

Firstsource Solutions México, S. de R.L. de C.V

**Financial Statements
With Supplementary Information
For the Year Ended March 31, 2024
Together With
Independent Auditor's Report**

Firstsource Solutions México, S. de R.L. de C.V

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Firstsource Solutions México, S. de R.L. de C.V
Amherst, New York

Opinion

We have audited the accompanying financial statements of Firstsource Solutions México, S. de R.L. de C.V (the "Company"), which comprise the balance sheet as of March 31, 2024, and the related statements of loss and comprehensive loss, changes in stockholder's 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 Solutions México, S. de R.L. de C.V as of March 31, 2024, 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 Solutions México, S. de R.L. de C.V 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 Medical Advocacy Services for Healthcare, 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.

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

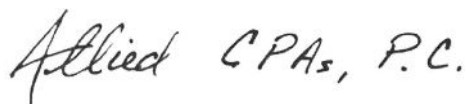
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Solutions México, S. de R.L. de C.V'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 Solutions México, S. de R.L. de C.V'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.

Other Matters

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.

A handwritten signature in cursive script that reads "Allied CPAs, P.C.".

Rochester, New York
June 27, 2024

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
BALANCE SHEET
AS OF MARCH 31, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 254,563
Prepaid expenses	597,967
Total current assets	<u>852,530</u>

Equipment and leasehold improvements, net	<u>623,187</u>
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TOTAL ASSETS	<u>\$ 1,475,717</u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable	\$ 172,280
Accrued expenses	708,816
Other current liabilities	123,937
Due to related parties, net	<u>2,217,373</u>

Total liabilities	<u>3,222,406</u>
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Stockholder's equity:

Common stock, no par value, stated at cost	5,537
Accumulated deficit	(1,584,900)
Accumulated other comprehensive loss	<u>(167,326)</u>

Total stockholder's equity	<u>(1,746,689)</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 1,475,717</u>
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The accompanying notes are an integral
part of these financial statements.

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED MARCH 31, 2024

<u>REVENUE</u>	<u>\$ 5,240,928</u>
<u>EXPENSES</u>	
Staff costs	4,219,016
Depreciation expense	152,387
Other operating expenses	<u>1,837,163</u>
TOTAL EXPENSES	<u>6,208,566</u>
NET LOSS FROM OPERATIONS	(967,638)
<u>OTHER INCOME (EXPENSE)</u>	
Exchange rate fluctuation	<u>76,258</u>
TOTAL OTHER INCOME (EXPENSE), NET	<u>76,258</u>
NET LOSS	(891,380)
<u>OTHER COMPREHENSIVE LOSS:</u>	
Foreign Currency Translation	<u>(106,106)</u>
TOTAL COMPREHENSIVE LOSS	<u><u>\$ (997,486)</u></u>

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

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2024

	Common Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholder's Equity
BALANCE - March 31, 2023	\$ 5,537	\$ (61,220)	\$ (693,520)	\$ (749,203)
Current Period Net Loss	-	-	(891,380)	(891,380)
Current Period Loss on Foreign Currency Translation	-	(106,106)	-	(106,106)
BALANCE - March 31, 2024	<u>\$ 5,537</u>	<u>\$ (167,326)</u>	<u>\$ (1,584,900)</u>	<u>\$ (1,746,689)</u>

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

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (891,380)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	152,387
Unrealized foreign exchange gain	(154,019)
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	559,855
Prepaid expenses	(337,420)
Increase (decrease) in liabilities:	
Accounts payable	142,965
Accrued expenses	435,919
Other current liabilities	78,503
Due to related parties	298,756

NET CASH PROVIDED BY OPERATING ACTIVITIES 285,566

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment and leasehold improvements	<u>(230,211)</u>
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NET CASH USED IN INVESTING ACTIVITIES (230,211)

NET INCREASE IN CASH 55,355

CASH AT BEGINNING OF YEAR 199,208

CASH AT END OF YEAR \$ 254,563

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

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 1 - Organization

Organization

Firstsource Solutions México, S. de R.L. de C.V (the "Company"), was incorporated in the Nation of Mexico on December 13, 2021. The Company is a subsidiary of Firstsource Group USA, Inc.

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.

Functional Currency

The Company has adopted the Mexican peso as its functional currency while the US Dollar is the Company's reporting currency. Foreign currency denominated assets, liabilities, revenues, expenses, gain and losses are translated into the Company's reporting currency using the exchange rate in effect as of that date and the Company will recognize a gain or loss in current period operations.

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, 2024 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. There was no activity for estimated credit loss allowance during for the year ended March 31, 2024.

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

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-13 Financial Instruments – Credit Losses, which requires management to measure credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period and present them at cost less the accumulated valuation allowance. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022. Management has adopted ASU No. 2016-13 during the year ended March 31, 2024 with modified retrospective application applied to all periods presented within these financial statements.

Subsequent Events

The Company has evaluated events and transactions after March 31, 2024, and through June 27, 2024, 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

As of March 31, 2024, accounts receivable (payable) related parties consist of the following:

Firstsource Group USA, Inc	\$ (2,587,496)
Firstsource Health Plans and Healthcare	(377,456)
Firstsource Advantage, LLC	835,623
Sourcepoint, Inc	(88,021)
MedAssist Holdings, LLC	(23)
Net Due to Related Parties	<u>\$ (2,217,373)</u>

Note 4 – Property and Equipment

Property and equipment at March 31, 2024 are summarized as follows:

Computers	\$ 702,511
Furniture and fixtures	11,248
Office equipment	100,646
Software	5,873
Network	16,174
Total property and equipment	<u>836,452</u>
Less: accumulated amortization and depreciation	<u>(213,265)</u>
Net Property and Equipment	<u>\$ 623,187</u>

SUPPLEMENTARY INFORMATION

FIRSTSOURCE SOLUTIONS MÉXICO, S. DE R.L DE C.V
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

Bank fees	\$	2,599
Connectivity charges		1,453
Computer expenses		2,197
Legal and professional fees		164,587
Rent, rates and taxes		1,242,149
Communications		60,662
Meals and entertainment		6,506
Miscellaneous		92,965
Printing and stationery		1,936
Repairs and maintenance		70,020
Insurance		2,963
Travelling and conveyance		34,847
Recruitment and training expenses		<u>154,279</u>
TOTAL OPERATING EXPENSES	\$	<u>1,837,163</u>

See independent auditor's report.