CREATIVE REALITIES, INC.

FORM 8-K/A
(Amended Current report filing)

Filed 12/28/15 for the Period Ending 10/15/15

Address	55 BROADWAY 9TH FLOOR NEW YORK, NY 10006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 15, 2015

CREATIVE REALITIES, INC.
(Exact name of registrant as specified in its charter)

Minnesota	001-33169	41-1967918
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

22 Audrey Place, Fairfield, NJ 07004
(Address of principal executive offices)

(973) 324-6660
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On October 21, 2015, Creative Realities, Inc. filed a Form 8-K (the "Initial Report") reporting the October 15, 2015 completion of its acquisition of ConeXus World Global, LLC pursuant to the Agreement and Plan of Merger and Reorganization dated as of August 11, 2015, as amended on October 15, 2015. Creative Realities is filing this amendment to (i) file the historical financial statements of ConeXus World Global LLC and Affiliate as required by Item 9.01(a), (ii) file the interim financial statements of ConeXus World Global LLC and Affiliate required by Item 9.01(a) of Form 8-K, and (iii) file the unaudited pro forma financial information required by Item 9.01(b) of Form 8-K. No other amendments to the Initial Report are being effected hereby.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated balance sheets of ConeXus World Global LLC and Affiliate as of and for the years ended December 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income, changes in members deficit, and cash flows for the years then ended, and the notes related thereto. The unaudited consolidated balance sheet as of September 30, 2015, and the related unaudited condensed consolidated statements of income, comprehensive loss, changes in members' deficit and cash flows for the periods ended September 30, 2015 and 2014, and the notes related thereto, are included as part of this Form 8-K/A and are incorporated herein by this reference.

(b) Pro Forma Financial Information.

The unaudited pro forma financial information of Creative Realities as of September 30, 2015 and for the periods ended December 31, 2014 and September 30, 2014, is filed as Exhibit 99.2 hereto and incorporated herein by reference.

(c) Exhibits.

Exhibit No.	Description
23.2	Consent of Monroe Shine & Co., Inc. (*filed herewith)*
99.1	Audited Financial Statements of ConeXus World Global LLC and Affiliate for the years ended December 31, 2014 and 2013 (*filed herewith)*
99.2	Unaudited consolidated balance sheet of ConeXus World Global LLC and Affiliate as of September 30, 2015 and the unaudited consolidated statements of income, comprehensive income, changes in members deficit, and cash flows for the periods ended September 30, 2015 and 2014 and the notes related thereto (*filed herewith)*
99.3	Unaudited pro forma financial information of Creative Realities, Inc. as of September 30, 2015 and for the periods ended September 30, 2015 and December 31, 2014 (*filed herewith)*

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CREATIVE REALITIES, INC.:
(REGISTRANT)

By: /s/ John Walpuck

JOHN WALPUCK
Chief Financial Officer

Dated: December 28, 2015

EXHIBIT INDEX

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Exhibit 23.2

MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

C O NSENT O F INDEPENDENT AUDITORS

We cons e nt to the incorp o rat i o n of our repo r t dated Se p t e m b er 22, 2015, with r espect to the Consolida t ed Balance Sheets of Conexus World Global, LLC and Affiliate as of D ece m ber 31, 2014 and December 31, 201 3 , a n d the related Consolidated S tatemen t s of Income, Comp r ehensive Income, Changes in Members' Deficit, and Ca s h Flows, which appe a rs in this Form 8-K /A dated D ecember 2 8 , 2015.

Monroe Shine + Co, Inc.

Monroe Shine & Co . , Inc.
New Albany, Indiana

Exhibit 99.1

CONEXUS WORLD GLOBAL, LLC
AND AFFILIATE -
LOUISVILLE, KENTUCKY
CONSOLIDATED FINANCIAL
STATEMENTS

YEARS ENDED
DECEMBER 31, 2014 AND 2013

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE

CONTENTS

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Independent Auditor's Report

To the Members
ConeXus World Global, LLC and Affiliate
Louisville, Kentucky

We have audited the accompanying consolidated financial statements of **ConeXus World Global, LLC and Affiliate** (the Company), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, members' deficit, and cash flows for the year ended December 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **ConeXus World Global, LLC and Affiliate** as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Monroe Shine

New Albany, Indiana
September 22, 2015

MONROE SHINE & CO., INC. • CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets		
Cash	$ 52,652	$ 91,486
Accounts receivable	928,016	195,463
Inventory	7,863	7,417
Prepaid expenses and other current assets	19,019	31,600
Total Current Assets	1,007,550	325,966
Furniture and Equipment		
Furniture and equipment	13,605	12,754
Less accumulated depreciation	4,590	1,974
Net Furniture and Equipment	9,015	10,780
	$ 1,016,565	$ 336,746
LIABILITIES AND MEMBERS' DEFICIT		
Current Liabilities		
Accounts payable	$ 789,797	$ 194,558
Accrued expenses	65,319	111,820
Deferred revenue	366,229	71,378
Short-term notes payable	881,544	496,580
Total Current Liabilities	2,102,889	874,336
Members' Deficit		
ConeXus World Global, LLC members' deficit	(883,448)	(363,344)
Members' deficit attributable to noncontrolling interests	(202,876)	(174,246)
Total Members' Deficit	(1,086,324)	(537,590)
	$ 1,016,565	$ 336,746

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014

Net sales	$ 3,432,820
Cost of sales	2,618,574
Gross Profit	814,246
Operating Expenses	
Sales and marketing expenses	393,176
General and administrative expenses	933,627
Depreciation expense	2,708
	1,329,511
Operating Loss	(515,265)
Other Expense	
Interest expense	(66,736)
	(66,736)
Net Loss	(582,001)
Less net loss attributable to noncontrolling interests	(61,897)
Net Loss Attributable to ConeXus World Global, LLC	$ (520,104)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014

Net Loss	$	(582,001)
Other Comprehensive Income		
Equity adjustment from foreign currency translation		33,267
Comprehensive Loss		(548,734)
Less comprehensive loss attributable to noncontrolling interests		(28,630)
Comprehensive Loss Attributable to ConeXus World Global, LLC	$	(520,104)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' DEFICIT
YEAR ENDED DECEMBER 31, 2014

	Members' Deficit	Noncontrolling Interest	Total
Balances at January 1, 2014	$ (363,344)	$ (174,246)	$ (537,590)
Net loss	(520,104)	(61,897)	(582,001)
Other comprehensive income	-	33,267	33,267
Balances at December 31, 2014	$ (883,448)	$ (202,876)	$ (1,086,324)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

Operating Activities		
Net loss	$	(582,001)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		2,708
(Increase) decrease in current assets:		
Accounts receivable		(732,553)
Inventory		(446)
Prepaid expenses and other current assets		12,581
Increase (decrease) in current liabilities:		
Accounts payable		595,239
Accrued expenses		(46,501)
Deferred revenue		294,851
Net Cash Used In Operating Activities		(456,122)
Investing Activities		
Purchase of equipment		(944)
Net Cash Used In Investing Activities		(944)
Financing Activities		
Proceeds from issuance of short-term notes payable		738,317
Repayment of short-term notes payable		(353,352)
Net Cash Provided By Financing Activities		384,965
Effect of exchange rate changes on cash		33,267
Net Decrease in Cash		(38,834)
Cash at beginning of year		91,486
Cash at End of Year	$	52,652
Supplemental Disclosure of Cash Flow Information:		
Cash payments for:		
Interest	$	75,439

See notes to consolidated financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of ConeXus World Global, LLC ("Company"), a Kentucky limited liability company, and ConeXus World EMEA BVBA ("BVBA"), a variable interest entity ("VIE") owned by a noncontrolling member of the Company and organized in Belgium (See Note 2). Intercompany balances and transactions have been eliminated.

Nature of Operations

The Company and BVBA provide digital marketing solutions including technology integration project management, design and maintenance services to customers throughout the United States and certain international markets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

The Company grants credit to customers located throughout the world. The Company maintains its cash at financial institutions. At times the bank deposit balances may be in excess of federally insured limits.

Foreign Currency Translation Adjustments

The financial position and results of operations of the Company's foreign affiliate, BVBA, are measured using the foreign affiliate's local currency (the Euro) as the functional currency. Revenues and expenses of the affiliate have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded as a separate component of members' equity, unless there is a sale or complete liquidation of the underlying foreign investments. An analysis of the changes in the cumulative foreign currency translation adjustments for 2014 follows:

Balance at January 1, 2014	$ (17,816)
Gain on foreign currency translations	33,267
Balance at December 31, 2014	$ 15,451

(1 - continued)

Revenue Recognition

The Company recognizes revenue on service contracts ratably over the applicable contract period or as services are performed. Amounts billed and collected before the services are performed are included in deferred revenue.

The Company recognizes revenue from project implementation contracts upon completion of the project or as work progresses, depending on the nature of the contract and the contractual arrangements with the customer. Net billings in excess of costs on uncompleted contracts are recorded as deferred revenue until the revenue recognition criteria are met. Shipping charges billed to customers are included in sales and the related shipping costs are included in cost of sales.

Accounts Receivable and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. In evaluating the collectability of accounts receivable management reviews all past due receivable balances, and based on an assessment of current creditworthiness, estimates the portion, if any, of the receivable balance that will not be collected. Estimated uncollectible receivable balances are charged off against earnings.

Inventory

Inventory consists of equipment that has not been charged to specific contracts at the balance sheet date and is valued at the lower of cost (first-in, first-out) or market (net realizable value).

Furniture and Equipment

The Company uses the straight line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives.

Items capitalized as part of furniture and equipment are valued at cost. Maintenance and repairs are expensed as incurred. The asset cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and any gain or loss is included in operations.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs totaled $21,227 for the year ended December 31, 2014.

(1 - continued)

Income Taxes

The Company has elected to be treated as a partnership for federal and state income tax purposes. Under existing provisions of the Internal Revenue Code, a partnership is not a taxpaying entity for federal or state income tax purposes. Accordingly, no income tax expense has been recorded in the financial statements. All income or losses will be reported on the members' income tax returns.

The Company has implemented the accounting guidance for uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of December 31, 2014, the Company has no uncertain tax positions that qualify for either recognition or disclosures in the financial statements. The Company files federal and Indiana income tax returns. Returns filed in these jurisdictions for tax years ended on or after December 31, 2011 are subject to examination by the relevant taxing authorities.

(2) CONSOLIDATED VARIABLE INTEREST ENTITY

The Company holds a variable interest in BVBA, a related party VIE, for which the Company is the primary beneficiary. The Company's variable interest in BVBA primarily relates to its funding of BVBA's operating losses and the fact that a significant portion of BVBA's operations are directed by the Company. As the primary beneficiary of the VIE, the VIE's assets, liabilities, and results of operations are included in the Company's consolidated financial statements. The following table summarizes the carrying amounts of BVBA's assets and liabilities included in the consolidated balance sheets at December 31, 2014 and 2013. BVBA reported a net loss of $58,278 for the year ended December 31, 2014.

	2014	2013
Cash	$ -	$ 11,939
Accounts receivable	28,350	3,759
Equipment, net of accumulated depreciation	2,008	2,729
Prepaid expenses and other current assets	9,529	14,216
Total assets	$ 39,887	$ 32,643
Accounts payable	$ 129,601	$ 55,978
Net intercompany payable	108,642	140,944
Total liabilities	238,243	196,922
Members' deficit	(214,708)	(156,430)
Equity adjustment from foreign currency translations	16,352	(7,849)
Total members' deficit	(198,356)	(164,279)
Total liabilities and members' deficit	$ 39,887	$ 32,643

(3) NOTES PAYABLE

During the years ended December 31, 2014 and 2013 the Company borrowed working capital from Strategic Communications, LLC ("Strategic") and RFK Communications, LLC ("RFK"), entities controlled by the controlling member or his spouse. These borrowings are unsecured notes payable and bear an interest rate of 5%. Interest on the outstanding principal balance is paid on a monthly basis. The balance due to Strategic is payable on demand and the principal balance due on the RFK note is due on demand beginning January 1, 2015. The note payable to Strategic had a balance of $170,000 and $50,000 at December 31, 2014 and 2013, respectively. The note payable to RFK had a balance of $511,544 and $196,580 at December 31, 2014 and 2013, respectively.

On January 30, 2013, the Company entered into a $250,000 convertible loan agreement ("Convertible Note") with an unrelated individual. The Convertible Note is secured by the general business assets of the Company and bears interest at 20%. On or after January 1, 2014, the note holder had the ability to cancel a portion of the unpaid principal balance in exchange for a proportional percentage unit interest in the Company. The outstanding unpaid principal balance of the Convertible Note was $200,000 and $250,000 at December 31, 2014 and 2013, respectively. The option to convert the note into units of the Company was not exercised.

Subsequent to December 31, 2014, the Company fully repaid the note payable to Strategic and the Convertible Note.

(4) RELATED PARTY TRANSACTIONS

As described in Note 3, the Company had notes payable outstanding to related parties of $681,544 and $246,580 at December 31, 2014 and 2013, respectively. In addition, the Company had accounts payable for materials purchased from Strategic of $79,210 and $57,873 at December 31, 2014 and 2013, respectively. Purchases from Strategic totaled $277,662 for the year ended December 31, 2014.

(5) OPERATING LEASES

The Company and BVBA rent office space under operating lease agreements. On November 1, 2012, the Company entered into an operating lease for office space with a term of three years with lease payments of $3,220 per month. The term of the lease was set to expire on October 31, 2015. However, the Company cancelled the lease in March 2015 after paying an early termination fee of three months' rent. All other operating leases outstanding at December 31, 2014 were for terms of 12 months or less.

Total rent expense under operating leases for the year ended December 31, 2014 was $83,259.

(6) CONTINGENT LIABILITY

The Company is a defendant in a lawsuit, filed by a former supplier of customer relationship management software alleging breach of contract, which seeks damages totaling $28,000. The Company proposed a settlement in the amount of $20,000, based on the advice of the Company's legal counsel. Consequently, $20,000 was charged to operations in the accompanying 2014 financial statements. However, if the settlement offer is not accepted by the plaintiff and the case goes to trial, the amount of the ultimate loss to the Company, if any, may equal the entire amount of damages of $28,000 sought by the plaintiff.

(7) MAJOR CUSTOMERS

For 2014, the Company's three largest customers accounted for approximately 62% of net sales, and outstanding receivables from these major customers totaled $688,814 and $117,394 at December 31, 2014 and 2013, respectively.

(8) SUBSEQUENT EVENTS

The Company has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through September 22, 2015, the date these financial statements were available to be issued.

On August 11, 2015, the Company entered into an Agreement and Plan of Merger ("Agreement") with Creative Realities, Inc. ("Creative") for the Company to become a wholly-owned subsidiary of Creative for stock consideration through the issuance of a combination of an aggregate of 20,000,000 shares of Creative's common stock and 2,250,000 shares of Creative's preferred stock. The Agreement contains customary representations, warranties, and indemnities, and consummation of the proposed merger is subject to a number of closing conditions. Subject to the satisfaction or waiver of such closing conditions, the merger is expected to be consummated in the latter part of September 2015.

On January 2, 2015, the Company entered into a subscription agreement for the purchase of a 5% interest in the Company by an unrelated individual. The agreement included options for the purchase of up to an additional 5% interest in the Company assuming certain performance goals were met by the Company for 2015 and 2016. On June 30, 2015, the Company entered into another subscription agreement with the same individual for the purchase of an additional 5% interest in the Company.

During 2015, the Company entered into operating lease agreements for various office and warehouse space at locations in California, Texas, New York and Kentucky. The leases have terms ranging from one to six years.

(9) GOING CONCERN MATTERS

The Company has experienced recurring operating losses and negative cash flows from operating activities. In addition, the Company reported a total members' deficit and current liabilities in excess of current assets of approximately $1.1 million at December 31, 2014. These factors create an uncertainty about the Company's ability to continue as a going concern. However, management believes that all cash needs will be met throughout 2015. The Company has operated on a break-even basis and all obligations have been met for the eight months ended August 31, 2015. Management has been able to improve operating results in 2015 primarily by increasing sales and improving the gross profit margin. The controlling member also has the intent and ability to continue to fund the cash needs of the Company throughout the remainder of 2015, and the anticipated closing of the transaction disclosed in Note 8 would provide additional funding sources through a prospective parent company. As a result, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that might be necessary if the Company is unable to continue operations.

Exhibit 99.2

CONEXUS WORLD GLOBAL, LLC
AND AFFILIATE -
LOUISVILLE, KENTUCKY

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2015
(UNAUDITED)

CONEXUS WORLD GLOBAL, LLC. AND AFFILIATE
(UNAUDITED)

CONTENTS

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	September 30, 2015	December 31, 2014
Current Assets		
Cash	$157,745	$52,652
Accounts receivable	975,270	928,016
Inventory	15,479	7,863
Prepaid expenses and other current assets	25,486	19,019
Total Current Assets	1,173,980	1,007,550
Furniture and Equipment		
Furniture and equipment	56,356	13,605
Less accumulated depreciation	8,014	4,590
Net Furniture and Equipment	48,342	9,015
Other Assets		
Security deposits	12,549	-
	$ 1,234,871	$ 1,016,565

LIABILITIES AND MEMBERS' DEFICIT

	September 30, 2015	December 31, 2014
Current Liabilities		
Accounts payable	$ 990,992	$ 789,797
Accrued expenses	271,894	65,319
Deferred revenue	266,809	366,229
Short-term notes payable	881,448	881,544
Total Current Liabilities	2,411,143	2,102,889
Other Liabilities		
Accrued rent	26,960	-
Members' Deficit		
ConeXus World Global, LLC members' deficit	(915,176)	(883,448)
Members' deficit attributable to noncontrolling interests	(288,056)	(202,876)
Total Members' Deficit	(1,203,232)	(1,086,324)
	$ 1,234,871	$ 1,016,565

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Net sales	$4,741,288	$1,684,071
Cost of sales	3,089,371	1,269,678
Gross Profit	1,651,917	414,393
Operating Expenses		
Sales and marketing expenses	612,457	306,979
General and administrative expenses	1,082,276	609,948
Depreciation expense	3,484	2,038
	1,698,217	918,965
Operating Loss	(46,300)	(504,572)
Other Expense		
Interest expense	(60,621)	(43,303)
	(60,621)	(43,303)
Net Loss	(106,921)	(547,875)
Less net income (loss) attributable to noncontrolling interests	(74,993)	7,948
Net Loss Attributable to ConeXus World Global, LLC	$ (31,928)	$ (555,823)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Net Loss	$ (106,921)	$ (547,875)
Other Comprehensive Income (Loss)		
Equity adjustment from foreign currency translation	(10,187)	15,152
Comprehensive Loss	(117,108)	(532,723)
Less comprehensive income (loss) attributable to noncontrolling interests	(85,180)	23,100
Comprehensive Loss Attributable to ConeXus World Global, LLC	$ (31,928)	$ (555,823)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
(Unaudited)

	Members' Deficit	Noncontrolling Interest	Total
Balances at January 1, 2014	$ (363,344)	$ (174,246)	$ (537,590)
Net loss	(555,823)	7,948	(547,875)
Other comprehensive income	-	15,152	15,152
Balances at September 30, 2014	$ (919,167)	$ (151,146)	$ (1,070,313)
Balances at January 1, 2015	$ (883,448)	$ (202,876)	$ (1,086,324)
Net loss	(31,928)	(74,993)	(106,921)
Other comprehensive income	-	(10,187)	(10,187)
Capital contributions	200	-	200
Balances at September 30, 2015	$ (915,176)	$ (288,056)	$ (1,203,232)

See notes to consolidated financial statements.

CONEXUS WORLD GLOBAL, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating Activities		
Net loss	$ (106,921)	$ (547,875)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	3,484	2,038
(Increase) decrease in current assets:		
Accounts receivable	(47,254)	(107,320)
Inventory	(7,616)	7,417
Prepaid expenses and other current assets	(6,467)	17,586
Increase in security deposits	(12,549)	-
Increase (decrease) in current liabilities:		
Accounts payable	201,195	109,298
Accrued expenses	206,575	(62,822)
Deferred revenue	(99,420)	238,203
Increase in accrued rent	26,960	-
Net Cash Provided by (Used in) Operating Activities	157,987	(343,475)
Investing Activities		
Purchase of equipment	(42,811)	(1,027)
Net Cash Used in Investing Activities	(42,811)	(1,027)
Financing Activities		
Proceeds from issuance of short-term notes payable	593,191	409,591
Repayment of short-term notes payable	(593,287)	(153,600)
Capital contributions	200	-
Net Cash Provided by Financing Activities	104	255,991
Effect of exchange rate changes on cash	(10,187)	15,152
Net Increase (Decrease) in Cash	105,093	(73,359)
Cash at beginning of period	52,652	91,486
Cash at End of Period	$ 157,745	$ 18,127
Supplemental Disclosure of Cash Flow Information:		
Cash payments for:		
Interest	$ 60,621	$ 52,006

See notes to consolidated financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of ConeXus World Global, LLC ("Company"), a Kentucky limited liability company, and ConeXus World EMEA BVBA ("BVBA"), a variable interest entity ("VIE") owned by a noncontrolling member of the Company and organized in Belgium (See Note 3). Intercompany balances and transactions have been eliminated.

Nature of Operations

The Company and BVBA provide digital marketing solutions including technology integration project management, design and maintenance services to customers throughout the United States and certain international markets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

The Company grants credit to customers located throughout the world. The Company maintains its cash at financial institutions. At times the bank deposit balances may be in excess of federally insured limits.

Foreign Currency Translation Adjustments

The financial position and results of operations of the Company's foreign affiliate, BVBA, are measured using the foreign affiliate's local currency (the Euro) as the functional currency. Revenues and expenses of the affiliate have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded as a separate component of members' equity, unless there is a sale or complete liquidation of the underlying foreign investments. An analysis of the changes in the cumulative foreign currency translation adjustments for the nine months ended September 30, 2015 and 2014 follows:

	2015	2014
Balance at January 1	$ 15,451	$ (17,816)
Gain (loss) on foreign currency translations	(10,187)	15,152
Balance at September 30	$ 5,264	$ (2,664)

(1 - continued)

Revenue Recognition

The Company recognizes revenue on service contracts ratably over the applicable contract period or as services are performed. Amounts billed and collected before the services are performed are included in deferred revenue.

The Company recognizes revenue from project implementation contracts upon completion of the project or as work progresses, depending on the nature of the contract and the contractual arrangements with the customer. Net billings in excess of costs on uncompleted contracts are recorded as deferred revenue until the revenue recognition criteria are met. Shipping charges billed to customers are included in sales and the related shipping costs are included in cost of sales.

Accounts Receivable and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. In evaluating the collectability of accounts receivable management reviews all past due receivable balances, and based on an assessment of current creditworthiness, estimates the portion, if any, of the receivable balance that will not be collected. Estimated uncollectible receivable balances are charged off against earnings.

Inventory

Inventory consists of equipment that has not been charged to specific contracts at the balance sheet date and is valued at the lower of cost (first-in, first-out) or market (net realizable value).

Furniture and Equipment

The Company uses the straight line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives.

Items capitalized as part of furniture and equipment are valued at cost. Maintenance and repairs are expensed as incurred. The asset cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and any gain or loss is included in operations.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs totaled $9,866 and $29,334 for the nine months ended September 30, 2015 and 2014, respectively.

(1 - continued)

Income Taxes

The Company has elected to be treated as a partnership for federal and state income tax purposes. Under existing provisions of the Internal Revenue Code, a partnership is not a taxpaying entity for federal or state income tax purposes. Accordingly, no income tax expense has been recorded in the financial statements. All income or losses will be reported on the members' income tax returns.

The Company has implemented the accounting guidance for uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes* . Under that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of September 30, 2015, the Company has no uncertain tax positions that qualify for either recognition or disclosures in the financial statements. The Company files federal and Indiana income tax returns. Returns filed in these jurisdictions for tax years ended on or after December 31, 2012 are subject to examination by the relevant taxing authorities.

(2) **MERGER WITH CREATIVE REALITIES, INC.**

On August 11, 2015, the Company entered into an Agreement and Plan of Merger and Reorganization ("Agreement") with Creative Realities, Inc. ("Creative") for the Company to become a wholly-owned subsidiary of Creative for stock consideration through the issuance of a combination of an aggregate of 20,000,000 shares of Creative's common stock and 2,250,000 shares of Creative's preferred stock. The Agreement was amended on October 15, 2015. The amendment reduced the number of shares of Creative's preferred stock to be issued in the merger from 2,250,000 to 2,080,000 and required the conversion of $823,000 of the Company's related party debt into (i) 2,639,258 shares of Creative common stock (and correspondingly reduced the number of shares of Creative common stock issuable in the merger) and (ii) $150,000 in Creative convertible debt.

The merger was completed on October 15, 2015. At the effective time of the merger, the debtholders and members of the Company received a total of 1,664,000 shares of Creative preferred stock and 16,000,000 shares of Creative common stock. The remaining 416,000 shares of Creative preferred stock and 4,000,000 shares of Creative common stock were held back pending the completion of a reorganization of the capital structure of BVBA. If such reorganization does not occur prior to March 31, 2016, the held back shares will not be issued to the former members of the Company.

Effective October 2015, in addition to the closing of the merger with Creative and the conversion of the RFK notes payable as discussed further in Note 4, the Company was party to securities purchase agreements and is a co-maker (along with Creative and its other principal subsidiaries) of two secured convertible promissory notes with an aggregate principal amount of $800,000. The secured convertible promissory notes are secured by all of the personal property of the co-makers (including the Company).

(3) CONSOLIDATED VARIABLE INTEREST ENTITY

The Company holds a variable interest in BVBA, a related party VIE, for which the Company is the primary beneficiary. The Company's variable interest in BVBA primarily relates to its funding of BVBA's operating losses and the fact that a significant portion of BVBA's operations are directed by the Company. As the primary beneficiary of the VIE, the VIE's assets, liabilities, and results of operations are included in the Company's consolidated financial statements. The following table summarizes the carrying amounts of BVBA's assets and liabilities included in the consolidated balance sheets at September 30, 2015 and December 31, 2014. BVBA reported a net loss of $74,993 for the nine months ended September 30, 2015 and net income of $20,230 for the nine months ended September 30, 2014.

	September 30, 2015	December 31, 2014
Cash	$ 17,620	$ -
Accounts receivable	117,720	28,350
Equipment, net of accumulated depreciation	1,575	2,008
Prepaid expenses and other current assets	9,494	9,529
Total assets	$ 146,409	$ 39,887
Accounts payable	$ 148,733	$ 129,601
Net intercompany payable	256,139	108,642
Total liabilities	404,872	238,243
Members' deficit	(289,701)	(214,708)
Equity adjustment from foreign currency translations	31,238	16,352
Total members' deficit	(258,463)	(198,356)
Total liabilities and members' deficit	$ 146,409	$ 39,887

(4) NOTES PAYABLE

During the nine months ended September 30, 2015 and 2014 the Company borrowed working capital from Strategic Communications, LLC (“Strategic”) and RFK Communications, LLC (“RFK”), entities controlled by the controlling member or his spouse. These borrowings are unsecured notes payable and bear an interest rate of 5% or 6%. Interest on the outstanding principal balance is paid on a monthly basis. The balance due to Strategic is payable on demand and the principal balance due on the RFK notes is due on demand beginning January 1, 2015. The note payable to Strategic had a balance of $170,000 at December 31, 2014 and this note payable was fully repaid in 2015. Notes payable to RFK totaled $823,011 and $511,544 at September 30, 2015 and December 31, 2014, respectively. As discussed in Note 2, the notes payable to RFK were converted into Creative common shares and Creative convertible debt upon completion of the merger on October 15, 2015.

On June 1, 2015, the Company borrowed $150,000 under a short-term business loan from a financial institution. The short-term business loan is secured by the general business assets of the Company and is payable in 132 daily payments of $1,352. The final payment on the short-term business loan was due on December 2, 2015. The outstanding unpaid principal balance of the short-term business loan was $58,437 at September 30, 2015.

On January 30, 2013, the Company entered into a $250,000 convertible loan agreement (“Convertible Note”) with an unrelated individual. The Convertible Note is secured by the general business assets of the Company and bears interest at 20%. On or after January 1, 2014, the note holder had the ability to cancel a portion of the unpaid principal balance in exchange for a proportional percentage unit interest in the Company. The outstanding unpaid principal balance of the Convertible Note was $200,000 at December 31, 2014 and this note payable was fully repaid in 2015. The option to convert the note into units of the Company was not exercised.

(5) RELATED PARTY TRANSACTIONS

As described in Note 4, the Company had notes payable outstanding to related parties of $823,011 and $681,544 at September 30, 2015 and December 31, 2014, respectively. In addition, the Company had accounts payable for materials purchases to Strategic of $23,056 and $79,210 at September 30, 2015 and December 31, 2014, respectively, and accounts payable for short-term advances from members of $34,956 at September 30, 2015. The Company also had accounts receivable of $69,397 due from Creative at September 30, 2015. Purchases from Strategic totaled $75,917 and $245,009 for the nine months ended September 30, 2015 and 2014, respectively. Sales to Creative totaled $109,589 for the nine months ended September 30, 2015.

(6) **OPERATING LEASES**

The Company and BVBA rent office space under noncancelable operating lease agreements that expire at different dates through May 2021. The Company recognizes lease expense for lease contracts with annual adjustments using the straight-line method over the lease term. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 2015 for each of the next five years and in the aggregate:

Year ending September 30:

2016	$ 168,580
2017	258,840
2018	247,355
2019	202,674
2020	202,674
2021 and thereafter	112,102
	$ 1,192,225

Total rent expense under operating leases for the nine months ended September 30, 2015 and 2014 was $122,914 and $55,732, respectively.

(7) **MAJOR CUSTOMERS**

For the nine months ended September 30, 2015 and 2014, the Company's three largest customers accounted for approximately 55% and 51% of net sales, respectively, and outstanding receivables from those major customers totaled $291,807 and $688,814 at September 30, 2015 and December 31, 2014, respectively.

(8) **MEMBERS EQUITY**

On January 2, 2015, the Company entered into a subscription agreement for the purchase of a 5% interest in the Company by an unrelated individual. The agreement included options for the purchase of up to an additional 5% interest in the Company assuming certain performance goals were met by the Company for 2015 and 2016. On June 30, 2015, the Company entered into another subscription agreement with the same individual for the purchase of an additional 5% interest in the Company. The purchase price for each 5% interest was $100.

(9) GOING CONCERN MATTERS

The Company has historically experienced recurring operating losses and negative cash flows from operating activities. In addition, the Company reported a total members' deficit and current liabilities in excess of current assets of approximately $1.2 million at September 30, 2015. These factors create an uncertainty about the Company's ability to continue as a going concern. However, management believes that all cash needs will be met throughout 2015 and 2016. The Company significantly reduced its operating losses for 2015 compared to prior years and reported positive cash flows from operating activities for the nine months ended September 30, 2015. Management has been able to improve operating results in 2015 primarily by increasing sales and improving the gross profit margin. The merger with Creative also provides the Company with additional funding sources as evidenced by the secured convertible promissory notes discussed further in Note 2. As a result, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that might be necessary if the Company is unable to continue operations.

The following Unaudited Pro Forma Combined Statements of Operations for the year ended December 31, 2014 and the nine months ended September 30, 2015 combine the historical consolidated statements of operations of Creative Realities, Inc. (“CRI”) and ConeXus World Global, LLC and Affiliate (“ConeXus”), giving effect to the merger of ConeXus with and into CRI, as contemplated by that certain Agreement and Plan of Merger and Reorganization dated August 11, 2015 and amended on October 15, 2015, among CRI and ConeXus, as if the merger had been consummated on January 1, 2014, the beginning of the earliest period presented. The following Unaudited Pro Forma Condensed Combined Balance Sheets as of September 30, 2015, combines the historical balance sheets of CRI and ConeXus, giving effect to the merger as if it has been consummated on September 30, 2015.

On October 15, 2015 (the merger date), CRI issued 1,664,000 shares of Series A Preferred Stock and 16,000,000 shares of common stock (market value of $0.22 on merger date) to ConeXus debtholders and members for a total aggregate value of $6,630,000 less a hold back of $1,296,000. Held back were 416,000 shares of Series A Preferred Stock and 4,000,000 shares of common stock pending the completion of a reorganization of the capital structure of a Belgian affiliate of ConeXus. If this reorganization does not occur prior to March 31, 2016, the held back shares will not be issued to the former holders of ConeXus. As the acquirer, CRI preliminarily allocated the purchase price consideration to the estimated fair value of the tangible and intangible assets acquired and liabilities assumed from ConeXus, with the excess purchase price recorded as goodwill.

The pro forma combined financial information has been prepared in accordance with SEC Regulation S-X Article 11. The pro forma combined financial information is presented for illustrative purposes only and is not necessarily indicative of the combined operating results that would have occurred if the merger had been consummated on the dates and in accordance with the assumptions described herein, nor is it necessarily indicative of future results of operations of the combined company.

CRI has not completed the detailed valuation studies necessary to determine the fair values of ConeXus’ assets and liabilities, nor has it identified all adjustments necessary to conform ConeXus’ accounting policies to CRI's accounting policies. CRI has allocated the purchase price based on the preliminary estimated fair value of ConeXus’ assets acquired and liabilities assumed based on discussions with ConeXus’ management, preliminary valuation studies, and CRI’s due diligence. Accordingly, the unaudited pro forma purchase price allocation and related adjustments are preliminary and are subject to further adjustments as additional information becomes available and as valuations and analyses are completed. There may be increases or decreases in the fair value of ConeXus’ assets and liabilities reflected in the balance sheet, which may also impact the statements of operations. There can be no assurance that such final valuations of the assets acquired and liabilities assumed pursuant to the acquisition of ConeXus will not be materially different from the information presented below.

These Unaudited Pro Forma Condensed Combined Financial Statements have been developed from and should be read in conjunction with (i) the unaudited interim consolidated financial statements of CRI contained in its Form 10-Q that reports its results for the nine months period ended September 30, 2015 filed with the SEC and incorporated by reference herein, (ii) the unaudited interim condensed consolidated financial statements of ConeXus contained herein for the nine month period ended September 30, 2015, (iii) the audited consolidated financial statements of CRI for the year ended December 31, 2014, included in the CRI 2014 Form 10-K filed with the SEC and incorporated herein by reference and (iv) the audited consolidated financial statements of ConeXus for the year ended December 31, 2014, included herein.

Unaudited Pro Forma Condensed Combined Balance Sheets
September 30, 2015

(in thousands)	Creative Realitites, Inc.	ConeXus World Global, LLC and Affiliate	Pro Forma Adjustments	Note #	Creative Realities Combined
ASSETS					
Current Assets					
Cash and cash equivalents	$ 264	$ 158	$ -		$ 422
Accounts receivable, net	1,842	975	-		2,817
Unbilled receivables	290	-	-		290
Work-in-process and Inventories	248	16	-		264
Prepaid expenses	217	25	-		242
Total current assets	2,861	1,174	-		4,035
Non-current assets					
Property and equipment, net	902	48	-		950
Intangibles, net	3,738	-	1,109	4(a)	4,847
Goodwill	10,360	-	4,435	4(e)	14,795
Other assets	171	13	-		184
Total non-current assets	15,171	61	5,544		20,776
Total assets	$ 18,032	$ 1,235	$ 5,544		$ 24,811
Current liabilities					
Current maturities of long term debt	$ 1,000	$ 881	$ (823)	4(h)	$ 1,208
			150	4(h)	
Current maturities of capital leases	12	-	-		12
Accounts payable	3,217	991	-		4,208
Accrued liabilities	2,091	299	200	4(i)	2,590
Short-term promissory note	200	-	-		200
Deferred revenues	1,589	267	-		1,856
Dividend payable	356	-	-		356
Total current liabilities	8,465	2,438	(473)		10,430
Non-current liabilities					
Warrant Liability	1,355	-	-		1,355
Long term debt, net of discount and debt issuance costs	198	-	-		198
Other liabilities	344	-	-		344
Capital lease obligations, less current maturities	21	-	-		21
Total non-current liabilities	1,918	-	-		1,918
Total liabilities	$ 10,383	$ 2,438	$ (473)		$ 12,348
Commitments and contingencies					
Convertible redeemable preferred stock, net of discount	1,725	-	1,664	4(i)	3,389
Stockholders' equity (deficit)					
Common Stock	462	-	160	4(i)	622
Additional paid-in capital	18,024	(915)	883	4(i)	21,502
			3,510	4(i)	
Accumulated deficit	(12,562)	-	(200)	4(i)	(12,762)
Noncontrolling interest		(288)	-		(288)
Total shareholders' equity (deficit)	5,924	(1,203)	4,353		9,074
Total Liabilities and Equity	$ 18,032	$ 1,235	$ 5,544		$ 24,811

Unaudited Pro Forma Condensed Combined Statement of Operations
Nine Months Ended September 30, 2015

(in thousands)	Creative Realitites, Inc.	ConeXus World Global, LLC and Affiliate	Pro Forma Adjustments	Note #	Creative Realities Combined
Sales					
Hardware	$ 2,557	$ 4,590	-		$ 7,147
Services and other	5,640	151	-		5,791
Total Sales	8,197	4,741	-		12,938
Cost of sales					
Hardware	2,313	2,665	-		4,978
Services and other	3,236	424	-		3,660
Total costs of sales	5,549	3,089	-		8,638
Gross profit	2,648	1,652	-		4,300
Operating expenses					
Sales and marketing expenses	921	612	-		1,533
Research and development expenses	510	-	-		510
General and administrative expenses	5,397	1,082	-		6,479
Depreciation and amortization expenses	1,296	3	166	4(a)	1,465
Loss on lease termination	638	-	-		638
Total operating expenses	8,762	1,697	166		10,625
Other income/(expense)					
Interest expense	(529)	(61)	-		(590)
Change in fair value of warrant liability	797	-	-		797
Other income/(expense)	(69)	-	-		(69)
Total other income/(expense)	199	(61)	-		138
Net income (loss)	(5,915)	(106)	(166)		(6,187)
Deemed dividend on preferred stock	277	-	75	4(i)	352
Less net income/(loss) attributable to noncontrolling interests	-	(75)	-		(75)
Net income (loss) attributable to common shareholders	$ (6,192)	$ (31)	$ (241)		$ (6,464)
Basic and diluted loss per common share	$ (0.13)				$ (0.10)
Basic and diluted weighted average shares outstanding	46,218		16,000		62,218

Unaudited Pro Forma Condensed Combined Statement of Operations
Year Ended December 31, 2014

(in thousands)	Creative Realitites, Inc.	ConeXus World Global, LLC and Affiliate	Pro Forma Adjustments	Note #	Creative Realities Combined
Sales					
Hardware	$ 5,020	$ 3,433	$ -		$ 8,453
Services and other	8,398	-	-		8,398
Total Sales	13,418	3,433	-		16,851
Cost of sales					
Hardware	4,606	2,619	-		7,225
Services and other	5,446	-	-		5,446
Total costs of sales	10,052	2,619	-		12,671
Gross profit	3,366	814	-		4,180
Operating expenses					
Sales and marketing expenses	1,179	393	-		1,572
Research and development expenses	492	-	-		492
General and administrative expenses	5,765	934	-		6,699
Depreciation and amortization expenses	817	3	222	4(a)	1,042
Total operating expenses	8,253	1,330	222		9,805
Other income/(expense)					
Interest expense	(32)	(67)	-		(99)
Change in fair value of warrant liability	(8)	-	-		(8)
Other income/(expense)	1,127	-	-		1,127
Total other income/(expense)	1,087	(67)	-		1,020
Net loss	(3,800)	(583)	(222)		(4,605)
Less net income/(loss) attributable to noncontrolling interests	-	(62)	-		(62)
Deemed dividend on preferred stock	1,215	-	100	4(i)	1,315
Net loss attributable to common shareholders	$ (5,015)	$ (521)	$ (322)		$ (5,858)
Basic and diluted loss per common share	$ (0.14)				$ (0.11)
Basic and diluted weighted average shares outstanding	34,986		16,000		50,986

Note 1. Description of the Transaction

On October 15, 2015, CRI issued to debtholders and members of ConeXus a total of 1,664,000 shares of CRI Series A Preferred Stock and 16,000,000 shares of CRI common stock. As the acquirer, CRI preliminarily allocated the purchase price consideration to the tangible and intangible assets acquired and liabilities assumed from ConeXus, with the excess purchase price recorded as goodwill.

Note 2. Basis of Pro Forma Presentation

The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2014 and for the nine months ended September 30, 2015 give effect to the ConeXus merger as if it had been completed on January 1, 2014. The Unaudited Pro Forma Condensed Combined Balance Sheets as of September 30, 2015 gives effect to the ConeXus merger as if it had been completed on September 30, 2015.

The Unaudited Pro Forma Condensed Combined Financial Statements have been derived from the historical consolidated financial statements of CRI and ConeXus that are filed herein. Based on CRI's preliminary review of ConeXus' and CRI's summary of significant accounting policies and preliminary discussions with management teams of CRI and ConeXus, the nature and amount of any adjustments to the historical financial statements of ConeXus to conform its accounting policies to those of CRI are not expected to be material.

The ConeXus merger is reflected in the Unaudited Pro Forma Condensed Combined Financial Statements as an acquisition of ConeXus by CRI in accordance with Accounting Standards Codification (ASC) Topic 805, "Business Combinations," using the acquisition method of accounting with CRI as the accounting acquirer. Under these accounting standards, CRI's total estimated purchase price is calculated as described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements, and the assets acquired and the liabilities assumed of ConeXus are measured and recorded at their estimated fair values. For the purpose of measuring the estimated fair value of the assets acquired and liabilities assumed, CRI estimated the fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The fair value measurements utilize estimates based on key assumptions of the ConeXus merger, including historical and current market data. The unaudited pro forma adjustments included herein are preliminary and will be adjusted as additional information becomes available and as additional analyses are performed. The final amounts of the assets acquired and liabilities assumed in the acquisition of ConeXus may differ materially from the values recorded in the pro forma financial statements.

Estimated transaction costs have been excluded from the Unaudited Pro Forma Condensed Combined Statements of Operations as they reflect charges directly related to the ConeXus merger that do not have a continuing impact. However, the anticipated transaction costs are reflected in the Unaudited Pro Forma Condensed Combined Balance Sheets as an increase to accrued expenses and an increase to accumulated deficit. The Unaudited Pro Forma Condensed Combined Financial Statements do not include one-time costs directly attributable to the transaction, employee retention costs, severance costs or professional fees incurred by CRI or ConeXus pursuant to provisions contained in the ConeXus merger agreement, as those costs are not considered part of the purchase price.

CRI and ConeXus expect to incur costs associated with integrating the operations of CRI and ConeXus after the merger is completed. The Unaudited Pro Forma Condensed Combined Financial Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the merger.

Note 3. Estimate of Consideration Transferred

Based on CRI's share price of $0.22 as of October 15, 2015, the ConeXus merger consideration was approximately $5.3 million; preferred stock $1.7 million, common stock – $3.5 million and note payable of $0.1 million. The allocation of the preliminary purchase price to the fair values of assets acquired and liabilities assumed includes unaudited pro forma adjustments to reflect the fair values of ConeXus' assets and liabilities. The allocation of the preliminary purchase price is as follows:

(in thousands)		
Current assets	$	1,174
Property and equipment		48
Goodwill		4,435
Other intangible assets		1,109
Other Assets		13
Total assets		6,779
Current liabilities		1,738
Plus noncontrolling interest		293
Estimated purchase price	$	5,334

Note 4. Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

The unaudited adjustments included in the Unaudited Pro Forma Condensed Combined Financial Statements are as follows:

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

(a) *Amortization* . The adjustment to amortization expense recorded in depreciation and amortization is a result of the fair market value adjustments to assets acquired. The estimated fair value of the customer list intangible asset of $1.1 million is expected to be amortized on a straight-line basis over estimated useful life of five years, subject to the completion of the purchase price allocation. The purchase price allocation to identifiable intangible assets and the impact on amortization is as follows:

	Pro Forma		**Pro forma Adjustments to Amortization Expense**	
(in thousands)	**Amounts**	**Useful lives (years)**	**Year ended December 31, 2014**	**Nine months ended September 30, 2015**
Customer list	$ 1,109,800	5	$ 221,960	$ 166,470
Total	**$ 1,109,800**		**$ 221,960**	**$ 166,470**

Fair market value adjustments and changes to estimate useful lives for ConeXus' property and equipment are not expected to be significant and accordingly, no adjustments have been made to ConeXus' recorded amount of property and equipment or depreciation.

(b) *Elimination of transaction costs* . Total CRI transaction costs related to the ConeXus merger have been estimated to be $0.2 million, of which $0.02 million were recorded as a selling, general and administrative expense within the Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2015. Total ConeXus costs related to the merger have been estimated to be $0.04 million, none of which has been recognized within the Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2015. The portion of the costs that were expensed, totaling $0.02 million for both companies, have not been recognized in the pro forma financial statements for the nine months ended September 30, 2015 due to immateriality. No costs related to this transaction were expensed within the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2014 for either CRI or ConeXus.

(c) *Income tax expense.* Both CRI and ConeXus had net operating losses for the year ended December 31, 2014 and for the nine months ended September 30, 2015 and reflected no income tax expense or benefit. Similarly, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect no income tax expense or benefit on the net loss before income taxes.

(d) *Shares outstanding.* The unaudited pro forma weighted average number of basic shares outstanding is calculated for each period presented by adding CRI's weighted average number of basic shares outstanding for that period and the number of CRI shares that would have been issued as a result of the merger to ConeXus debtholders and members. The unaudited pro forma weighted average number of diluted shares outstanding is calculated by adding CRI's weighted average number of diluted shares outstanding for that period and the number of CRI shares that would have been issued pursuant to the ConeXus merger. Due to the pro forma combined net loss for the year ended December 31, 2014 and the nine months ended September 30, 2015, diluted common shares were excluded from diluted weighted average common shares outstanding as they would have been anti-dilutive.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

(e) *Goodwill.* Reflects the preliminary estimate of the excess of the purchase price paid over the fair value of ConeXus' identifiable assets acquired and liabilities assumed and is not amortized. The estimated purchase price of the transaction and the excess purchase price over the fair value of the identifiable net assets acquired is calculated as follows (in thousands):

Preliminary purchase price	$	5,334
Less: fair value of assets		899
Pro forma goodwill adjustment	**$**	**4,435**

(f) *Other intangible assets* . Represents the unaudited pro forma adjustment to reflect the preliminary estimated fair value of ConeXus' intangibles of approximately $1.1 million, which consists of the customer lists. The provisional measurements of fair value reflected are subject to change. Such changes could be significant to the fair value and to the related amortization. See footnote 4(a) for further information on intangible assets.

(g) *Accrued expenses.* The adjustment amount represents an increase to accrued expenses of $0.2 million due to estimated transaction fees in addition to the $0.02 million of transaction fees accrued at September 30, 2015.

(h) *Conversion of debt.* In connection with the ConeXus merger, ConeXus debt outstanding at September 30, 2015 of $0.8 million were converted into shares of CRI common stock.

(i) *Stockholders' equity.* The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the issuance of approximately 1.7 million shares of Series A Preferred Stock issued upon completion of the merger that increased CRI's preferred stock by $1.7 (1.7 million shares at $1.00 par value). The Series A Preferred stock have a 6% cumulative dividend. This results in an annual dividend of $99,840. The dividend for year ended December 31, 2014 and for the nine months ended September 30, 2015 has been reflected in the Year Ended December 31, 2014 and the Months Ended September 30, 2015 Unaudited Pro Forma Statement of Operations.

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the issuance of approximately 16.0 million CRI shares of common stock issued upon completion of the merger that increased CRI's common stock by $160,000 (16.0 million of ordinary shares at $0.01 par value). Amounts to increase additional paid-in capital represent the fair value of the shares issued, less the par value of the shares issued.

The impact of the estimated transaction costs of $0.2 million to be incurred after September 30, 2015 (estimated total of $0.2 million less the amounts previously expensed of $0.02 million) is included in the accompanying Unaudited Pro Form Condensed Combined Balance Sheets with an increase to accumulated deficit of $0.2 million, and an increase to accrued expenses of $0.2 million for CRI costs. No impact on equity is reflected for ConeXus' costs to be incurred after September 30, 2015 as they were substantially settled with shares.