Firstsource Health Plans and Healthcare Services, LLC

Financial Statements
With Supplementary Information
For the Year Ended March 31, 2025
Together With
Independent Auditor's Report

FIRSTSOURCE HEALTH PLANS AND HEALTHCARE SERVICES, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Firstsource Health Plans and Healthcare Services, LLC
Amherst, New York

Opinion

We have audited the accompanying financial statements of Firstsource Health Plans and Healthcare Services, LLC (a corporation), which comprise the balance sheet as of March 31, 2025, and the related statements of income and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Firstsource Health Plans and Healthcare Services, LLC as of March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of Firstsource Health Plans and Healthcare Services, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Firstsource Health Plans and Healthcare Services, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Firstsource Health Plans and Healthcare Services, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Firstsource Health Plans and Healthcare Services, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Allied CPAs, P.C.

Rochester, New York
June 26, 2025

FIRSTSOURCE HEALTH PLANS AND HEALTHCARE SERVICES, LLC
BALANCE SHEET
AS OF MARCH 31, 2025

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	139,555
Accounts receivable, net of allowance for credit losses of $279,717		32,661,190
Unbilled revenues		21,364,709
Prepaid expenses		2,353,796
Other current assets		1,938,072
TOTAL CURRENT ASSETS		58,457,322
Property and equipment, net		4,457,413
Right of use asset, net		10,119,275
Intangible assets, net		1,517,429
TOTAL ASSETS	**$**	**74,551,439**

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$	2,572,566
Accrued expenses		13,272,565
Current portion of lease liability		2,982,514
Due to related parties, net		15,932,395
Other current liabilties		28,422
TOTAL CURRENT LIABILITIES		34,788,462
LONG-TERM LIABILITIES		
Long-term lease liability, net of current portion		8,606,269
TOTAL LIABILITIES		43,394,731
MEMBERS' EQUITY		
Members’ equity		31,156,708
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$**	**74,551,439**

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

FIRSTSOURCE HEALTH PLANS AND HEALTHCARE SERVICES, LLC
STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2025

REVENUE	
Net revenue from services	$ 162,096,377
EXPENSES:	
Staff costs	99,493,032
Depreciation and amortization	5,058,175
Consultancy charges	12,522,274
Other costs	24,638,353
TOTAL EXPENSES	141,711,834
NET INCOME FROM OPERATIONS	20,384,543
OTHER INCOME (EXPENSE)	
Interest expense	(642,966)
Loss on disposal of property and equipment	(35,504)
TOTAL OTHER INCOME (EXPENSE)	(678,470)
NET INCOME	19,706,073
Members' equity - beginning of year	11,450,635
MEMBERS' EQUITY - END OF YEAR	**$ 31,156,708**

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

FIRSTSOURCE HEALTH PLANS AND HEALTHCARE SERVICES, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 19,706,073
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	5,058,175
Provision for credit losses	177,983
Loss on disposal of property and equipment	35,504
Changes in assets and liabilities:	
Accounts receivable	(7,642,765)
Unbilled revenue	(14,641,326)
Prepaid expenses	(59,055)
Other current assets	(1,589,386)
Accounts payable	(2,693,030)
Accrued expenses	2,381,765
Due to related parties, net	3,136,987
Other current liabilities	17,860
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,888,785
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(5,630,982)
NET CASH USED IN INVESTING ACTIVITIES	(5,630,982)
CASH FLOWS FROM FINANCING ACTIVITIES	
Reduction in lease liability	(1,380,393)
NET CASH USED IN FINANCING ACTIVITIES	(1,380,393)
Change in cash and cash equivalents	(3,122,590)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,262,145
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 139,555**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	$ 642,966

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

Note 1 - Organization

Organization
Firstsource Health Plans and Healthcare Services, LLC (the Company), a limited liability company, was organized under the laws of New York State in April 1995. The Company is a leading provider of revenue cycle management services in the healthcare industry. Credit is granted to primarily all of its customers.

The Company is a wholly owned subsidiary of Firstsource Solutions USA, LLC (a State of Delaware corporation), which is a wholly owned subsidiary of MedAssist Holding, LLC (a State of Kentucky corporation), which is a wholly owned subsidiary of Firstsource Group USA, Inc. (a State of Delaware corporation), which is a wholly owned subsidiary of Firstsource Solutions Limited (a Nation of India corporation).

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Company considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All such financial instruments involve risk by their nature including the credit risk of non-performance by counter parties. In management's opinion, there was no significant risk of loss in the event of non-performance to these financial instruments, other than amounts already provided for in the consolidated financial statements. The Company's cash accounts are concentrated in a few financial institutions. Although the cash accounts at March 31, 2025 exceed the federally insured deposit limit, management does not anticipate nonperformance by the financial institution. Exposure to credit risk is managed through credit approvals, establishing credit limits, and monitoring procedures.

Accounts Receivable
Accounts receivable are stated at their net carrying value, the amount expected to be collected, based on the original cost less the accumulated lifetime estimated net credit loss allowance. Management provides for probable uncollectible amounts through a provision for the lifetime estimated credit losses at the inception of each financial asset using the current expected credit loss model and recognizes any expected increases or decreases of expected credit losses that have taken place during the period. The company recorded a provision for credit losses of $177,983 during the year ended March 31, 2025.

Property and Equipment
Fixed assets are stated at cost, net of accumulated depreciation. Assets under capital leases are stated at the present value of minimum lease payments. Leasehold improvements are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the term of the lease. Depreciation of other equipment is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	2-5 years
Computer equipment	2-5 years
Computer software	2-4 years
Leasehold improvements	5 years

Leases
The Company recognizes all long-term leases on their balance sheet as a lease liability at the present value of future lease obligations at the commencement of the lease with a corresponding right-of-use asset, that is amortized over the life of the lease.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue from operations comprises services rendered either in the form of healthcare transaction processing services, healthcare revenue cycle management, and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognized based on achievement of performance milestones specified in the customer contracts.

In accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606), the Company recognizes their revenue from contracts using the following five-step process: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue as the Company satisfies a performance obligation.

Unbilled revenue represents work executed in accordance with the terms of the agreement with customers but not billed as of the balance sheet date.

Transaction Price

The nature of the Company's contracts gives rise to several types of variable consideration. The Company includes in the contract estimates additional revenue for claims against the customer when the Company believes it has an enforceable right to the claim, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual/legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim. These estimates are based on historical experience, anticipated performance and the Company's best judgement at the time.

Combined Contract

The Company evaluates whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgement and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period.

Contract Modifications

Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for services that are not distinct, and therefore, are accounted for as part of the existing contract.

Contract Estimates

It is reasonably possible that changes in estimates may occur in the near term and those revisions and cost and revenue estimates are reflected in the period in which the facts that require the revisions become known.

Income Taxes

Current income taxes are provided for in accordance with the applicable laws in various tax jurisdictions in which the Company operates. Income tax expense consists of the current tax provision and the net change in the deferred tax asset or liability for the year. Deferred income taxes are determined under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts of assets and liabilities, and their respective tax bases and operating loss and business loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the results of operations in the period of enactment of the change. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

Note 2 - Summary of Significant Accounting Policies (Continued)

Advertising and Marketing
The Company expenses all advertising and marketing costs when incurred. Marketing expense was $1,583,944 for the year ended March 31, 2025.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events
The Company has evaluated events and transactions after March 31, 2025, and through June 26, 2025, which is the date the financial statements were available to be issued.

Note 3 - Related Party Transactions

As of March 31, 2025, accounts receivable (payable) related parties consist of the following:

American Recovery Services, Inc.	$	58
Sourcepoint Fulfillment Services, Inc		(100,402)
Firstsource Group USA, Inc		428,423
Sourcepoint, Inc		(1,036,350)
Firstsource Solutions México, S. de R.L. de C.V		(40,160)
Firstsource Advantage LLC		(569,952)
Firstsource Solutions UK Limited		54,500
Firstsource Solutions Limited		(12,146,405)
Medassist Holding LLC		(2,424,365)
The Stonehill Group, LLC		(84,151)
One Advantage, LLC		(13,591)
NET DUE TO RELATED PARTIES	**$**	**(15,932,395)**

Note 4 – Property and Equipment

Property and equipment at March 31, 2025 are summarized as follows:

Leasehold improvements	$	1,983,205
Furniture and fixtures		331,387
Computer equipment		4,046,991
Network		315,235
Office equipment		2,810,794
Work in process		5,918
Total property and equipment		9,493,530
Less: accumulated depreciation		(5,036,117)
Total property and equipment, net	$	4,457,413

Note 5 – Intangible Asset

Intangible assets consist at March 31, 2025 consist of the following:

Computer software	$	2,869,061
Less: accumulated amortization		(1,351,632)
Total intangible assets, net	$	1,517,429

Note 6 - Corporate Costs

The accompanying financial statements include costs allocated from the corporate parent, which includes salaries for chief executive officer and chief financial officer, related fringe benefits, travel, insurance and other costs. For the year ended March 31, 2025, corporate costs totaling $1,941,051 are included in the accompanying financial statements.

Note 7 - Pension Plan

The Company maintains a defined contribution 401(k) plan, covering all full-time employees with one year of service and age twenty-one or older. The Company's contribution is based on matching 25% of the first 6% of salary deferral elected by each eligible employee. The Company's contributions for the year ended March 31, 2025 were $655,542.

Note 8 – Lease Commitments

The Company occupies office facilities, located in Colorado Springs, Colorado, Dallas, Texas, Chattanooga, Tennessee, Salt Lake City, Utah, Chico, California, Dayton, Ohio, Long Beach, California, and leases equipment from Hewlett Packard under non-cancelable operating leases, which expire at various dates starting March 2026 through April 2030. Each lease includes options to renew the lease. Rent expense incurred under these agreements for the year ended March 31, 2025 amounted to $3,378,064.

The undiscounted minimum cash flows under these agreements are as follows:

Year ended March 31,		
2026	$	3,411,031
2027		2,796,536
2028		2,430,504
2029		2,199,458
2030		1,686,649
Thereafter		135,395
Total lease payments		12,659,573
Less: Imputed interest		(1,070,790)
Total lease liability	**$**	**11,588,783**

Note 8 – Lease Commitments (Continued)

The following constitutes the cumulative quantitative information for all lease agreements of the Corporation for the year ended March 31, 2025:

Lease costs	
Operating lease cost	$ 3,327,166
Finance leases	50,898
Total lease costs	**$ 3,378,064**
Other information:	
Right to use asset recorded during 2025 in conjunction with:	
Operating leases	10,063,107
Finance leases	56,168
Total	**$ 10,119,275**
Weighted average remaining lease term	
Operating leases	3.64 years
Finance leases	1.40 years
Weighted average discount rate	
Operating leases	4.35%
Finance leases	5.07%

SUPPLEMENTARY INFORMATION

FIRSTSOURCE HEALTH PLANS AND HEALTHCARE SERVICES, LLC
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025

Provision for credit losses	$	177,983
Bank fees		15,115
Computer expenses		4,155,704
Charges		631,654
Corporate costs		1,941,051
Communication		3,295,827
Exchange rate fluctuation		640,969
Insurance		218,178
Legal and professional fees		6,969,831
Marketing		1,583,944
Miscellaneous		784,676
Printing		705,231
Rents, rates and taxes		1,881,914
Recruiting		170,255
Repairs and Maintenance		570,696
Travel and conveyence		705,309
Utilities		190,016
TOTAL OPERATING EXPENSES	**$**	**24,638,353**

See independent auditor’s report.