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

FORM 10-Q
(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2017

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 001-35527

MYnd Analytics, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**87-0419387** **(I.R.S. Employer Identification No.)**

26522 La Alameda, Suite 290
Mission Viejo, California 92691
(Address of principal executive offices) (Zip Code)

(949) 420-4400
(Registrant's telephone number, including area code)

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

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.001 par value	The Nasdaq Stock Market LLC
Warrants to Purchase Common Stock	The Nasdaq Stock Market LLC

Securities registered under Section 12(g) of the Exchange Act:

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if smaller reporting company)	Smaller reporting company	☒
			Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 Act.) Yes ☐ No ☒

As of February 20, 2018, the registrant had 4,363,061 shares of Common Stock, $0.001 par value, issued and outstanding.

MYnd Analytics, Inc.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

MYND ANALYTICS, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As of December 31, 2017	As of September 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,658,300	$ 5,449,000
Accounts receivable, net	81,100	6,500
Prepaid insurance	23,900	57,200
Note receivable - related party	—	159,500
Prepaid other assets	67,000	22,000
Total current assets	2,830,300	5,694,200
Property and equipment, net	136,400	120,700
Intangible assets, net	158,300	60,200
Goodwill	1,386,800	—
Investment in Arcadian Services	—	195,900
Other assets	31,300	25,100
TOTAL ASSETS	$ 4,543,100	$ 6,096,100
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Accounts payable (including $56,000 and $10,000 to related parties as of December 31, 2017 and September 30, 2017, respectively)	$ 1,015,800	$ 736,900
Accrued liabilities	22,900	55,200
Accrued compensation	397,100	466,000
Accrued compensation – related parties	237,200	204,600
Accrued interest and other	3,900	3,900
Deferred revenue - grant funds	45,900	45,900
Current portion of note payable	16,900	31,500
Note payable - finance company	5,600	—
Current portion of capital lease	1,300	1,300
Total current liabilities	1,746,600	1,545,300
LONG-TERM LIABILITIES		
Long - term borrowing, net	559,700	—
Accrued interest on long - term borrowing	104,200	—
Long-term portion of capital lease	3,100	3,400
Total long-term liabilities	667,000	3,400
TOTAL LIABILITIES	2,413,600	1,548,700
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.001 par value; authorized 15,000,000 shares, no shares issued and outstanding as of December 31, 2017 and September 30, 2017, respectively	—	—
Common stock, $0.001 par value; 250,000,000 shares and 500,000,000 shares authorized as of December 31, 2017 and September 30, 2017 respectively, 4,360,561 and 4,299,311 shares issued and outstanding as of December 31, 2017 and September 30, 2017, respectively	4,400	4,300
Additional paid-in capital	80,541,000	80,189,700
Accumulated deficit	(78,415,900)	(75,646,600)
Total stockholders' equity	2,129,500	4,547,400
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,543,100	$ 6,096,100

See accompanying notes to unaudited condensed consolidated financial statements.

MYND ANALYTICS, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
REVENUES		
Neurometric Services	$ 53,300	$ 22,200
Telepsychiatry Services	68,700	—
Total Revenues	$ 122,000	$ 22,200
OPERATING EXPENSES		
Cost of revenue	84,900	3,700
Research	81,500	31,600
Product development	269,200	295,300
Sales and marketing	667,200	105,700
General and administrative	1,774,800	1,021,800
Total operating expenses	2,877,600	1,458,100
OPERATING LOSS	(2,755,600)	(1,435,900)
OTHER INCOME (EXPENSE):		
Interest expense, net	(13,700)	(2,500)
LOSS BEFORE PROVISION FOR INCOME TAXES	(2,769,300)	(1,438,400)
Income taxes	—	1,800
NET LOSS	$ (2,769,300)	$ (1,440,200)
BASIC AND DILUTED LOSS PER SHARE:	$ (0.64)	$ (0.69)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic and Diluted	4,332,927	2,101,061

See accompanying notes to unaudited condensed consolidated financial statements.

MYND ANALYTICS, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	2017	**2016**
OPERATING ACTIVITIES:		
Net loss	$ (2,769,300)	$ (1,440,200)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23,300	8,000
Provision for doubtful accounts	600	—
Stock-based compensation	336,600	501,000
Common stock issued to vendors for services	14,800	—
Accretion of debt discount	4,700	—
Changes in operating assets and liabilities:		
Accounts receivable	(18,100)	1,900
Prepaid expenses and other assets	6,100	36,400
Accounts payable and accrued liabilities	(38,600)	88,300
Accrued compensation	—	38,800
Net cash used in operating activities	(2,439,900)	(765,800)
INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(28,100)	(1,600)
Payment for acquisition of business, net of cash acquired	(306,600)	—
Costs incurred to develop intangible assets	—	(2,100)
Net cash used in investing activities	(334,700)	(3,700)
FINANCING ACTIVITIES:		
Principal payments on note payable	(15,800)	—
Principal payments on capital lease	(300)	(300)
Proceeds from sale of common stock	—	1,500,000
Net cash provided by (used in) financing activities	(16,100)	1,499,700
NET INCREASE(DECREASE) IN CASH	(2,790,700)	730,200
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	5,449,000	318,200
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	$ 2,658,300	$ 1,048,400
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 3,000	$ 2,500
Income taxes	$ —	$ 1,800
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING & FINANCING ACTIVITIES:		
Long-term borrowings assumed in business combination	$ 651,700	$ —

See accompanying notes to unaudited condensed consolidated financial statements

MYND ANALYTICS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Operations

MYnd Analytics, Inc. ("MYnd," "CNS," "we," "us," "our," or the "Company"), formerly known as CNS Response Inc., was incorporated in Delaware on March 20, 1987, under the name Age Research, Inc. Prior to January 16, 2007, the Company (then called Strativation, Inc.) was a "shell company" with nominal assets and our sole business was to identify, evaluate and investigate various companies to acquire or with which to merge. On January 16, 2007, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with CNS Response, Inc., a California corporation formed on January 11, 2000 ("CNS California"), and CNS Merger Corporation, a California corporation and the Company's wholly-owned subsidiary ("MergerCo") pursuant to which the Company agreed to acquire CNS California in a merger transaction wherein MergerCo would merge with and into CNS California, with CNS California being the surviving corporation (the "Merger"). On March 7, 2007, the Merger closed, CNS California became a wholly-owned subsidiary of the Company, and on the same date the corporate name was changed from Strativation, Inc. to CNS Response, Inc. At the annual meeting held on October 28, 2015, shareholders approved a change in our name from CNS Response, Inc. to MYnd Analytics, Inc. On November 2, 2015, the Company filed an amendment to its Articles of Incorporation which, among other things, effected the name change to MYnd Analytics, Inc.

The Company is a predictive analytics company that has developed a decision support tool to help physicians reduce trial and error treatment in mental health and provide more personalized care to patients. The Company provides objective clinical decision support to healthcare providers for the personalized treatment of behavioral disorders, including depression, anxiety, bipolar disorder, post-traumatic stress disorder ("PTSD") and other non-psychotic disorders. The Company uses its proprietary neurometric platform, PEER Online, to generate Psychiatric EEG Evaluation Registry ("PEER") Reports to predict the likelihood of response by an individual to a range of medications prescribed for the treatment of behavioral disorders. The Company continues to be focused on military personnel and their family members who are suffering from depression, PTSD and other disorders through the military, Veterans Administration, and Canadian Forces. Commercial expansion is focused on payer and self-insured markets, provider direct sales to multi-physician and multi-practice provider groups, and patient direct referrals to these groups. The Company continues to expand its database, including younger adults and adolescents.

Arcadian Telepsychiatry Services LLC ("Arcadian Services"), our wholly owned subsidiary acquired in November 2017, manages the delivery of telebehavioral health services through a multi-state network of licensed and credentialed psychiatrists, psychologists and other behavioral health therapists ("Providers"). Although many companies provide broad telehealth services within the U.S., only a few companies have a primary focus on telepsychiatry and telebehavioral health. Arcadian Services' business model is unique, because it has access to a broad network of licensed behavioral health professionals exclusively focused on telepsychiatry and telebehavioral health. These Providers collectively offer a full suite of behavioral health and wellness services, including short-term (urgent), medium-term (rehabilitation) and long-term (management) behavioral care.

Private Placements

Between September 30, 2016, and March 20, 2017, the Company sold and issued an aggregate of 477,000 shares of its Common Stock, at a per share price of $6.25, in private placements to 13 accredited investors, for which it received gross cash proceeds of $2,981,300. Five of the 13 accredited investors were affiliates of the Company which represented 70% of such cash proceeds.

Public Offering

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately $8,790,000. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of $5.25 per share and accompanying Warrant. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of $5.25 per share, and will expire five years after the issuance date.

In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to an 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any. On August 24, 2017 the underwriters exercised their option and purchased 213,800 common stock warrants for $0.01 per warrant.

Acquisition

On November 13, 2017, Arcadian Telepsychiatry LLC ("Arcadian"), MYnd and certain third-party physicians entered into a number of transactions to reorganize the operations of Arcadian and implement a new ownership and management structure. Arcadian converted into a Pennsylvania professional corporation after the equity interests in Arcadian were sold to a third - party physician for nominal consideration. On that same date, Arcadian entered into a Management Services Agreement with Arcadian Telepsychiatry Services LLC ("Arcadian Services") and transferred certain assets and liabilities to Arcadian Services including its debt obligations. MYnd subsequently acquired 100% of the equity interests in Arcadian Services and in consideration for the transfer of the equity interests in Arcadian Services, MYnd entered into an employment agreement with the founder of Arcadian, pursuant to which MYnd will continue to employ the former founder of Arcadian as the CEO of Arcadian Services for an annual salary of $215,000 and granted him options to purchase 35,000 shares of common stock of MYnd. In addition, MYnd agreed to guarantee Arcadian Services' assumed debt.

Arcadian Services manages the delivery of telebehavioral health services through a multi–state network of licensed and credentialed psychiatrists, psychologists and other behavioral health therapists ("Providers"). As a result of certain state regulations, Arcadian Services entered into several management services agreements with professional entities owned by physicians who are licensed in those states to provide telepsychiatry services directly to patients. Arcadian Services will collect revenue based on management fees charged to the doctors who own the professional entities through which the telepsychiatry services are being delivered. Arcadian Services is not capital intensive and had a limited number of employees, therefore their balance sheet consisted primarily of working capital accounts and a limited amount of property and equipment primarily office furniture and computer equipment. Working capital and property equipment (no value assigned) were deemed to be at their fair value due to their short–term nature. The Company hired an independent third–party Valuation Services firm to assist the Company in its accounting for the intangibles and non–compete in accordance with Financial Accounting Standards Board Accounting Standards ("FASB") Codification 805, Business Combinations ("ASC 805").

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which contemplate continuation of the Company as a going concern. The Company has a limited operating history and its operations are subject to certain problems, expenses, difficulties, delays, complications, risks and uncertainties frequently encountered in the operation of a business with a limited operating history. These risks include the ability to obtain adequate financing on a timely basis, if at all, the failure to develop or supply technology or services to meet the demands of the marketplace, the failure to attract and retain qualified personnel, competition within the industry, government regulation and the general strength of regional and national economies.

The Company's recurring net losses and negative cash flows from operations raise substantial doubt about its ability to continue as a going concern. During three months ended December 31, 2017, the Company incurred a net loss of $2.8 million and used $2.4 million of net cash in operating activities. As of December 31, 2017, the Company's accumulated deficit was $78.4 million. In connection with these consolidated financial statements, management evaluated whether there were conditions and events, considered in the aggregate, that raised substantial doubt about the Company's ability to meet its obligations as they become due for the next twelve months from the date of issuance of these financial statements. Management assessed that there were such conditions and events, including a history of recurring operating losses, and negative cash flows from operating activities.

If the Company raises additional funds by issuing additional equity or convertible debt securities, the fully diluted ownership percentages of existing stockholders will be reduced. In addition, any equity or debt securities that the Company would issue may have rights, preferences or privileges senior to those of the holders of its common stock.

To date, the Company has financed its cash requirements primarily from debt and equity financings. The Company will need to raise additional funds immediately to continue its operations and needs to raise substantial additional funds before the Company can increase demand for its PEER Online and telepsychiatry services. Until it can generate sufficient revenues to meet its cash requirements, which it may never do, the Company must continue to finance future cash needs primarily through public or private equity offerings, debt financings, borrowings or strategic collaborations. The Company's liquidity and capital requirements depend on several factors, including the rate of market acceptance of its services, the future profitability of the Company, the rate of growth of the Company's business and other factors described elsewhere in this Quarterly Report on Form 10-Q. The Company continues to explore additional sources of capital, but there is substantial doubt as to whether any financing arrangement will be available in amounts and on terms acceptable to the Company to permit it to continue operations. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Aspire Capital Equity Line of Credit

On December 6, 2016, the Company, entered into a common stock Purchase Agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement.

As of December 31, 2017, approximately $9.9 million under the Purchase Agreement remains available for sale to Aspire Capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with GAAP and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company at the dates and for the periods indicated. The interim results for the quarter ended December 31, 2017 are not necessarily indicative of results for the full 2018 fiscal year or any other future interim periods. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Form 10-K for the year ended September 30, 2017.

Basis of Consolidation

The unaudited condensed consolidated financial statements include the results of Mynd, its wholly owned subsidiary, Arcadian Services, one professional association, Arcadian Telepsychiatry ("PA") which is located in Texas, and one professional corporation, Arcadian Telepsychiatry P.C. ("PC") which is located in Pennsylvania, collectively the "entities."

Arcadian Services is party to Management Services Agreements by and among it and the entities pursuant to which each entity provides services to Arcadian Services. Each entity is established pursuant to the requirements of its respective domestic jurisdiction governing the corporate practice of medicine.

All intercompany balances and transactions have been eliminated upon consolidation.

Variable Interest Entities (VIE)

On November 13, 2017, Arcadian Services entered into a management and administrative services agreement with Arcadian Telepsychiatry PA (“PA”) which is located in Texas, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, PA is determined to be a Variable Interest Entity (“VIE”) and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect PA’s economic performance through its majority representation of the PA; therefore, PA is consolidated by MYND.

On November 13, 2017, Arcadian Services entered into a management and administrative services agreement with Arcadian Telepsychiatry P.C. (“PC”) which is located in Pennsylvania, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, PC is determined to be a Variable Interest Entity and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect PC’s economic performance through its majority representation of PC; therefore, PC is consolidated by MYND.

The Company holds a variable interest in the entities, which contract with physicians and other health professionals in order to provide services to Arcadian Services. The entities are considered variable interest entity since they do not have sufficient equity to finance their activities without additional subordinated financial support. An enterprise having a controlling financial interest in a VIE must consolidate the VIE if it has both power and benefits—that is, it has (1) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance (power) and (2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). The Company has the power and rights to control all activities of the entities and funds and absorbs all losses of the VIE.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosure of assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to revenue recognition, allowance for doubtful accounts, useful lives of furniture and equipment, intangible assets, valuation allowance on deferred taxes, valuation of equity instruments, and accrued liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

Cash

The Company deposits its cash with major financial institutions and may at times exceed the federally insured limit of $250,000. At December 31, 2017 cash exceeds the federally insured limit by $2,346,600. The Company believes that the risk of loss is minimal. To date, the Company has not experienced any losses related to cash deposits with financial institutions.

Debt Instruments

Debt instruments are initially recorded at fair value, with coupon interest and amortization of debt issuance discounts recognized in the statement of operations as interest expense at each period end while such instruments are outstanding.

Fair Value of Financial Instruments

Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, ASC 825-10 - Recognition and Measurement of Financial Assets and Financial Liabilities defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company considers the carrying amount of cash, accounts receivable, other receivables, accounts payable and accrued liabilities, to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization.

The Company also analyzes all financial instruments with features of both liabilities and equity under ASC 480-10, ASC 815-10 and ASC 815-40.

The Company adopted ASC 820-10 on January 1, 2008. ASC 820-10 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level I inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level II inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments; and
- Level III inputs to the valuation methodology are unobservable and significant to the fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes fair value measurements by level at December 31, 2017 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Long-term borrowings	$ —	559,700	$ —	559,700

The changes in carrying amounts of the debt for the three months ended December 31, 2017 and December 31, 2016 were as follows:

	December 31, 2017	December 31, 2016
Beginning balance	$ —	$ —
Debt acquired through acquisition	555,000	—
Accretion of debt discount	4,700	—
Ending balance	$ 559,700	$ —

Liabilities were fair valued in connection with the business combination will not be fair valued going forward.

Accounts Receivable

The Company estimates the collectability of customer receivables on an ongoing basis by reviewing past-due invoices and assessing the current creditworthiness of each customer. Allowances are provided for specific receivables deemed to be at risk for collection which as of December 31, 2017 and September 30, 2017 are $1,600 and $1,000, respectively.

Property and Equipment

Property and Equipment, which are recorded at cost, consist of office furniture and equipment which are depreciated, over their estimated useful life on a straight-line basis. The useful life of these assets is estimated to be between three and five years. Depreciation expense on furniture and equipment for the three months ended December 31, 2017 and 2016 was $12,400 and $700, respectively. Accumulated depreciation at December 31, 2017 and September 30, 2017 was $96,600 and $84,200, respectively.

Long-Lived Assets

As required by ASC 350-30 - Intangibles — Goodwill and other (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), the Company reviews the carrying value of its long-lived assets at least annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. No impairment loss was recorded for the three months ended December 31, 2017 and 2016.

Intangible Assets

Costs for software developed for internal use are accounted for through the capitalization of those costs incurred in connection with developing or obtaining internal-use software. Capitalized costs for internal-use software are included in intangible assets in the consolidated balance sheets. Capitalized software development costs are amortized over three years. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software development and costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. At December 31, 2017, the Company had $80,500 in capitalized software development costs. The Company started amortizing the software over its estimated economic life once it was placed into service in September 2016. Amortization was $6,700 for the three months ended December 31, 2017 and $6,700 for the three months ended December 31, 2016. Accumulated amortization on the intellectual property was $35,800 and $29,100 at December 31, 2017 and September 30, 2017 respectively.

On November 23, 2011, the Company acquired intellectual property in the form of transcranial magnetic stimulation (TMS) biomarkers at a cost of $21,200 which was recorded at cost and is being amortized over its estimated useful life of 10 years on a straight-line basis. Amortization was $500 for the three months ended December 31, 2017 and $500 for the three months ended December 31, 2016. Accumulated amortization on the intellectual property was $12,900 and $12,400 at December 31, 2017 and at September 30, 2017, respectively.

On November 13, 2017, the Company acquired customer relationship and tradename intangibles in connection with the Arcadian Services acquisition at $109,000 which was recorded at fair value and is being amortized over its estimated useful life of four years on a straight-line basis. Amortization was $3,700 for the three months ended December 31, 2017 and $0 for the three months ended December 31, 2016. Accumulated amortization on the intellectual property was $3,700 and $0 at December 31, 2017 and at September 30, 2017, respectively.

The expected amortization of the intangible assets, as of December 31, 2017, for each of the next five years and thereafter is as follows:

	For the fiscal years ending September 30,
2018 (for the remaining nine months)	$ 44,300
2019	51,700
2020	29,400
2021	29,400
2022	3,500
Total	**$ 158,300**

Goodwill

Goodwill is the excess of purchase price over the fair value of identified net assets of businesses acquired. Intangible assets with indefinite useful lives are measured at their respective fair values as of the acquisition date. The Company does not amortize goodwill and intangible assets with indefinite useful lives.

The Company reviews goodwill at least annually, or at the time a triggering event is identified for possible impairment. Goodwill is reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company tests its goodwill each year on September 30th. The Company reviews the carrying value of goodwill utilizing an income approach model, and, where appropriate, a market value approach is also utilized to supplement the discounted cash flow model. The Company makes assumptions regarding estimated future cash flows, discount rates, long-term growth rates and market values to determine each reporting unit's estimated fair value. If these estimates or related assumptions change in the future, the Company may be required to record impairment charges. At December 31, 2017, the Company did not record any Goodwill impairment. The Goodwill balance was $1,386,800 as of December 31, 2017 and $0 as of December 31, 2016, respectively.

Accrued Compensation

Accrued compensation consists of accrued vacation pay, accrued bonuses granted by the Board but not paid, and accrued pay due to staff members.

Accrued compensation – related parties consists of accrued vacation pay, accrued bonuses granted by the Board but not paid for officers and directors.

Deferred Revenue

Deferred revenue represents cash collected in advance of services being rendered but not earned as of December 31, 2017 and September 30, 2017. This represents a philanthropic grant for the payment of PEER Reports ordered in a clinical trial for a member of the U.S. Military, a veteran or their family members, the cost of which is not covered by other sources. These deferred revenue grant funds total $45,900 as of December 31, 2017 and at September 30, 2017.

Revenues

The Company recognizes revenue on services, in accordance with the ASC No. 605, "Revenue Recognition". Revenue is recognized when we have persuasive evidence of an arrangement, a determinable fee, collection is considered to be reasonably assured and the services are delivered.

Research and Development Expenses

The Company charges research and development expenses to operations as incurred.

Advertising Expenses

The Company charges all advertising expenses to operations as incurred. For the three months ended December 31, 2017 and 2016 advertising expenses were $151,000 and $0, respectively.

Stock-Based Compensation

The Company has adopted ASC 718-20 and related interpretations which establish the accounting for equity instruments exchanged for employee services. Under ASC 718-20, share-based compensation cost for employees, directors and consultants is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the option grantees' requisite service period, generally the vesting period of the award.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into legislation. The Company is currently evaluating the impact of the Tax Cuts and Job Act on its condensed consolidated financial statements and related disclosures for Fiscal 2018 and cannot be determined with certainty at this time because of a blended rate. Any impact against the Company's gross deferred tax asset will be offset by a 100% valuation allowance, therefore the Company expects no material impact on its condensed consolidated financial statements. The Company will continue to review the components of the Tax Cuts and Job Act and its related regulations and evaluate their impact to its condensed consolidated financial statements and related disclosures for Fiscal 2018.

As a result of the implementation of certain provisions of FASB ASC 740, *Income Taxes*, which clarifies the accounting and disclosure for uncertainty in tax positions, the Company has analyzed filing positions in each of the federal and state jurisdictions where required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified U.S. Federal and California as our major tax jurisdictions. Generally, we remain subject to Internal Revenue Service examination of our 2013 through 2016 U.S. federal income tax returns, and remain subject to California Franchise Tax Board examination of our 2012 through 2016 California Franchise Tax Returns. We have certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

Noncontrolling Interest

The Company consolidates entities in which the Company has a controlling financial interest. The Company consolidates subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights, and variable interest entities (VIEs) in which the Company is the primary beneficiary. Noncontrolling interests represent third-party equity ownership interests in the Company's consolidated entities. The amount of net income attributable to noncontrolling interests for the three months ended December 31, 2017 was $0. There was no equity or losses for the three months ended December 31, 2017.

Earnings (Loss) per Share

Basic earnings (loss) per share are computed by dividing income (loss) available to common stockholders by the weighted average common shares outstanding during the period. Diluted earnings (loss) per share takes into account the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised and converted into Common Stock.

Recent Accounting Pronouncements

Apart from the below-mentioned recent accounting pronouncements, there are no new accounting pronouncements that are currently applicable to the Company.

In May 2014, the FASB issued Accounting Standards Update, ASU, ASU 2014-9, “Revenue from Contracts with Customers” (ASU 2014-9) and has subsequently issued a number of amendments to ASU 2014-9. The new standard, as amended, provides a single comprehensive model to be used in the accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific guidance. The standard’s stated core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be effective for us beginning October 1, 2018 and permits two methods of adoption: the full retrospective method, which requires the standard to be applied to each prior period presented, or the modified retrospective method, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. The Company is currently evaluating the impact of the pending adoption of ASU 2014-9 on its consolidated financial statements and has not yet selected the transition method. The Company is currently evaluating the method and timing of its adoption and impact of adopting this new standard on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842). This ASU requires that a lessee recognize lease assets and lease liabilities for those leases classified as operating leases. The guidance is effective for interim and annual periods beginning after December 15, 2018 and will be applied at the beginning of the earliest period presented using a modified retrospective approach. This ASU may have a material impact on the Company’s financial statements. The impact on the Company’s results of operations is currently being evaluated.

In March 2016, the FASB issued ASU 2016-9, Improvements to Employee Share-Based Payment Accounting. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, and classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The guidance will be applied prospectively, retrospectively, or by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted, dependent upon the specific amendment that is adopted within the ASU. The adoption of this new guidance did not have a material effect on the consolidated results of operations, cash flows, and financial position. The Company adopted the guidance on October 1, 2017 and chose to prospectively apply the guidance in its financial statements.

In December 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230). Restricted Cash: this update clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The new guidance requires a reconciliation of totals in the statement of cash flows to the related cash and cash equivalents and restricted cash captions in the balance sheet. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017 with early adoption permitted. The Company adopted the guidance on October 1, 2017.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This guidance narrows the definition of a business. This standard provides guidance to assist entities with evaluating when a set of transferred assets and activities is a business. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017, and early adoption is permitted. This guidance must be applied prospectively to transactions occurring within the period of adoption. The Company adopted ASU 2017-01 for the three months ended December 31, 2017, and prospectively applied ASU 2017-01 as required with no impact on its consolidated financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This guidance eliminates Step 2 from the goodwill impairment test, instead requiring an entity to recognize a goodwill impairment charge for the amount by which the goodwill carrying amount exceeds the reporting unit's fair value. This guidance is effective for interim and annual goodwill impairment tests in fiscal years beginning after December 15, 2019, and early adoption is permitted. This guidance must be applied on a prospective basis. The Company adopted ASU 2017-04 for the three months ended December 31, 2017, and prospectively applied ASU 2017-04 as required with no impact on its consolidated financial position, results of operations or cash flows.

In May 2017, the FASB issued ASU 2017-9, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting," to provide clarity and reduce both diversity in practice and cost complexity when applying the guidance in Topic 718 to a change to the terms and conditions of a stock-based payment award. ASU 2017-9 also provides guidance about the types of changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in accordance with Topic 718. For all entities, including emerging growth companies, the standard is effective for annual periods beginning after December 15, 2017, and for interim periods therein. Early adoption is permitted. The Company adopted the guidance on October 1, 2017 and there is no impact on the financial statements.

In July 2017, the FASB issued a two-part ASU 2017-11, I. Accounting for Certain Financial Instruments With Down Round Features and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception ("ASU 2017-11"). ASU 2017-11 amends guidance in FASB ASC 260, Earnings Per Share, FASB ASC 480, Distinguishing Liabilities from Equity, and FASB ASC 815, Derivatives and Hedging. The amendments in Part I of ASU 2017-11 change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The amendments in Part II of ASU 2017-11 re-characterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. ASU 2017-11 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The Company adopted ASU 2017-11 for the three months ended December 31, 2017, and retrospectively applied ASU 2017-11 as required with no impact on its consolidated financial position or results of operations.

3. ACCOUNTS RECEIVABLE

Accounts receivable, net, is as follows:

	December 31, 2017	September 30, 2017
Accounts receivable	$ 82,700	$ 7,500
Allowance for doubtful accounts	(1,600)	(1,000)
Accounts receivable, net	$ 81,100	$ 6,500

4. LONG - TERM BORROWINGS AND OTHER NOTE PAYABLES

Debt assumed from Arcadian Services

As a result of the acquisition of with Arcadian Services, the Company guaranteed Arcadian Services' then outstanding debt obligations totalling $700,000 owed to Ben Franklin Technology Partners of Southeastern Pennsylvania ("BFTP"). The maturity date for the debt is September 30, 2021 and interest accrues at an 8% annual rate. Unpaid interest of $104,200 as of December 31, 2017 is classified as long-term in the accompanying condensed consolidated balance sheet because interest is not due until maturity. The Company recorded the debt at its fair value as result of a discount of $145,000 attributable to the difference between the market interest rate and the stated interest rate on the debt. Interest expense of $4,700 was recorded for the three months ended December 31, 2017 related to the accretion of debt discount. There were no debt covenants associated with the debt.

A balloon payment of $700,000 plus interest will be made on the scheduled maturity date of September 30, 2021.

Other Notes Payable

Note Payable - finance company, principal is payable over thirty-six equal payments of $1,200 through May 2018. Interest is payable monthly on the unpaid balance at 19% per annum.

Loan payable to a vendor, principal payments of $5,000 per month, together with interest computed at 6% per annum. Maturity date is April 2018.

5. ACQUISITION

The Company accounted for the acquisition of Arcadian Services using the acquisition method of accounting for business combinations under ASC 805, Business Combinations. The total purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date.

As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period (a period not to exceed 12 months). Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materiality impact our results of operations. Significant inputs used for the model included the amount of cash flows, the expected period of the cash flows and the discount rates. The finalization of the purchase accounting assessment may result in a change in the fair value of the debt assumed and intangible assets, which may have a material impact on our results of operations and financial position.

On November 13, 2017, the Company acquired Arcadian Services. The purchase price, including the value of the indebtedness and payables of Arcadian Services, is $1,339,600 based upon a deemed acquisition of all of the assets and liabilities of Arcadian Services, including the equity interests in Arcadian Services. The aggregate purchase price consists of (i) initial investment in Arcadian of $195,900 (ii) $317,000 of forgiveness of a note receivable with the primary member of Arcadian (iii) assumption by Arcadian Services of subordinated debt ("Arcadian Notes") with a fair value of $555,000, plus accrued interest of $96,700 (iv) $175,000 payment for the redemption and cancellation of two warrants to purchase equity interests in Arcadian Services. The Arcadian Notes bears interest at an annual rate of 8% and matures on September 30, 2021.

The following table summarizes the allocation of the purchase consideration and the estimated fair value of the assets acquired and the liabilities assumed for the acquisition of Arcadian Services made by the Company:

Assets acquired:		
Cash	$	25,900
Accounts receivable		57,100
Other assets		24,000
Intangibles		109,000
Goodwill		1,386,800
Total assets acquired	**$**	**1,602,800**
Liabilities assumed		
Accounts payable	$	147,700
Accrued other liabilities		108,700
Notes payable		6,800
Total liabilities assumed	**$**	**263,200**
Net assets acquired	**$**	**1,339,600**
Consideration paid:		
Initial investment in Arcadian Services		195,900
Long-term debt		555,000
Accrued interest		96,700
Payment on warrant outstanding		175,000
Forgiveness of loan in relation of acquisition		317,000
Total consideration	**$**	**1,339,600**

The weighted average useful life of all identified acquired intangible assets is 3.9 years. The weighted average useful lives for trade names and customer relationships are 1.0 years and 4.0 years. Identifiable intangible assets with definite lives are amortized over the period of estimated benefit using the straight-line method and the estimated useful lives of one to four years. The straight-line method of amortization represents the Company's best estimate of the distribution of the economic value of the identifiable intangible assets.

As a result of the acquisition, the Company recorded $1,386,800 of goodwill. The goodwill balance is primarily attributed to the anticipated synergies from the acquisition and expanded market opportunities with respect to the integration of Arcadian Services' products with the Company's other solutions. The Company believes that the factors listed above support the amount of goodwill recorded as a result of the purchase price paid.

For the three months ended December 31, 2017, the Company incurred transaction costs of $438,600 in connection with the Arcadian Services acquisition, which were expensed as incurred and included in general and administrative expenses within the accompanying consolidated statements of operations.

Unaudited Pro Forma Financial Information

The unaudited pro forma information presented does not purport to be indicative of the results that would have been achieved had the acquisitions been consummated at October 1, 2016 nor of the results which may occur in the future. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable.

	For Three Months Ended December 31,	
	2017	2016
Revenues	$ 267,200	$ 259,200
Net income (loss)	$ (2,949,100)	$ (1,789,000)
Net income (loss) per common share:		
Basic and diluted	$ (0.68)	$ (0.85)
Outstanding at Weighted average shares outstanding	4,332,927	2,101,061

6. STOCKHOLDERS' EQUITY

The Aspire Capital Equity Line

On December 6, 2016, the Company, entered into a common stock purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's Common Stock over the 30-month term of the Purchase Agreement. Concurrently with entering into the Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital (the "Registration Rights Agreement"), pursuant to which the Company maintains an effective registration statement registering the sale of the shares of Common Stock that have and may be issued to Aspire under the Purchase Agreement. Under the Purchase Agreement, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal to or greater than $0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to $10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

a) the lowest sale price of Common Stock on the purchase date; or
b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which the Company submits a purchase notice to Aspire Capital in an amount equal to 50,000 shares, and the closing sale price of its Common Stock is equal to or greater than $0.50 per share, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Company's common stock is less than $0.50. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "Commitment Shares"). The Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Purchase Agreement. Any proceeds from the Company receives under the Purchase Agreement are expected to be used for working capital and general corporate purposes. The Company cannot request Aspire to purchase more than $100,000 per business day.

On February 23, 2017, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of $7.25, resulting in gross cash proceeds to the Company of $145,000.

The issuance of shares of common stock that may be issued from time to time to Aspire Capital under the Purchase Agreement are exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

Variable Interest Entities (VIE)

On November 13, 2017, Arcadian Services entered into a management and administrative services agreement with Arcadian Telepsychiatry PA, which is located in Texas, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, PA is determined to be a Variable Interest Entity and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect PA's economic performance through its majority representation of the PA; therefore, PA is consolidated by MYND. As of December 31, 2017, PA owns no percentage of MYnd.

On November 13, 2017, Arcadian Services entered into a management and administrative services agreement with Arcadian Telepsychiatry P.C., which is located in Pennsylvania, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, PC is determined to be a Variable Interest Entity and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect PC's economic performance through its majority representation of the PC; therefore, PC is consolidated by MYND. As of December 31, 2017, PC owns no percentage of MYnd.

Common and Preferred Stock

As of September 30, 2017 the Company was authorized to issue 515,000,000 shares of stock, of which 500,000,000 shares were Common Stock, and 15,000,000 shares were preferred stock.

As of December 31, 2017, the Company reduced the amount of stock it was authorized to issue to 265,000,000 shares of stock of which 250,000,000 shares were Common Stock, and 15,000,000 shares were preferred stock.

As of December 31, 2017, 4,360,561 shares of Common Stock were issued and outstanding. No shares of preferred stock were issued or outstanding.

See "-*2012 Omnibus Incentive Compensation Plan*" below for a discussion of equity based awards granted under the Company's incentive compensation plan.

Private Placement of Common Stock

On November 30, 2016, the Company sold and issued an aggregate of 160,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to six accredited investors, for which it received gross cash proceeds of $1,000,000. Three of the six accredited investors are affiliates of the Company, and represented 50% of the cash proceeds as follows: Dr. Robin Smith, our Chairman of the Board purchased 16,000 shares for $100,000; John Pappajohn, a member of the Board, purchased 32,000 shares for $200,000; and the Tierney Family Trust, of which our former Board member, Thomas Tierney is a trustee, purchased 32,000 shares for $200,000.

On December 21, 2016, the Company sold and issued an additional 48,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to fourteen accredited investors, for which it received gross cash proceeds of $300,000.

On December 29, 2016, the Company sold and issued an additional 32,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to two accredited investors, resulting in gross cash proceeds of $200,000, in which one investor, John Pappajohn, a member of the Board, purchased 16,000 shares for $100,000.

From February 10, 2017 through March 21, 2017, the Company sold and issued an additional 237,000 shares of its Common Stock, at a per share price of $6.25, in private placements to four affiliated and accredited investors, resulting in gross cash proceeds to the Company of $1,481,300. The affiliated investors were as follows: RSJ, purchased 160,000 shares for $1,000,000; John Pappajohn, a member of the Board, purchased 72,000 shares for $450,000; Geoffrey Harris is a member of the Board purchased 5,000 shares for $31,300. RSJ is a greater than 10% stockholder of the Company and Michal Votruba, who serves as a Director for Life Sciences at the RSJ/Gradus Fund, has served as a member of our Board since July 30, 2015. The subscription agreement between the Company and RSJ provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company's technology and/or intellectual property.

These private placements were made pursuant to an exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Regulation D thereunder.

Stock Dividend Warrants

On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. Warrants to purchase 2,539,061 shares of Common Stock were distributed pro rata to all holders of common stock on the record date. These warrants will be exercisable (in accordance with their terms) to purchase one share of common stock, at an exercise price of $5.25 per share. The warrants will become exercisable commencing not less than 12 months following their July 27, 2017 distribution date and will expire five years thereafter.

The dividend warrant has an exercise price of $5.25 and expires on July 26, 2022. We estimated the fair value of the dividend warrant at issuance date to be $16,375,394 using the Black-Scholes option valuation model with the following assumptions: market price of the stock of $6.55 per share, time to maturity of five years, volatility of 211.6%, zero expected dividend rate and risk-free rate of 1.89%. These warrants qualify for equity treatment. The allocation of the fair value of these warrants was included in additional paid-in capital on the consolidated balance sheet. The Company also recognized a dividend related to the dividend warrants as every shareholder was entitled to receive one warrant for every share of common stock for no consideration given. Accordingly, the Company recognized a $16,375,394 dividend at closing.

Underwritten Public Offering

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately $8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of $5.25 per share and accompanying Warrant, for a total offering size of $8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of $5.25 per share, subject to adjustments, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any. On August 24, 2017 the underwriters exercised their option and purchased 213,800 common stock warrants for $0.01 per warrant. The warrants were immediately exercisable for one share of common stock at an exercise price of $5.25 per share, subject to adjustments, and will expire five years after the issuance date.

As part of the underwritten public offering on July 19, 2017, the Company issued 134,000 common stock warrants to the underwriters as part of the services performed by them in connection with the underwritten public offering.

On August 23, 2017, the Company issued 213,800 common stock warrants to underwriters as part of the overallotment attributed to the July 2017 underwritten public offering. Gross proceeds amounted to $2,100.

Stock-Option Plans and Stock-Based Compensation

2006 Stock Incentive Plan

On August 3, 2006, CNS California adopted the CNS California 2006 Stock Incentive Plan (the "2006 Plan"). The 2006 Plan provides for the issuance of awards in the form of restricted shares, stock options (which may constitute incentive stock options (ISO) or non-statutory stock options (NSO), stock appreciation rights and stock unit grants to eligible employees, directors and consultants and is administered by the Board. A total of 3,339 shares of stock were ultimately reserved for issuance under the 2006 Plan. As of December 31, 2017, zero options were exercised and there were 1,513 option shares outstanding under the amended 2006 Plan. The outstanding options have exercise prices to purchase shares of Common Stock ranging from $2,400 to $5,760 per share.

2012 Omnibus Incentive Compensation Plan

On March 22, 2012, our Board approved the MYnd Analytics, Inc. 2012 Omnibus Incentive Compensation Plan (the “2012 Plan”), reserved 1,667 shares of stock for issuance and on December 10, 2012, the Board approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 1,667 shares to 27,500 shares. On March 26, 2013, the Board further approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 27,500 shares to 75,000 shares. The 2012 Plan, as amended, was approved by our stockholders at the 2013 annual meeting held on May 23, 2013.

On April 5, 2016, the Board approved a further amendment of the 2012 Plan to increase the Common Stock authorized for issuance from 75,000 shares to 200,000 shares.

On September 22, 2016 the Board amended the 2012 Plan to: (i) increase the total number of shares of Common Stock available for grant under the 2012 Plan from 200,000 shares to an aggregate of 500,000 shares, (ii) add an “evergreen” provision which, on January 1st of each year through 2022, automatically increases the number of shares subject to the 2012 Plan by the lesser of: (a) a number equal to 10% of the shares of Common Stock authorized under the 2012 Plan as of the preceding December 31st, or (b) an amount, or no amount, as determined by the Board, but in no event may the number of shares of Common Stock authorized under the 2012 Plan exceed 885,781 and (iii) increase the annual individual award limits under the 2012 Plan to 100,000 shares of Common Stock, subject to adjustment in accordance with the 2012 Plan. Per the above mentioned “evergreen” provision, an additional 50,000 shares were automatically allocated for distribution under the 2012 Plan as of January 1, 2017.

At the 2017 Annual Meeting of Stockholders of MYnd Analytics, Inc. (“the Company”), held on August 21, 2017 (the “2017 Annual Meeting”), the holders of the Company’s common stock voted to amend the Company’s 2012 Omnibus Incentive Compensation Plan (the “2012 Plan”) to increase: (i) the total number of shares of common stock, par value $0.001 per share (“Common Stock”), available for grant under the 2012 Plan (subject to the overall limits described in clause (ii) below) from 550,000 shares to an aggregate of 975,000 shares; (ii) the aggregate limitation on authorized shares available for grant under the 2012 Plan, following any increases pursuant to the evergreen provision, from 885,781 shares to 1,570,248 shares and (iii) the annual individual award limits under the 2012 Plan to 150,000 shares of Common Stock (subject to adjustment in accordance with the 2012 Plan);

On September 22, 2016, the Board granted options to purchase 144,000 shares of Common Stock under the 2012 Plan at an exercise price of $6.00 to certain directors and officers as follows:

- our Chairman Dr. Smith was granted options to purchase 40,000 shares of Common Stock which vested in accordance with certain specified performance criteria;
- our CEO, George Carpenter, was granted options to purchase 32,000 shares of Common Stock which vested in accordance with certain specified performance criteria;
- our former CFO, Paul Buck, was granted options to purchase 32,000 shares of Common Stock which vested in accordance with certain specified performance criteria;
- two of our outgoing directors, Mr. McAdoo and Mr. Sassine, were each granted 20,000 fully vested options to purchase Common Stock, which expired on November 1, 2017, and were never exercised.

On September 22, 2016, pursuant to the 2012 Plan, the Board granted shares of Common Stock to Board members as follows: 40,000 shares to our Chairman, Dr. Smith, and 20,000 shares to each of our directors, Messrs. Pappajohn, Follman, Harris and Votruba. Mr. Votruba’s shares are assigned to RSJ. These shares, were valued at $6.00 per share, the closing price of the shares on the day of grant, and were valued in aggregate at $720,000. Our outgoing directors, Mr. McAdoo and Mr. Sassine were offered stock, however, elected to each receive 20,000 fully vested options to purchase shares of Common Stock.

On September 29, 2016, pursuant to the 2012 Plan, the Board granted 20,000 shares of Common Stock to Thomas Tierney upon his appointment to the Board. These shares were valued at $6.00 per share, the closing price of the shares on the day of grant, and were valued in aggregate at $120,000.

On October 2, 2016, the Compensation Committee of the Board granted options to purchase 102,000 shares of the Company's Common Stock under the 2012 Plan to staff members. These options vest pro-rata over 12 months starting on the date of grant. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $6.00 per share.

On July 27, 2017, the Compensation Committee of the Board granted options to purchase 5,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $7.25 per share.

On March 31, 2017, the Compensation Committee of the Board granted options to our Chief Financial Officer Mr. D'Ambrosio to purchase 18,000 shares of the Company's common stock at an exercise price of $5.90 per share, which was the closing price on the OTC-QB of the Company's Common Stock on the date of grant, with: (i) the option to purchase 15,000 shares vesting in equal monthly installments over 36 months from March 31, 2017, and (ii) the option to purchase 3,000 shares which vested upon the Company's successful listing of its common stock on a national securities exchange.

On May 30, 2017, the Compensation Committee of the Board granted options to purchase 10,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $6.00 per share, as of September 30, 2017, 2,000 options are fully vested.

On July 14, 2017, the Company entered into a Chairman Services Agreement (the "Agreement") with Robin L. Smith, M.D., the Chairman of the Company's board of directors (the "Board"). Pursuant to the Agreement, Dr. Smith is also entitled to receive the following equity awards: (a) on the Effective Date, a grant of 25,000 shares of restricted stock (vesting immediately) under the 2012 Plan; (b) on the Effective Date, options to purchase 75,000 shares of Common Stock under the Plan; and (c) on the date of the Company's 2017 annual meeting of stockholders, an award of options to purchase 50,000 shares of Common Stock (the "2017 Option Award") was granted. In addition, at each annual meeting of stockholders of the Company thereafter beginning in 2018 during the Term, Dr. Smith will be entitled to receive a grant of 25,000 shares of restricted stock (vesting immediately) under the Plan and options to purchase 75,000 shares of Common Stock under the Plan. Other than the 2017 Option Award, all options granted under the Agreement will vest 1/3 on the date of grant, 1/3 on the six month anniversary of the date of grant and 1/3 on the twelve month anniversary of the date of grant. The 2017 Option Award will vest on December 1, 2018. Pursuant to the Agreement, all options owned by Dr. Smith will remain exercisable for a period of 10 years from the date of grant, even if Dr. Smith is no longer with the Company.

On July 26, 2017, the Compensation Committee of the Board granted options to purchase 5,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $4.15 per share.

On July 31, 2017, the Compensation Committee of the Board granted options to purchase 10,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $3.81 per share.

On August 21, 2017, the award ("Option Grant 2") was granted, and approved by the board of directors of the Registrant, subject to stockholder approval of an amendment to a provision of the Registrant's Plan, pursuant to the Agreement. The Registrant's stockholders approved the amendment to the provision of the Plan granted options to purchase 50,000 shares of Common Stock under the 2012 Plan at an exercise price of $4.16 per share to Robin L. Smith, M.D., the Chairman of the Company's board of directors (the "Board").

On August 22, 2017, the Compensation Committee of the Board granted options to purchase 5,000 shares of the Company's Common Stock under the 2012 Plan to a staff member. These options vest based on certain milestones being met. Exercise price of the options was the closing price on the OTC-QB of the Company's Common Stock on the date of grant which was $4.10 per share.

On September 19, 2017, the Board granted (i) 12,000 shares of restricted common stock under the 2012 Plan to each of Messrs. Pappajohn, Unanue and Votruba, and (ii) 18,000 shares of restricted common stock under the 2012 Plan to to Mr. Harris, who serves as the Audit Committee chairperson. Mr. Votruba's shares of restricted common stock are assigned to RSJ.

On September 19, 2017, the Board granted (i) options to purchase 12,000 shares of common stock under the 2012 Plan to each of Messrs. Pappajohn, Unanue and Votruba, and (ii) options to purchase 18,000 shares of common stock under the 2012 Plan to Mr. Harris, who serves as the Audit Committee chairperson. All such options have an exercise price of $3.60, which was the closing price on the date of grant of our common stock on the Nasdaq Capital Market. Mr. Votruba's options are assigned to RSJ.

On November 5, 2017, the Board granted options to purchase 20,000 shares of common stock under the 2012 Plan to David Nash, with an exercise price of $3.88, and will vest quarterly over the following year.

On November 13, 2017, the Board granted options to purchase 35,000 shares of common stock under the 2012 Plan to Robert Plotkin, with an exercise price of $3.96, for which 11,667 shares vest immediately, 11,667 shares vest on November 13, 2019, and rest 11,666 shares will vest on the date Arcadian Services achieves aggregate revenues of at least $2.5 million from and after November 13, 2017.

On December 18, 2017, the Board granted options to purchase 5,000 shares of common stock under the 2012 Plan to each of the three staff members, with an exercise price of $3.74, for which 1,000 shares vest upon achieving individual revenues of $150,000; 1,000 shares vest upon achieving individual revenues of $325,000; 1,000 shares vest upon achieving individual revenues of $500,000; 1,000 shares vest upon achieving individual revenues of $625,000; 1,000 shares vest upon achieving individual revenues of $725,000.

As of December 31, 2017, options to purchase 577,546 shares of Common Stock were outstanding under the 2012 Plan with exercise prices ranging from $3.60 to $600, with a weighted average exercise price of $6.64. Additionally, 280,250 restricted shares of Common Stock have been issued under the 2012 Plan, leaving 117,204 shares of Common Stock available to be awarded.

Stock-based compensation expenses are generally recognized over the employees' or service provider's requisite service period, generally the vesting period of the award. Stock-based compensation expense included in the accompanying unaudited condensed consolidated statements of operations for the three months ended December 31, 2017 and 2016 is as follows:

	Three months ended December 31	
	2017	2016
Stock-based compensation expense by type of award:		
Stock options	$ 117,400	$ 287,600
Restricted stock	219,200	213,400
Total stock-based compensation expenses	$ 336,600	$ 501,000
Stock-based compensation expense by line item:		
Research	$ —	$ 6,600
Product development	100	97,400
Sales and marketing	100	22,500
General and administrative	336,400	374,500
Total	$ 336,600	$ 501,000

Total unrecognized stock compensation expense as of December 31, 2017 amounted to $1,173,000.

The following table sets forth the Company's unrecognized stock-based compensation expense, net of estimated forfeitures, by type of award and the weighted-average period over which that expense is expected to be recognized:

	December 31			
	2017		2016	
	Unrecognized Expense, net of estimated forfeitures	Weighted average Recognition Period (in years)	Unrecognized Expense, net of estimated forfeitures	Weighted average Recognition Period (in years)
Type of Award:				
Stock Options	$ 963,200	8.82	$ 474,300	9.01
Restricted Stock	$ 209,800	0.74	$ —	0
Total	$ 1,173,000	7.86	$ 474,300	9.01

A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding at September 30, 2017	554,083	$ 16.14	8.29	$ 11,340
Granted	70,000	3.85	—	—
Exercised	—	—	—	—
Forfeited or expired	(45,024)	8.69		
Outstanding at December 31, 2017	579,059	$ 15.24	8.82	$ —

There are 344,934 options vested and 234,125 unvested as of December 31, 2017; there are 352,812 options vested and 201,271 options unvested as of September 30, 2017;

Following is a summary of the restricted stock activity for the three months ended December 31, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2017	222,750	$ 5.31
Granted	57,500	3.88
Forfeited	—	—
Outstanding at December 31, 2017	**280,250**	**$ 5.02**

There are 219,021 shares of restricted stock vested and 61,229 unvested as of December 31, 2017; there are 167,708 shares of restricted stock vested and 55,042 unvested as of September 30, 2017;

Awards of Restricted Stock

On November 5, 2017, the Board granted 20,000 shares of restricted common stock under the 2012 Plan to David Nash.

On November 13, 2017 George C. Carpenter IV, President and Chief Executive Officer of the Company; Donald D'Ambrosio, Chief Financial Officer and the Chairman Robin L. Smith, were each granted 7,500 shares. In addition, the Company granted another 15,000 shares of restricted common stock to various employees as satisfaction of certain performance criteria.

The range of Black-Scholes option-pricing model assumption inputs for all the valuation dates are in the table below:

	Three months ended December 31, 2017	
	Low	High
Annual dividend yield	—%	—%
Expected life (years)	5	5
Risk-free interest rate	1.99%	2.87%
Expected volatility	209.77%	210.39%

Expected Dividend Yield. The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future.

Expected Life. The Company elected to utilize the "simplified" method for "plain vanilla" options to value stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term.

Expected Volatility. The expected volatility rate used to value stock option grants is based on the historical volatilities of the Company's common stock.

Risk-free Interest Rate. The risk-free interest rate assumption was based on U.S. Treasury bill instruments that had terms consistent with the expected term of the Company's stock option grants.

Warrants to Purchase Common Stock

As of December 31, 2017 and September 30, 2017, there were 4,567,672 warrants outstanding with a weighted average exercise price of $5.30. There was no warrant activity during the three month period ended December 31, 2017.

Following is a summary of the status of warrants outstanding at December 31, 2017:

	Exercise Price	Number of Shares		Expiration Date		Weighted Average Exercise Price
$	5.25	2,539,061	(1)	07/2022	$	5.25
	5.25	1,675,000	(2)	07/2022		5.25
	5.25	213,800	(3)	07/2022		5.25
	6.04	134,000	(4)	07/2022		6.04
	9.44	191		03/2018		9.44
	10.00	4,000	(5)	06/2021		10.00
$	55.00	1,620		06/2018 – 03/2019		55.00
	Total	**4,567,672**			**$**	**5.30**

(1) On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. Warrants to purchase 2,539,061 shares of Common Stock were distributed pro rata to all holders of common stock on the record date. These warrants will be exercisable (in accordance with their terms) to purchase one share of common stock, at an exercise price of $5.25 per share. The warrants will become exercisable commencing not less than 12 months following their July 27, 2017 distribution date and will expire five years thereafter.

(2) On July 19, 2017, the Company issued 1,675,000 shares of Common Stock and accompanying Warrants to purchase up to 1,675,000 shares of Common Stock in connection with an underwritten public offering.

(3) On August 23, 2017, the Company issued 213,800 common stock warrants to underwriters as part of the overallotment attributed to the July 2017 underwritten public offering.

(4) As part of the underwritten public offering on July 19, 2017, the Company issued 134,000 common stock warrants to the underwriters as part of the services performed by them in connection with the underwritten public offering.

(5) On June 10, 2016, we issued two warrants, pursuant to a Finder's Fee Agreement with Maxim Group LLC, to purchase in aggregate 4,000 shares of Common Stock following the introduction of an accredited investor who entered into a Second Amended Note and Warrant Purchase Agreement in the principal amount of $200,000. Each warrant is exercisable, in whole or in part, during the period beginning on the date of its issuance, and ending on the earlier of (i) December 31, 2020 and (ii) the date that is forty-five (45) days following the date on which the daily closing price of shares of the Company's Common Stock quoted on the OTCQB Venture Marketplace (or other bulletin board or exchange on which the Company's Common Stock is traded or listed) exceeds $50.00 for at least ten (10) consecutive trading days. In connection therewith, the Company will promptly notify the Note Warrant holders in the event that the daily closing price of the Company's shares of Common Stock exceeds $50.00 for at least ten (10) consecutive trading days. Pursuant to the Finder's Fee Agreement, Maxim was also paid $20,000 cash for their efforts.

7. INCOME TAXES

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

As a result of the implementation of certain provisions of ASC 740, *Income Taxes*, which clarifies the accounting and disclosure for uncertainty in tax positions, the Company has analyzed filing positions in each of the federal and state jurisdictions where required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified U.S. Federal and California as our major tax jurisdictions. Generally, we remain subject to Internal Revenue Service examination of our 2013 through 2016 U.S. federal income tax returns, and remain subject to California Franchise Tax Board examination of our 2012 through 2016 California Franchise Tax Returns. We have certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

The Tax Cuts and Jobs Act (the Act) was enacted on December 22, 2017. The Act reduces the US Federal corporate tax rate from 35% to 21%. The reduction in the US Federal tax rate would not have an impact, thus no benefit or expense needs to be recognized in our tax provision for the period ended December 31, 2017. The Company's Federal net deferred tax assets currently are in a full valuation allowance position and will continue to be in a full valuation allowance position, therefore the rate reduction does not affect the net deferred Federal tax asset balance. Additionally, for the Company's state net deferred tax asset balance, the state deferred rate has been determined at the full amount without a reduction for the Federal benefit (no benefit recognized in a full valuation allowance), and therefore the state deferred rate and net deferred tax asset balances would not change with the reduction in the Federal tax rate.

Current and non–current deferred taxes have been recorded on a net basis in the accompanying balance sheet. The Act reduces the U.S. statutory tax rate from 35% to 21%, effective January 1, 2018. During the three months ended December 31, 2017, the Company recorded a $6.2 million tax expense representing the detriment of remeasuring its U.S. deferred tax assets at the lower 21% statutory tax rate, as well as a corresponding full valuation allowance for the same amount resulting in no impact to our Statement of Operations. As of December 31, 2017, the Company had Federal net operating loss carryforwards of approximately $10.8 million and State net operating loss carryforwards of approximately $2.0 million, both tax effected. Both the Federal and State net operating loss carryforwards will begin to expire in 2022 and 2018 respectively. Our ability to utilize net operating loss carryforwards may be limited in the event that a change in ownership, as defined in the Internal Revenue Code, occurs in the future.

The Company has placed a valuation allowance against the deferred tax assets in excess of deferred tax liabilities due to the uncertainty surrounding the realization of such excess tax assets. Management periodically evaluates the recoverability of the deferred tax assets and the level of the valuation allowance. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced accordingly.

8. RELATED PARTY TRANSACTIONS

DCA Agreement

On September 25, 2013, the Board approved a consulting agreement effective May 1, 2013, for marketing services provided by Decision Calculus Associates, an entity operated by Mr. Carpenter's spouse, Jill Carpenter. Effective August 2015, DCA was engaged at a fee of $10,000 per month. From August 2015 through February 2017, DCA has been paid $170,000. The Decision Calculus Associates ("DCA") contract was renewed at $3,000 a month effective March 1, 2017. The Company incurred $9,000 and $25,000 for the three months ended December 31, 2017 and 2016, respectively.

Hooper Holmes Agreement

In 2016, we entered into an agreement with Hooper Holmes Inc, in which Dr. Smith, our Chairman of the Board, became an advisory member of its board as of March 16, 2017, and in which Mr. Pappajohn, our director, has participated in equity raises to become the beneficial owner of a greater than 10% interest. Hooper Holmes performs EEGs nationwide to patients who wish to obtain a PEER report. The Company incurred $36,400 and $0 for these services during the three months ended December 31, 2017 and 2016, respectively.

Investment in Arcadian Telepsychiatry LLC

On April 1, 2017, the Company entered into a Master Purchase and Option Agreement with Arcadian Telepsychiatry LLC ("Arcadian"), a Pennsylvania based Limited Liability Company and Mr. Robert Plotkin. Consideration paid for a 10% equity interest in Arcadian was in the form of (i) a $100,000 capital contribution to Arcadian and (ii) the issuance of 1,000 shares of Common Stock to Mr. Plotkin. On June 19, 2017, the Company made an additional $20,000 capital contribution to Arcadian. From July 6, 2017 through September 30, 2017 the Company made an additional $70,000 capital contribution to Arcadian. As of September 30, 2017 the Company's cumulative equity interest in Arcadian is 19%.

On November 13, 2017, Arcadian, MYnd and certain third party physicians entered into a number of transactions to reorganize the operations of Arcadian and implement a new ownership and management structure. Accordingly, on November 13, 2017, Arcadian converted into a Pennsylvania professional corporation after the equity interests in Arcadian were transferred to a third party physician. On that same date, Arcadian entered into a Management Services Agreement with Arcadian Telepsychiatry Services LLC ("Arcadian Services") and transferred certain assets and liabilities including its debt obligations to Arcadian in connection therewith. MYnd subsequently acquired 100% of the equity interests in Arcadian Services. In connection with the transfer of the equity interests in Arcadian Services, MYnd entered into an employment agreement with the founder of the Company, pursuant to which MYnd will continue to employ the former founder of the Company as the CEO of Arcadian Services for an annual salary of $215,000, and granted him options to purchase 35,000 shares of common stock of MYnd. In addition, MYnd assumed to guaranty Arcadian Services' amended debt, see *Note 5. Acquisition.*

Sublease with BREC

On November 13, 2017, Arcadian Services assumed a lease with a $2,500 monthly payment through February 28, 2018 for 2250 square feet. Arcadian Services' operations are located at 7241 Hollywood Road, Fort Washington, Pennsylvania 19034. The lease terminated on December 31, 2017. On January 2, 2018, Arcadian Services was granted a two month extension until February 28, 2018 with a monthly rental rate of $2,500. The sub-landlord BREC and the property owner of Hollywood Road, LLC are both owed by Mr. Plotkin.

9. LOSS PER SHARE

In accordance with ASC 260-10 (formerly SFAS 128, “Computation of Earnings Per Share”), basic net income (loss) per share is computed by dividing the net income (loss) to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and dilutive common equivalent shares outstanding during the period. For the three-month periods ended December 31, 2017 and 2016, the Company has excluded all common equivalent shares from the calculation of diluted net loss per share as such securities are anti-dilutive.

A summary of the net income (loss) and shares used to compute net income (loss) per share for the three-month periods ended December 31, 2017 and 2016 is as follows:

	Three months ended December 31,	
	2017	2016
Net Loss for computation of basic and diluted net loss per share:		
Net loss	$ (2,769,300)	$ (1,440,200)
Basic and Diluted net loss per share:		
Basic and diluted net loss per share	$ (0.64)	$ (0.70)
Basic and Diluted weighted average shares outstanding	4,332,927	2,101,061
Anti-dilutive common equivalent shares not included in the computation of dilutive net loss per share:		
Warrants	4,567,672	7,155
Restricted Common Stock	254,333	143,750
Options	559,617	325,103
Total warrants and options	**5,381,622**	**476,008**

10. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The Company is not currently party to any legal proceedings, the adverse outcome of which, in the Company’s management’s opinion, individually or in the aggregate, would have a material adverse effect on the Company’s results of operations or financial position.

Lease Commitments

The Company’s policy is to account for the lease expense on the straight–line method.

The Company’s Headquarters and Neurometric Services business is located at 26522 La Alameda, Suite 290, Mission Viejo, CA 92691, which is 2,290 square feet in size. The lease period commenced on February 1, 2016 and terminated on January 31, 2018. The rent for the first four months was $2,290 per month, which was abated by 50%; for months 5 through 12 the rent increased to 4,580 per month and for the final 12 months the rent increased by 5% to 4,809 per month. On October 31, 2017 we signed a First Amendment to our initial lease, lease period commenced on February 1, 2018 and terminates on January 31, 2019. The rent for the twelve month period is $5,267 per month.

On February 2, 2016, we signed a 23.5 months lease for 1,092 square feet of office space to house our EEG testing center. The premises are located at 25201 Paseo De Alicia, Laguna Hills, CA 92653. The lease period commenced on February 15, 2016 and terminated on January 31, 2018. The rent for first half month of February was prorated at $928; for the next 11 months the rent was $1,856 per month, and for the remaining twelve months the rent increased by 3% to $1,911 per month. On November 10, 2017 we signed a First Amendment to our initial lease, lease period commenced on February 1, 2018 and terminates on January 31, 2019. The rent for the twelve-month period is $2,129 per month. Additionally, we expanded into premises which are located at 25231 Paseo De Alicia, Laguna Hills, CA 92653. The lease period commenced on December 1, 2017 and terminates on January 31, 2019. The rent for the fourteen-month period is $3,270 per month

On August 1, 2017, we signed a four-month lease for two offices to be used for EEG testing in the New York area. The premises are located at 420 Lexington Avenue, Suite 350, New York, New York 10170. The lease period commenced on August 1, 2017 and terminated on December 31, 2017. The rent for was $4,500 per month, with a first and last month lease fee of $9,000 which was due upon signing. On December 27, 2017 we signed a month to month for two offices to be used for EEG testing in the New York area. The premises are located at 420 Lexington Avenue, Suite 300, New York, New York 10170. The rent will be for $4,995 per month, with security deposit including first month due on signing of $13,483.

On September 14, 2017, we signed a three-year lease for 1,180 square feet. The premises are located at 8000 Westpark Drive, Suite 125, Tysons, Virginia 22102. The lease period commenced on September 15, 2017 and terminates on September 30, 2020. The rent for September 15, 2017 through September 30, 2018 is prorated at $2,508, the next 12 months the rent is prorated at $2,576; and for the remaining twelve months the rent prorated at $2,647, the landlord abated one hundred percent of the base rent for the first two full calendar months of the term, October and November 2017.

On November 13, 2017, Arcadian Services assumed a sublease for a three year term for 2250 square feet. The premises are located at 7241 Hollywood Road, Fort Washington, Pennsylvania 19034. The lease terminated on December 31, 2017 and the rent is $2,500 a month. On January 2, 2018, Arcadian Services was granted a two month extension until February 28, 2018 with a monthly rent rate of $2,500.

On January 29, 2018, Arcadian Services signed a two year lease for 2,338 square feet. The premises are located at 1300 Virginia Drive, Suite 110, Fort Washington, PA 19034. The lease period commences on March 1, 2018 and terminates on February 28, 2020. The rent for the first twelve months of the lease is $3,312 and for the last twelve months of the lease the rent is $3,410. Arcadian Services paid a security deposit of $3,312.16 upon signing.

The Company incurred rent expense of $44,800 and $18,200 for the three months ended December 31, 2017 and 2016, respectively.

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

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with our unaudited condensed consolidated financial statements as of, and for, the three months ended December 31, 2017 and 2016, and our Annual Report on Form 10-K for the year ended September 30, 2017, filed with the U.S. Securities and Exchange Commission on December 29, 2017.

Forward-Looking Statements

This discussion summarizes the significant factors affecting the unaudited condensed consolidated operating results, financial condition and liquidity and cash flows of MYnd Analytics, Inc. (“we,” “us,” “our,” or the “Company”) for the three month periods ended December 31, 2017 and 2016. Except for historical information, the matters discussed in this management’s discussion and analysis or plan of operation and elsewhere in this Quarterly Report on Form 10-Q 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, that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new products or services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management’s goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; and other similar expressions concerning matters that are not historical facts. Words such as “may,” “will,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes” and “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- *our need for immediate additional funding to support our operations and capital expenditures;*
- *our ability to successfully maintain listing of our shares of common stock on the Nasdaq Capital Market;*
- *our history of operating losses;*
- *our inability to gain widespread acceptance of our PEER Reports;*
- *our inability to prevail in convincing the United States Food and Drug Administration (the "FDA"), that our rEEG or PEER Online service does not constitute a medical device and should, therefore, not be subject to regulations;*
- *the possible imposition of fines or penalties by the FDA for alleged violations of its rules and regulations;*
- *our new subsidiary in telebehavioral health may be harmed by evolving governmental regulation;*
- *our new subsidiary's business model requires work with affiliated professional entities not owned by the Company;*
- *our new subsidiary may require an expanded and maintained network of certified professionals;*
- *our revenue and prospects for profitability may be harmed;*
- *our business may be subject to additional regulations in the future that could increase our compliance costs;*
- *our operating results may fluctuate significantly and our stock price could decline or fluctuate if our results do not meet the expectation of analysts or investors;*
- *our intellectual property position;*
- *our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;*
- *any negative or unfavorable media coverage;*
- *our inability to generate and commercialize additional products and services;*
- *our inability to comply with the substantial and evolving regulation by state and federal authorities, which could hinder, delay or prevent us from commercializing our products and services;*
- *our inability to successfully compete against existing and future competitors;*
- *delays or failure in clinical trials;*
- *any losses we may incur as a result of litigation;*
- *our inability to manage and maintain the growth of our business;*
- *our inability to protect our intellectual property rights;*
- *employee relations;*
- *possible security breaches;*
- *possible medical liability claims;*
- *our ability to sell common stock to Aspire Capital Fund LLC under our current common stock purchase agreement;*
- *possible personal injury claims in the future; and*
- *our limited trading volume.*

Additional risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied in our written or oral forward-looking statements may be found and in our Annual Report on Form 10-K for the year ended September 30, 2017 under the headings "Risk Factors" and "Business," as updated in this Quarterly Report on Form 10-Q.

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Overview

MYnd Analytics, Inc. (the "Company" or "MYnd") employs a clinically validated scalable technology platform to support personalized care for mental health patients. The Company utilizes its patented machine learning, artificial intelligence, data analytics platform for the delivery of telebehavioral health services and its PEER predictive analytics product offering. On November 13, 2017, the Company acquired Arcadian Telepsychiatry Services LLC ("Arcadian Services"), which manages the delivery of telepsychiatry and telebehavioral health services through a nationwide network of licensed and credentialed psychiatrists, psychologists and master's-level therapists. The Company is commercializing its PEER predictive analytics tool to help physicians reduce trial and error treatment in mental health. MYnd's patented, clinically validated technology platform ("PEER Online") utilizes complex algorithms to analyze electroencephalograms ("EEGs") to generate Psychiatric EEG Evaluation Registry ("PEER") Reports to predict individual responses to a range of medications prescribed for the treatment of behavioral disorders including depression, anxiety, bipolar disorder, post-traumatic stress disorder ("PTSD") and other non-psychotic disorders.

Acquisition of Arcadian Telepsychiatry Services LLC

On November 13, 2017, the Company entered into an equity purchase agreement (the "Agreement") with Arcadian Telepsychiatry Services LLC ("Arcadian Services") and Mr. Robert Plotkin, pursuant to which the Company acquired all of the issued and outstanding membership interests (the "Equity Interests") of Arcadian Services from Mr. Plotkin. In consideration for the Equity Interests, the Company entered into an employment agreement with Mr. Plotkin, pursuant to which the Company will continue to employ Mr. Plotkin as the CEO of Arcadian Services for an annual salary of $215,000, and granted him 35,000 options to purchase common stock of the Company. In addition, the Company entered into the Guaranty (as described below).

In connection with the Agreement, Arcadian Telepsychiatry LLC ("Arcadian") and Arcadian Telepsychiatry Services LLC ("Arcadian Services"), entered into the Side Agreement and Seed Capital Amendment with Ben Franklin Technology Partners of Southeastern Pennsylvania ("BFTP"), pursuant to which BFTP waived its rights (a) to an equity conversion contemplated by the existing funding agreements (as they may be amended, supplemented or otherwise modified from time to time, the "BFTP Loan Documents") between Arcadian and BFTP, under which BFTP has loaned Arcadian the aggregate principal amount of $700,000 and upon which an aggregate of $96,700 of interest had then accrued (collectively, the "Loan Amount") and (b) to act as an observer to Arcadian's board. Under the Side Agreement and Seed Capital Amendment, Arcadian acknowledged and reaffirmed all of BFTP's claims, encumbrances granted by Arcadian to BFTP, and BFTP's other rights, interests and remedies pursuant to the BFTP Loan Documents and otherwise. The effectiveness of the Side Agreement and Seed Capital Amendment are conditioned upon (i) MYnd making a one-time payment to BFTP of $175,000 as payment for the redemption and cancellation of two warrants to purchase equity interests in Arcadian and (ii) the Company entering into a guaranty with respect to Arcadian's obligations (including the Loan Amount) to BFTP under the BFTP Loan Documents, as amended by the Side Agreement and Seed Capital Amendment.The Side Agreement and Seed Capital Amendment further provides that all of Arcadian's rights, benefits, title, interests, liabilities and obligations under the BFTP Loan Agreements were assigned to Arcadian Services and the Company will becombe obligated to complete all financial reporting to BFTP required under the BFTP Loan Documents.

In addition, the Company executed an absolute, unconditional, irrevocable and continuing guaranty and suretyship (the "Guaranty") in favor of BFTP, pursuant to which it unconditionally guaranteed the prompt payment and performance, when due, of all loans (including the Loan Amount), advances, debts, liabilities, obligations, covenants and duties owing by Arcadian Services to BFTP under the BFTP Loan Documents. Under the Guaranty, if Arcadian Services defaults under any obligation under the BFTP Loan Documents, the Company will be required to pay the amount then due to BFTP. The Guaranty contains representations, warranties, covenants, conditions, events of default and indemnities that are customary for agreements of this type.

Working Capital

Since our inception, we have never been profitable and we have generated significant net losses. As of December 31, 2017, we had an accumulated deficit of $78.4 million, compared to accumulated deficit of $75.6 million as of September 30, 2017. We incurred operating losses of $2.8 million and $1.4 million for the three months ended December 31, 2017 and 2016, respectively, and incurred net losses of $2.8 million and $1.4 million for those respective periods.

We anticipate that a substantial portion of our capital resources and efforts would be focused on conducting our clinical trials, the scale-up of our commercial sales organization, further research, product development and other general corporate purposes, including accrued but unpaid expenses. We also anticipate that some future research and development projects would be funded by grants or third-party sponsorship, along with funding by the Company.

As of December 31, 2017, our current assets of $2.8 million exceeded our current liabilities of $1.7 million by $1.1 million.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Aspire Purchase Agreement, Aspire Capital purchased 20,000 shares of its Common Stock, at a per share price of $7.25, resulting in gross cash proceeds to the Company of $145,000.

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of $8.79 million.

In November 2017, the Company guaranteed the $700,000 principle loan to Arcadian from BFTP as part of the acquisition of Arcadian Services.

During fiscal year 2016, we raised $2.95 million in the private placement of secured convertible debt convertible at $10.00 per share. For details of these financings see "*Private Placement Transactions—Private Placement of Common Stock*" below.

On December 6, 2016, the Company, entered into a common stock purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC, an Illinois limited liability company ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. For details of the Purchase Agreement financing see "*Private Placement Transactions—The Aspire Capital Equity Line*" below.

We will need additional funding to conduct the planned clinical trials and to conduct a marketing campaign to significantly increase the demand for our PEER Online services. We are actively exploring additional sources of capital. However, we cannot offer assurances that additional funding will be available on acceptable terms, or at all. Even if we were to raise additional funds, any additional equity funding may result in significant dilution to existing stockholders, and, if we incur additional debt financing, a substantial additional portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting the funds available for our business activities. If adequate funds are not available, it will likely force us to cease operations or would otherwise have a material adverse effect on our business, financial condition and/or results of operations.

Public Offering

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately $8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of $5.25 per share and accompanying Warrant, for a total offering size of $8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of $5.25 per share, subject to adjustments, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to an 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any. On August 24, 2017 the underwriters exercised their option and purchased 213,800 common stock warrants for $0.01 per warrant. The warrants were immediately exercisable for one share of common stock at an exercise price of $5.25 per share, subject to adjustments, and will expire five years after the issuance date.

Capitalization

At our annual meeting of stockholders held on October 28, 2015 (the "2015 Stockholder Meeting"), our stockholders approved a proposal to amend the Company's Certificate of Incorporation in order to increase the number of shares of Common Stock authorized for issuance under our Charter from 180,000,000 to 500,000,000.

Also at our 2015 Stockholder Meeting, our stockholders approved an amendment to amend the Company's Charter for the purposes of effecting a reverse stock-split of our Common Stock at a later time and at any time until the next meeting of the Company's stockholders which are entitled to vote on such actions, by a ratio of not less than 1-for-10 and not more than 1-for-200, and to authorize the Board of Directors ("Board") to determine, at its discretion, the timing of the amendment and the specific ratio of the reverse stock-split.

On August 24, 2016, the Board approved a 1-for-200 reverse stock-split which was effected on September 21, 2016.

On September 19, 2016, pursuant to the Second Omnibus Amendment, the Company exercised the Mandatory Conversion and, on September 21, 2016, (i) converted the entire outstanding principal balance of $6,000,000, plus accrued interest of $317,000 on all of the Notes into 1,263,406 shares of the Company's common stock at a conversion price of $5.00 per share and (ii) canceled all 600,000 Warrants.

At the 2017 Annual Meeting of Stockholders of MYnd Analytics, Inc. ("the Company"), held on August 21, 2017 (the "2017 Annual Meeting"), the holders of the Company's common stock voted to amend the Company's certificate of incorporation (the "Charter") to reduce the number of shares of Common Stock authorized for issuance under the Charter from 500,000,000 to 250,000,000. The certificate evidencing the resolution reducing the shares was filed with the Delaware Secretary of State.

	Shares
Shares of Common Stock Authorized	250,000,000
Shares of Preferred stock Authorized (none issued and outstanding)	15,000,000
Total Authorized Shares	265,000,000
Shares of Common Stock Issued and Outstanding at December 31, 2017	4,360,561
Common Stock issuable upon the exercise of outstanding stock options at December 31, 2017	579,059(1)
Common Stock issuable upon the exercise of outstanding warrants at December 31, 2017	4,567,672(1)
Total securities outstanding and reserved for issuance at December 31, 2017	9,507,292

(1) *For more detail on the exercise prices and expiration dates of the options and warrants please refer to the "Stock Option Plans" and "Warrants to Purchase Common Stock" sections of Note 7. Stockholders' Equity to the Condensed Consolidated Financial Statements.*

Warrants

On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. Warrants to purchase 2,539,061 shares of Common Stock were distributed pro rata to all holders of common stock on the record date. These warrants will be exercisable (in accordance with their terms) to purchase one share of common stock, at an exercise price of $5.25 per share. The warrants will become exercisable commencing not less than 12 months following their July 27, 2017 distribution date and will expire five years thereafter.

The dividend warrant has an exercise price of $5.25 and expires on July 26, 2022. We estimated the fair value of the dividend warrant at issuance date to be $16,375,394 using the Black-Scholes option valuation model with the following assumptions: market price of the stock of $6.55 per share, time to maturity of 5 years, volatility of 211.6%, zero expected dividend rate and risk-free rate of 1.89%. These warrants qualify for equity treatment. The allocation of the fair value of these warrants was included in additional paid-in capital on the consolidated balance sheet. The Company also recognized a dividend related to the dividend warrants as every shareholder was entitled to receive one warrant for every share of common stock for no consideration given. Accordingly, the Company recognized a $16,375,394 dividend at closing.

On July 19, 2017, the Company issued 1,675,000 shares of Common Stock and accompanying Warrants to purchase up to 1,675,000 shares of Common Stock in connection with an underwritten public offering. The public offering warrant has an exercise price of $5.25 and expires on July 19, 2022. We estimated the fair value of the public offering warrant at issuance date to be $10,802,728 using the Black-Scholes option valuation model with the following assumptions: market price of the stock of $6.55 per share, time to maturity of 5 years, volatility of 211.6%, zero expected dividend rate and risk-free rate of 1.89%. These warrants qualify for equity treatment. The allocation of the fair value of these warrants was included in additional paid-in capital on the consolidated balance sheet.

As part of the underwritten public offering on July 19, 2017, the Company issued Common Stock warrants to purchase 134,000 shares of common stock to the underwriters as part of the services performed by them in connection with the underwritten public offering. The underwriter warrant has an exercise price of $6.04 and expires on July 19, 2022. We estimated the fair value of the underwriter warrant at issuance date to be $863,225 using the Black-Scholes option valuation model with the following assumptions: market price of the stock of $6.55 per share, time to maturity of 5 years, volatility of 211.6%, zero expected dividend rate and risk-free rate of 1.89%. These warrants qualify for equity treatment. The allocation of the fair value of these warrants was included in additional paid-in capital on the consolidated balance sheet.

On August 23, 2017, the Company issued common stock warrants to purchase 213,800 shares of common stock to the underwriters as part of the overallotment attributed to the July 2017 underwritten public offering. The overallotment warrant has an exercise price of $5.25 and expires on July 19, 2022. We estimated the fair value of the overallotment warrant at issuance date to be $880,710 using the Black-Scholes option valuation model with the following assumptions: market price of the stock of $4.20 per share, time to maturity of 5 years, volatility of 211.6%, zero expected dividend rate and risk-free rate of 1.89%. These warrants qualify for equity treatment. The allocation of the fair value of these warrants was included in additional paid-in capital on the consolidated balance sheet.

(1) *For more detail on the exercise prices and expiration dates of the options and warrants please refer to the "Stock Option Plans" and "Warrants to Purchase Common Stock" sections of Note 6. Stockholders' Equity to the Condensed Consolidated Financial Statements.*

Financial Operations Overview

Revenues

Our neurometric services revenues are derived from the sale of PEER Reports to physicians. Physicians are generally billed upon delivery of a PEER Report. The list price of our PEER Reports to physicians is $400 per report which excludes the cost of conducting the EEG. The Company also derives revenue from its subsidiary Arcadian Services who manages the delivery of telepsychiatry and telebehavioral health services which are delivered directly to patients.

Cost of Revenues

Cost of revenues are for services and represent the cost of direct labor, the costs associated with external processing, analysis and consulting services necessary to generate the revenues.

Research and Product Development

Research and Product development expenses are associated with our neurometric and telepsychiatry services and primarily represent costs incurred to design and conduct clinical studies, to recruit patients into the studies, to add data to our database, to improve analytical techniques and advance application of the methodology. We charge all research and development expenses to operations as they are incurred.

Sales and Marketing

For our neurometric and telepsychiatry services, our selling and marketing expenses consist primarily of personnel, media, support and travel costs to inform user organizations and consumers of our products and services. Additional marketing expenses are the costs of advertising, educating physicians, laboratory personnel, other healthcare professionals regarding our products and services.

General and Administrative

Our general and administrative expenses consist primarily of personnel, occupancy, legal, audit, consulting and administrative support costs.

Critical Accounting Policies and Significant Judgments and Estimates

This management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

There have been no changes to our critical accounting policies as compared to the critical accounting policies disclosed in the Annual Report 10–K files with the SEC on December 29, 2017.

Revenue Recognition

We have generated limited revenues since our inception. Revenues for our Neurometric Service product are recognized when a PEER Report is delivered to a Client-Physician. The Company also recognizes revenue from its subsidiary, Arcadian Services who manages the delivery of telepsychiatry and telebehavioral health services. Revenue is recognized when the doctor or clinician performs the services.

Stock-based Compensation Expense

Stock-based compensation expense, which is a non-cash charge, results from stock option grants and restricted stock awards. Compensation cost is measured at the grant date based on the calculated fair value of the award. We recognize stock-based compensation expense on a straight-line basis over the vesting period of the underlying option. The amount of stock-based compensation expense expected to be amortized in future periods may decrease if unvested options are subsequently cancelled or may increase if future option grants are made.

Long-Lived Assets and Intangible Assets

Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. If the Company determines that the carrying value of the asset is not recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived or intangible asset exceeds its fair value. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives.

Costs for software developed for internal use are accounted for through the capitalization of those costs incurred in connection with developing or obtaining internal-use software. Capitalized costs for internal-use software are included in intangible assets in the consolidated balance sheet. Capitalized software development costs are amortized over three years. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software development and costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. The Company will begin amortizing the software over its estimated economic life once it has been placed into service.

The Company evaluates the recoverability of its long lived assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows, if any.

Goodwill

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in our business combinations. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could trigger an impairment review include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, additional impairment testing is not required. However, if the Company concludes otherwise, the Company is required to perform the first step of a two-step impairment test. Alternatively, the Company may elect to proceed directly to the first step of the two-step impairment test and bypass the qualitative assessment. The first step of the impairment test involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, the carrying amount of the goodwill is compared to its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The Company tests for goodwill impairment annually on September 30.

Derivative accounting for convertible debt and warrants

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. As of December 31, 2017, the Company had no financial instruments that contain embedded derivative features.

Inflation

For the three most recent fiscal years of the registrant or for those fiscal years in which the registrant has been engaged in business, whichever period is shortest, discuss the impact of inflation and changing prices on the registrant's net sales and revenues and on income from continuing operations.

Results of Operations for Three Months Ended December 31, 2017 and 2016

MYnd Analytics is focused on research and the commercialization of its PEER Reports through its Neurometric Services, as well as providing telehealth service through scheduling and videoconferencing that being accessible through a secure portal.

The following table presents consolidated statement of operations data for each of the periods:

Revenues

	Three months ended December 31, 2017	2016	Change
Neurometric Services	$ 53,300	$ 22,200	$ 31,100
Telepsychiatry Services	68,700	—	68,700
Total Revenues	$ 122,000	$ 22,200	$ 99,800

The increase was primarily due to increased sales of PEER reports, as well as sales generated from Arcadian Services during the period from November 13, 2017 through December 31, 2017.

Cost of Revenues

	Three months ended December 31, 2017	2016	Change
Cost of Revenues	$ 84,900	$ 3,700	$ 81,200

The increase was primarily due to increased consulting fees for EEG techs of $47,000 for the three months ended December 31, 2017, compared to $3,700 for the three months ended December 31, 2016, as well as cost of services generated from Arcadian Services during the period from November 13, 2017 through December 31, 2017.

Research

	Three months ended December 31, 2017	2016	Change
Services Research	$ 81,500	$ 31,600	$ 49,900

Research expenses consist of payroll expenses, (including stock-based compensation), consulting fees, travel expenses, conference fees, and other miscellaneous costs listed as following:

		Three months ended December 31, 2017	2016	Change
(1)	Salaries and benefit costs	$ —	$ 6,500	$ (6,500)
(2)	Consulting fees	79,000	22,800	56,200
(3)	Other miscellaneous costs	2,500	2,300	200
	Total Research	$ 81,500	$ 31,600	$ 49,900

(1) Salary and benefit costs, which are solely comprised of stock-based compensation, was zero for the three months ended December 31, 2017, primarily due to certain stock-based compensation fully vested;

(2) Consulting costs increased in the three months ended December 31, 2017 as a result of a new consulting agreement with our Medical Officer to assist with the training of clinical trial investigators on the PEER Report allowing them to participate in trials, and consult with other physicians in the use and interpretation of the PEER Report; additionally on November 13, 2017 we entered into two consulting agreement for medical directors to provide consulting services for the telepsychiatry business; and

(3) Other miscellaneous costs for the three months ended December 31, 2017 and December 31, 2016 were relatively unchanged.

Product Development

	Three months ended December 31, 2017	Three months ended December 31, 2016	Change
Product Development	$ 269,200	$ 295,300	$ (26,100)

Product development expenses consist of payroll costs, (including stock-based compensation), consulting fees, system development costs, conference fee, travel expenses, and miscellaneous costs which were as follows:

		Three months ended December 31, 2017	Three months ended December 31, 2016	Change
(1)	Salaries and benefit costs	$ 124,400	$ 203,000	$ (78,600)
(2)	Consulting fees	72,500	51,700	20,800
(3)	System development costs	36,000	15,500	20,500
(4)	Conference & Travel	10,900	7,400	3,500
(5)	Other miscellaneous costs	25,400	17,700	7,700
	Total Product Development	$ 269,200	$ 295,300	$ (26,100)

(1) Salaries and benefits decreased by $78,600 for the three months ended December 31, 2017, primarily due to certain stock-based compensation fully vested. The remainder was due to additional staff was hired;

(2) Consulting fees increased by $20,800 for the three months ended December 31, 2017, primarily due to services in relation to the upgrade of the Company’s cloud based sales platform and for a data science project to improve the Company’s algorithms for the production of an enhanced PEER report;

(3) System development and maintenance costs increased by $20,500 during the three months ended December 31, 2017 , primarily due to increased time in our contract system programmers for work on quality management initiatives, research support, transitioning to file sharing, and media management;

(4) Conference and travel costs increased by $3,500 during the three months December 31, 2017, primarily due to travel for the Canadian Armed Forces Trial ; and

(5) Other miscellaneous costs increased slightly by $7,700 for the three months ended December 31, 2017.

Sales and marketing

	Three months ended December 31, 2017	Three months ended December 31, 2016	Change
Sales and Marketing	$ 667,200	$ 105,700	$ 561,500

Sales and marketing expense for the three months ended December 31, 2017 was $667,200, compared to $105,700 for the three months ended December 31, 2016.

Sales and marketing expenses consist of payroll and benefit costs, (including stock-based compensation), advertising and marketing expenses, consulting fees, and miscellaneous expenses.

		Three months ended December 31,		
		2017	2016	Change
(1)	Salaries and benefit costs	$ 247,100	$ 48,900	$ 198,200
(2)	Consulting fees	174,900	45,200	129,700
(3)	Advertising and marketing costs	151,100	—	151,100
(4)	Conferences and travel costs	25,600	—	25,600
(5)	Other miscellaneous costs	68,500	11,600	56,900
	Total Sales and marketing	$ 667,200	$ 105,700	$ 561,500

(1) Salaries and benefits for the 2017 period increased by $198,200 from the 2016 period; primarily due to the hiring of new marketing sales staff which increased salaries and the remainder of was offset to stock-based compensation which all of the stock-based compensation expense had been recognized;

(2) Consulting fees for the three months ended December 31, 2017 increased by $129,700. This difference was primarily due to the reduction of $21,000 from renegotiating our contract with a consultant to $3,000 per month; offset by increases in the number of other additional marketing consultants. An increase of $77,900 was related to hiring consultants to assist the Company with engaging with payers, health systems, provider networks, and strategic partners; an increase of $28,100 from the prior period was related to a media consultant managing our Facebook advertising, and consultants with public relations; and $38,600 a marketing consultant from the telepsychiatry business to help with competitive analysis, product descriptions and capital budget/technology planning. The remaining $6,100 increase relates to consultants directly related to the operations support;

(3) Advertising and marketing expenses for the three months ended December 31, 2017 was $151,100 directly related to Facebook advertising;

(4) Conference and travel expenditures for the three months ended December 31, 2017 was $25,600 directly related to travel expense for the sales staff; and

(5) Miscellaneous expenditures for the three months ended December 31, 2017 period increased by $56,900, primarily due to the Company opening PEER Centers in New York and Washington DC. Additional costs were incurred for rent and office supplies.

General and administrative

	Three months ended December 31,		
	2017	2016	Change
General and administrative expenses	$ 1,774,800	$ 1,021,800	$ 753,000

General and administrative expenses consist of payroll and benefit costs, (including stock based compensation), legal fees, patent costs, other professional and consulting fees, general administrative and occupancy costs, dues and subscriptions, conference fees, and travel expenses.

		Three months ended December 31,		
		2017	2016	Change
(1)	Salaries and benefit costs	$ 702,800	$ 528,400	$ 174,400
(2)	Transaction fees	438,600	—	438,600
(3)	Consulting fees	198,100	—	198,100
(4)	Legal fees	34,600	219,900	(185,300)
(5)	Other professional fees	121,100	55,500	65,600
(6)	Patent costs	9,500	14,000	(4,500)
(7)	Marketing and investor relations costs	72,500	58,100	14,400
(8)	Conference and travel costs	56,700	30,800	25,900
(9)	Dues & subscriptions fees	45,300	32,900	12,400
(10)	General admin and occupancy costs	95,600	82,200	13,400
	Total General and administrative costs	$ 1,774,800	$ 1,021,800	$ 753,000

(1) Salaries and benefit expenses increased by $174,400 for the three months ended December 31, 2017 period. This increase was primarily due to $106,100 which were related to the acquisition of telepsychiatry management and staff; the remaining balance relates to new hiring general counsel and operations staff in the 2017 period, and offset with stock compensation which had become fully recognized;

(2) Transaction fees in relation to Arcadian acquisition was $438,600 for the three months ended December 31, 2017 period, including $355,000 legal fees, and remaining $83,600 for accounting and consulting fees;

(3) Consulting fees was $198,100 for the three months ended December 31, 2017 period, including $93,500 as directors' fees, and $104,600 was related to operational and related consulting fees;

(4) Legal fees decreased by $185,300 for the three months ended December 31, 2017 period. The decrease was primarily due to during the three months ended December 31, 2016, there was $87,900 legal fees associated with fund raising activities, $47,700 related to reverse stock split corporate action, and $36,300 related to legal fees for the review of the Aspire Capital Equity Purchase Agreement;

(5) Other professional fees increased by $65,600 for the three months ended December 31, 2017 period. The majority of the increase was due to additional audit fees;

(6) Patent costs decreased by $4,500 due to the timing and volume of patent and trademark applications and maintenance costs;

(7) Marketing and investor relations costs increased by a net $14,400 for the three months ended December 31, 2017 period as we engaged public relations firms to enhance the Company’s presence in the media;

(8) Conference and travel costs increased by a net $25,900 for the three months ended December 31, 2017 period. The increase was primarily due to conferences attended, increased travel by our executive management for meetings with investors, healthcare payers and providers on the East Coast;

(9) Dues and subscription costs increased by $12,400 for the three months ended December 31, 2017 period was due to additional licenses for our Salesforce platform; and

(10) General administrative and occupancy costs increased by $13,400 for the three months ended December 31, 2017 period. The increase was primarily due to depreciation of fixed assets and amortization of intangible asset purchased; the remainder increase relates to increased operating cost.

Other income (expense)

	Three months ended December 31,		Change
	2017	2016	
Interest expense	$ (13,700)	$ (2,500)	$ (11,200)

- Interest expense for the three months ended December 31, 2017 was $13,700 compared to $2,500 for the three months of December 31, 2016, the increase was due to interest expense on acquisition of the long term borrowing on Arcadian Services;

Net Loss

	Three months ended December 31,		Change
	2017	2016	
Loss, net	$ (2,769,300)	$ (1,440,200)	$ (1,329,100)

Our net loss was $2.8 million for the three months ended December 31, 2017, compared to approximately $1.4 million for the three months of December 31, 2016. The change in net loss consists of increased general & administrative costs related to the hiring of additional operational staff and consultants. Also, sales and marketing costs increased as a result of additional headcount for sales and call center staff and our social media campaign in 2017. Costs for the acquisition of Arcadian Telepsychiatry Services LLC contributed to the increase in the net loss as well.

Liquidity and Capital Resources

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which contemplate continuation of the Company as a going concern.

Since our inception, we have never been profitable and we have generated significant losses. The Company has a limited operating history and its operations are subject to certain problems, expenses, difficulties, delays, complications, risks and uncertainties frequently encountered in the operation of a business with a limited operating history. These risks include the ability to obtain adequate financing on a timely basis, if at all, the failure to develop or supply technology or services to meet the demands of the marketplace, the failure to attract and retain qualified personnel, competition within the industry, government regulation and the general strength of regional and national economies.

As of December 31, 2017, we had an accumulated deficit of approximately $78.4 million compared to our accumulated deficit as of September 30, 2017, of approximately $75.6 million. Our management expects that with our proposed clinical trials, sales and marketing and general and administrative costs, our expenditures will continue to grow and, as a result, we will need to generate significant product revenues to achieve profitability. The Company continues to explore additional sources of capital but there is substantial doubt as to whether any financing arrangement will be available in amounts and on terms acceptable to the Company to permit it to continue operations.

As of December 31, 2017, we had $2.7 million in cash and cash equivalents and a working capital surplus of approximately $1.1 million. This is compared to our cash position of $5.4 million as of September 30, 2017 and working capital of $4.1 million.

The Company has been funded through multiple rounds of private placements, primarily from members of our Board or our affiliates.

On November 30, 2016, and December 21, 2016 the Company sold and issued an aggregate of 208,000 shares of its Common Stock, at a per share price of $6.25, in private placements to a total of ten accredited investors, for which it received gross cash proceeds to the Company of $1,300,000. Three of the ten accredited investors were affiliates who represented 38.5% of the cash proceeds as follows: Dr. Robin Smith, our Chairman of the Board purchased 16,000 shares for $100,000; John Pappajohn, a member of the Board, purchased 32,000 shares for $200,000; and the Tierney Family Trust of which our former Board member, Thomas Tierney is a trustee, purchased 32,000 shares for $200,000. Also on December 29, 2016, the Company sold and issued an additional 32,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to two accredited investors, resulting in gross cash proceeds of $200,000, in which one investor, John Pappajohn, a member of the Board, purchased 16,000 shares for $100,000.

On December 6, 2016, the Company, entered into a Common Stock Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement.

From February 10, 2017 through March 21, 2017, the Company sold and issued an additional 237,000 shares of its Common Stock, at a per share price of $6.25, in private placements to four affiliated and accredited investors, resulting in gross cash proceeds to the Company of $1,481,300. The affiliated investors were as follows: RSJ, purchased 160,000 shares for $1,000,000; John Pappajohn, a member of the Board, purchased 72,000 shares for $450,000; Geoffrey Harris is a member of the Board purchased 5,000 shares for $31,300. RSJ is a greater than 10% stockholder of the Company and Michal Votruba, who serves as a Director for Life Sciences at the RSJ/Gradus Fund, has served as a member of our Board since July 30, 2015. The subscription agreement between the Company and RSJ provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company's technology and/or intellectual property.

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately $8.79 million.

Working Capital, Going Concern, Operating Capital and Capital Expenditure Requirements

As of December 31, 2017, we had approximately $2.7 million in cash and cash equivalents, compared to $5.4 million of cash and cash equivalents as of September 30, 2017.

Our recurring net losses and negative cash flows from operations raise substantial doubt about our ability to continue as a going concern. Management's assessment of substantial doubt of going concern is based on current estimates and assumptions regarding our programs and business needs. Actual working capital requirements could differ materially from the above working capital projection. We may explore strategic opportunities including partnerships, licensing and acquisitions of other entities, assets or products.

Our ability to successfully raise sufficient funds through the sale of equity securities, when needed, is subject to many risks and uncertainties and even if we are successful, future equity issuances would result in dilution to our existing stockholders. Our risk factors are described under the heading "Risk Factors" in Part I Item 1A and elsewhere in our Annual Report on Form 10-K and in other reports we file with the SEC.

The amount of capital we will need to conduct our operations and the time at which we will require such capital may vary significantly depending upon a number of factors, such as:

- the amount and timing of costs we incur in connection with our clinical trials and product development activities, including enhancements to our PEER Online database and costs we incur to further validate the efficacy of our technology;
- whether we can receive sufficient business revenues from Arcadian Services to adequately cover our costs;
- the amount and timing of costs we incur in connection with the expansion of our commercial operations, including our sales and marketing efforts;
- whether we incur additional consulting and legal fees in our efforts in conducting Non-Significant Risk trials within FDA requirements, which will enable us to obtain a 510(k) clearance from the FDA; and
- if we expand our business by acquiring or investing in complimentary businesses.

Sources of Liquidity

Since our inception, substantially all of our operations have been financed from equity and debt financings.

Private Placement of Common Stock

Between November 2016 through March 2017, the Company sold and issued an aggregate of 477,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to thirteen accredited investors, of which five are affiliated with the Company, for which it received gross cash proceeds to the Company of $2,981,300.

The Aspire Capital Equity Line of Credit

On December 6, 2016, the Company, entered into a Common Stock Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of the Company's common stock.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of $7.25, resulting in gross cash proceeds of $145,000.

The issuance of shares of common stock that may be issued from time to time to Aspire Capital under the Purchase Agreement are exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

Public Offering

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately $8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of $5.25 per share and accompanying Warrant, for a total offering size of $8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of $5.25 per share, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any. On August 24, 2017 the underwriters exercised their option and purchased 213,800 common stock warrants for $0.01 per warrant. The warrants were immediately exercisable for one share of common stock at an exercise price of $5.25 per share, subject to adjustments, and will expire five years after the issuance date.

Cash Flows

Net cash used in operating activities was $2,439,900 for the three months ended December 31, 2017, compared to $765,800 for the same period in 2016. The $1.7 million net increase in cash used for operations was primarily due to an increase in net loss of $1,329,100.

During the three months ended ended December 31, 2017, the Company used $334,700 in investing activities, including $28,100 for the purchase of office equipment and $306,600 related to the acquisition of Arcadian Services.

Net Cash used in financing activities for the three months ended December 31, 2017 was $16,100, and relate to payments on notes payable and capital leases. Financing activities for the quarter ended December 31, 2016, consisted of $1.5 million in cash proceeds received from private placements of equity from 11 accredited investors, of which three are affiliated with the Company.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements or financing activities with special purpose entities.

Private Placement Transactions

Private Placement of Common Stock

On November 30, 2016, the Company sold and issued an aggregate of 160,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to six accredited investors, for which it received gross cash proceeds of $1,000,000. Three of the six accredited investors were affiliates and represented 50% of the cash proceeds as follows: Dr. Robin Smith, our Chairman of the Board, purchased 16,000 shares for $100,000; John Pappajohn, a member of the Board, purchased 32,000 shares for $200,000; and the Tierney Family Trust, of which our former Board member, Thomas Tierney is a trustee, purchased 32,000 shares for $200,000. In connection with this private placement, certain investors (comprised of our executive officers, current and certain former directors) agreed to a 180-day "lock-up", commencing on November 30, 2016, with respect to shares of Common Stock and other of our securities that they beneficially own, including securities that are convertible into shares of Common Stock and securities that are exchangeable or exercisable for shares of Common Stock. As a result, subject to certain exceptions, for a period of 180 days following November 30, 2016, such persons may not offer, sell, pledge or otherwise dispose of these securities without the Company's prior written consent.The "lock-up" period expired without any persons requesting the Company's consent or dispose of these securities.

On December 21, 2016, the Company sold and issued an aggregate of 48,000 shares of its Common Stock, at a per share price of $6.25, in private placements to four accredited investors who were new to the Company.for which it received gross cash proceeds to the Company of $300,000.

On December 29, 2016, the Company sold and issued an additional 32,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to two accredited investors, resulting in gross cash proceeds of $200,000, in which one investor, John Pappajohn, a member of the Board, purchased 16,000 shares for $100,000.

From February 10, 2017 through March 21, 2017, the Company sold and issued an additional 237,000 shares of its Common Stock, at a per share price of $6.25, in a private placement to four affiliated accredited investors, resulting in gross cash proceeds to the Company of $1,481,250. The affiliated investors were as follows: RSJ PE a greater than 10% shareholder and where Mr. Votruba (a member of our Board) is Director for Life Sciences for the RSJ/Gradus Fund, purchased 160,000 shares for $1,000,000; John Pappajohn, a member of the Board, purchased 72,000 shares for $450,000; and Geoffrey Harris, a member of the Board purchased 5,000 shares for $31,250, representing the aggregate gross proceeds to the Company. The subscription agreement between the Company and RSJ provided for the grant to RSJ by the Company of a right of first refusal through June 30, 2018, to license or to have distribution rights in Europe with respect to any of the Company's technology and/or intellectual property.

These private placements were made pursuant to an exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Regulation D thereunder.

The Aspire Capital Equity Line

On December 6, 2016, the Company, entered into the Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of the Company's common stock. See *Note 7. Stockholders' Equity",* Consolidated Financial Statements for additional detail.

Under the Purchase Agreement, after the SEC declared effective the registration statement referred to above, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal or greater than $0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to $10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

1) the lowest sale price of Common Stock on the purchase date; or

2) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

The Company has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Purchase Agreement on any purchase day selected where the closing sale price of the Company's common stock is less than $0.50. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "Commitment Shares"). The Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Purchase Agreement. Any proceeds from the Company receives under the Purchase Agreement are expected to be used for working capital and general corporate purposes.

On February 23, 2017, pursuant to a purchase notice issued by the Company to Aspire Capital pursuant to the Purchase Agreement, Aspire Capital purchased 20,000 shares of Common Stock, at a per share price of $7.25, resulting in gross cash proceeds of $145,000.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

In connection with the preparation of this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of our disclosure controls and procedures, as of December 31, 2017, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act.

Based on that evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2017.

We have identified a material weaknesses in our disclosure controls and procedures. The Company did not maintain effective controls over certain aspects of the financial reporting process because we lacked a sufficient complement of personnel with a level of accounting expertise that is commensurate with our financial reporting requirements. We do not have adequate review and supervision procedures for financial reporting functions. The review and supervision function of internal control relates to the accuracy of financial information reported. The failure to adequately review and supervise could allow the reporting of inaccurate or incomplete financial information. Due to our size and nature, review and supervision may not always be possible or economically feasible.

Based on the foregoing material weaknesses, we have determined that, as of December 31, 2017, our internal controls over our financial reporting are not effective. We are developing a remediation plan outlining the steps and resources necessary to address each material weakness. Additionally, we continue to add employees and consultants to address these issues and we will continue to broaden the scope of our accounting and realign responsibilities in our financial and accounting review functions. The Company does not believe that the material weakness has resulted in any material inaccuracies in the financial statements included in its Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 or any prior periods.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting during the three-month period ended December 31, 2017 that has 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 is not currently party to any legal proceedings, the adverse outcome of which, in the Company's management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations or financial position.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors included in the Risk Factors section in our Annual Report on Form 10-K for the year ended September 30, 2017.

The risk factor capitioned "*If we cannot continue to satisfy NASDAQ's continuing listing criteria, NASDAQ may subsequently delist our Common Stock" is hereby amended as follows:*

NASDAQ requires us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our Common Stock. Generally, we must maintain a minimum amount of stockholders equity (generally $2.5 million) and a minimum number of holders of our securities (generally 300 round lot holders). If we fail to meet any of the continuing listing requirements, our Common Stock may be subject to delisting. As December 31, 2017, we had stockholders' equity of approximately $2.1 million, and we are no longer in compliance with such continue listing requirement. If our Common Stock is delisted and we are not able to list our Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future. There can be no assurance that an active trading market for our Common Stock will develop or be sustained. We may choose to raise additional capital in order to increase our stockholders' equity in order to meet the NASDAQ continued listing standards. Any additional equity financings may be financially dilutive to, and will be dilutive from an ownership perspective to our stockholders, and such dilution may be significant based upon the size of such financing. Additionally, we cannot assure that such funding will be available on a timely basis, in needed quantities, or on terms favorable to us, if at all.

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

None.

Item 5. Other Information

None

Item 6. Exhibits

The following exhibits are filed as part of this report or incorporated by reference herein:

Exhibit Number	Exhibit Title
3.1	Certificate of Incorporation, as amended.
10.32	Management Services Agreement between Arcadian Telepsychiatry Services LLC and Arcadian Telepsychiatry P.C.
10.33	Management Services Agreement between Arcadian Telepsychiatry Services LLC and Arcadian Telepsychiatry PA
31.1	Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

MYnd Analytics, Inc.

Date: February 20, 2018

/s/ George C. Carpenter IV
By: **George C. Carpenter IV**
Its: **Chief Executive Officer (Principal Executive Officer)**

/s/ Donald D'Ambrosio
By: **Donald D'Ambrosio**
Its: **Chief Financial Officer (Principal Financial Officer)**

EXHIBIT 3.1

CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION OF
MYND ANALYTICS, INC.

MYnd Analytics, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: That the Board of Directors (the "Board") of MYnd Analytics, Inc. (the "Corporation") on March 22, 2017, duly adopted resolutions ("Resolutions") setting forth a proposed amendment of the Certificate of Incorporation of the Corporation approving of a reduction in the number of authorized shares of Common Stock which the Corporation is authorized to issue from 500,000,000 to 250,000,000 (the "Share Reduction"), (hereinafter the "Amendment"), and declaring such Amendment effecting the Share Reduction to be advisable and calling for consideration and approval of the Amendment by stockholders of the Corporation.

SECOND: In accordance with the Resolutions, this Certificate of Amendment (the "Certificate of Amendment") amends the provisions of the Corporation's Certificate of Incorporation, as amended, filed with the Secretary of State of the State of Delaware (the "Certificate of Incorporation").

THIRD: That Article IV of the Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety, as follows:

ARTICLE IV

CAPITAL STOCK

Section 4.A. The total number of shares of stock which the Corporation shall have authority to issue is Two Hundred Sixty Five Million (265,000,000).

Section 4.B. Common Stock. The total number of shares of Common Stock which the Corporation shall have authority to issue is Two Hundred and Fifty Million (250,000,000), with a par value of $0.001 per share. Stockholders shall not have preemptive rights or be entitled to cumulative voting in connection with the shares of the Corporation's Common Stock.

Section 4.C. Blank-Check Preferred Stock. The total number of shares of undesignated preferred stock which the Corporation shall have the authority to issue is Fifteen Million (15,000,000) shares, with a par value of $0.001 per share. The Board of Directors is hereby expressly authorized to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

FOURTH: That pursuant to the Resolutions, an annual meeting of the stockholders of the Corporation was duly called and held on August 21, 2017 upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware, pursuant to which a majority of each class of stockholders voted in favor of the Amendment.

FIFTH: That said Amendment was duly adopted on August 21, 2017 in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

SIXTH: All other provisions of the Certificate of Incorporation shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment of the Certificate of Incorporation of MYnd Analytics, Inc. as of December 29, 2017.

MYND ANALYTICS, INC.

By: /s/ George C. Carpenter IV
Name: George C. Carpenter IV
Title: President & Chief Executive Officer

Exhibit 10.32

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT ("**Agreement**") is effective as of November 13, 2017, ("**Effective Date**"), by and between Arcadian Telepsychiatry Services LLC, a Delaware limited liability company ("**Manager**"), and Arcadian Telepsychiatry P.C., a Pennsylvania professional corporation ("**PC**"). Manager and PC are each referred to as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, PC was formed for the purpose of providing professional medical services, including but not limited to the provision through video conferencing equipment of real time mental health services to patients not physically present in a clinician's office ("**Telepsychiatry Services**");

WHEREAS, PC provides professional services through physicians who are duly licensed to practice of medicine in the applicable jurisdiction and trained to provide Telepsychiatry Services;

WHEREAS, Manager has the established the administrative and technical infrastructure and processes to enable providers to manage their medical practices and provide Telepsychiatry Services;

WHEREAS, PC desires to engage Manager to provide to PC such administrative, management and other business and support services as are necessary for PC to provide its professional services upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, PC and Manager hereby covenant agree as follows:

1 Responsibilities of Manager.

1.1 No Control Over Medical or Professional Matters. Notwithstanding any provision in this Agreement to the contrary, the Parties agree and acknowledge that Manager and its employees shall not provide or otherwise engage in any activity which constitutes the unauthorized practice of medicine as defined by all applicable state laws. Nothing contained in this Agreement shall be construed to permit Manager to engage in the practice of medicine, it being the sole intention of the Parties that the services to be rendered to PC by Manager are solely for the purpose of providing non-medical management and administrative services to PC so as to enable PC to devote its time and energies to the professional conduct of its medical practice and the provision of medical services to its patients and not to administration or practice management. Nothing in this Agreement is intended or will be construed to allow Manager to exercise control or direction over the manner or method by which PC or any physician under contract with PC performs medical services or other professional health care services. The rendition of all medical services, including, but not limited to, the prescription or administration of medicine and drugs shall be the sole responsibility of PC, and Manager shall not interfere in any manner or to any extent therewith.

1.2 Intellectual Property License. Manager hereby licenses to PC the right to use the name "Arcadian Telepsychiatry" and the intellectual property set forth on **Exhibit A** ("**IP License**"). The IP License shall be used by PC only with respect to the business managed by Manager. PC shall not exploit the IP License for any other purposes. Upon the termination or expiration of this Agreement, the IP License shall immediately terminate and PC shall cease having any right to use any intellectual property of Manager. Within five days of such termination, PC shall change its name a name that does include the words "Arcadian" or "Telepsychiatry."

1.3 Management and Administrative Services. PC hereby engages Manager to serve as PC's sole and exclusive agent for the management and administration of the business and administrative functions, affairs and non-physician services contemplated under this Agreement. Such management and administrative services shall include, but not be limited to, the following:

(a) General Administrative Services. Manager shall provide PC with overall supervision and management of the non-medical aspects of its medical practice.

(b) Contract Administration. Manager shall provide PC with administrative services to enable PC to perform on a timely basis all non-medical aspects of the contractual obligations of PC.

(c) Accounting. Manager shall provide all bookkeeping and accounting services necessary or appropriate to support the PC's practice, including, without limitation, maintenance, custody and supervision of all business records, papers, documents, ledgers, journals and reports, and the preparation, distribution and recordation of all bills and statements for professional services rendered by PC, including the billing and completion of reports and forms required by insurance companies or governmental agencies, or other third-party payors. All such business records, papers and documents will be the sole property of Manager, who shall make such records available for inspection by PC at all times. Upon expiration of this Agreement, Manager shall provide PC with a copy of any such records upon request, at PC's expense. Manager will not be responsible for the preparation of any patient charts or files or other medical records, reports and documents which relate to patient diagnosis or treatment, which records shall be prepared by PC. Without limiting Manager's bookkeeping and accounting services to support the PC, Manager shall also furnish assistance to PC in the preparation of PC's tax returns associated with PC's operations.

(d) Hardware and Software. Manager shall develop or otherwise obtain hardware and software to be utilized by PC for the following functions: (i) creation and maintenance of, and access to, electronic medical records; (ii) customer relations management; and (iii) operation of a call center on a twenty-four (24) hour, seven (7) day a week basis.

(e) Legal Services. Manager shall arrange for the provision of legal services to PC at PC's sole cost and expense, in which case PC agrees to consent to and waive any conflicts of interest to the extent such counsel also represents the Manager or any affiliates on other matters.

(f) Administrative Personnel. Manager will retain, employ, train, compensate and provide to PC all non-medical support personnel which now or may hereafter be needed by PC to provide professional services. All support personnel which Manager provides to work with PC shall not be the employees of PC, and PC shall not be responsible for the payment to all such persons of all compensation, including salary, fringe benefits, bonuses, health and disability insurance, workers compensation insurance, and any other benefits which may be made available to such employees.

(g) PC Personnel Recruiting and Training. Manager shall assist PC in recruiting and evaluating prospective personnel for affiliation with PC. PC shall be responsible for the credentialing and reference searches attendant to such professional personnel. PC shall seek the consultation and advice of Manager prior to hiring any additional professional personnel.

(h) Human Resources. Manager shall provide PC with human resource services as reasonably required by PC.

(i) Equipment Security and Maintenance. Manager shall provide PC with all services and personnel necessary to provide PC with proper security, maintenance and cleanliness of the equipment used by PC.

(j) Market Research. Manager shall monitor market conditions with respect to rates, charges, competitive conditions, competition and business opportunities for Manager and PC. Manager shall periodically report on such marketing conditions to PC.

(k) Insurance. Manager shall assist PC in obtaining medical malpractice and other insurance coverages on behalf of PC. The policies shall name Manager, when permissible, as an additional insured. Following the termination of this Agreement for any reason, PC shall maintain such coverage in effect for the period of the statute of limitations applicable to any claim arising during the term of this Agreement. PC shall furnish Manager with a certificate of such insurance satisfactory to Manager. PC shall assure that all professional personnel, upon termination of employment for any reason, are covered by tail insurance. PC is responsible for all liabilities in excess of policy limits.

(l) Billing and Collection. On behalf of, as agent to, and for the account of PC, Manager shall establish and maintain credit and claims processing and collection policies and procedures, and shall use reasonable efforts to bill and collect timely all professional and other fees for services provided by or on behalf of PC. Manager shall advise and consult with PC regarding the fees for professional services provided by PC, but PC shall establish the reasonable and customary fees to be charged for professional services. The fee schedules shall be in general accordance with local fees for comparable services.

(i) Manager shall have no authority with respect to the establishment of such fees.

(ii) The extent to which Manager endeavors to collect such charges, the methods of collecting, the settling of disputes with respect to charges and the “writing off” of charges that may be or appear to be uncollectible will at all times be within the sole discretion of Manager (but subject to all applicable governmental regulations and the terms and conditions of applicable provider agreements), and Manager does not guarantee the extent to which any charges billed will be collected.

(iii) PC shall comply with applicable laws for billing and collection practices and customary professional practices. PC shall cooperate and participate in any audit or review of claims or services that is conducted by Manager or its designees for the purpose of assuring compliance with laws. PC shall provide Manager upon reasonable prior notice with reasonable access to PC's books and records in order to assure PC's compliance with this Agreement.

(iv) PC or its duly authorized agent may at all reasonable times and upon the giving of reasonable notice examine, inspect and copy the records of Manager pertaining to such fees, charges, billings and collections.

(m) Contract Negotiations. Manager shall serve as PC's exclusive agent for purposes of negotiating, administering and entering into new or renewal contracts for PC's services with any payor or other professional provider (including but not limited to pre-paid health plans, preferred provider organizations, other group plans, independent physician association, hospitals and other health providers). However, any fee arrangements contained within a new or renewal contract for PC's services must be approved by PC prior to Manager entering into said contract. To assist Manager in performing its contract negotiations, PC shall provide Manager with current copies of all such existing agreements between itself and such entities.

(i) PC shall not enter into any new contractual relationships, or renew any existing relationship with any payor or professional provider, or enter into any such arrangement for the offering of services to the public generally or to any other person or professional corporation other than through Manager or with Manager's prior written consent.

(ii) Notwithstanding the above, PC shall be responsible for negotiating, administering and entering into a new or renewal contracts for its services with any payor covering Medicare or Medicaid beneficiaries. While Manager, at the request of PC, may provide assistance to PC in the negotiating, administering and entering into new or renewal contracts for PC's services with a payor covering Medicare or Medicaid beneficiaries, PC shall be responsible for making initial contact with payor.

1.4 Attorney-In-Fact.

(a) In connection with the administrative, management, and other business and support services, including, but not limited to, billing and collection services, to be provided by Manager hereunder, PC hereby grants to Manager an exclusive and limited special power of attorney and appoints Manager as PC's exclusive true and lawful agent and attorney-in-fact, and Manager hereby accepts such special limited power of attorney and appointment, for the following specific purposes:

(i) To bill PC's patients, in the name of PC, for all billable medical services provided by PC to patients.

(ii) To bill in PC's name all claims for reimbursement or indemnification third party payers.

(iii) To collect and receive on behalf of and in the name of PC all accounts receivable generated by such billings and claims for reimbursement, to administer such accounts including, but not limited to, (A) extending the time of payment of any such accounts for cash, credit or otherwise; (B) discharging or releasing the obligors of any such accounts; (C) suing, assigning or selling at a discount such accounts; or (D) taking other measures to require the payment of any such accounts.

(iv) To deposit all amounts collected in PC's name or on behalf of PC into a bank account ("**PC Account**"), which will be and at all times remain in PC's name. PC covenants to promptly transfer and deliver to Manager for deposit into the PC Account or itself to make such deposit of all funds received by PC from patients or third party payors for medical services. Upon receipt by Manager of any funds from patients or third party payors or from PC pursuant hereto for medical services, Manager shall immediately deposit the same into the PC Account. Manager shall disburse such deposited funds to creditors and other persons on behalf of PC, maintaining records of such receipt and disbursement of funds as reasonably directed by PC.

(v) To take possession of, endorse in the name of PC and deposit into the PC Account any notes, checks, money orders, insurance payments, and any other instruments received in payment for medical and healthcare services.

(vi) To sign checks, drafts, bank notes or other instruments on behalf of PC and to make withdrawals from the PC Account for payments specified in this Agreement.

(vii) To disburse from the PC Account all sums for the payment of obligations of PC, all other costs, expenses and disbursements which are required or authorized by this Agreement, and all costs and expenses of Manager in providing to PC the administrative, management and other business and support services in accordance with this Agreement, including, but not limited to, any refunds owed to patients by PC, any operating expenses relating to the operation of the PC, including, but not limited to, the base salaries, taxes and medical malpractice insurance expenses of PC's personnel, all unpaid or past due fees or amounts owed to Manager under the Agreement, all current fees or amounts owed to Manager under the Agreement.

(b) Upon request of Manager, PC shall execute and deliver to the financial institution wherein the PC Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the special and limited power of attorney granted to Manager by PC pursuant to this Agreement. The special and limited power of attorney granted herein shall be coupled with an interest and, except as otherwise provided herein, shall be irrevocable except with Manager's written consent. The special and limited power of attorney shall expire on the later of when this Agreement has been terminated, when all accounts receivable serviced by Manager have been collected or when all management fees and all other remuneration due to Manager hereunder have been paid. This special and limited power of attorney only extends to accounts originating during the Term and any Renewal Term.

1.5 PC Account. Manager shall open the PC Account and shall have exclusive domain and control with a bank ("**Bank**") mutually agreed upon by the Parties and whose deposits are insured by the Federal Deposit Insurance Corporation ("**FDIC**") and shall deposit therein all collections collected by Manager and PC pursuant to this Agreement. The Manager is authorized to apply all collections deposited in the PC Account, until exhausted in the following order of priority: (i) toward payment of any refunds owed to patients by PC; (ii) toward payment of base salary, benefits, taxes and medical malpractice insurance of PC ("**PC's Compensation**"); however, only up to the amount of base salaries and benefits approved by Manager, the taxes associated therewith and the medical malpractice insurance premiums that PC is required to have pursuant to this Agreement; (nothing shall restrict the PC's ability to compensate PC above the base salary approved by Manager, but the distribution of such compensation from the PC Account will be at a lower priority and may not be realized); (iii) toward satisfaction of any and all unpaid or past due fees or amounts owed to Manager under this Agreement; (iv) toward satisfaction of all current fees, rents or amounts owed to Manager under this Agreement; (v) toward the satisfaction of any additional compensation to PC above the base salary and benefits approved by Manager; and (vi) to the extent any collections remain in such account, to PC. The PC Account shall be used solely for depositing collections for professional services performed by PC and disbursing such collections in accordance with this Agreement. Notwithstanding the aforementioned, the payment of PC's Compensation and other operating expenses remains the sole responsibility of the PC and is not to be construed as reducing the fee that PC has agreed to pay Manager for its services in connection with this Agreement.

2 Responsibilities of PC.

2.1 Conduct of Medical Practice. PC will be solely and exclusively in control of all aspects of the practice of medicine and the delivery of medical services of PC. The rendition of all medical professional services, including, but not limited to, diagnosis, treatment, surgery, therapy and the prescription of medicine and drugs, and the supervision and preparation of all medical reports will be the responsibility of PC. PC will have the sole right and authority to hire, or employ, train, supervise, terminate and compensate all personnel who provide medical professional services. Manager will have no authority or obligation with respect to such activities, with respect to the performance of clinical services or with respect to the establishment of fees or charges for the rendition of such services. PC will be responsible for assuring that PC is adequately staffed during normal operating hours with such duly licensed medical personnel as may be necessary to efficiently carry out the practice of medicine.

2.2 Responsibilities of PC. PC shall perform, or contract with duly-qualified, licensed physicians, physician assistants and other licensed physicians extenders to perform, professional medical services as required under all third party payor contracts entered into by PC. PC shall assure that (a) all such persons are licensed, qualified and permitted to perform medical services without restriction in each such jurisdiction where the nature of such services require such licensure, qualification or permission and (b) all professional medical services are performed in accordance with all applicable federal, state and local laws, rules and regulations.

2.3 Insurance. PC shall maintain comprehensive general, professional liability and other standard insurance coverages for itself and PC's professional practice with limits of not less than $1,000,000 per claim and with aggregate annual policy limits of not less than $3,000,000 during the term of this Agreement.

2.4 Professional Personnel. In the performance of this Agreement, all personnel rendering medical or healthcare services for PC are at all times acting and performing as employees, independent contractors or affiliates of PC and are not employees or agents of Manager. Manager will neither have nor exercise any control or direction over the methods by which PC or any personnel render medical or health care services. Neither PC nor any person providing medical or healthcare services will have any claim under this Agreement or otherwise against Manager for any salary, fee, workers' compensation, unemployment compensation, sick leave, vacation pay, retirement or social security benefits or any other employee benefits, all of which will be the sole responsibility of PC. PC will bear the sole financially responsibility for withholding any sums owed to federal, state or local government. PC shall indemnify and hold harmless Manager from any and all loss or liability arising with respect to any of the foregoing benefits or withholding requirements.

2.5 Patient Records. All patient records, reports and information obtained, generated or encountered relating to the PC, which have not and hereafter are not designated by Manager as being Manager's property, shall at all times be the property of the PC and shall be kept in the strictest confidence. Manager shall keep and shall instruct all of its personnel to keep confidential any such information, as well as any financial, statistical, personnel and patient information obtained or encountered in the performance of its services hereunder. Moreover, the Parties shall take such steps as are necessary to ensure compliance with the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations promulgated thereunder ("**HIPAA**"). Toward this end, the Parties shall comply with their respective duties and obligations in the business associate exhibit attached hereto as Exhibit B.

3 Covenants.

3.1 Compliance With All Applicable Laws. Manager and PC shall comply with the requirements of all statutes, ordinances, laws, rules, regulations and orders of any governmental or regulatory body having jurisdiction respecting the provision of professional services by PC.

3.2 Change of Law. If after the Effective Date, any new law becomes effective or any binding interpretation of a law by any federal or state governmental authority is rendered that makes illegal the structure of the relationship among the parties as set forth in this Agreement, and such illegality is solely the result of the structure of the relationship among the parties as set forth in this Agreement, then and in that event, any party shall have the right to require that the other parties renegotiate the terms of this Agreement, and each party shall use its respective best efforts to promptly negotiate a new agreement or an amendment to this Agreement in good faith. To the maximum extent possible, any such new agreement or amendment shall preserve the underlying economic and financial arrangements among the parties.

3 . 3 Licenses and Permits. On behalf of PC, Manager shall apply for, and use reasonable efforts to obtain and maintain, in the name of and at the separate expense of PC, all licenses and permits required in connection with the business operations relating to the provision of professional services by the physicians and other health professionals under contract with PC. PC shall cooperate, with Manager and use commercially reasonable efforts in assisting Manager applying for, obtaining and maintaining such licenses and permits.

4 Management Fees and Costs. Manager will incur substantial costs in providing the management, administration, and other items and services that are the subject matter of this Agreement. Certain of such costs and expenses can vary to a considerable degree according to the extent of PC's business and services. It will be impracticable to ascertain and segregate all the exact costs and expenses that will be incurred by Manager from time to time in the performance of its obligations under this Agreement. However, it is the intent of the Parties that the fees paid to Manager be reasonable and reimburse its costs and expenses plus a reasonable return considering the investment and risk taken by Manager and the value of the services provided by Manager.

4.1 Reimbursement of Costs. On or before the fifteen (15th) day of each calendar month during the term of this Agreement, and continuing each month thereafter through on or before the fifteen (15th) day of the calendar month immediately following the expiration or the earlier termination of this Agreement, PC shall reimburse Manager on a monthly basis for all direct costs and expenses incurred by Manager for or on behalf of PC during the preceding calendar month based upon the receipt by PC of an itemized statement of all such costs and expenses.

4 . 2 Fixed Fee. On or before the fifteen (15th) day of each calendar month during the term of this Agreement, and continuing each month thereafter through on or before the fifteen (15th) day of the calendar month immediately following the expiration or the earlier termination of this Agreement, PC shall pay, to Manager an amount equal to fifteen percent (15%) the costs reimbursed pursuant to Section 4.1 above (the "**Management Fee**").

4 . 3 Disbursements to PC. Manager shall make a disbursement to PC from PC's Account on or before the fifteen (15th) day of each calendar month to cover the payments set forth in Sections 4.1 and 4.2. To the extent that any collections remain in the PC's Account after the payment of any refunds owed to patients by PC, the payment of any operating expenses relating to the operation of PC's practice, including, but not limited to, the payments set forth in Sections 4.1 and 4.2, the satisfaction of any and all unpaid or past due fees or amounts owed to Manager under this Agreement and the satisfaction of all current fees or amounts owed to Manager under this Agreement, Manager shall disburse such funds to PC. Notwithstanding the prior sentence, Manager may withhold from such distribution an amount equal to the previous month's operating cost of PC's practice, the Management Fee and the License Fee, or such other reasonable reserves to ensure the continued and smooth operation of the PC.

4.4 Deferred Compensation. Notwithstanding any amounts that may be owing to Manager pursuant to Sections 4.1 and 4.2, in the event that in any calendar month collected revenues of PC are insufficient to cover PC's costs to pay compensation to those physicians and other health professionals who are under contract to PC in connection with the provision of the professional services, PC's malpractice insurance premium, and certain other costs of PC as may be mutually agreed upon by Manager and PC, PC shall be entitled to retain sufficient collected revenues to cover such foregoing costs and expenses. If the foregoing retention of collected revenues by PC results in the nonpayment of any fees owed by PC to Manager in any month during the term of this Agreement pursuant to Sections 4.1 and 4.2, such unpaid amounts (a "**Shortfall Amount**") shall be deferred by Manager and shall be repaid by PC to Manager in subsequent months in which the collected revenues exceed the amounts necessary to cover such costs and expenses to pay amounts owed to Manager pursuant to Sections 4.1 and 4.2 (the "**Surpluses**"). Such deferred management fees shall be treated in accordance with Section 4.5.

4.5 Shortfall Amount. All Shortfall Amounts shall be repaid by PC to Manager out of Surpluses in collected revenues in subsequent months. All Shortfall Amounts shall incur simple interest (based upon a three hundred sixty (360) day year) at the lesser of the "Prime Rate" as published from time to time by the Wall Street Journal, plus one percent (1%), or the maximum amount permitted by applicable law. To the extent such Shortfall Amounts are not repaid in full out of Surpluses in collected revenues in subsequent months by the expiration or the earlier termination of this Agreement, PC shall pay to Manager the full amount of the unpaid Shortfall Amounts within thirty (30) days following the expiration or the earlier termination of this Agreement.

4.6 Security for Fees. PC hereby grants to Manager a lien upon and security interest in all of the billings and accounts receivable generated by PC, all to the extent permitted by law, as security under the Uniform Commercial Code for payment of the Shortfall Amounts and any other sums due Manager hereunder. At the request of Manager, PC shall do all things necessary or desirable to confirm and/or perfect the security interest granted to Manager hereunder, including, without limitation, executing such financing statements as Manager may request. PC hereby grants to Manager an irrevocable power of attorney, coupled with an interest, to, as long as any of the Management Fee shall remain outstanding, execute, on behalf of PC, such financing statements, instruments and agreements and perform any other acts to perfect and maintain perfection of Manager's security interest in the Shortfall Amounts. Manager's right to enforce its security on all such billings and receivables shall continue after the termination of this Agreement until all sums due Manager hereunder have been paid in full.

5 Certain Covenants.

5.1 Confidential Information and Trade Secrets.

(a) PC recognizes that due to the nature of this Agreement, PC will have access to information of a proprietary nature owned by Manager ("**Confidential Information**") including, but not limited to (i) computer programs (whether or not completed or in use); (ii) operating manuals or similar materials which constitute the non-medical systems, policies and procedures; (iii) methods of doing business developed by and for the operation of facilities managed by Manager; and (iv) methods, formulae, prices, etc., used by Manager in negotiating contracts and arising out of such contracts. Manager has a proprietary interest in all such Confidential Information and that all such Confidential Information constitutes confidential and proprietary information and are trade secrets of Manager. PC hereby waives any and all right, title and interest in and to such trade secrets and Confidential Information and shall return all copies thereof or relating thereto to Manager, upon the termination of Agreement.

(b) Manager is entitled to prevent its competitors from obtaining and utilizing Manager's trade secrets and confidential and proprietary information. Therefore, during the term of this Agreement or any time after the expiration or sooner termination of this Agreement, PC shall hold Manager's trade secrets and confidential and proprietary information in strictest confidence and shall not disclose or allow to be disclosed any such trade secrets or confidential and proprietary information, directly or indirectly, to any person or entity other than those persons or entities who are employed by or affiliated with Manager or PC, without the prior written consent of Manager. During the term of this Agreement or any time after the expiration or sooner termination of this Agreement, PC will not use or cause to be used any Confidential Information in any way except as is required in the course of PA's or a PC's performance pursuant to the terms of this Agreement.

(c) Each Party shall keep the terms of this Agreement confidential and not disclose such terms to any third party unless, (i) agreed in writing by the non-disclosing Party, (ii) to enforce this Agreement, or (iii) pursuant to an order of a court of competent jurisdiction or an arbitrator having jurisdiction over the Party to whom such order is directed. This non-disclosure obligation excludes those disclosures reasonably necessary to carry out the intent and purpose of this Agreement, including disclosures to PC's personnel and each Party's legal and financial advisers and prospective or existing lenders.

(d) PC shall require each independent contractor and employee of the PC, and any such person or entities to whom such information is to be disclosed for the purpose of performance of Manager's or PC's obligations under this Agreement, to execute a confidentiality agreement regarding such information in such form as Manager approves.

5.2 PC acknowledges and agrees that Manager would not enter into this Agreement if PC did not agree to the terms of this Section 5.

5.3 Each covenant in this Section 5 on the part of PC shall be construed as an agreement independent of any other provision of this Agreement, unless otherwise indicated herein, and shall survive the termination of this Agreement, and the existence of any claim or cause of action of PC against Manager, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Manager of such covenant.

5.4 A breach of this Section 5 will result in irreparable harm to Manager which cannot be reasonably or adequately compensated in damages, and, therefore, Manager shall be entitled to injunctive relief, equitable relief, and/or specific performance, such relief to be without the necessity of posting a bond, cash or otherwise, to prevent a breach and to secure enforcement thereof, in addition to any other relief or award to which Manager may be entitled.

6 Term and Termination.

6.1 Term. Unless sooner terminated in accordance with the provisions of this Agreement, the term shall remain in effect for a term of twenty (20) years from the Effective Date ("**Initial Term**") and shall be automatically renewed for additional one (1) year periods ('**Renewal Term(s)**"); however, with respect to the Initial Term or any subsequent Renewal Term, either Party may give no less than six (6) months' notice of non-renewal, and this Agreement will terminate at the end of the then current Term.

6.2 Termination By Manager. Manager may terminate this Agreement upon the occurrence of any one of the following events, which will be deemed to be "for cause":

(a) The revocation, suspension, cancellation or restriction of PC's personnel's license to practice medicine;

(b) PC's loss or suspension of its Medicare or Medicaid provider number, and/or PC's restriction from treating beneficiaries of the Medicare or Medicaid programs if PC has opted into these programs;

(c) PC's filing of a petition in voluntary bankruptcy, an assignment for the benefit of creditors, or other action taken voluntarily or involuntarily under any state or federal statute for the protection of debtors; or

(d) If PC defaults in the performance of any of its duties or obligations hereunder, and such default continues for fifteen (15) days after PC receives written notice of the default.

(e) If any Shortfall Amount, or any portion thereof, payable hereunder is carried forward for a period of more than three (3) months.

6.3 Termination By PC. PC may terminate this Agreement if Manager defaults in the performance of any of its obligations hereunder and such default continues for one hundred and twenty (120) days after Manager receives written notice of the default

6.4 Mutual Agreement. This Agreement may be terminated by mutual written agreement of the Parties.

6.5 Rights Cumulative. The various rights and remedies herein provided will be cumulative and in addition to any other rights and remedies the Parties may pursue under the law. The exercise of one or more of such rights or remedies shall not impair the rights of either Party to exercise any other right or remedy at law or in equity.

6.6 Further Obligations. Upon termination of this Agreement, neither Party will have any further obligations hereunder except as set forth herein, and for (a) obligations accruing prior to the date of termination, including, without limitation, payment of all fees set forth in Section 4 accrued prior to the termination of this Agreement and any Shortfall Amounts, (b) obligations, promises, or covenants set forth herein that by their nature extend beyond the Term.

7 Indemnification; Excuse of Performance.

7.1 PC Indemnification. PC shall protect, indemnify and save Manager and the directors, officers, shareholders and employees of Manager harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the provision of professional services by the employees or contractors of PC, unless such liability results solely from the willful misconduct of Manager and/or its directors, officers, shareholders, employees or agents.

7.2 Manager Indemnification. Manager shall protect, indemnify and save PC and the directors, officers, shareholders and employees of PA and each PC harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the provision of the management and administrative services pursuant to this Agreement, unless such liability results solely from the willful misconduct of PC and/or its directors, officers, shareholders, employees or agents.

7.3 Excuse of Performance. Notwithstanding any other provisions contained herein, Manager will not be liable to PC, and will not be deemed to be in default hereunder, for the failure to perform or provide any of the supplies, services, personnel or other obligation to be performed or provided by Manager pursuant to this Agreement if such failure is a result of a labor dispute, act of God or any other event which is beyond the reasonable control of Manager.

8 Governing Law. This Agreement is governed by and will be construed under the laws of the Commonwealth of Pennsylvania.

9 Waiver. The waiver of any covenant, condition or duty hereunder by either Party shall not prevent that Party from later insisting upon full performance of the same.

10 Amendment. No amendment to the terms of this Agreement will be binding on either Party unless in writing and executed by the duly authorized representatives of each Party.

11 Exhibits; Entire Agreement. The exhibits attached to this Agreement are incorporated into and made a part of this Agreement. This Agreement and the exhibits attached to it constitutes the entire agreement between the Parties in connection with the subject matter hereof, and supersede all prior agreements, whether written or oral, and whether explicit or implicit, which have been entered into before the execution hereof. If any litigation or arbitration arises between the Parties, neither Party shall (and each Party hereby waives its right to) introduce any parole evidence which would tend to contradict or impeach any of the express written terms, conditions and covenants of this Agreement.

12 Arbitration; Attorney's Fees. Except for enforcement of the provisions set forth in Section 5 of this Agreement, any and all disputes under the Agreement will be resolved by reference to arbitration. Any Party electing to commence an action shall give written notice to the other Party of such election. Thereupon, if arbitration is selected by the Party electing to commence the action, the claim ("**Arbitration Matter**") will be settled by arbitration in accordance with the rules of the American Arbitration Association ("**AAA**"). The award of such arbitrator may be confirmed or enforced in any court of competent jurisdiction. The prevailing Party in such arbitration may recover all costs incurred in the course of said proceeding, including the reasonable fees and disbursements of its counsel.

1 3 Notice. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of receipt) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid:

13.1 If to Manager, to:

Arcadian Telepsychiatry Services LLC
7241 Hollywood Road
Fort Washington, PA 19034
Attention: Robert Plotkin
E:Mail: Rob@arcadiantelepsychiatry.com

With a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, New York 10020
Attention: Jeffrey A. Baumel, Esq.
E-Mail: jeffrey.baumel@dentons.com

13.2 If to PC, to:

Arcadian Telepsychiatry P.C.
216 Willow Wood Road
Doylestown PA 18901
Attention: Neville Kotwal, M.D.
E-Mail:nhkmdllc@yahoo.com

Any Party may change its address from time to time by giving the other Party written notice.

1 4 Assignment. Except as may be herein specifically provided to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and assigns; provided, however, that PC may not assign this Agreement without the prior express written consent of Manager, which consent may be withheld in its sole and absolute discretion. Any assignment in violation of the foregoing shall be null and void. Any breach of this provision, whether or not void or voidable, will constitute a material breach of this Agreement, and if such breach occurs, Manager may terminate (but shall not be obligated to terminate) this Agreement upon seventy-two (72) hours written notice to PC. Manager may (i) assign its rights and obligations hereunder to any third party, and (ii) collaterally assign its interest in this Agreement and its right to collect the fees provided in Section 4 hereunder to any financial institution or other third party in a financing transaction, in each case without the consent of PC.

15 Independent Contractor Status. The Parties are independent contractors, and nothing in this Agreement is intended and nothing shall be construed to create an employer/employee, partnership, or joint venture relationship, or to allow either to exercise control or direction over the manner or method by which the other performs the services that are the subject matter of this Agreement; provided always that the services to be provided hereunder shall be furnished in a manner consistent with the standards governing such services and the provisions of this Agreement. Except as set forth in this Agreement, no Party will be treated as an employee for federal tax purposes of the other Party, and neither Party will withhold on behalf of the other Party any sums for income tax, unemployment insurance, social security, or any other withholding pursuant to any law or requirement of any governmental body or make available any of the benefits afforded to its employees. All such payments, withholdings, and benefits, if any, are the sole responsibility of the Party incurring the liability, and each Party will indemnify and hold the other Party harmless from any and all loss or liability arising with respect to such payments, withholdings, and benefits, if any.

16 Miscellaneous Provisions.

16.1 Partial Invalidity. If any one or more of the terms, provisions, promises, covenants or conditions of the Agreement or the application thereof to any person or circumstances is found to any extent invalid, unenforceable, void or voidable for any reasons by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances will not be affected thereby and will be valid and enforceable to the fullest extent permitted by law.

16.2 Headings, Titles. The headings appearing herein are for convenience and reference only and will not govern, limit, modify or in any manner affect the scope, meaning or intent of the provision of this Agreement.

16.3 Binding Effect. Subject to the provisions contained herein, this Agreement will be binding upon and inure to the benefit of the Parties and upon their respective successors.

16.4 Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

ARCADIAN TELEPSYCHIATRY SERVICES LLC

By: /s/ Robert Plotkin
Name: Robert Plotkin
Title: Manager

ARCADIAN TELEPSYCHIATRY P.C.

By: /s/ Neville Kotwal
Name: Neville Kotwal, M.D.
Title: Authorized Officer

Signature Page to Arcadian Pennsylvania - Management Services Agreement

Exhibit A

IP LICENSE

Manager hereby grants, for the term of this Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable license to use Manager’s ..

Exhibit B

BUSINESS ASSOCIATE EXHIBIT

1. Catch-all definition

The following terms used in this Exhibit shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2. Specific definitions

a. Business Associate. "Business Associate" shall generally have the same meaning as the term "business associate" at 45 CFR 160.103, and in reference to the party to this agreement, shall mean Arcadian Telepsychiatry Services LLC.

b. Covered Entity. "Covered Entity" shall generally have the same meaning as the term "covered entity" at 45 CFR 160.103, and in reference to the party to this agreement, shall mean A.

c. HIPAA Rules. "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

3. Obligations and Activities of Business Associate

Business Associate agrees to:

a. Not use or disclose protected health information other than as permitted or required by this Exhibit or as required by law;

b. Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as provided for by this Exhibit;

c. Report to covered entity any use or disclosure of protected health information not provided for by this Exhibit of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR 164.410, and any security incident of which it becomes aware;

d. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the business associate agree to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information;

e. Make available protected health information in a designated record set to the individual or the individual's designee as necessary to satisfy covered entity's obligations under 45 CFR 164.524;

f. Make any amendment(s) to protected health information in a designated record set as directed or agreed to by the covered entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy covered entity's obligations under 45 CFR 164.526;

g. Maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy covered entity's obligations under 45 CFR 164.528;

h. To the extent the business associate is to carry out one or more of covered entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the covered entity in the performance of such obligation(s); and

i. Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

4. Permitted Uses and Disclosures by Business Associate

a. Business associate may only use or disclose protected health information as necessary to perform the services set forth in Management Services Agreement.

b. Business associate may use or disclose protected health information as required by law.

c. Business associate agrees to make uses and disclosures and requests for protected health information consistent with covered entity's minimum necessary policies and procedures.

d. Business associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by covered entity, except for the specific uses and disclosures set forth below.

e. Business associate may use protected health information for the proper management and administration of the business associate or to carry out the legal responsibilities of the business associate.

f. Business associate may disclose protected health information for the proper management and administration of business associate or to carry out the legal responsibilities of the business associate, provided the disclosures are required by law, or business associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies business associate of any instances of which it is aware in which the confidentiality of the information has been breached.

g. Business associate may provide data aggregation services relating to the health care operations of the covered entity.

h. Business associate may use protected health information to de-identify the information in accordance with 45 CFR 164.514(a)-(c).

5. Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

a. Covered entity shall notify business associate of any limitation(s) in the notice of privacy practices of covered entity under 45 CFR 164.520, to the extent that such limitation may affect business associate's use or disclosure of protected health information.

b. Covered entity shall notify business associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her protected health information, to the extent that such changes may affect business associate's use or disclosure of protected health information.

c. Covered entity shall notify business associate of any restriction on the use or disclosure of protected health information that covered entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect business associate's use or disclosure of protected health information.

6. Permissible Requests by Covered Entity

Covered entity shall not request business associate to use or disclose protected health information in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by covered entity, except that business associate may use or disclose protected health information for data aggregation or management and administration and legal responsibilities of the business associate as set forth above.

7. Term and Termination

a. Term. This Exhibit is co-terminous with the Management Services Agreement.

b. Termination for Cause. Business associate authorizes termination of the Management Services Agreement by covered entity if covered entity determines business associate has violated a material term of the Agreement and business associate has not cured the breach or ended the violation within the time specified by covered entity.

c. Obligations of Business Associate Upon Termination. Upon termination of this Agreement for any reason, business associate, with respect to protected health information received from covered entity, or created, maintained, or received by business associate on behalf of covered entity, shall:

i. Retain only that protected health information which is necessary for business associate to continue its proper management and administration or to carry out its legal responsibilities;

ii. Return to covered entity or, if agreed to by covered entity, destroy the remaining protected health information that the business associate still maintains in any form;

iii. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as business associate retains the protected health information;

iv. Not use or disclose the protected health information retained by business associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out under “Permitted Uses and Disclosures By Business Associate” which applied prior to termination; and

v. Return to covered entity or, if agreed to by covered entity, destroy the protected health information retained by business associate when it is no longer needed by business associate for its proper management and administration or to carry out its legal responsibilities.

d. Survival. The obligations of business associate under this Section shall survive the termination of this Exhibit.

8. Miscellaneous

a. Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.

b. Necessary Actions. The Parties shall take such action as is necessary to amend this Agreement from time to time as is necessary for compliance with the requirements of the HIPAA Rules and any other applicable law.

c. Interpretation. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

Exhibit 10.33

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT ("**Agreement**") is effective as of November 13, 2017, ("**Effective Date**"), by and between Arcadian Telepsychiatry Services LLC, a Delaware limited liability company ("**Manager**"), and Arcadian Telepsychiatry PA, a Texas professional association (" **PA**"). Manager and PA are each referred to as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, PA was formed for the purpose of providing professional medical services, including but not limited to the provision through video conferencing equipment of real time mental health services to patients not physically present in a clinician's office ("**Telepsychiatry Services**");

WHEREAS, PA provides professional services through physicians who are duly licensed to practice of medicine in the applicable jurisdiction and trained to provide Telepsychiatry Services;

WHEREAS, Manager has the established the administrative and technical infrastructure and processes to enable providers to manage their medical practices and provide Telepsychiatry Services;

WHEREAS, PA desires to engage Manager to provide to PA such administrative, management and other business and support services as are necessary for PA to provide its professional services upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, PA and Manager hereby covenant agree as follows:

1 Responsibilities of Manager.

1 . 1 No Control Over Medical or Professional Matters. Notwithstanding any provision in this Agreement to the contrary, the Parties agree and acknowledge that Manager and its employees shall not provide or otherwise engage in any activity which constitutes the unauthorized practice of medicine as defined by all applicable state laws. Nothing contained in this Agreement shall be construed to permit Manager to engage in the practice of medicine, it being the sole intention of the Parties that the services to be rendered to PA by Manager are solely for the purpose of providing non-medical management and administrative services to PA so as to enable PA to devote its time and energies to the professional conduct of its medical practice and the provision of medical services to its patients and not to administration or practice management. Nothing in this Agreement is intended or will be construed to allow Manager to exercise control or direction over the manner or method by which PA or any physician under contract with PA performs medical services or other professional health care services. The rendition of all medical services, including, but not limited to, the prescription or administration of medicine and drugs shall be the sole responsibility of PA, and Manager shall not interfere in any manner or to any extent therewith.

1.2 Intellectual Property License. Manager hereby licenses to PA the right to use the name "Arcadian Telepsychiatry" and the intellectual property set forth on **Exhibit A** ("**IP License**"). The IP License shall be used by PA only with respect to the business managed by Manager. PA shall not exploit the IP License for any other purposes. Upon the termination or expiration of this Agreement, the IP License shall immediately terminate and PA shall cease having any right to use any intellectual property of Manager. Within five days of such termination, PA shall change its name a name that does include the words "Arcadian" or "Telepsychiatry."

1.3 Management and Administrative Services. PA hereby engages Manager to serve as PA's sole and exclusive agent for the management and administration of the business and administrative functions, affairs and non-physician services contemplated under this Agreement. Such management and administrative services shall include, but not be limited to, the following:

(a) General Administrative Services. Manager shall provide PA with overall supervision and management of the non-medical aspects of its medical practice.

(b) Contract Administration. Manager shall provide PA with administrative services to enable PA to perform on a timely basis all non-medical aspects of the contractual obligations of PA.

(c) Accounting. Manager shall provide all bookkeeping and accounting services necessary or appropriate to support the PA's practice, including, without limitation, maintenance, custody and supervision of all business records, papers, documents, ledgers, journals and reports, and the preparation, distribution and recordation of all bills and statements for professional services rendered by PA, including the billing and completion of reports and forms required by insurance companies or governmental agencies, or other third-party payors. All such business records, papers and documents will be the sole property of Manager, who shall make such records available for inspection by PA at all times. Upon expiration of this Agreement, Manager shall provide PA with a copy of any such records upon request, at PA's expense. Manager will not be responsible for the preparation of any patient charts or files or other medical records, reports and documents which relate to patient diagnosis or treatment, which records shall be prepared by PA. Without limiting Manager's bookkeeping and accounting services to support the PA, Manager shall also furnish assistance to PA in the preparation of PA's tax returns associated with PA's operations.

(d) Hardware and Software. Manager shall develop or otherwise obtain hardware and software to be utilized by PA for the following functions: (i) creation and maintenance of, and access to, electronic medical records; (ii) customer relations management; and (iii) operation of a call center on a twenty-four (24) hour, seven (7) day a week basis.

(e) Legal Services. Manager shall arrange for the provision of legal services to PA at PA's sole cost and expense, in which case PA agrees to consent to and waive any conflicts of interest to the extent such counsel also represents the Manager or any affiliates on other matters.

(f) Administrative Personnel. Manager will retain, employ, train, compensate and provide to PA all non-medical support personnel which now or may hereafter be needed by PA to provide professional services. All support personnel which Manager provides to work with PA shall not be the employees of PA, and PA shall not be responsible for the payment to all such persons of all compensation, including salary, fringe benefits, bonuses, health and disability insurance, workers compensation insurance, and any other benefits which may be made available to such employees.

(g) PA Personnel Recruiting and Training. Manager shall assist PA in recruiting and evaluating prospective personnel for affiliation with PA. PA shall be responsible for the credentialing and reference searches attendant to such professional personnel. PA shall seek the consultation and advice of Manager prior to hiring any additional professional personnel.

(h) Human Resources. Manager shall provide PA with human resource services as reasonably required by PA.

(i) Equipment Security and Maintenance. Manager shall provide PA with all services and personnel necessary to provide PA with proper security, maintenance and cleanliness of the equipment used by PA.

(j) Market Research. Manager shall monitor market conditions with respect to rates, charges, competitive conditions, competition and business opportunities for Manager and PA. Manager shall periodically report on such marketing conditions to PA.

(k) Insurance. Manager shall assist PA in obtaining medical malpractice and other insurance coverages on behalf of PA. The policies shall name Manager, when permissible, as an additional insured. Following the termination of this Agreement for any reason, PA shall maintain such coverage in effect for the period of the statute of limitations applicable to any claim arising during the term of this Agreement. PA shall furnish Manager with a certificate of such insurance satisfactory to Manager. PA shall assure that all professional personnel, upon termination of employment for any reason, are covered by tail insurance. PA is responsible for all liabilities in excess of policy limits.

(l) Billing and Collection. On behalf of, as agent to, and for the account of PA, Manager shall establish and maintain credit and claims processing and collection policies and procedures, and shall use reasonable efforts to bill and collect timely all professional and other fees for services provided by or on behalf of PA. Manager shall advise and consult with PA regarding the fees for professional services provided by PA, but PA shall establish the reasonable and customary fees to be charged for professional services. The fee schedules shall be in general accordance with local fees for comparable services.

(i) Manager shall have no authority with respect to the establishment of such fees.

(ii) The extent to which Manager endeavors to collect such charges, the methods of collecting, the settling of disputes with respect to charges and the “writing off” of charges that may be or appear to be uncollectible will at all times be within the sole discretion of Manager (but subject to all applicable governmental regulations and the terms and conditions of applicable provider agreements), and Manager does not guarantee the extent to which any charges billed will be collected.

(iii) PA shall comply with applicable laws for billing and collection practices and customary professional practices. PA shall cooperate and participate in any audit or review of claims or services that is conducted by Manager or its designees for the purpose of assuring compliance with laws. PA shall provide Manager upon reasonable prior notice with reasonable access to PA's books and records in order to assure PA's compliance with this Agreement.

(iv) PA or its duly authorized agent may at all reasonable times and upon the giving of reasonable notice examine, inspect and copy the records of Manager pertaining to such fees, charges, billings and collections.

(m) Contract Negotiations. Manager shall serve as PA's exclusive agent for purposes of negotiating, administering and entering into new or renewal contracts for PA's services with any payor or other professional provider (including but not limited to pre-paid health plans, preferred provider organizations, other group plans, independent physician association, hospitals and other health providers). However, any fee arrangements contained within a new or renewal contract for PA's services must be approved by PA prior to Manager entering into said contract. To assist Manager in performing its contract negotiations, PA shall provide Manager with current copies of all such existing agreements between itself and such entities.

(i) PA shall not enter into any new contractual relationships, or renew any existing relationship with any payor or professional provider, or enter into any such arrangement for the offering of services to the public generally or to any other person or professional corporation other than through Manager or with Manager's prior written consent.

(ii) Notwithstanding the above, PA shall be responsible for negotiating, administering and entering into a new or renewal contracts for its services with any payor covering Medicare or Medicaid beneficiaries. While Manager, at the request of PA, may provide assistance to PA in the negotiating, administering and entering into new or renewal contracts for PA's services with a payor covering Medicare or Medicaid beneficiaries, PA shall be responsible for making initial contact with payor.

1.4 Attorney-In-Fact.

(a) In connection with the administrative, management, and other business and support services, including, but not limited to, billing and collection services, to be provided by Manager hereunder, PA hereby grants to Manager an exclusive and limited special power of attorney and appoints Manager as PA's exclusive true and lawful agent and attorney-in-fact, and Manager hereby accepts such special limited power of attorney and appointment, for the following specific purposes:

(i) To bill PA's patients, in the name of PA, for all billable medical services provided by PA to patients.

(ii) To bill in PA's name all claims for reimbursement or indemnification third party payers.

(iii) To collect and receive on behalf of and in the name of PA all accounts receivable generated by such billings and claims for reimbursement, to administer such accounts including, but not limited to, (A) extending the time of payment of any such accounts for cash, credit or otherwise; (B) discharging or releasing the obligors of any such accounts; (C) suing, assigning or selling at a discount such accounts; or (D) taking other measures to require the payment of any such accounts.

(iv) To deposit all amounts collected in PA's name or on behalf of PA into a bank account (" **PA Account** "), which will be and at all times remain in PA's name. PA covenants to promptly transfer and deliver to Manager for deposit into the PA Account or itself to make such deposit of all funds received by PA from patients or third party payors for medical services. Upon receipt by Manager of any funds from patients or third party payors or from PA pursuant hereto for medical services, Manager shall immediately deposit the same into the PA Account. Manager shall disburse such deposited funds to creditors and other persons on behalf of PA, maintaining records of such receipt and disbursement of funds as reasonably directed by PA.

(v) To take possession of, endorse in the name of PA and deposit into the PA Account any notes, checks, money orders, insurance payments, and any other instruments received in payment for medical and healthcare services.

(vi) To sign checks, drafts, bank notes or other instruments on behalf of PA and to make withdrawals from the PA Account for payments specified in this Agreement.

(vii) To disburse from the PA Account all sums for the payment of obligations of PA, all other costs, expenses and disbursements which are required or authorized by this Agreement, and all costs and expenses of Manager in providing to PA the administrative, management and other business and support services in accordance with this Agreement, including, but not limited to, any refunds owed to patients by PA, any operating expenses relating to the operation of the PA, including, but not limited to, the base salaries, taxes and medical malpractice insurance expenses of PA's personnel, all unpaid or past due fees or amounts owed to Manager under the Agreement, all current fees or amounts owed to Manager under the Agreement.

(b) Upon request of Manager, PA shall execute and deliver to the financial institution wherein the PA Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the special and limited power of attorney granted to Manager by PA pursuant to this Agreement. The special and limited power of attorney granted herein shall be coupled with an interest and, except as otherwise provided herein, shall be irrevocable except with Manager's written consent. The special and limited power of attorney shall expire on the later of when this Agreement has been terminated, when all accounts receivable serviced by Manager have been collected or when all management fees and all other remuneration due to Manager hereunder have been paid. This special and limited power of attorney only extends to accounts originating during the Term and any Renewal Term.

1.5 PA Account. Manager shall open the PA Account and shall have exclusive domain and control with a bank ("**Bank**") mutually agreed upon by the Parties and whose deposits are insured by the Federal Deposit Insurance Corporation ("**FDIC**") and shall deposit therein all collections collected by Manager and PA pursuant to this Agreement. The Manager is authorized to apply all collections deposited in the PA Account, until exhausted in the following order of priority: (i) toward payment of any refunds owed to patients by PA; (ii) toward payment of base salary, benefits, taxes and medical malpractice insurance of PA (" **PA's Compensation**"); however, only up to the amount of base salaries and benefits approved by Manager, the taxes associated therewith and the medical malpractice insurance premiums that PA is required to have pursuant to this Agreement; (nothing shall restrict the PA's ability to compensate PA above the base salary approved by Manager, but the distribution of such compensation from the PA Account will be at a lower priority and may not be realized); (iii) toward satisfaction of any and all unpaid or past due fees or amounts owed to Manager under this Agreement; (iv) toward satisfaction of all current fees, rents or amounts owed to Manager under this Agreement; (v) toward the satisfaction of any additional compensation to PA above the base salary and benefits approved by Manager; and (vi) to the extent any collections remain in such account, to PA. The PA Account shall be used solely for depositing collections for professional services performed by PA and disbursing such collections in accordance with this Agreement. Notwithstanding the aforementioned, the payment of PA's Compensation and other operating expenses remains the sole responsibility of the PA and is not to be construed as reducing the fee that PA has agreed to pay Manager for its services in connection with this Agreement.

2 Responsibilities of PA.

2.1 Conduct of Medical Practice. PA will be solely and exclusively in control of all aspects of the practice of medicine and the delivery of medical services of PA. The rendition of all medical professional services, including, but not limited to, diagnosis, treatment, surgery, therapy and the prescription of medicine and drugs, and the supervision and preparation of all medical reports will be the responsibility of PA. PA will have the sole right and authority to hire, or employ, train, supervise, terminate and compensate all personnel who provide medical professional services. Manager will have no authority or obligation with respect to such activities, with respect to the performance of clinical services or with respect to the establishment of fees or charges for the rendition of such services. PA will be responsible for assuring that PA is adequately staffed during normal operating hours with such duly licensed medical personnel as may be necessary to efficiently carry out the practice of medicine.

2.2 Responsibilities of PA. PA shall perform, or contract with duly-qualified, licensed physicians, physician assistants and other licensed physicians extenders to perform, professional medical services as required under all third party payor contracts entered into by PA. PA shall assure that (a) all such persons are licensed, qualified and permitted to perform medical services without restriction in each such jurisdiction where the nature of such services require such licensure, qualification or permission and (b) all professional medical services are performed in accordance with all applicable federal, state and local laws, rules and regulations.

2.3 Insurance. PA shall maintain comprehensive general, professional liability and other standard insurance coverages for itself and PA's professional practice with limits of not less than $1,000,000 per claim and with aggregate annual policy limits of not less than $3,000,000 during the term of this Agreement.

2.4 Professional Personnel. In the performance of this Agreement, all personnel rendering medical or healthcare services for PA are at all times acting and performing as employees, independent contractors or affiliates of PA and are not employees or agents of Manager. Manager will neither have nor exercise any control or direction over the methods by which PA or any personnel render medical or health care services. Neither PA nor any person providing medical or healthcare services will have any claim under this Agreement or otherwise against Manager for any salary, fee, workers' compensation, unemployment compensation, sick leave, vacation pay, retirement or social security benefits or any other employee benefits, all of which will be the sole responsibility of PA. PA will bear the sole financially responsibility for withholding any sums owed to federal, state or local government. PA shall indemnify and hold harmless Manager from any and all loss or liability arising with respect to any of the foregoing benefits or withholding requirements.

2.5 Patient Records. All patient records, reports and information obtained, generated or encountered relating to the PA, which have not and hereafter are not designated by Manager as being Manager's property, shall at all times be the property of the PA and shall be kept in the strictest confidence. Manager shall keep and shall instruct all of its personnel to keep confidential any such information, as well as any financial, statistical, personnel and patient information obtained or encountered in the performance of its services hereunder. Moreover, the Parties shall take such steps as are necessary to ensure compliance with the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations promulgated thereunder ("**HIPAA**"). Toward this end, the Parties shall comply with their respective duties and obligations in the business associate exhibit attached hereto as Exhibit B.

3 Covenants.

3.1 Compliance With All Applicable Laws. Manager and PA shall comply with the requirements of all statutes, ordinances, laws, rules, regulations and orders of any governmental or regulatory body having jurisdiction respecting the provision of professional services by PA.

3.2 Change of Law. If after the Effective Date, any new law becomes effective or any binding interpretation of a law by any federal or state governmental authority is rendered that makes illegal the structure of the relationship among the parties as set forth in this Agreement, and such illegality is solely the result of the structure of the relationship among the parties as set forth in this Agreement, then and in that event, any party shall have the right to require that the other parties renegotiate the terms of this Agreement, and each party shall use its respective best efforts to promptly negotiate a new agreement or an amendment to this Agreement in good faith. To the maximum extent possible, any such new agreement or amendment shall preserve the underlying economic and financial arrangements among the parties.

3.3 Licenses and Permits. On behalf of PA, Manager shall apply for, and use reasonable efforts to obtain and maintain, in the name of and at the separate expense of PA, all licenses and permits required in connection with the business operations relating to the provision of professional services by the physicians and other health professionals under contract with PA. PA shall cooperate, with Manager and use commercially reasonable efforts in assisting Manager applying for, obtaining and maintaining such licenses and permits.

4 Management Fees and Costs. Manager will incur substantial costs in providing the management, administration, and other items and services that are the subject matter of this Agreement. Certain of such costs and expenses can vary to a considerable degree according to the extent of PA's business and services. It will be impracticable to ascertain and segregate all the exact costs and expenses that will be incurred by Manager from time to time in the performance of its obligations under this Agreement. However, it is the intent of the Parties that the fees paid to Manager be reasonable and reimburse its costs and expenses plus a reasonable return considering the investment and risk taken by Manager and the value of the services provided by Manager.

4.1 Reimbursement of Costs. On or before the fifteen (15th) day of each calendar month during the term of this Agreement, and continuing each month thereafter through on or before the fifteen (15th) day of the calendar month immediately following the expiration or the earlier termination of this Agreement, PA shall reimburse Manager on a monthly basis for all direct costs and expenses incurred by Manager for or on behalf of PA during the preceding calendar month based upon the receipt by PA of an itemized statement of all such costs and expenses.

4.2 Fixed Fee. On or before the fifteen (15th) day of each calendar month during the term of this Agreement, and continuing each month thereafter through on or before the fifteen (15th) day of the calendar month immediately following the expiration or the earlier termination of this Agreement, PA shall pay, to Manager an amount equal to fifteen percent (15%) the costs reimbursed pursuant to Section 4.1 above (the "**Management Fee**").

4.3 Disbursements to PA. Manager shall make a disbursement to PA from PA's Account on or before the fifteen (15th) day of each calendar month to cover the payments set forth in Sections 4.1 and 4.2. To the extent that any collections remain in the PA's Account after the payment of any refunds owed to patients by PA, the payment of any operating expenses relating to the operation of PA's practice, including, but not limited to, the payments set forth in Sections 4.1 and 4.2, the satisfaction of any and all unpaid or past due fees or amounts owed to Manager under this Agreement and the satisfaction of all current fees or amounts owed to Manager under this Agreement, Manager shall disburse such funds to PA. Notwithstanding the prior sentence, Manager may withhold from such distribution an amount equal to the previous month's operating cost of PA's practice, the Management Fee and the License Fee, or such other reasonable reserves to ensure the continued and smooth operation of the PA.

4.4 Deferred Compensation. Notwithstanding any amounts that may be owing to Manager pursuant to Sections 4.1 and 4.2, in the event that in any calendar month collected revenues of PA are insufficient to cover PA's costs to pay compensation to those physicians and other health professionals who are under contract to PA in connection with the provision of the professional services, PA's malpractice insurance premium, and certain other costs of PA as may be mutually agreed upon by Manager and PA, PA shall be entitled to retain sufficient collected revenues to cover such foregoing costs and expenses. If the foregoing retention of collected revenues by PA results in the nonpayment of any fees owed by PA to Manager in any month during the term of this Agreement pursuant to Sections 4.1 and 4.2, such unpaid amounts (a "**Shortfall Amount**") shall be deferred by Manager and shall be repaid by PA to Manager in subsequent months in which the collected revenues exceed the amounts necessary to cover such costs and expenses to pay amounts owed to Manager pursuant to Sections 4.1 and 4.2 (the "**Surpluses**"). Such deferred management fees shall be treated in accordance with Section 4.5.

4.5 Shortfall Amount. All Shortfall Amounts shall be repaid by PA to Manager out of Surpluses in collected revenues in subsequent months. All Shortfall Amounts shall incur simple interest (based upon a three hundred sixty (360) day year) at the lesser of the "Prime Rate" as published from time to time by the Wall Street Journal, plus one percent (1%), or the maximum amount permitted by applicable law. To the extent such Shortfall Amounts are not repaid in full out of Surpluses in collected revenues in subsequent months by the expiration or the earlier termination of this Agreement, PA shall pay to Manager the full amount of the unpaid Shortfall Amounts within thirty (30) days following the expiration or the earlier termination of this Agreement.

4.6 Security for Fees. PA hereby grants to Manager a lien upon and security interest in all of the billings and accounts receivable generated by PA, all to the extent permitted by law, as security under the Uniform Commercial Code for payment of the Shortfall Amounts and any other sums due Manager hereunder. At the request of Manager, PA shall do all things necessary or desirable to confirm and/or perfect the security interest granted to Manager hereunder, including, without limitation, executing such financing statements as Manager may request. PA hereby grants to Manager an irrevocable power of attorney, coupled with an interest, to, as long as any of the Management Fee shall remain outstanding, execute, on behalf of PA, such financing statements, instruments and agreements and perform any other acts to perfect and maintain perfection of Manager's security interest in the Shortfall Amounts. Manager's right to enforce its security on all such billings and receivables shall continue after the termination of this Agreement until all sums due Manager hereunder have been paid in full.

5 Certain Covenants.

5.1 Confidential Information and Trade Secrets.

(a) PA recognizes that due to the nature of this Agreement, PA will have access to information of a proprietary nature owned by Manager ("**Confidential Information**") including, but not limited to (i) computer programs (whether or not completed or in use); (ii) operating manuals or similar materials which constitute the non-medical systems, policies and procedures; (iii) methods of doing business developed by and for the operation of facilities managed by Manager; and (iv) methods, formulae, prices, etc., used by Manager in negotiating contracts and arising out of such contracts. Manager has a proprietary interest in all such Confidential Information and that all such Confidential Information constitutes confidential and proprietary information and are trade secrets of Manager. PA hereby waives any and all right, title and interest in and to such trade secrets and Confidential Information and shall return all copies thereof or relating thereto to Manager, upon the termination of Agreement.

(b) Manager is entitled to prevent its competitors from obtaining and utilizing Manager's trade secrets and confidential and proprietary information. Therefore, during the term of this Agreement or any time after the expiration or sooner termination of this Agreement, PA shall hold Manager's trade secrets and confidential and proprietary information in strictest confidence and shall not disclose or allow to be disclosed any such trade secrets or confidential and proprietary information, directly or indirectly, to any person or entity other than those persons or entities who are employed by or affiliated with Manager or PA, without the prior written consent of Manager. During the term of this Agreement or any time after the expiration or sooner termination of this Agreement, PA will not use or cause to be used any Confidential Information in any way except as is required in the course of PA's or a PA's performance pursuant to the terms of this Agreement.

(c) Each Party shall keep the terms of this Agreement confidential and not disclose such terms to any third party unless, (i) agreed in writing by the non-disclosing Party, (ii) to enforce this Agreement, or (iii) pursuant to an order of a court of competent jurisdiction or an arbitrator having jurisdiction over the Party to whom such order is directed. This non-disclosure obligation excludes those disclosures reasonably necessary to carry out the intent and purpose of this Agreement, including disclosures to PA's personnel and each Party's legal and financial advisers and prospective or existing lenders.

(d) PA shall require each independent contractor and employee of the PA, and any such person or entities to whom such information is to be disclosed for the purpose of performance of Manager's or PA's obligations under this Agreement, to execute a confidentiality agreement regarding such information in such form as Manager approves.

5.2 PA acknowledges and agrees that Manager would not enter into this Agreement if PA did not agree to the terms of thisSection 5.

5.3 Each covenant in this Section 5 on the part of PA shall be construed as an agreement independent of any other provision of this Agreement, unless otherwise indicated herein, and shall survive the termination of this Agreement, and the existence of any claim or cause of action of PA against Manager, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Manager of such covenant.

5.4 A breach of this Section 5 will result in irreparable harm to Manager which cannot be reasonably or adequately compensated in damages, and, therefore, Manager shall be entitled to injunctive relief, equitable relief, and/or specific performance, such relief to be without the necessity of posting a bond, cash or otherwise, to prevent a breach and to secure enforcement thereof, in addition to any other relief or award to which Manager may be entitled.

6 Term and Termination.

6.1 Term. Unless sooner terminated in accordance with the provisions of this Agreement, the term shall remain in effect for a term of twenty (20) years from the Effective Date (“**Initial Term**”) and shall be automatically renewed for additional one (1) year periods (‘**Renewal Term(s)**”); however, with respect to the Initial Term or any subsequent Renewal Term, either Party may give no less than six (6) months’ notice of non-renewal, and this Agreement will terminate at the end of the then current Term.

6.2 Termination By Manager. Manager may terminate this Agreement upon the occurrence of any one of the following events, which will be deemed to be “for cause”:

(a) The revocation, suspension, cancellation or restriction of PA’s personnel’s license to practice medicine;

(b) PA’s loss or suspension of its Medicare or Medicaid provider number, and/or PA’s restriction from treating beneficiaries of the Medicare or Medicaid programs if PA has opted into these programs;

(c) PA’s filing of a petition in voluntary bankruptcy, an assignment for the benefit of creditors, or other action taken voluntarily or involuntarily under any state or federal statute for the protection of debtors; or

(d) If PA defaults in the performance of any of its duties or obligations hereunder, and such default continues for fifteen (15) days after PA receives written notice of the default.

(e) If any Shortfall Amount, or any portion thereof, payable hereunder is carried forward for a period of more than three (3) months.

6.3 Termination By PA. PA may terminate this Agreement if Manager defaults in the performance of any of its obligations hereunder and such default continues for one hundred and twenty (120) days after Manager receives written notice of the default

6.4 Mutual Agreement. This Agreement may be terminated by mutual written agreement of the Parties.

6.5 Rights Cumulative. The various rights and remedies herein provided will be cumulative and in addition to any other rights and remedies the Parties may pursue under the law. The exercise of one or more of such rights or remedies shall not impair the rights of either Party to exercise any other right or remedy at law or in equity.

6.6 Further Obligations. Upon termination of this Agreement, neither Party will have any further obligations hereunder except as set forth herein, and for (a) obligations accruing prior to the date of termination, including, without limitation, payment of all fees set forth in Section 4 accrued prior to the termination of this Agreement and any Shortfall Amounts, (b) obligations, promises, or covenants set forth herein that by their nature extend beyond the Term.

7 Indemnification; Excuse of Performance.

7.1 PA Indemnification. PA shall protect, indemnify and save Manager and the directors, officers, shareholders and employees of Manager harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the provision of professional services by the employees or contractors of PA, unless such liability results solely from the willful misconduct of Manager and/or its directors, officers, shareholders, employees or agents.

7.2 Manager Indemnification. Manager shall protect, indemnify and save PA and the directors, officers, shareholders and employees of PA and each PA harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the provision of the management and administrative services pursuant to this Agreement, unless such liability results solely from the willful misconduct of PA and/or its directors, officers, shareholders, employees or agents.

7.3 Excuse of Performance. Notwithstanding any other provisions contained herein, Manager will not be liable to PA, and will not be deemed to be in default hereunder, for the failure to perform or provide any of the supplies, services, personnel or other obligation to be performed or provided by Manager pursuant to this Agreement if such failure is a result of a labor dispute, act of God or any other event which is beyond the reasonable control of Manager.

8 Governing Law. This Agreement is governed by and will be construed under the laws of the State of Texas.

9 Waiver. The waiver of any covenant, condition or duty hereunder by either Party shall not prevent that Party from later insisting upon full performance of the same.

10 Amendment. No amendment to the terms of this Agreement will be binding on either Party unless in writing and executed by the duly authorized representatives of each Party.

11 Exhibits; Entire Agreement. The exhibits attached to this Agreement are incorporated into and made a part of this Agreement. This Agreement and the exhibits attached to it constitutes the entire agreement between the Parties in connection with the subject matter hereof, and supersede all prior agreements, whether written or oral, and whether explicit or implicit, which have been entered into before the execution hereof. If any litigation or arbitration arises between the Parties, neither Party shall (and each Party hereby waives its right to) introduce any parole evidence which would tend to contradict or impeach any of the express written terms, conditions and covenants of this Agreement.

12 Arbitration; Attorney's Fees. Except for enforcement of the provisions set forth in Section 5 of this Agreement, any and all disputes under the Agreement will be resolved by reference to arbitration. Any Party electing to commence an action shall give written notice to the other Party of such election. Thereupon, if arbitration is selected by the Party electing to commence the action, the claim ("**Arbitration Matter**") will be settled by arbitration in accordance with the rules of the American Arbitration Association ("**AAA**"). The award of such arbitrator may be confirmed or enforced in any court of competent jurisdiction. The prevailing Party in such arbitration may recover all costs incurred in the course of said proceeding, including the reasonable fees and disbursements of its counsel.

1 3 Notice. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of receipt) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid:

13.1 If to Manager, to:

Arcadian Telepsychiatry Services LLC
7241 Hollywood Road
Fort Washington, PA 19034
Attention: Robert Plotkin
E:Mail: Rob@arcadiantelepsychiatry.com

With a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, New York 10020
Attention: Jeffrey A. Baumel, Esq.
E-Mail: jeffrey.baumel@dentons.com

13.2 If to PA, to:

Arcadian Telepsychiatry PA
Waseem Ahmed, M.D.
PO Box 251353
Plano TX 75025
E-Mail: wahmedmd@aol.com

Any Party may change its address from time to time by giving the other Party written notice.

1 4 Assignment. Except as may be herein specifically provided to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and assigns; provided, however, that PA may not assign this Agreement without the prior express written consent of Manager, which consent may be withheld in its sole and absolute discretion. Any assignment in violation of the foregoing shall be null and void. Any breach of this provision, whether or not void or voidable, will constitute a material breach of this Agreement, and if such breach occurs, Manager may terminate (but shall not be obligated to terminate) this Agreement upon seventy-two (72) hours written notice to PA. Manager may (i) assign its rights and obligations hereunder to any third party, and (ii) collaterally assign its interest in this Agreement and its right to collect the fees provided in Section 4 hereunder to any financial institution or other third party in a financing transaction, in each case without the consent of PA.

1 5 Independent Contractor Status. The Parties are independent contractors, and nothing in this Agreement is intended and nothing shall be construed to create an employer/employee, partnership, or joint venture relationship, or to allow either to exercise control or direction over the manner or method by which the other performs the services that are the subject matter of this Agreement; provided always that the services to be provided hereunder shall be furnished in a manner consistent with the standards governing such services and the provisions of this Agreement. Except as set forth in this Agreement, no Party will be treated as an employee for federal tax purposes of the other Party, and neither Party will withhold on behalf of the other Party any sums for income tax, unemployment insurance, social security, or any other withholding pursuant to any law or requirement of any governmental body or make available any of the benefits afforded to its employees. All such payments, withholdings, and benefits, if any, are the sole responsibility of the Party incurring the liability, and each Party will indemnify and hold the other Party harmless from any and all loss or liability arising with respect to such payments, withholdings, and benefits, if any.

16 Miscellaneous Provisions.

16.1 Partial Invalidity. If any one or more of the terms, provisions, promises, covenants or conditions of the Agreement or the application thereof to any person or circumstances is found to any extent invalid, unenforceable, void or voidable for any reasons by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances will not be affected thereby and will be valid and enforceable to the fullest extent permitted by law.

16.2 Headings, Titles. The headings appearing herein are for convenience and reference only and will not govern, limit, modify or in any manner affect the scope, meaning or intent of the provision of this Agreement.

16.3 Binding Effect. Subject to the provisions contained herein, this Agreement will be binding upon and inure to the benefit of the Parties and upon their respective successors.

16.4 Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

ARCADIAN TELEPSYCHIATRY SERVICES LLC

By: /s/ Robert Plotkin
Name: Robert Plotkin
Title: Manager

ARCADIAN TELEPSYCHIATRY PA

By: /s/ Waseem Ahmed
Name: Waseem Ahmed, M.D.
Title: Authorized Officer

Signature Page to Arcadian Texas - Management Services Agreement

Exhibit A

IP LICENSE

Manager hereby grants, for the term of this Agreement, a non-exclusive, non-transferable, non-sublicensable, revocable license to use Manager’s ..

Exhibit B

BUSINESS ASSOCIATE EXHIBIT

1. Catch-all definition

The following terms used in this Exhibit shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2. Specific definitions

a. Business Associate. "Business Associate" shall generally have the same meaning as the term "business associate" at 45 CFR 160.103, and in reference to the party to this agreement, shall mean Arcadian Telepsychiatry Services LLC.

b. Covered Entity. "Covered Entity" shall generally have the same meaning as the term "covered entity" at 45 CFR 160.103, and in reference to the party to this agreement, shall mean A.

c. HIPAA Rules. "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

3. Obligations and Activities of Business Associate

Business Associate agrees to:

a. Not use or disclose protected health information other than as permitted or required by this Exhibit or as required by law;

b. Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as provided for by this Exhibit;

c. Report to covered entity any use or disclosure of protected health information not provided for by this Exhibit of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR 164.410, and any security incident of which it becomes aware;

d. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the business associate agree to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information;

e. Make available protected health information in a designated record set to the individual or the individual's designee as necessary to satisfy covered entity's obligations under 45 CFR 164.524;

f. Make any amendment(s) to protected health information in a designated record set as directed or agreed to by the covered entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy covered entity's obligations under 45 CFR 164.526;

g. Maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy covered entity's obligations under 45 CFR 164.528;

h. To the extent the business associate is to carry out one or more of covered entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the covered entity in the performance of such obligation(s); and

i. Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

4. Permitted Uses and Disclosures by Business Associate

a. Business associate may only use or disclose protected health information as necessary to perform the services set forth in Management Services Agreement.

b. Business associate may use or disclose protected health information as required by law.

c. Business associate agrees to make uses and disclosures and requests for protected health information consistent with covered entity's minimum necessary policies and procedures.

d. Business associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by covered entity, except for the specific uses and disclosures set forth below.

e. Business associate may use protected health information for the proper management and administration of the business associate or to carry out the legal responsibilities of the business associate.

f. Business associate may disclose protected health information for the proper management and administration of business associate or to carry out the legal responsibilities of the business associate, provided the disclosures are required by law, or business associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies business associate of any instances of which it is aware in which the confidentiality of the information has been breached.

g. Business associate may provide data aggregation services relating to the health care operations of the covered entity.

h. Business associate may use protected health information to de-identify the information in accordance with 45 CFR 164.514(a)-(c).

5. Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

a. Covered entity shall notify business associate of any limitation(s) in the notice of privacy practices of covered entity under 45 CFR 164.520, to the extent that such limitation may affect business associate's use or disclosure of protected health information.

b. Covered entity shall notify business associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her protected health information, to the extent that such changes may affect business associate's use or disclosure of protected health information.

c. Covered entity shall notify business associate of any restriction on the use or disclosure of protected health information that covered entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect business associate's use or disclosure of protected health information.

6. Permissible Requests by Covered Entity

Covered entity shall not request business associate to use or disclose protected health information in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by covered entity, except that business associate may use or disclose protected health information for data aggregation or management and administration and legal responsibilities of the business associate as set forth above.

7. Term and Termination

a. Term. This Exhibit is co-terminous with the Management Services Agreement.

b. Termination for Cause. Business associate authorizes termination of the Management Services Agreement by covered entity if covered entity determines business associate has violated a material term of the Agreement and business associate has not cured the breach or ended the violation within the time specified by covered entity.

c. Obligations of Business Associate Upon Termination. Upon termination of this Agreement for any reason, business associate, with respect to protected health information received from covered entity, or created, maintained, or received by business associate on behalf of covered entity, shall:

i. Retain only that protected health information which is necessary for business associate to continue its proper management and administration or to carry out its legal responsibilities;

ii. Return to covered entity or, if agreed to by covered entity, destroy the remaining protected health information that the business associate still maintains in any form;

iii. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as business associate retains the protected health information;

iv. Not use or disclose the protected health information retained by business associate other than for the purposes for which such protected health information was retained and subject to the same conditions set out under "Permitted Uses and Disclosures By Business Associate" which applied prior to termination; and

v. Return to covered entity or, if agreed to by covered entity, destroy the protected health information retained by business associate when it is no longer needed by business associate for its proper management and administration or to carry out its legal responsibilities.

d. Survival. The obligations of business associate under this Section shall survive the termination of this Exhibit.

8. Miscellaneous

a. Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.

b. Necessary Actions. The Parties shall take such action as is necessary to amend this Agreement from time to time as is necessary for compliance with the requirements of the HIPAA Rules and any other applicable law.

c. Interpretation. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

EXHIBIT 31.1

Certification of CEO Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, George Carpenter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, 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: February 20, 2018

/s/ George Carpenter
Name: George Carpenter
Title: Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

Certification of CFO Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. D'Ambrosio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, 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: February 20, 2018

/s/ Donald E. D'Ambrosio
Name: **Donald E. D'Ambrosio**
Title: **Chief Financial Officer (Principal Financial Officer)**

EXHIBIT 32.1

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

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 filing of the Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 (the "Report") by MYnd Analytics, Inc. (the "Registrant"), the undersigned hereby certifies that to the best of his knowledge:

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 Registrant.

Date: February 20, 2018

/s/ George Carpenter
George Carpenter
Chief Executive Officer (Principal Executive Officer)

Date: February 20, 2018

/s/ Donald E. D'Ambrosio
Donald E. D'Ambrosio
Chief Financial Officer (Principal Financial Officer)