American Recovery Services, Inc.

Financial Statements
With Supplementary Information
For the Year Ended March 31, 2023
Together With
Independent Auditor's Report

AMERICAN RECOVERY SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of
American Recovery Services
Amherst, New York

Opinion

We have audited the accompanying financial statements of American Recovery Services, Inc. (a corporation), which comprise the balance sheet as of March 31, 2023, and the related statement of income, statement of changes in equity, and statement of 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 American Recovery Services, Inc. as of March 31, 2023, 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 American Recovery Services, Inc. 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 American Recovery Services, Inc.'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 American Recovery Services, Inc.'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 American Recovery Services, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, as listed in the table of contents, 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 taken as a whole.

Allied CPAs, P.C.

Amherst, New York
June 16, 2023

AMERICAN RECOVERY SERVICES INC.
BALANCE SHEET
AS OF MARCH 31, 2023

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	3,152,190
Accounts receivable		8,446,876
Unbilled revenues		154,808
Prepaid expenses		291,730
Due from related parties		8,049,899
Other current assets		1,003,064
TOTAL CURRENT ASSETS		21,098,567
Property, equipment, and intangible assets, net		5,390,233
Right of use asset		4,029,693
TOTAL ASSETS	**$**	**30,518,493**

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$	114,622
Accrued expenses		8,220,616
Current portion of lease liability		1,025,081
Other current liabilities		657,077
TOTAL CURRENT LIABILITIES		10,017,396
LONG-TERM LIABILITIES		
Long-term lease liability, net of current portion		3,129,735
TOTAL LIABILITIES		13,147,131
EQUITY		
Common stock, $1 par value, 10,000 shares authorized, 2,500 shares issued and outstanding		2,500
Members' equity		17,368,862
TOTAL EQUITY		17,371,362
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$**	**30,518,493**

The accompanying notes are an integral
part of theses financial statements

AMERICAN RECOVERY SERVICES INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2023

REVENUE	
Net revenue from services	$ 64,346,932
EXPENSES:	
Staff costs	15,907,081
Depreciation expense	3,420,764
Other costs	42,458,190
TOTAL EXPENSES	61,786,035
NET INCOME FROM OPERATIONS	2,560,897
OTHER INCOME (EXPENSE)	
Interest expense	(202,928)
Foreign exchange loss, net	(60,997)
TOTAL OTHER INCOME (EXPENSE)	(263,925)
NET INCOME	**$ 2,296,972**

The accompanying notes are an integral
part of theses financial statements

AMERICAN RECOVERY SERVICES INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

	Common Stock	Members' Equity	Total Equity
BALANCE - March 31, 2022	$ 2,500	$ 15,071,890	$ 15,074,390
Net income	-	2,296,972	2,296,972
BALANCE - March 31, 2023	$ 2,500	$ 17,368,862	$ 17,371,362

The accompanying notes are an integral
part of theses financial statements

AMERICAN RECOVERY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 2,296,972
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	3,420,764
Changes in assets and liabilties:	
Accounts receivable	(6,186,173)
Due from related parties	(2,731,817)
Other current assets	(81,674)
Unbilled revenues	2,486,321
Prepaid expenses	152,420
Accounts payable	57,252
Accrued expenses	3,706,827
Other current liabilities	657,078
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,777,970
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment and leasehold improvements	(154,616)
NET CASH USED IN INVESTING ACTIVITIES	(154,616)
CASH FLOWS FROM FINANCING ACTIVITIES	
Reduction of lease liability	(1,197,288)
NET CASH USED IN FINANCING ACTIVITIES	(1,197,288)
Change in cash and cash equivalents	2,426,066
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	726,124
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 3,152,190**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 202,928

The accompanying notes are an integral
part of theses financial statements

AMERICAN RECOVERY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 2023

Note 1 - Organization

Organization
American Recovery Service, Inc. (the Company), was organized under the laws of New York State in April 1995, for the purpose of providing debt collection services to major credit card issuers and banks throughout the United States. Credit is granted to primarily all of its customers.

The company is a wholly owned subsidiary of Firstsource Business Process Services, LLC (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 financial statements. The Company's cash accounts are concentrated in a few financial institutions. Although the cash accounts at March 31, 2023 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 the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The company did not have any receivables written off to bad debts for the year ended March 31, 2023.

Property and Equipment
Equipment is stated at cost, net of accumulated depreciation. Equipment under capital leases is 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	2-5 years
Computer software	2-4 years
Leasehold improvements	5 years

Intangible Assets
Intangible assets consist of various customer contracts and goodwill. Customer contracts are amortized on the straight-line basis over their estimated useful lives, which is 4 years. Amortization expense totaled $1,920,542 for the year ended March 31, 2023.

Note 2 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition

Revenue from operations comprises debt collection services to major credit card issuers and banks 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. Revenue from debt collection services is recognized when debts are collected.

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.

Lease

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize long-term leases on their balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management has adopted the provisions of ASU 2016-02 for the year ended March 31, 2023.

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.

Advertising and Marketing

The Company expenses all advertising and marketing costs when incurred. Advertising expense was $31,882 for the year ended March 31, 2023

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated events and transactions after March 31, 2023, and through June 16. 2023, which is the date the financial statements were available to be issued for potential recognition and disclosure in the financial statements.

Note 3 - Related Party Transactions

Firstsource Solutions Limited (Parent) is the sole member of the Company. Firstsource Advantage, LLC, Firstsource Group USA, Inc., Firstsource Business Process Services LLC, MedAssist Holding, LLC, and American Recovery Services, Inc. are all subsidiary organizations of the Parent. All amounts are payable on demand.

Amounts due from (due to) related parties at March 31, 2023 are summarized as follows:

Firstsource Business Process Services, LLC	$ 6,193,083
Firstsource Advantage, LLC	1,887,834
Firstsource Group USA Inc.	41,235
MedAssist Holding LLC	(9,739)
Firstsource Solutions Limited - India	(62,514)
NET DUE FROM RELATED PARTIES	**$ 8,049,899**

Note 4 – Property, Equipment and Intangible Assets

Property, equipment and intangible assets at March 31, 2023 are summarized as follows:

Property and equipment:	
Leasehold improvements	$ 398,041
Furniture and fixtures	31,700
Total equipment and leasehold improvements	429,741
Less: Accumulated depreciation	(254,053)
Total property and equipment, net	175,688
Intangible assets:	
Customer contracts	7,653,621
Software	115,773
Less: accumulated amortization	(2,554,849)
Total intangible assets, net	5,214,545
Total leasehold inprovements, equipment and intangible assets, net	**$ 5,390,233**

Note 6 – Lease Commitments

The Company occupies office facilities, located in York, Pennsylvania, Thousand Oaks, California and Sunrise, Florida, under non-cancelable operating leases, which expire at various dates starting June 30, 2024, though June 30, 2027. Each lease includes options to renew the lease. Rent expense incurred under these agreements for the year ended March 31, 2023 amounted to $542,858.

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

Year ended March 31,		
2024	$	1,243,729
2025		1,137,301
2026		1,044,298
2027		1,012,840
2028		242,178
Thereafter		-
Total lease payments		4,680,346
Less: Imputed interest		(525,530)
Total lease liability	**$**	**4,154,816**

The following constitutes the cumulative quantitative information for all lease agreements of the Corporation for the year ended March 31, 2023:

Lease costs		
Financing lease cost	$	1,387
Operating lease cost		1,371,925
Total lease costs	**$**	**1,373,312**
Other information:		
Right to use asset recorded in conjunction with:		
Financing leases	$	59,020
Operating leases		5,417,429
Total	**$**	**5,476,449**
Weighted average remaining lease term		
Operating leases		3.5 years
Weighted average discount rate		
Operating leases		3.24%

SUPPLEMENTARY INFORMATION

AMERICAN RECOVERY SERVICES, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

Bank fees	$	457,976
Bad debt expense		(99,957)
Communication		683,328
Computer expenses		865,153
Common corporate costs		290,082
Insurance		193,927
Information services		66,017
Legal and professional fees		40,165,876
Marketing		31,882
Miscellaneous expense		10,357
Printing		338,299
Recruiting		47,100
Rent, rates and taxes		(648,112)
Travel		56,262
TOTAL OPERATING EXPENSES	**$**	**42,458,190**