to the Holder a warrant to purchase 175,000 shares of Company Common Stock with a 5-year term. The exercise price per share of Common stock under this Warrant is \$0.25 per share for 87,500 warrants and \$0.20 per share for 87,500 warrants. In March 2023, the term of these notes were extended to September 1, 2023. The promissory notes are subordinated to the Company's senior lenders.
10. In December 2022, the Company entered into an unsecured promissory note with related party in exchange for \$5,000. The maturity of the promissory note is four months from the date of issuance and carries an interest rate of 15% per annum. In conjunction with the promissory note, the Company also issued a warrant to purchase 23,625 shares of common stock which expires five years December 15, 2022 and has an exercise price of \$0.20 with respect to 11,813 shares underlying the Warrant and \$0.25 with respect to 11,812 shares underlying the Warrant. The promissory note is subordinated to the Company's senior lender. In addition, in December 2022, the Company entered into an unsecured convertible promissory note with the same related party in exchange for \$80,000. The maturity of the convertible note is March 31, 2023 and carries an interest rate of 15% per annum and is convertible into Company common stock at a conversion rate of \$0.08 per share. The Convertible Note was converted into 1,019,315 shares of Common Stock in January 2023 and the Promissory Note was fully repaid in March 2023.
11. In March 2023, the Company entered into a twelve (12) month Convertible Secured Promissory Note ("Note"). The Note is for \$2,500,000 with \$500,000 paid to the Holder on issuance for net proceeds of \$2,000,000. The Note carries an interest of 15% per annum which can be paid in cash or kind and it is convertible either into the Company's Common Stock after six months from date of issuance at \$0.10 per share, or if the business combination between FG Merger Corp. ("FGMC") and the Company pursuant to the Merger Agreement and Plan of Reorganization by and among FGMC, FG Merger Sub Inc., and the Company dated January 5, 2023, as such agreement may be amended from time to time (the "Business Combination"), occurs then, upon any subsequent conversion of the Note, the holder shall no longer have the right to receive Company common stock upon conversion of the Note, but shall have the right to receive, for each share of Company common stock that would have been issuable upon such conversion immediately prior to the occurrence of the Business Combination, the number of shares of FGMC common stock receivable as a result of such Business Combination by a holder of the number of shares of Company common stock for which the Note is convertible immediately prior to such Business Combination. As a condition of the Note all existing outstanding Notes maturing before September 1, 2023 had their term extended to September 1, 2023. In addition, all vested option holders and all warrant holders were provided with a cashless purchase option at time of the Business Combination. The Note is superior to all notes in terms of security except of our Senior Secured Note Payable. In May 2023 all warrant holders with down round provisions provided a waiver to the potential down round triggering event on any conversion issuance.



12. In June 2023, the Company entered into a twelve (12) month note Convertible Promissory Note (“Note”). The Note is for \$7,000 and carries an interest rate of 15% per annum. The principal of the Note is convertible into Common Stock of the Company at a twenty percent discount to the closing price of the Company’s Common Stock on September 1, 2023 or if the business combination between FG Merger Corp. (“FGMC”) and the Company pursuant to the Merger Agreement and Plan of Reorganization by and among FGMC, FG Merger Sub Inc., and the Company dated January 5, 2023, as such agreement may be amended from time to time (the “Business Combination”), occurs then, upon any subsequent conversion of the Note, the holder shall no longer have the right to receive Company common stock upon conversion of the Note, but shall have the right to receive, for each share of Company common stock that would have been issuable upon such conversion immediately prior to the occurrence of the Business Combination, the number of shares of FGMC common stock receivable as a result of such Business Combination by a holder of the number of shares of Company common stock for which the Note is convertible immediately prior to such Business Combination at a twenty percent discount to such exchange ratio. The promissory note is subordinated to the Company’s senior lenders.
13. In June 2023, the Company entered into a twelve (12) month note Convertible Promissory Note (“Note”). The Note is for \$,000 and carries an interest rate of 15% per annum. The principal of the Note is convertible into Common Stock of the Company at a twenty percent discount to the closing price of the Company’s Common Stock on September 1, 2023 or if the business combination between FG Merger Corp. (“FGMC”) and the Company pursuant to the Merger Agreement and Plan of Reorganization by and among FGMC, FG Merger Sub Inc., and the Company dated January 5, 2023, as such agreement may be amended from time to time (the “Business Combination”), occurs then, upon any subsequent conversion of the Note, the holder shall no longer have the right to receive Company common stock upon conversion of the Note, but shall have the right to receive, for each share of Company common stock that would have been issuable upon such conversion immediately prior to the occurrence of the Business Combination, the number of shares of FGMC common stock receivable as a result of such Business Combination by a holder of the number of shares of Company common stock for which the Note is convertible immediately prior to such Business Combination at a twenty percent discount to such exchange ratio. The promissory note is subordinated to the Company’s senior lenders.
14. In June the Company received an advance on a six (6) month Promissory Note (“Note”) in the amount of \$5,000. The Note is for \$250,000 with \$50,000 paid to the Holder on issuance for net proceeds of \$200,000. The Note carries an interest of 15% per annum as interest is payable monthly in arrears with principal due at maturity. There is no penalty for early payoff. If an event of default occurs, the Note along with any outstanding and accrued interest is convertible into the Company’s Common Stock at \$0.25 at the sole discretion of the issuer. The promissory note is subordinated to the Company’s senior lenders.

#### 4. COMMON STOCK

##### Stock Issuances

During the six months ended June 30, 2023 the Company issued 5,400,000 shares of common stock for cash of \$40,000 and 6,853,335 shares of common stock on the conversion of debt.

##### Stock Options

Certain employees and executives have been granted options or warrants that are compensatory in nature. A summary of option activity for the six months ended June 30, 2023 are presented below:

<u>Options Outstanding</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term in Years</u>	<u>Aggregate Intrinsic Value</u>
<b>Balance Outstanding - January 1, 2023</b>	<b>32,235,000</b>	<b>\$ 0.13</b>	<b>8.8</b>	<b>\$ -</b>
Granted	-	\$ -	-	-
Exercised	-	-	-	-
Forfeited	-	\$ -	-	-
<b>Balance Outstanding – June 30, 2023</b>	<b>32,235,000</b>	<b>\$ 0.13</b>	<b>8.5</b>	<b>\$ -</b>
<b>Exercisable – June 30, 2023</b>	<b>9,281,666</b>	<b>\$ 0.12</b>	<b>8.1</b>	<b>\$ -</b>



Nonvested Options	Number of Options	Weighted Average Grant Date Fair Value	Weighted Average Remaining Years to Vest
<b>Nonvested - January 1, 2023</b>	<b>23,053,334</b>	<b>\$ 0.12</b>	<b>8.8</b>
Granted	-	\$ -	-
Vested	(100,000)	\$ 0.12	8.8
Forfeited/expired	-	-	-
<b>Nonvested – June 30, 2022</b>	<b>22,953,334</b>	<b>\$ 0.12</b>	<b>8.1</b>

#### Restricted Stock Compensation

On December 31, 2022, the Company's Board of Directors approved the grant of 250,000 shares of common stock to each of the Directors of the Company, for services rendered during 2021 and 2022, all of which vested on December 31, 2022. Compensation expense related to this grant for the year 2022 was \$122,375 based upon fair value of our common stock of \$0.089 per share. The Company's Board of Directors also approved the granting of shares of common stock for employee performance related to 2021 performance with a fair value of \$160,645. The Board also approved on January 3, 2023, 34,000,000 shares of common stock related to the Chief Executive Officer for bonus related to 2022 service with a fair value of \$356,000.

On March 13, 2023 the Company's Board of Directors approved the grant of 150,000 shares of common stock to certain board members for services related to 2018 service.

In April 2023, the Company's Board of Directors approved compensation for its Board Members and Committee Members for the year ended December 31, 2023. On an annual basis equivalent, Board Members are compensated \$60,000, with additional compensation of \$10,000 for being a Committee Member and an additional \$10,000 for being a Chair of a Committee. Compensation is to be paid quarterly in arrears at the closing stock price of the last trading day of the quarter. The Company has recorded an expense of \$184,167 as of June 30, 2023. In addition the Board of Directors approved the grant of 2,425,000 shares of common stock for employee performance related to 2022 performance with a fair value of \$312,761.

#### Warrants

The Company typically issues warrants to individual investors and institutions to purchase shares of the Company's Common Stock in connection with public and private placement fundraising activities. Warrants may also be issued to individuals or companies in exchange for services provided for the Company. The warrants are typically exercisable six months after the issue date, expire in five years, and contain a cash exercise provision and registration rights.

In May 2023, the Company entered into amendments with certain warrant holders whose warrants contained down round provisions and modified these warrants to remove such provisions from inception. As such the number and exercise of these warrants are set back to their original values as originally intended by the parties.

During the six months ending June 30, 2023, the Company issued no Common Stock Warrants.

During the six months ending June 30, 2022, the Company issued no Common Stock Warrants. The Company purchased 38,135 common stock warrants issued to a lender in 2019 as part of a Note Payable that had been fully satisfied in 2020. These warrants include anti-dilutive provisions and as such resulted in an additional 861,851 of warrants that were to be issued at a strike price of \$0.05. The Company purchased these warrants at their restated strike price for \$45,000.

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As of June 30, 2023, the number of shares issuable upon exercise of the Common Stock Warrants were 10,992,438 shares.

Type	Issue Date	Shares	Price	Expiration
Investors	4/19/2021	1,300,000	\$ 0.20	4/19/2026
Investors	4/19/2021	1,300,000	\$ 0.25	4/19/2026
Investors	4/22/2021	1,300,000	\$ 0.20	4/22/2026
Investors	4/22/2021	1,300,000	\$ 0.25	4/22/2026
Investors	4/30/2021	650,000	\$ 0.20	4/30/2026
Investors	4/30/2021	650,000	\$ 0.25	4/30/2026
Investors	5/4/2021	650,000	\$ 0.20	5/4/2026
Investors	5/4/2021	650,000	\$ 0.25	5/4/2026
Investors	5/19/2021	650,000	\$ 0.20	5/19/2026
Investors	5/19/2021	650,000	\$ 0.25	5/16/2026
Investors	8/31/2021	1,500,000	\$ 0.25	8/31/2026
Investors	7/29/2022	87,500	\$ 0.20	7/28/2027
Investors	7/29/2022	87,500	\$ 0.25	7/28/2027
Investors	8/5/2022	43,750	\$ 0.20	8/4/2027
Investors	8/5/2022	43,750	\$ 0.25	8/4/2027
Investors	8/19/2022	43,750	\$ 0.20	8/18/2027
Investors	8/19/2022	43,750	\$ 0.25	8/18/2027
Investors	11/28/2022	9,407	\$ 0.20	11/27/2027
Investors	11/28/2022	9,406	\$ 0.25	11/27/2027
Investors	12/15/2022	11,812	\$ 0.20	12/14/2027
Investors	12/15/2022	11,813	\$ 0.25	12/14/2027
Total		<u>10,992,438</u>		

Warrants Outstanding	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
<b>Outstanding – December 31, 2022</b>				
Granted	353,493,766	\$ 0.10	3.45	\$ 803,522
Forfeited/expired	(24,356,938)	\$ 0.08	3.45	-
<b>Outstanding – June 30, 2023</b>	<u>10,992,438</u>	<u>\$ 0.23</u>	<u>3.15</u>	<u>\$ 715,223</u>

**5. GOODWILL AND OTHER INTANGIBLE ASSETS**

The following table sets forth the changes in the carrying amount of goodwill for the six months ended June 30, 2023 and year ended December 2022:

	<b>Total</b>
Balance at December 31, 2022	\$ 1,484,966
2023 Acquisitions	-
Balance at June 30, 2023	<u>\$ 1,484,966</u>

The following table sets forth the gross carrying amounts and accumulated amortization of the Company's intangible assets as of June 30, 2023 and December 31, 2022:

	<b>Gross Carrying Amount</b>	<b>Impairment</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Definite-lived intangible assets:				
Capitalized software	\$ 3,014,490	\$ -	\$ (2,483,429)	\$ 531,061
Customer relationships	3,713,434	-	(1,363,054)	2,350,380
Acquired technology	1,527,186	-	(1,447,758)	79,428
Total definite-lived intangible assets at December 31, 2022	<u>8,255,110</u>	<u>-</u>	<u>(5,294,241)</u>	<u>2,960,869</u>
Capitalized software	3,374,247	-	(2,651,850)	722,397
Customer relationships	3,713,434	-	(1,722,800)	1,990,634
Acquired technology	1,527,186	-	(1,489,522)	37,664
Total definite-lived intangible assets at June 30, 2023	<u>\$ 8,614,867</u>	<u>-</u>	<u>(5,864,172)</u>	<u>2,750,695</u>

Amortization expense of intangible assets was \$569,932 and \$703,118 for the six months ended June 30, 2023 and 2022, respectively. The Company's amortization is based on no residual value using the straight-line amortization method as it best represents the benefit of the intangible assets.

**6. COMMITMENTS AND CONTINGENCIES****(A) LEASE COMMITMENTS**

On November 15, 2017, the Company signed a three-year lease agreement for approximately 4,100 square feet of office space located in Winter Garden, Florida in which the Company has its headquarters. The lease provided for a one-year renewal term at the option of the Company that the company exercised. An amendment to this lease was signed on October 26, 2020 which extended the lease term through October 31, 2021. On September 10, 2021, an additional seven-month extension was signed extending the lease term to May 30, 2022.

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On September 22, 2021, the Company signed a six year and one month lease agreement for approximately 7,650 square feet for its new headquarters commencing on January 1, 2022, located in Ocoee, Florida. The lease provides for a five-year renewal term at the option of the Company. In April 2023, the Company entered into a lease agreement with its existing landlord of its Florida location for a lease of an additional 2,295 square feet of space beginning at the earlier of June 1, 2023 or completion of build out for a five year term. As of June 30, 2023 the buildout has not yet been complete.

The Company signed a three-year lease agreement for approximately 2,100 square feet of office space located in Concord, NC on July 16, 2020.

With the acquisition of Advantech, the Company signed a two-year lease on May 12, 2021, for an office in Scottsdale, AZ. In May 2023, the Company extended its lease for an additional 24 months for this location beginning July 1, 2023 under similar terms and conditions as its current lease.

As of June 30, 2022, undiscounted future lease obligations for the office spaces are as follows:

<b>Lease Commitments</b>					
<b>as of 06/30/2022</b>					
<b>Less than 1 year</b>		<b>1-3 years</b>		<b>3-5 years</b>	<b>Total</b>
\$ 246,648	\$	501,452	\$	417,787	\$ 1,165,887

Lease costs for the six months ended June 30, 2023 were \$151,174 and cash paid for amounts included in the measurement of lease liabilities for the six months ended June 30, 2022 were \$159,098. As of June 30, 2023, the following represents the difference between the remaining undiscounted lease commitments under non-cancelable leases and the lease liabilities:

<b>Undiscounted minimum lease commitments</b>	<b>\$ 1,165,887</b>
<b>Present value adjustment using incremental borrowing rate</b>	<b>(274,499)</b>
<b>Lease liabilities</b>	<b>\$ 891,388</b>

**(B) LITIGATION**

On February 21, 2023, the Company received a notice under section 21 of Indian Arbitration and Conciliation Act, 1996 related to a dispute pursuant to a contract between the Company and a service provider, pursuant to which the service provider has asserted the Company has violated the terms of the contract and has claimed damages of approximately \$635,000. The Company is evaluating the claims asserted against it and intends to defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts. The outcome of this matter is not expected to have a material effect on these financial statements.

**(C) GUARANTEE**

In May 2023 the Company agreed to guarantee the repayment of up to \$400,000 in non-interest-bearing unsecured notes of FG Merger Corp. in the event that the merger between FG Merger Corp and the Company did not get completed by September 1, 2023.

## 7. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and trade accounts receivables. The Company places its cash with high-credit-quality financial institutions. At times, such cash may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance coverage limit of \$250,000 per depositor. As a result, there could be a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company has not experienced any losses due to these excess deposits and believes the risk is not significant. With respect to trade receivables, management routinely assesses the financial strength of its customers and, as a consequence, believes that the receivable credit risk exposure is limited.

The Company has historically provided financial terms to customers in accordance with what management views as industry norms. Access to the Company’s software products usually requires immediate payment but can extend several months under certain circumstances. Management periodically and regularly reviews customer account activity in order to assess the adequacy of allowances for doubtful accounts, considering such factors as economic conditions and each customer’s payment history and creditworthiness. If the financial condition of our customers were to deteriorate, or if they were otherwise unable to make payments in accordance with management’s expectations, we might have to increase our allowance for doubtful accounts, modify their financial terms and/or pursue alternative collection methods.

The Company has no significant customers (greater than 10% of total revenue) in its six-month 2023 revenue. The Company has accounts receivable concentration with three customers in 2022 representing 59% of total accounts receivables outstanding as of June 30, 2023, and one customer that represented 31% of accounts receivable outstanding as of December 31, 2022.

## 8. SEGMENT INFORMATION

The Company views its operations and manages its business as one operating segment which is the business of providing subscription-based software as a service (SaaS) and Managed IT (MSP/MSaaS) services and related non-recurring professional IT and other services. The Company aggregates its operating segments based on similar economic and operating characteristics of its operations.

The Company’s SaaS and Managed IT offerings are sold under monthly recurring revenue contracts are included in the Subscription software and services segment. Professional services and other revenue segment consists of non-recurring revenue, including the periodic sale and installation of IT related hardware and custom IT projects. Professional services and other revenue is recognized when services are performed.

Revenue type were as follows:

	For the Three Months Ended June 30				
	2023	%	2022	%	% Change
<b>Revenue:</b>					
Subscription software and services	\$ 1,629,999	88%	\$ 1,814,273	90%	(10%)
Professional services and other	226,149	12%	196,888	10%	15%
	<u>\$ 1,856,148</u>	<u>100%</u>	<u>\$ 2,011,161</u>	<u>100%</u>	<u>(9%)</u>
	For the Six Months Ended June 30				
	2023	%	2022	%	% Change
<b>Revenue:</b>					
Subscription software and services	\$ 3,333,814	90%	\$ 3,671,092	91%	(9%)
Professional services and other	362,705	10%	383,958	9%	(11%)
	<u>\$ 3,696,519</u>	<u>100%</u>	<u>\$ 4,055,050</u>	<u>100%</u>	<u>(9%)</u>

## 9. RELATED PARTY TRANSACTIONS

The Company incurred related party transactions of \$60,318 for the three months ended March 31, 2023, and \$407,309 for the three months ended March 31, 2022, in relation to payments of interest and principal on Notes Payable with its Chief Executive Officer. These notes were fully repaid in February 2022 and March 2023 respectively. In June 2023, the Company received an advance payment of \$35,000 on a \$250,000 Promissory Note from a related party to the Chief Executive Officer. This promissory note bears interest of 15% per annum and is due monthly with the principal due at maturity. Net proceeds from the Note will be \$200,000 with \$50,000 paid to the issuer on closing.

In June 2022 the Company entered into a \$100,000 promissory note with its Chief Operating Officer. The promissory note has a maturity date of six (6) months after issuance with an interest charge of 14% per annum which shall accrue and be paid on the maturity date. This note was extended to September 1, 2023. The Company has the right to prepay this note without penalty. Accrued but unpaid interest as of June, 2023, was \$ 16,293. In June 2023 the Chief Operating Officer entered into an additional Promissory Note maturing September 1, 2023 in the amount of \$145,010 bearing 18% per annum with interest and principal due at Maturity. The Company has the right to prepay this note without penalty. Accrued but unpaid interest as of June 30, 2023 was \$713.

## 10. SUBSEQUENT EVENTS

In July 2023, the Company entered into a twelve (12) month note Convertible Promissory Note (“Note”). The Note is for \$40,000 and carries an interest rate of 15% per annum. The principal of the Note is convertible into Common Stock of the Company at a twenty percent discount to the closing price of the Company’s Common Stock on September 1, 2023 or if the business combination between FG Merger Corp. (“FGMC”) and the Company pursuant to the Merger Agreement and Plan of Reorganization (the “Merger Agreement”) by and among FGMC, FG Merger Sub Inc., and the Company dated January 5, 2023, as such agreement may be amended from time to time (the “Business Combination”), occurs then, upon any subsequent conversion of the Note, the holder shall no longer have the right to receive Company common stock upon conversion of the Note, but shall have the right to receive, for each share of Company common stock that would have been issuable upon such conversion immediately prior to the occurrence of the Business Combination, the number of shares of FGMC common stock receivable as a result of such Business Combination by a holder of the number of shares of Company common stock for which the Note is convertible immediately prior to such Business Combination at a twenty percent discount to such exchange ratio. The promissory note is subordinated to the Company’s senior lenders.

On July 27, 2023 the Company held a Special Meeting of Stockholders to approve its business combination between FG Merger Corp. (“FGMC”) and the Company pursuant to the Merger Agreement. The Business Combination was approved by the majority of the Shareholders and is now subject to, among other items set forth in the Merger Agreement, approval from FGMC Shareholders on August 11, 2023.

In July 2023 the Company issued 1,305,697 shares of common stock related to accrued compensation for its Board of Directors for their services in quarter 1 and quarter 2 of 2023.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements made in this Quarterly Report on Form 10-Q, including without limitation this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than statements of historical information, are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by such words as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue" or similar words. We believe it is important to communicate our future expectations to investors. However, these forward-looking statements involve many risks and uncertainties, including the risk factors disclosed under the heading "Risk Factors" included in the Company's Form 10-K/A filed with the Securities and Exchange Commission ("SEC") on June 16, 2023 and under the heading entitled "Going Concern" in the "Notes to Condensed Consolidated Financial Statements" in Part I of this Quarterly Report on Form 10-Q. Our actual results could differ materially from those indicated in such forward-looking statements as a result of certain factors. We are under no duty to update any of the forward-looking statements after the date of this Report on Form 10-Q to conform these statements to actual results, other than to comply with the federal securities laws.

### About the Company

#### Company History

The Company is a cloud-based software and technology company focused on increasing workflow productivity and customer profitability through its enterprise platform of applications and services.

#### Software as a Service (SaaS) Offerings

The Company currently markets secure Health Insurance Portability and Accountability Act (HIPAA) compliant cloud-based software as a service (SaaS) offering under the names of iCoreRx, iCorePDMP, iCoreEPCS, iCoreVerify, iCoreVerify+, iCoreHuddle, iCoreHuddle+, iCoreCodeGenius, iCoreExchange, iCoreCloud, iCorePay, iCoreSecure, and iCoreIT. The Company's software is sold under annual recurring revenue subscriptions.

**iCoreRx** – iCoreRx is a HIPAA compliant electronic prescription SaaS solution that integrates with popular practice management and electronic health record systems. It saves time by selecting exact medications at available doses with built-in support from a drug directory and provides full support for Electronic Prescriptions for Controlled Substances (**iCoreEPCS**). It protects both the patient and provider by viewing the patient's complete medication history. It also speeds up the process by allowing the doctor to create a "favorites" list for commonly used medication sets.

**iCorePDMP** is an add-on for iCoreRx that seamlessly integrates with state databases to automate prescription drug monitoring. Providers in many states are required to check the patient's Prescription Drug Monitoring Program (PDMP) history before prescribing controlled substances. This service provides one-click real-time access to the state databases without the need to manually enter data. This tool also generates patient risk scores and an interactive visualization of usage patterns to help the prescriber identify potential risk factors. The prescriber can then use this report to make decisions on objective insight into potential drug misuse or abuse which will ultimately lead to improved patient safety and better patient outcomes.

**iCoreVerify and iCoreVerify+** - iCoreVerify is a HIPAA compliant SaaS solution that automatically retrieves a patient's insurance eligibility breakdown to verify their benefits seven (7) days in advance of their appointment and on-demand using iCoreConnect's real time technology. Automation runs daily to verify insurance every patient on the schedule a full week in advance of their appointment date. The system returns results typically in less than one second for most responses. This substantially reduces the phone calls and labor hours for the practice. This tool integrates with most popular practice management systems. iCoreVerify+ adds a unique add-on service that augments iCoreConnect's automation with a concierge service that turns around requests traditionally in less than 24 hours. It includes all carriers including non-digital ones and is customized to the client's specialty.

**iCoreHuddle and iCoreHuddle+** – iCoreHuddle is a powerful HIPAA compliant SaaS solution to instantly reveal the revenue potential of each patient. This product is currently limited to dental practices. The service connects to most popular practice management and electronic health record systems to optimize revenue realization. It provides the practice with a dashboard containing various metrics, analytics, and key performance indicators ("KPIs"). iCoreHuddle provides a daily view of patient schedules, including their outstanding balances, unscheduled treatment plans, recall information, procedure information and the amount of remaining insurance benefits. The software also provides one-click access to each patient's insurance eligibility, including a detailed benefits and deductibles report. This tool aims to increase the workflow efficiency of the dentist's practice by reducing the number of required lookups and clicks for each patient. iCoreHuddle+ offers enhanced analytical tools for practices to optimize their revenue generation process and workflows.

**iCoreCodeGenius** – iCoreCodeGenius is a medical coding reference SaaS solution that provides the coding standards for the 10th revision of the International Classification of Diseases and Related Health Problems (ICD-10), a medical classification list published by the World Health Organization (WHO). It contains codes for diseases, signs and symptoms, abnormal findings, complaints, social circumstances, and external causes of injury and diseases.

**iCoreExchange** – iCoreExchange provides a secure, HIPAA compliant SaaS email solution using the direct protocol that allows doctors to send and receive secure email with attachments to and from other healthcare professionals in the network. iCoreExchange also provides a secure email mechanism to communicate with users outside the exchange e.g., patients and referrals. Users have the ability to build a community, access other communities and increase referrals and collaboration. Users can email standard office documents, JPEG, PDF as well as patient files with discrete data, which can then be imported and accessed on most Electronic Health Record (EHR) and Practice Management (PM) systems in a HIPAA compliant manner.

**iCoreCloud** - iCoreCloud offers customers the ability to backup their on-premise servers and computers to the cloud. iCoreCloud is a fully HIPAA compliant and automated backup solution. The data backed up is encrypted both in transit and while at rest. In case of full data loss, the mirrored data in the cloud can be seamlessly restored back to the practice on a new computer or a server. The data is stored encrypted in HIPAA compliant data centers with multiple layers of redundancy. The data centers are physically secure with restricted personnel and biometric access. The locations are also guarded by security 24 hours a day, 365 days a year.

**iCorePay** – iCorePay offers a seamless patient payment processing solutions for customers. iCorePay integrates into the practice workflow for payment and revenue cycle tracking.

**iCoreSecure** –We used our expertise and development capabilities from our HIPAA compliant iCoreExchange and developed iCoreSecure, an encrypted email solution for anyone that needs encrypted email to protect personal and financial data. iCoreSecure is a secure SaaS solution that solves privacy concerns in the insurance, real estate, financial and many other industry sectors that have a need for secure encrypted email.

**iCoreIT** - The trend in IT Services companies for over a decade has been to move away from a “Break/Fix ” model to a “Managed Service Provider (MSP)” and “Managed Software as a Service (MSaaS)” model with recurring revenue.

#### **Managed IT Services (MSP and MSaaS)**

The MSP/MSaaS approach, by using preventative measures, keeps computers and networks up and running while data is accessible and safeguarded. Installation of critical patches and updates to virus protection are automated. Systems are monitored and backed up in real-time. They are fixed or upgraded before they cause a service disruption. A Unified Threat Management solution is deployed to protect against virus, malware, SPAM, phishing and ransomware attacks. Remote technical support is a click away. All support is delivered at a predictable monthly cost.

By leveraging managed services with our expertise in cloud computing, our customers can scale their business without extensive capital investment or disruption in services.

We derive most of our revenue from subscriptions to our cloud-based SaaS and MSaaS offerings. Subscription revenue related to SaaS and MSaaS offerings account for 88% and 90% of our total revenue for the three months ended June 30, 2023 and 2022, respectively. We sell multiple offerings at different base prices on a subscription basis to meet the needs of the customers we serve.

Professional services and other revenue account for 12% and 10% of our total revenue for the three months ended March 31, 2023 and 2022, respectively. Professional services and other revenue include hardware, software, labor, and other revenues related to customer onboarding for SaaS/MSaaS services or one-time, non-recurring services. We expect professional services and other margins to range from moderately positive to break-even.



**COVID-19 Business Update**

In the first quarter of 2021, we began to see the impact of the COVID-19 pandemic on our business, as local and national actions, such as stay at home mandates and business closures, took effect. Our core customers, medical and dental businesses, significantly curtailed business operations, impacting the Company's sales and near-term new business prospects.

In May 2021 the Company received loan proceeds of \$328,000 relating to the Paycheck Protection Program (PPP) as part of the CARES Act created by Congress to financially support companies during the COVID-19 pandemic. The PPP Loan carried interest at 1%. The principal and accrued interest were forgiven on June 14, 2021, after completing and submitting a PPP Loan Forgiveness Application with the financial institution associated with the SBA loan.

Business activity at our customers is returning to more normalized operating conditions. Our sales efforts and prospects have sequentially improved for several quarters in a row as the pandemic subsided and we have returned to a higher rate of organic growth compared to the first half of 2021.

**Financing**

We are currently funding our business capital requirements through sales of our common stock and debt arrangements. While we intend to seek additional funding, if revenue increases to a point where we are able to sustain ourselves and increase our budget to match our growth needs, we may significantly reduce the amount of investment capital we seek. The amount of funds raised, and revenue generated, if any, will determine how aggressively we can grow and what additional projects we will be able to undertake. No assurance can be given that we will be able to raise additional capital when needed or at all, or that such capital, if available, will be on terms acceptable to us. If we are unable to, or do not raise additional capital in the near future or if our revenue does not begin to grow as we expect, we will have to curtail our spending and downsize our operations.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of financial condition and results of operations are based upon the financial statements, which have been prepared in accordance with generally accepted accounting principles as recognized in the United States of America. The preparation of these financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe that the most critical accounting policies relate to revenue recognition, software development capitalization and amortization, income taxes, stock-based compensation, and long-lived assets and goodwill. See Note 2 to the condensed consolidated financial statements.

## Executive Summary

### *Financial Results for the Six Months Ended June 30, 2023*

Our total revenue for the six months ended June 30, 2023, decreased by 9% to \$3.697 million compared with \$4.055 million during the same period in 2022. The Company continued to show the impact of a decrease in services revenues from the mild attrition it incurred in Q1 2023, while recurring revenues also decreased in the comparative period due to changes in legislation that pushed out several state eprescription mandates that went into effect in Q1 2022 resulting in attrition in the back half of 2022. The Company continues to see organic growth in its SaaS based products. The Company ended the quarter with over approximately 32,000 subscriptions on our platform up from approximately 24,000 subscriptions in the prior year period.

The Company views its operations and manages its business as one operating segment which is the business of providing subscription-based software as a service (SaaS), Managed IT (MSaaS) and related non-recurring professional IT and other services. The Company aggregates its operating segments based on similar economic and operating characteristics of its operations.

Gross profit percentage was 74% and 69% for the six months ended June 30, 2023 and 2022, respectively. Gross Profit decreased by \$79K compared to the same period a year ago. Gross profit margin expansion was driven by a greater growth rate of sales in subscription software and services that carry higher gross margins than Professional Services and other revenue. We expect the growth rate of our SaaS and MSaaS subscription offerings to grow faster than our Professional Services and other revenue over time. We believe the higher growth rate of recurring revenue SaaS and MSaaS offerings should continue to provide a mix shift that will benefit gross margin rate going forward.

### Business Highlights and Trends

- **Product Traction.** We continue to benefit from trends toward cloud-based SaaS offerings for improved workflow, productivity, and efficiency gains. As we have expanded our product offerings, we are seeing greater traction for all our software products across the entire platform.
- **Business Development.** The Company has pursued and won contracts with larger enterprise health care businesses and continues to do so. We currently have agreements with large State Associations, Dental Support Organizations (DSOs), Hospitals, and large insurance companies
- **Capital raise.** In the first six months of 2023, the company raised \$540,000 from the sale of common stock and \$2,263,010 in gross proceeds in the form of secured notes, convertible notes and notes payable to fund operations and growth.

**Results of Operations - Three and Six Month Period Ended June 30, 2023 Compared to Three and Six Month Period Ended June 30, 2022**

Overview. The following table sets forth our selected financial data for the periods indicated below and the percentage dollar increase (decrease) of such items from period to period:

**Three Month Period Ended June 30, 2023 Compared to the Three Month Period Ended June 30, 2022**

	Three Months Ended		
	June 30, 2023	June 30, 2022	% Incr/(Decr)
Revenue	\$ 1,856,148	\$ 2,011,161	(8%)
Cost of sales	484,033	621,283	(22%)
Gross profit	1,372,115	1,389,878	
<b>Expenses</b>			
Selling, general and administrative	3,189,103	2,261,577	41%
Depreciation and amortization	291,600	340,245	(14%)
Total operating expenses	3,480,703	2,601,822	
Loss from operations	(2,108,588)	(1,211,944)	
<b>Other income (expense)</b>			
Interest expense	(270,770)	(189,183)	43%
Finance charges	(342,015)	(86,000)	298%
Other income	13,778	-	100%
Total other expense, net	(599,007)	(275,183)	118%
Net loss	\$ (2,707,595)	\$ (1,487,127)	82%

**Revenues.** Net revenues decreased to \$1.9MM from \$2.0MM for the three months ended June 30, 2023 and 2022, respectively. The decrease in revenue was primarily driven by client attrition as a few of the Company's larger MSP customers were acquired by larger corporations, who brought these services in house at the beginning of 2023.

**Cost of sales.** Cost of sales for the three months ended June 30, 2023 and 2022 decreased to \$0.5MM compared to \$0.6MM respectively. The decrease between periods was due primarily to a decrease in labor costs and subscriptions related to Professional Services and Other revenues which incurred some attrition at the beginning of the year. The Company has been able to add on customers to both Subscription Software and Services and Professional Services and Other Revenues at a lower cost.

**Selling, general and administrative expenses.** Selling, general and administrative expenses for the three months ended June 30, 2023 and 2022 were \$3.2MM and \$2.3MM, respectively. The increase between periods was primarily due to an increase in payroll expenses and other general and administrative expenses to support the rate of growth as well as the additional cost incurred to support the build out of the Company's iCoreClaims product line.

**Depreciation and amortization expenses.** Depreciation and amortization expenses for the three months ended June 30, 2023 and 2022 were \$0.3MM and \$0.3MM, respectively. The difference between periods was primarily the result of lower capitalization of assets subject to depreciation in the three months ended June 30, 2023 compared to the three months ended June 30, 2022.

**Interest Expense.** Interest expense for the three months ended June 30, 2023 and 2022 was \$0.3MM and \$0.2MM, respectively. The increase between periods was primarily due to the Company taking on additional bridge debt for growth and operations during the first quarter of 2023.

**Financing fee.** Financing fee expenses for the three months ended June 30, 2023 and 2022 were \$0.3MM and \$0.1MM respectively. The increase between periods was primarily due to the Company taking on additional bridge debt for growth and operations during the first quarter of 2023.

**Other income.** Other income for the three months ended June 30, 2023 and 2022 were \$0.01MM and \$nil, respectively. Other income in 2023 consisted of the net proceeds from sale of capital assets.

Six Month Period Ended June 30, 2023 Compared to Six Month Period Ended June 30, 2022

	Six Months Ended		
	June 30, 2023	June 30, 2022	% Incr/(Decr)
Revenue	\$ 3,696,519	\$ 4,055,050	(9%)
Cost of sales	975,482	1,255,513	(22%)
Gross profit	2,721,037	2,799,537	
Expenses			
Selling, general and administrative	5,600,174	4,293,934	30%
Depreciation and amortization	580,509	714,100	(19%)
Total operating expenses	6,180,683	5,008,034	
Loss from operations	(3,459,646)	(2,208,497)	
Other income (expense)			
Interest expense	(528,683)	(344,872)	53%
Finance charges	(422,078)	(386,000)	9%
Other income (expense)	13,778	(89,993)	(115%)
Total other expense, net	(936,983)	(820,865)	14%
Net loss	\$ (4,396,629)	\$ (3,029,362)	45%

**Revenues.** Net revenues for the six months ended June 30, 2023 decreased to \$3.7MM compared to \$4.1MM for six months ended June 30, 2022.

Revenues from Subscription Software and Services decreased slightly to \$3.3MM from \$3.7MM, respectively, due to ePrescription mandates which took effect in Q1 2022 and were subsequently altered to not being required based on number of prescriptions written or delayed enforcement until sometime in 2023 resulting in cancellations in the mid half of 2022. The Company made the decision to allow some customers to exit their contracts early in order to assist in an orderly compliance of the new enforcement dates with the idea that the Company could gain the customer back in the latter half of 2023. Professional Services and Other revenues increased to \$0.38MM from \$0.14MM, respectively due to net client gains during the period.

**Cost of sales.** Cost of sales for the six months ended June 30, 2023 and 2022 decreased to \$0.98MM compared to \$1.3MM respectively. The decrease between periods was due primarily to a decrease in labor costs and subscriptions related to Professional Services and Other revenues which incurred some attrition at the beginning of the year. The Company has been able to add on customers to both Subscription Software and Services and Professional Services and Other Revenues at a lower cost.

**Selling, general and administrative expenses.** Selling, general and administrative expenses for the six months ended June 30, 2023 and 2022 were \$5.6MM and \$4.3MM, respectively. The increase between periods was primarily due to an increase in payroll expenses and other general and administrative expenses to support a high rate of growth.

**Depreciation and amortization expenses.** Depreciation and amortization expenses for the six months ended June 30, 2023 and 2022 were \$0.3MM and \$0.4MM, respectively. The decrease between periods was primarily the result of lower capitalization of assets subject to depreciation in the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

**Interest Expense.** Interest expense for the six months ended June 30, 2023, and 2022 was \$0.53MM and \$0.34MM, respectively. The increase between periods was primarily due the Company taking on additional bridge debt for growth and operations during the first quarter of 2023.

**Financing fee.** Financing fee expenses for the six months ended June 30, 2023 and 2022 were \$0.42MM and \$0.34MM respectively. The expenses are related to the issuance of convertible debt features in 2023 and warrants and convertible feature of the convertible debt issued in the second quarter of 2021.

**Other income (expense).** Other income (expense) consists of cost related to the payment of sales and use tax filings for prior periods as well as settlement of a prior periods accounts payable for Q2 2022 compared to income related to the sale of company assets in Q2 2023.

**LIQUIDITY AND CAPITAL**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

For the six-month period ended June 30, 2023 the Company generated an operating loss of \$3,459,646. In addition, the Company has an accumulated deficit, total stockholders' deficit and net working capital deficit of \$93,271,716, and \$8,759,814, respectively. The Company's activities were primarily financed through private placements of equity securities and issuance of debt. The Company intends to raise additional capital through the issuance of debt and/or equity securities to fund its operations, although there is no assurance that it will be successful in raising any additional capital. The Company is reliant on future fundraising to finance operations in the near future. . In light of these matters, there is substantial doubt that the Company will be able to continue as a going concern for a period of 12 months from the issuance date of these financial statements.

Management continues to develop strategic partnerships and has ramped up selling into the existing customer base as well as penetrate larger organizations with multiple customers while continuing to scope out additional areas of opportunity. While management believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. Management's ability to continue as a going concern is ultimately dependent upon its ability to continually increase the Company's customer base and realize increased revenues from signed contracts. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The primary factors that influence our liquidity include, but are not limited to, the amount and timing of our equity and debt raises, revenues, cash collections from our clients, capital expenditures, and investments in research and development.

The following table summarizes the impact of operating, investing and financing activities on our cash flows for the six-month periods ended June 30, 2023 and 2022 related to our operations:

	<b>Six Month Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Net cash used in operating activities</b>	\$ (1,919,630)	\$ (1,434,944)
<b>Net cash used in investing activities</b>	(509,908)	(129,898)
<b>Net cash provided by financing activities</b>	<u>2,302,120</u>	<u>1,657,296</u>
<b>Net change in cash</b>	(127,418)	92,454
<b>Cash and cash equivalents at beginning of the period</b>	196,153	71,807
<b>Cash and cash equivalents at end of the period</b>	<u>\$ 68,735</u>	<u>\$ 164,261</u>

**Operating Activities:** Net cash used by operating activities of \$1.9MM for six-month period ended June 30, 2023 was \$0.6MM more than the \$1.4MM cash used by operations for the six-month period ended June 30, 2022. The increase in cash utilized by operating activities compared to the six-month period ended June 30, 2022 was primarily attributable to a larger net loss period on period, offset by an increase in accounts payable of \$0.4MM. Future spending on operating activities is expected to be funded by the sale of and issuance of additional shares of common stock.

**Investing Activities:** Net cash used by investing activities was \$0.5MM for the six-month period ended June 30, 2023 compared to \$0.13MM cash used by investing activities for the six -month period ended June 30, 2022. The overall increase was mainly due to increases in capitalized software during the six months ended June 30, 2023. Future spending on investing activities is expected to be funded by the sale of and issuance of additional shares of common stock.

**Financing Activities:** Net cash provided by financing activities of \$2.3MM for the six-month period ended June 30, 2023 was \$0.6MM more than the \$1.7MM cash provided by financing activities for the six-month period ended June 30, 2022. The Company issued \$2.3MM in net debt proceeds for the six-months ended June 30, 2023 versus \$2.4MM for the same comparative period in 2022. The Company also converted \$0.7MM of convertible debt in to equity for the six months ended June 30, 2023 in comparison to \$0.02MM for the same comparable period in 2022.

**Credit Facilities**

In January 2021 the Company and one of its Convertible Debt Holders entered into a Purchase Agreement for up to \$5,000,000 of the Company's common stock for 24 months. The purchase price of the stock will be at 75% of the lowest individual daily weight average price of the past five (5) trading days with the amount to be drawn down as the lesser of \$250,000 or 300% of the average shares traded for the ten (10) days prior to the Closing Request Date with a minimum \$25,000 put allowance. As part of the agreement, the Company issued 250,000 shares of common stock as a commitment fee. The facility expired in January 2023.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

Not applicable.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial and accounting officer), we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended June 30, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that during the period covered by this report, our disclosure controls and procedures were not effective, due to the material weakness related to the Company's accounting for complex financial instruments and the material weakness related to our inability to adequately segregate responsibilities over the financial reporting process. In addition, management has further identified deficiencies within its corporate governance practices, as the Company did not have the necessary controls in place to understand the impact on equity holders and monitor the issuance of instruments with down round features. Considering these material weaknesses, we performed additional procedures and analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles.

Notwithstanding the material weaknesses, management has concluded that the financial statements included elsewhere in this Quarterly Report present fairly, in all material respects, our financial position, results of operations and cash flows in conformity with GAAP.

**Changes to Internal Control Over Financial Reporting**

We have not identified any change in our internal control over financial reporting during our most recently completed fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

The Company from time to time, may be a party to various litigation, claims and disputes, arising in the ordinary course of business. While the ultimate impact of such actions cannot be predicted with certainty, we believe the outcome of these matters, except for that noted below, will not have a material adverse effect on our financial condition or results of operations.

On February 21, 2023, the Company received a notice under section 21 of Indian Arbitration and Conciliation Act, 1996 related to a dispute pursuant to contract between the Company and a service provider, pursuant to which the service provider has asserted the Company has violated the terms of the contract and has claimed damages of approximately \$635,000. The Company is evaluating the claims asserted against it and intends to defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts.

**ITEM 1A. RISK FACTORS**

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our Annual Report on Form 10-K/A filed with the SEC. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Information with respect to sales of unregistered shares of the Common Stock of the Company during the fiscal quarter ended June 30, 2023, is set forth in the Condensed Statements of Changes in Stockholders' Equity (Deficit) for the Six Months Ended June 30, 2023 and 2022 (Unaudited) contained in Part I Financial Information. All such sales were to accredited investors and were made in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended. The proceeds were used by the Company for working capital purposes.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

Not applicable.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.1</a>	<a href="#">Promissory Note between iCoreConnect Inc. and Jeffrey Stellinga dated June 14, 2023</a>
<a href="#">10.2</a>	<a href="#">Convertible Promissory Note between iCoreConnect Inc. and Christa Maclean, dated June 14, 2023</a>
<a href="#">10.3</a>	<a href="#">Convertible Promissory Note between iCoreConnect Inc. and Christina Dixon dated June 14, 2023</a>
<a href="#">10.4</a>	<a href="#">Convertible Promissory Note between iCoreConnect Inc. and Robosmasher Inc. dated June 30, 2023</a>
<a href="#">10.5</a>	<a href="#">Promissory Note between iCoreConnect Inc. and Jeffrey Stellinga dated July 3, 2023</a>
<a href="#">10.6</a>	<a href="#">Convertible Promissory Note between iCoreConnect Inc. and David and Jennifer Maclean dated July 24, 2023</a>
<a href="#">31.1 *</a>	<a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2 *</a>	<a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1 *+</a>	<a href="#">Certification of Principal Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.2 *+</a>	<a href="#">Certification of Principal Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Certain exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

+ The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.



**SIGNATURES**

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

**iCoreConnect, Inc. (Registrant)**

Date: August 14, 2023

By: /s/ Robert McDermott  
Robert McDermott  
Chief Executive Officer  
(Principal Executive Officer)

Date: August 14, 2023

By: /s/ Archit Shah  
Archit Shah  
Chief Financial Officer  
(Principal Accounting Officer)

**PROMISSORY NOTE****Principal Amount: \$145,010.00****Issue Date: June 14, 2023**

**FOR VALUE RECEIVED, ICORECONNECT, INC.**, a Nevada corporation (hereinafter called the “Borrower”), hereby promises to pay to the order of **Jeffrey Stellinga**, or registered assigns (the “Holder”), in the form of lawful money of the United States of America, the principal sum of \$145,010.00 (the “Principal Amount”) and to pay interest on the Principal Amount under this Note at the rate of eighteen percent (18%) (the “Interest Rate”) per annum from the date that the Principal Amount is fully funded in accordance with the terms of this Note until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise, as further provided herein; with the understanding that Borrower shall make a single lump sum principal and interest payment on the maturity date of the Note. The Holder shall pay the Consideration on the day of the full execution of the Note and all related transactional documents related to this Note, and the outstanding principal amount under this Note shall be \$145,010.00. The maturity date for this Note shall be September 1, 2023 (“Maturity Date”), and is the date upon which the principal sum as well as any accrued and unpaid interest and other fees shall be due and payable. Notwithstanding any other provision of this Note or any related transaction documents, Borrower may prepay this Note at any time without penalty.

Any Principal Amount or interest on this Note which is not paid when due shall bear interest at the rate the lesser of (a) twenty percent (20%) per annum from the due date thereof until the same is paid (“Default Interest”); or (b) the maximum rate allowed by law.

All payments due hereunder shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date.

As used in this Note, the term “business day” shall mean any day other than a Saturday, Sunday, or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed. As used herein, the term “Trading Day” means any day that shares of Common Stock are listed for trading or quotation on the Principal Market (as defined in the Purchase Agreement), any tier of the NASDAQ Stock Market, the New York Stock Exchange (including the NYSE American).

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

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## ARTICLE I. [RESERVED]

## ARTICLE II. RANKING AND CERTAIN COVENANTS

2.1 Ranking and Security. The obligations of the Borrower under this Note shall be subordinate with respect to any and all Indebtedness incurred as of or following the Issue Date.

2.2 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease, or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition, but otherwise such consent shall not be unreasonably withheld, conditioned, or delayed.

2.3 Section 3(a)(9) or 3(a)(10) Transaction. So long as this Note is outstanding, the Borrower shall not enter into any transaction or arrangement structured in accordance with, based upon, or related or pursuant to, in whole or in part, either Section 3(a)(9) of the Securities Act (a "3(a)(9) Transaction") or Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"). In the event that the Borrower does enter into, or makes any issuance of Common Stock related to a 3(a)(9) Transaction or a 3(a)(10) Transaction while this note is outstanding, a liquidated damages charge of twenty-five percent (25%) of the outstanding principal balance of this Note, but not less than Twenty-Five Thousand Dollars (\$25,000), will be assessed and will become immediately due and payable to the Holder in the form of a cash payment.

2.4 Non-circumvention. The Borrower hereby covenants and agrees that the Borrower will not, by amendment of its Certificate or Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all the provisions of this Note and take all action as may be required to protect the rights of the Holder.

2.5 Lost, Stolen or Mutilated Note. Upon receipt by the Borrower of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction, or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Borrower in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Borrower shall execute and deliver to the Holder a new Note.

## ARTICLE III. EVENTS OF DEFAULT

It shall be considered an event of default if any of the following events listed in this Article III (each, an "Event of Default") shall occur *provided however*, that Borrower shall have thirty(30) calendar days to cure any Event of Default under this Note or any of the other Transaction Documents, unless another time period (whether longer or shorter) is specified therein:

3.1 Breach of Agreements and Covenants. The Borrower breaches any material agreement, covenant or other material term or condition contained in this Note, or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith.

3.2 Breach of Representations and Warranties. Any material representation or warranty of the Borrower made in Note or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.3 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.4 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than \$500,000.00, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.5 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.6 Failure to Comply with the 1934 Act. At any time after the Issue Date, the Borrower shall fail to comply with the reporting requirements of the 1934 Act or the Borrower shall cease to be subject to the reporting requirements of the 1934 Act.

3.7 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.8 Cessation of Operations. Any cessation of operations by Borrower, or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.9 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future).

3.10 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC for any date or period from two (2) years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.18 Bid Price. The Borrower shall subsequently lose the "bid" price for its Common Stock (\$0.0001 on the "Ask" with zero market makers on the "Bid" per Level 2) or a market (including the OTC Pink, OTCQB or an equivalent replacement marketplace or exchange).

3.19 Inside Information. Any attempt by the Borrower or its officers, directors, or affiliates to intentionally transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Borrower or its officers, directors, or affiliates of, material non-public information concerning the Borrower, to the Holder or its successors and assigns, which is not immediately cured by Borrower's filing of a Form 8-K pursuant to Regulation FD on that same date

3.20 Suspension of Trading of Common Stock. If, at any time, the Borrower's Common Stock (i) is suspended from trading; (ii) halted from trading; or (iii) fails to be quoted or listed (as applicable) on any level of the OTC Markets, any tier of the NASDAQ Stock Market, the New York Stock Exchange, (including the NYSE American).

3.24 Rights and Remedies Upon an Event of Default Upon the occurrence and during the continuation of any Event of Default specified in this Article III, this Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount (the "Default Amount") equal to the Principal Amount then outstanding plus accrued interest (including any Default Interest) through the date of full repayment multiplied by one hundred five percent (105%). Upon an uncured Event of Default, all amounts payable hereunder shall immediately become due and payable, all without demand, presentment, or notice, all of which hereby are expressly waived by the Borrower, together with all costs, including, without limitation, legal fees, and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity, including, without limitation.

#### ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies of the Holder existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served; (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid; (iii) delivered by reputable air courier service with charges prepaid; or (iv) transmitted by hand delivery, telegram, e-mail or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by e-mail or facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received); or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

**iCoreConnect, Inc.**  
529 E. Crown Point Road, Suite #250  
Ocoee, FL 34781  
Attention: Robert McDermott  
e-mail: rmcdermott@icoreconnect.com

If to the Holder:

**JEFFREY STELLINGA**  
6019 Savanna Oak Aly  
Windermere, FL 34786  
e-mail: jstellinga@icoreconnect.com

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended, or supplemented.

4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Neither the Borrower nor the Holder shall assign this Note or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Holder may assign its rights hereunder to any "accredited investor" (as defined in Rule 501(a) of the 1933 Act) in a private transaction from the Holder, or to any of its "affiliates", as that term is defined under the 1934 Act, without the consent of the Borrower. Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that following payment of a portion of this Note, the unpaid principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorney's fees.

4.6 Governing Law; Venue; Attorney's Fees. This Note shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note or any other agreement, certificate, instrument, or document contemplated hereby shall be brought only in the state courts located in the state of Nevada or federal courts located in the state of Nevada. The Borrower hereby irrevocably waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **THE BORROWER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTIONS CONTEMPLATED HEREBY.** Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note or any other agreement, certificate, instrument or document contemplated hereby or thereby by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The prevailing party in any action or dispute brought in connection with this the Note or any other agreement, certificate, instrument, or document contemplated hereby or thereby shall be entitled to recover from the other party its reasonable attorney's fees and costs.

4.7 Certain Amounts. Whenever pursuant to this Note the Borrower is required to pay an amount in excess of the outstanding Principal Amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents mutually agreed upon stipulated damages and not a penalty and is intended to compensate the Holder in part for its losses.

4.8 Notice of Corporate Events. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any Change in Control or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least twenty (20) days prior to the record date specified therein (or thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. The Borrower shall make a public announcement of any event requiring notification to the Holder hereunder substantially simultaneously with the notification to the Holder in accordance with the terms of this Section 4.9.

4.9 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

4.10 Construction; Headings. This Note shall be deemed to be jointly drafted by the Borrower and all the Holder and shall not be construed against any person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note.

4.11 Usury. To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Holder in order to enforce any right or remedy under this Note. Notwithstanding any provision to the contrary contained in this Note, it is expressly agreed and provided that the total liability of the Borrower under this Note for payments which under the applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under the applicable law in the nature of interest that the Borrower may be obligated to pay under this Note exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by applicable law and applicable to this Note is increased or decreased by statute or any official governmental action subsequent to the Issue Date, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to this Note from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to the Holder with respect to indebtedness evidenced by this the Note, such excess shall be applied by the Holder to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at the Holder's election.

4.12 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law (including any judicial ruling), then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

4.13 Prepayment. The Company may prepay this Note at any time without penalty.

[signature page follows]

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer on June 14, 2023.

**ICORECONNECT, INC.**

By: \_\_\_\_\_  
Name: Robert McDermott  
Title: Chief Executive Officer

**JEFFREY STELLINGA**

By: \_\_\_\_\_  
Name: Jeffrey Stellinga  
HOLDER



NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

CONVERTIBLE PROMISSORY NOTE

June 14, 2023  
\$77,000

**For Value Received iCoreConnect, Inc.**, a Nevada corporation ("Borrower"), hereby promises to pay to the order of Christa Maclean, at 502 Troy Road, Ithaca NY 14850, or at such other place designated, the Loan Amount set forth in the attached Loan Schedule (the "Loan Schedule"), without offset, pursuant to the terms of this Promissory Note (this "Note").

1. Payment; Interest; Conversion.

- (a) Interest. Interest shall accrue on the outstanding Loan Amount at the interest rate provided in the Loan Schedule.
- (b) Payment Amounts. Borrower shall pay to Lender the appropriate Payment Amount set forth in the Loan Schedule.
- (c) Maturity Date. All amounts payable under this Note shall be paid no later than the Maturity Date set forth in the Loan Schedule.
- (d) Conversion. The Loan Amount plus all accrued and unpaid interest shall be subject to the conversion feature set forth in the Loan Schedule.

2. Security Interest. None.

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3. Default.

(a) Events of Default. It is hereby expressly agreed by Borrower that time is of the essence hereof and that each of the following occurrences (an "Event of Default") shall constitute a default under this Note:

(i) the failure of Borrower to pay any amounts due under this Note at the times such amounts become due or within five days thereafter pursuant to Section 1 hereof, or

(ii) any other material breach of the terms of this Note by Borrower that is not cured within five business days after notice of such breach; or

(iii) the occurrence of any other Event of Default as defined in this Note.

4. Miscellaneous.

(a) Form of Payment. All payments due hereunder shall be made in immediately available and lawful currency of the United States of America.

(b) Governing Law. This Note, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Nevada without giving effect to the principles of conflict of laws.

(c) Captions. The section and subsection headings in this Note are included for purposes of convenience and reference only and shall not affect in any way the meaning or interpretation of this Note.

(d) Severability. If any provision of this Note is construed by a court of competent jurisdiction to be invalid, illegal or unenforceable, then the remaining provisions of this Note shall not be affected thereby and shall be enforceable without respect to such invalid, illegal or unenforceable provision.

(e) Successors and Assigns. The terms of this Note and of the Loan Schedule shall bind and inure to the benefit of the successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan.

*[Signature Page Follows]*

By: \_\_\_\_\_  
Name: Robert McDermott  
Title: CEO

**CHRISTA MACLEAN**

By: \_\_\_\_\_  
Name: Christa Maclean

**Loan Schedule**

**iCoreConnect, Inc.**

This Schedule forms an integral part of the Note between Borrower and the Lender party thereto.

*Preamble. Loan Amount.* The loan amount will be \$77,000.00 (the "Loan Amount").

*Section 1(a) – Interest.* Interest shall accrue on the outstanding Loan Amount at a rate of 15.0% *per annum*. During the existence of an Event of Default, interest shall accrue at the lesser of (i) the rate of 20% per annum, or (ii) the maximum amount permitted by law.

*Section 1(b) – Payment Amounts:*

Borrower shall make payments of the outstanding Loan Amount and accrued and unpaid interest as follows:

- Monthly interest-only payments; provided the Borrower may, at its option, pay such interest payment by adding such interest to the outstanding Loan Amount on such interest payment date.
- On the Maturity Date, the entire outstanding Loan Amount and all accrued and unpaid interest shall be due and payable, as calculated by the Borrower.

*Section 1(c) – Maturity Date.* The Maturity Date shall be June 14, 2024.

*Section 1(d) – Conversion:* If, at any time while this Note is outstanding, the Borrower consummates the business combination between FG Merger Corp. ("FGMC") and Borrower pursuant to the Merger Agreement and Plan of Reorganization by and among FG Merger Corp., FG Merger Sub Inc., and iCoreConnect, Inc. dated January 5, 2023, as such agreement may be amended from time to time (the "Business Combination"), then, commencing immediately prior to such business combination, the Note along with any accrued and unpaid interest will automatically convert into Common Stock of the Borrower at a twenty percent discount to the Exchange Ratio as defined in the Business Combination. If the issuance would result in the issuance of a fraction of a share of Common Stock, Borrower shall round such fraction of a share of Common Stock up to the nearest whole share.

If the Business Combination does not occur on or prior to September 1, 2023, then the Note will be convertible at the option of the Issuer at a twenty percent discount to the Company's Common Stock price at the closing of September 1, 2023, subject to a floor price of \$0.25 (the "Floor Price"), with the ability to convert until the Note is repaid in full or at the Maturity Date, whichever occurs first. The Issuer must convert a minimum of fifty percent of the outstanding Loan balance on any conversion. All non-converted and outstanding balances will be paid as outlined in 1(b).

If the Borrower, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock equivalents, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Borrower, then the Floor Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Borrower) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

CONVERTIBLE PROMISSORY NOTE

June 14, 2023  
\$6,000

**For Value Received iCoreConnect, Inc.**, a Nevada corporation ("Borrower"), hereby promises to pay to the order of Christina Dixon, at 2143 Danby Road, Willseyville NY 13864, or at such other place designated, the Loan Amount set forth in the attached Loan Schedule (the "Loan Schedule"), without offset, pursuant to the terms of this Promissory Note (this "Note").

1. Payment; Interest; Conversion.

- (a) Interest. Interest shall accrue on the outstanding Loan Amount at the interest rate provided in the Loan Schedule.
- (b) Payment Amounts. Borrower shall pay to Lender the appropriate Payment Amount set forth in the Loan Schedule.
- (c) Maturity Date. All amounts payable under this Note shall be paid no later than the Maturity Date set forth in the Loan Schedule.
- (d) Conversion. The Loan Amount plus all accrued and unpaid interest shall be subject to the conversion feature set forth in the Loan Schedule.

2. Security Interest. None.

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3. Default.

(a) Events of Default. It is hereby expressly agreed by Borrower that time is of the essence hereof and that each of the following occurrences (an "Event of Default") shall constitute a default under this Note:

(i) the failure of Borrower to pay any amounts due under this Note at the times such amounts become due or within five days thereafter pursuant to Section 1 hereof, or

(ii) any other material breach of the terms of this Note by Borrower that is not cured within five business days after notice of such breach; or

(iii) the occurrence of any other Event of Default as defined in this Note.

4. Miscellaneous.

(a) Form of Payment. All payments due hereunder shall be made in immediately available and lawful currency of the United States of America.

(b) Governing Law. This Note, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Nevada without giving effect to the principles of conflict of laws.

(c) Captions. The section and subsection headings in this Note are included for purposes of convenience and reference only and shall not affect in any way the meaning or interpretation of this Note.

(d) Severability. If any provision of this Note is construed by a court of competent jurisdiction to be invalid, illegal or unenforceable, then the remaining provisions of this Note shall not be affected thereby and shall be enforceable without respect to such invalid, illegal or unenforceable provision.

(e) Successors and Assigns. The terms of this Note and of the Loan Schedule shall bind and inure to the benefit of the successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan.

*[Signature Page Follows]*

By \_\_\_\_\_  
Name: Robert McDermott  
Title: CEO

**CHRISTINA DIXON**

By: \_\_\_\_\_  
Name: Christina Dixon

**Loan Schedule**

**iCoreConnect, Inc.**

This Schedule forms an integral part of the Note between Borrower and the Lender party thereto.

*Preamble. Loan Amount.* The loan amount will be \$6,000.00 (the "Loan Amount").

*Section 1(a) – Interest.* Interest shall accrue on the outstanding Loan Amount at a rate of 15.0% *per annum*. During the existence of an Event of Default, interest shall accrue at the lesser of (i) the rate of 20% per annum, or (ii) the maximum amount permitted by law.

*Section 1(b) – Payment Amounts:*

Borrower shall make payments of the outstanding Loan Amount and accrued and unpaid interest as follows:

- Monthly interest-only payments; provided the Borrower may, at its option, pay such interest payment by adding such interest to the outstanding Loan Amount on such interest payment date.
- On the Maturity Date, the entire outstanding Loan Amount and all accrued and unpaid interest shall be due and payable, as calculated by the Borrower.

*Section 1(c) – Maturity Date.* The Maturity Date shall be June 14, 2024.

*Section 1(d) – Conversion:* If, at any time while this Note is outstanding, the Borrower consummates the business combination between FG Merger Corp. ("FGMC") and Borrower pursuant to the Merger Agreement and Plan of Reorganization by and among FG Merger Corp., FG Merger Sub Inc., and iCoreConnect, Inc. dated January 5, 2023, as such agreement may be amended from time to time (the "Business Combination"), then, commencing immediately prior to such business combination, the Note along with any accrued and unpaid interest will automatically convert into Common Stock of the Borrower at a twenty percent discount to the Exchange Ratio as defined in the Business Combination. If the issuance would result in the issuance of a fraction of a share of Common Stock, Borrower shall round such fraction of a share of Common Stock up to the nearest whole share.

If the Business Combination does not occur on or prior to September 1, 2023, then the Note will be convertible at the option of the Issuer at a twenty percent discount to the Company's Common Stock price at the closing of September 1, 2023, subject to a floor price of \$0.25 (the "Floor Price"), with the ability to convert until the Note is repaid in full or at the Maturity Date, whichever occurs first. The Issuer must convert a minimum of fifty percent of the outstanding Loan balance on any conversion. All non-converted and outstanding balances will be paid as outlined in 1(b).

If the Borrower, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock equivalents, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Borrower, then the Floor Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Borrower) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.



NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

CONVERTIBLE PROMISSORY NOTE

June 30, 2023  
\$250,000

**For Value Received iCoreConnect, Inc.**, a Nevada corporation ("Borrower"), hereby promises to pay to the order of Robosmasher Inc., at 8045 Whitford Ct, Windermere, FL 34786, or at such other place designated, the Loan Amount set forth in the attached Loan Schedule (the "Loan chedule"), without offset, pursuant to the terms of this Promissory Note (this "Note").

1. Payment; Interest; Conversion.

- (a) Interest. Interest shall accrue on the outstanding Loan Amount at the interest rate provided in the Loan Schedule.
- (b) Payment Amounts. Borrower shall pay to Lender the appropriate Payment Amount set forth in the Loan Schedule.
- (c) Maturity Date. All amounts payable under this Note shall be paid no later than the Maturity Date set forth in the Loan Schedule.
- (d) Conversion. The Loan Amount plus all accrued and unpaid interest shall be subject to the conversion feature set forth in the Event of Default.

2. Security Interest. None.

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3. Default.

( a ) Events of Default. It is hereby expressly agreed by Borrower that time is of the essence hereof and that each of the following occurrences (an “Event of Default”) shall constitute a default under this Note:

(i) the failure of Borrower to pay any amounts due under this Note at the times such amounts become due or within five days thereafter pursuant to Section 1 hereof, or

(ii) any other material breach of the terms of this Note by Borrower that is not cured within five business days after notice of such breach; or

(iii) the occurrence of any other Event of Default as defined in this Note.

(b) Conversion Option at Default: If the Borrower is unable to cure an event an Event of Default, the Lender as its sole and exclusive discretion shall have the right but not the obligation to convert any amounts outstanding into the Borrowers Common Stock at \$0.25 per share (subject to adjustment for stock splits, stock dividends, or similar events). This conversion right shall terminate upon the consummation of the business combination between FGMC and the Company pursuant to the Merger Agreement and Plan of Reorganization by and among FG Merger Corp., FG Merger Sub Inc., and the Borrower dated January 5, 2023.

4. Miscellaneous.

(a) Form of Payment. All payments due hereunder shall be made in immediately available and lawful currency of the United States of America.

(b) Governing Law. This Note, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Nevada without giving effect to the principles of conflict of laws.

(c) Captions. The section and subsection headings in this Note are included for purposes of convenience and reference only and shall not affect in any way the meaning or interpretation of this Note.

(d) Severability. If any provision of this Note is construed by a court of competent jurisdiction to be invalid, illegal or unenforceable, then the remaining provisions of this Note shall not be affected thereby and shall be enforceable without respect to such invalid, illegal or unenforceable provision.

(e) Successors and Assigns. The terms of this Note and of the Loan Schedule shall bind and inure to the benefit of the successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan.

[Signature Page Follows]

By \_\_\_\_\_  
Name: Archit Shah  
Title: CFO

**ROBOSMASHER INC**

By: \_\_\_\_\_  
Name: Robert McDermott  
Title: Manager

**Loan Schedule**

**iCoreConnect, Inc.**

This Schedule forms an integral part of the Note between Borrower and the Lender party thereto.

*Preamble. Loan Amount.* The loan amount will be \$250,000.00 (the "Loan Amount") of which \$200,000 (representing an original issue discount of 20%, will be advanced on the date of the Note ("Advance").

*Section 1(a) – Interest.* Interest shall accrue on the outstanding Loan Amount at a rate of 15.0% *per annum*. During the existence of an Event of Default, interest shall accrue at the lesser of (i) the rate of 20% per annum, or (ii) the maximum amount permitted by law.

*Section 1(b) – Payment Amounts.*

Borrower shall make payments of the outstanding Loan Amount and accrued and unpaid interest as follows:

- Monthly interest-only payments.
- On the Maturity Date, the entire outstanding Loan Amount and all accrued and unpaid interest shall be due and payable, as calculated by the Borrower.

*Section 1(c) – Maturity Date.* The Maturity Date shall be December 30, 2023.

**PROMISSORY NOTE****Principal Amount: \$65,000.00****Issue Date: July 3, 2023**

**FOR VALUE RECEIVED, ICORECONNECT, INC.**, a Nevada corporation (hereinafter called the “Borrower”), hereby promises to pay to the order of **Jeffrey Stellinga**, or registered assigns (the “Holder”), in the form of lawful money of the United States of America, the principal sum of \$65,000.00 (the “Principal Amount”) and to pay interest on the Principal Amount under this Note at the rate of eighteen percent (18%) (the “Interest Rate”) per annum from the date that the Principal Amount is fully funded in accordance with the terms of this Note until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise, as further provided herein; with the understanding that Borrower shall make a single lump sum principal and interest payment on the maturity date of the Note. The Holder shall pay the Consideration on the day of the full execution of the Note and all related transactional documents related to this Note, and the outstanding principal amount under this Note shall be \$65,000.00. The maturity date for this Note shall be September 1, 2023 (“Maturity Date”), and is the date upon which the principal sum as well as any accrued and unpaid interest and other fees shall be due and payable. Notwithstanding any other provision of this Note or any related transaction documents, Borrower may prepay this Note at any time without penalty.

Any Principal Amount or interest on this Note which is not paid when due shall bear interest at the rate the lesser of (a) twenty percent (20%) per annum from the due date thereof until the same is paid (“Default Interest”); or (b) the maximum rate allowed by law.

All payments due hereunder shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date.

As used in this Note, the term “business day” shall mean any day other than a Saturday, Sunday, or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed. As used herein, the term “Trading Day” means any day that shares of Common Stock are listed for trading or quotation on the Principal Market (as defined in the Purchase Agreement), any tier of the NASDAQ Stock Market, the New York Stock Exchange (including the NYSE American).

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

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## ARTICLE I. [RESERVED]

## ARTICLE II. RANKING AND CERTAIN COVENANTS

2.1 Ranking and Security. The obligations of the Borrower under this Note shall be subordinate with respect to any and all Indebtedness incurred as of or following the Issue Date.

2.2 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease, or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition, but otherwise such consent shall not be unreasonably withheld, conditioned, or delayed.

2.3 Section 3(a)(9) or 3(a)(10) Transaction. So long as this Note is outstanding, the Borrower shall not enter into any transaction or arrangement structured in accordance with, based upon, or related or pursuant to, in whole or in part, either Section 3(a)(9) of the Securities Act (a "3(a)(9) Transaction") or Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"). In the event that the Borrower does enter into, or makes any issuance of Common Stock related to a 3(a)(9) Transaction or a 3(a)(10) Transaction while this note is outstanding, a liquidated damages charge of twenty-five percent (25%) of the outstanding principal balance of this Note, but not less than Twenty-Five Thousand Dollars (\$25,000), will be assessed and will become immediately due and payable to the Holder in the form of a cash payment.

2.4 Non-circumvention. The Borrower hereby covenants and agrees that the Borrower will not, by amendment of its Certificate or Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all the provisions of this Note and take all action as may be required to protect the rights of the Holder.

2.5 Lost, Stolen or Mutilated Note. Upon receipt by the Borrower of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction, or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Borrower in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Borrower shall execute and deliver to the Holder a new Note.

## ARTICLE III. EVENTS OF DEFAULT

It shall be considered an event of default if any of the following events listed in this Article III (each, an "Event of Default") shall occur *provided however*, that Borrower shall have thirty(30) calendar days to cure any Event of Default under this Note or any of the other Transaction Documents, unless another time period (whether longer or shorter) is specified therein:

3.1 Breach of Agreements and Covenants. The Borrower breaches any material agreement, covenant or other material term or condition contained in this Note, or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith.

3.2 Breach of Representations and Warranties. Any material representation or warranty of the Borrower made in Note or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.3 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.4 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than \$500,000.00, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.5 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.6 Failure to Comply with the 1934 Act. At any time after the Issue Date, the Borrower shall fail to comply with the reporting requirements of the 1934 Act or the Borrower shall cease to be subject to the reporting requirements of the 1934 Act.

3.7 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.8 Cessation of Operations. Any cessation of operations by Borrower, or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.9 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future).

3.10 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC for any date or period from two (2) years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.18 Bid Price. The Borrower shall subsequently lose the "bid" price for its Common Stock (\$0.0001 on the "Ask" with zero market makers on the "Bid" per Level 2) or a market (including the OTC Pink, OTCQB or an equivalent replacement marketplace or exchange).

3.19 Inside Information. Any attempt by the Borrower or its officers, directors, or affiliates to intentionally transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Borrower or its officers, directors, or affiliates of, material non-public information concerning the Borrower, to the Holder or its successors and assigns, which is not immediately cured by Borrower's filing of a Form 8-K pursuant to Regulation FD on that same date

3.20 Suspension of Trading of Common Stock. If, at any time, the Borrower's Common Stock (i) is suspended from trading; (ii) halted from trading; or (iii) fails to be quoted or listed (as applicable) on any level of the OTC Markets, any tier of the NASDAQ Stock Market, the New York Stock Exchange, (including the NYSE American).

3.24 Rights and Remedies Upon an Event of Default Upon the occurrence and during the continuation of any Event of Default specified in this Article III, this Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount (the "Default Amount") equal to the Principal Amount then outstanding plus accrued interest (including any Default Interest) through the date of full repayment multiplied by one hundred five percent (105%). Upon an uncured Event of Default, all amounts payable hereunder shall immediately become due and payable, all without demand, presentment, or notice, all of which hereby are expressly waived by the Borrower, together with all costs, including, without limitation, legal fees, and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity, including, without limitation.

#### ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies of the Holder existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served; (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid; (iii) delivered by reputable air courier service with charges prepaid; or (iv) transmitted by hand delivery, telegram, e-mail or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by e-mail or facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received); or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

**iCoreConnect, Inc.**  
529 E. Crown Point Road, Suite #250  
Ocoee, FL 34781  
Attention: Robert McDermott  
e-mail: rmcdermott@icoreconnect.com

If to the Holder:

**JEFFREY STELLINGA**  
6019 Savanna Oak Aly  
Windermere, FL 34786  
e-mail: jstellinga@icoreconnect.com

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended, or supplemented.



4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Neither the Borrower nor the Holder shall assign this Note or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Holder may assign its rights hereunder to any "accredited investor" (as defined in Rule 501(a) of the 1933 Act) in a private transaction from the Holder, or to any of its "affiliates", as that term is defined under the 1934 Act, without the consent of the Borrower. Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that following payment of a portion of this Note, the unpaid principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorney's fees.

4.6 Governing Law; Venue; Attorney's Fees. This Note shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note or any other agreement, certificate, instrument, or document contemplated hereby shall be brought only in the state courts located in the state of Nevada or federal courts located in the state of Nevada. The Borrower hereby irrevocably waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **THE BORROWER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTIONS CONTEMPLATED HEREBY.** Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note or any other agreement, certificate, instrument or document contemplated hereby or thereby by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The prevailing party in any action or dispute brought in connection with this the Note or any other agreement, certificate, instrument, or document contemplated hereby or thereby shall be entitled to recover from the other party its reasonable attorney's fees and costs.

4.7 Certain Amounts. Whenever pursuant to this Note the Borrower is required to pay an amount in excess of the outstanding Principal Amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents mutually agreed upon stipulated damages and not a penalty and is intended to compensate the Holder in part for its losses.

4.8 Notice of Corporate Events. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any Change in Control or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least twenty (20) days prior to the record date specified therein (or thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. The Borrower shall make a public announcement of any event requiring notification to the Holder hereunder substantially simultaneously with the notification to the Holder in accordance with the terms of this Section 4.9.

4.9 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

4.10 Construction; Headings. This Note shall be deemed to be jointly drafted by the Borrower and all the Holder and shall not be construed against any person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note.

4.11 Usury. To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Holder in order to enforce any right or remedy under this Note. Notwithstanding any provision to the contrary contained in this Note, it is expressly agreed and provided that the total liability of the Borrower under this Note for payments which under the applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under the applicable law in the nature of interest that the Borrower may be obligated to pay under this Note exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by applicable law and applicable to this Note is increased or decreased by statute or any official governmental action subsequent to the Issue Date, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to this Note from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to the Holder with respect to indebtedness evidenced by this the Note, such excess shall be applied by the Holder to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at the Holder's election.

4.12 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law (including any judicial ruling), then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

4.13 Prepayment. The Company may prepay this Note at any time without penalty.

[signature page follows]

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer on July 3, 2023.

**ICORECONNECT, INC.**

By: \_\_\_\_\_  
Name: Robert McDermott  
Title: Chief Executive Officer

**JEFFREY STELLINGA**

By: \_\_\_\_\_  
Name: Jeffrey Stellinga  
HOLDER

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

CONVERTIBLE PROMISSORY NOTE

July 24, 2023  
\$40,000

**For Value Received iCoreConnect, Inc.**, a Nevada corporation ("Borrower"), hereby promises to pay to the order of David and Jennifer Maclean, at 604 S Indigo Terrace, St. John FL 32259, or at such other place designated, the Loan Amount set forth in the attached Loan Schedule (the "Loan Schedule"), without offset, pursuant to the terms of this Promissory Note (this "Note").

1. Payment; Interest; Conversion.

- (a) Interest. Interest shall accrue on the outstanding Loan Amount at the interest rate provided in the Loan Schedule.
- (b) Payment Amounts. Borrower shall pay to Lender the appropriate Payment Amount set forth in the Loan Schedule.
- (c) Maturity Date. All amounts payable under this Note shall be paid no later than the Maturity Date set forth in the Loan Schedule.
- (d) Conversion. The Loan Amount plus all accrued and unpaid interest shall be subject to the conversion feature set forth in the Loan Schedule.

2. Security Interest. None.

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3. Default.

(a) Events of Default. It is hereby expressly agreed by Borrower that time is of the essence hereof and that each of the following occurrences (an "Event of Default") shall constitute a default under this Note:

(i) the failure of Borrower to pay any amounts due under this Note at the times such amounts become due or within five days thereafter pursuant to Section 1 hereof, or

(ii) any other material breach of the terms of this Note by Borrower that is not cured within five business days after notice of such breach; or

(iii) the occurrence of any other Event of Default as defined in this Note.

4. Miscellaneous.

(a) Form of Payment. All payments due hereunder shall be made in immediately available and lawful currency of the United States of America.

(b) Governing Law. This Note, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Nevada without giving effect to the principles of conflict of laws.

(c) Captions. The section and subsection headings in this Note are included for purposes of convenience and reference only and shall not affect in any way the meaning or interpretation of this Note.

(d) Severability. If any provision of this Note is construed by a court of competent jurisdiction to be invalid, illegal or unenforceable, then the remaining provisions of this Note shall not be affected thereby and shall be enforceable without respect to such invalid, illegal or unenforceable provision.

(e) Successors and Assigns. The terms of this Note and of the Loan Schedule shall bind and inure to the benefit of the successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan.

*[Signature Page Follows]*

By \_\_\_\_\_  
Name: Robert McDermott  
Title: CEO

**DAVID & JENNIFER MACLEAN**

By: \_\_\_\_\_  
Name: David Maclean

## Loan Schedule

### iCoreConnect, Inc.

This Schedule forms an integral part of the Note between Borrower and the Lender party thereto.

*Preamble. Loan Amount.* The loan amount will be \$40,000.00 (the "Loan Amount").

*Section 1(a) – Interest.* Interest shall accrue on the outstanding Loan Amount at a rate of 15.0% *per annum*. During the existence of an Event of Default, interest shall accrue at the lesser of (i) the rate of 20% per annum, or (ii) the maximum amount permitted by law.

*Section 1(b) – Payment Amounts:*

Borrower shall make payments of the outstanding Loan Amount and accrued and unpaid interest as follows:

- Monthly interest-only payments; provided the Borrower may, at its option, pay such interest payment by adding such interest to the outstanding Loan Amount on such interest payment date.
- On the Maturity Date, the entire outstanding Loan Amount and all accrued and unpaid interest shall be due and payable, as calculated by the Borrower.

*Section 1(c) – Maturity Date:* The Maturity Date shall be July 24, 2024.

*Section 1(d) – Conversion:* If, at any time while this Note is outstanding, the Borrower consummates the business combination between FG Merger Corp. ("FGMC") and Borrower pursuant to the Merger Agreement and Plan of Reorganization by and among FG Merger Corp., FG Merger Sub Inc., and iCoreConnect, Inc. dated January 5, 2023, as such agreement may be amended from time to time (the "Business Combination"), then, commencing immediately prior to such business combination, the Note along with any accrued and unpaid interest will automatically convert into Common Stock of the Borrower at a twenty percent discount to the Exchange Ratio as defined in the Business Combination. If the issuance would result in the issuance of a fraction of a share of Common Stock, Borrower shall round such fraction of a share of Common Stock up to the nearest whole share.

If the Business Combination does not occur on or prior to September 1, 2023, then the Note will be convertible at the option of the Issuer at a twenty percent discount to the Company's Common Stock price at the closing of September 1, 2023, subject to a floor price of \$0.25 (the "Floor Price"), with the ability to convert until the Note is repaid in full or at the Maturity Date, whichever occurs first. The Issuer must convert a minimum of fifty percent of the outstanding Loan balance on any conversion. All non-converted and outstanding balances will be paid as outlined in 1(b).

If the Borrower, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock equivalents, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Borrower, then the Floor Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Borrower) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

**CERTIFICATION OF THE CEO PURSUANT TO SECURITIES EXCHANGE ACT  
RULES 13a-14(a) OR 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert P. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iCoreConnect Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Robert P. McDermott

Robert P. McDermott  
President and Chief Executive Officer



**CERTIFICATION OF THE CFO PURSUANT TO SECURITIES EXCHANGE ACT RULES  
13a-14(a) OR 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Archit Shah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iCoreConnect Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Archit Shah

Archit Shah  
Chief Financial Officer

**CERTIFICATION 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 quarterly report of iCoreConnect Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert McDermott, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 14, 2023

By: /s/ Robert McDermott

Robert McDermott  
President and Chief Executive Officer

**CERTIFICATION 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 quarterly report of iCoreConnect Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Archit Shah, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 14, 2023

By: /s/ Archit Shah  
Archit Shah  
Chief Financial Officer