

**MedAssist Holding, LLC
And Subsidiaries**

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

MEDASSIST HOLDING, LLC AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Management of
MedAssist Holding, LLC and Subsidiaries
Amherst, New York

Opinion

We have audited the accompanying consolidated financial statements of MedAssist Holding, LLC and Subsidiaries (the "Company's") which comprise the consolidated balance sheet as of March 31, 2024, and the related consolidated statements of income and retained earnings, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company's as of March 31, 2024, and the consolidated results of operations and their consolidated 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 MedAssist Holding, LLC and Subsidiaries and to meet the 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 MedAssist Holding, LLC and Subsidiaries' 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 consolidated 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 consolidated financial statements.

BUFFALO

501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN

55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA

189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY

199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER

150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR

6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2024

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 MedAssist Holding, LLC and Subsidiaries' 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 MedAssist Holding, LLC and Subsidiaries' 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.

Rochester, New York
June 27, 2024

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

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,977,250
Accounts receivable, net of allowance for credit losses of \$2,883,207	47,181,501
Unbilled revenue	7,033,590
Prepaid expenses	3,270,642
Other current assets	2,003,515
Total current assets	<u>63,466,498</u>

Property and equipment, net	3,607,823
Right to use assets, net	16,489,258
Intangible assets, net	1,051,608
Goodwill	<u>4,919,690</u>

TOTAL ASSETS \$ 89,534,877

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable	\$ 6,186,889
Accrued expenses	15,464,925
Other current liabilities	39,889
Current portion of lease liability	3,911,840
Total current liabilities	<u>25,603,543</u>

Long-term liabilities:

Due to related parties	4,588,448
Long-term lease liability, net of current portion	15,314,575
Deferred tax liability	<u>6,769,404</u>

TOTAL LIABILITIES 52,275,970

Stockholder's equity:

Common stock, par value \$.01 per share; 992 shares authorized, issued and outstanding	10
Additional paid-in-capital	9,504,889
Retained earnings	27,754,008
TOTAL STOCKHOLDER'S EQUITY	<u><u>37,258,907</u></u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 89,534,877

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

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2024

<u>NET REVENUES FROM SERVICES</u>	<u>\$ 210,689,393</u>
<u>EXPENSES</u>	
Cost of revenue	134,893,214
Depreciation and amortization	6,192,266
Consultancy	12,592,753
Other operating expenses	<u>40,159,625</u>
TOTAL EXPENSES	<u>193,837,858</u>
NET PROFIT FROM OPERATIONS	<u>16,851,535</u>
<u>OTHER INCOME (EXPENSE)</u>	
Interest expense	(864,229)
Foreign exchange loss, net	<u>(4,269)</u>
TOTAL OTHER INCOME (EXPENSE), NET	<u>(868,498)</u>
NET INCOME BEFORE INCOME TAXES	15,983,037
Provision for income taxes	<u>263,592</u>
NET INCOME	16,246,629
Retained earnings - beginning of year	51,507,379
Dividends	<u>(40,000,000)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 27,754,008</u>

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

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 16,246,629
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	6,192,266
Provision for deferred taxes	(442,341)
Loss on disposal of fixed assets	45,250
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	(12,497,823)
Unbilled revenue	2,186,409
Prepaid expenses	(812,783)
Due from related parties	42,234,404
Other current assets	(408,616)
Increase (decrease) in liabilities:	
Accounts payable	4,215,226
Other current liabilities	(151,565)
Accrued expenses	2,949,929
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>59,756,985</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment and leasehold improvements	<u>(2,577,179)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,577,179)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Reduction in lease liability	(3,829,502)
Dividends paid	<u>(50,000,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(53,829,502)</u>

NET CHANGE IN CASH 3,350,304

CASH AT BEGINNING OF YEAR 626,946

CASH AT END OF YEAR **\$ 3,977,250**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	<u>\$ 864,229</u>
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The accompanying notes are an integral
part of these financial statements.

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

Note 1 - Organization

Organization

MedAssist Holding, LLC is a Kentucky corporation, formed in April 2003. The Company is a leading provider of revenue cycle management services in the healthcare industry. The MedAssist Holding, LLC 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).

Subsidiaries

Firstsource Solutions USA, LLC, a limited liability company organized under the laws of the state of Delaware in April 1995, is a wholly owned subsidiary of MedAssist Holding, LLC and is a leading provider of revenue cycle management services in the healthcare industry.

Firstsource Health Plans and Healthcare Services, LLC, a limited liability company organized under the laws of New York State in April 1995, is a wholly owned subsidiary of Firstsource Solutions USA, LLC and provides debt collection services to major credit card issuers and banks throughout the United States.

PatientMatters, LLC, a limited liability company organized under the laws of the State of Delaware in April 1988, is a wholly owned subsidiary of Firstsource Solutions USA, LLC, is a leading revenue cycle management solutions provider with focus on US Healthcare Providers and provides Patient Advocacy services and Front-end RCM and SaaS platform to address the Patient Responsibility and Self-pay segment. PatientMatters, LLC has a strong presence in Texas, Arkansas, Montana and New York.

Medical Advocacy Services for Healthcare, Inc. was incorporated under the laws of the State of Texas on September 6, 1988, is a wholly owned subsidiary of PatientMatters, LLC. Medical Advocacy Services for Healthcare, Inc. provides contact center and transaction processing services for customers in the financial services, telecommunications and healthcare industries. Medical Advocacy Services for Healthcare, Inc. is a leading revenue cycle management solutions provider with a focus on US Healthcare Providers and provides Patient Advocacy services and front-end RCM SaaS platform to address the Patient Responsibility and Self-pay segment.

Kramer Technologies, LLC was incorporated under the laws of the State of Delaware on March 6, 2012 is a wholly owned subsidiary of PatientMatters, LLC and is a leading revenue cycle management solutions provider with a focus on US Healthcare Providers and provides Patient Advocacy services and front-end RCM SaaS platform to address the Patient Responsibility and Self-pay segment and has a strong presence in Texas, Arkansas, Montana, and New York.

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, 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.

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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 in the amount of \$2,051,520 during the year ended March 31, 2024.

Property, Equipment and Intangibles

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:

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

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.

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Advertising and Marketing

The Company expenses all advertising and marketing costs when incurred. Marketing expense was \$1,973,802 for the year ended March 31, 2024.

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.

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

Note 3 - Related Party Transactions

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

Firstsource Solutions Limited	\$ (10,388,629)
Sourcepoint Fulfillment Services, Inc	(87,772)
Firstsource Group USA, Inc	1,697,379
One Advantage, LLC	10,924
Sourcepoint, Inc	6,970,034
Firstsource Solutions UK Limited	98,483
Firstsource Advantage LLC	(255,116)
American Recovery Services, Incorporated	8,542
The Stonehill Group, Inc	208,714
Firstsource Philippines	(2,929,954)
Firstsource Solutions Limited India	(288,424)
Firstsource Solutions México, S. de R.L. de C.V	367,371
Net Due from Related Parties	<u>\$ (4,588,448)</u>

Note 4 – Property and Equipment

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

Leasehold improvements	\$ 1,664,364
Furniture and fixtures	347,719
Office equipment	336,190
Computer equipment	5,444,612
Software	4,123,195
Network	323,497
Customer contracts	1,252,157
Work in process	210,144
Total property and equipment	<u>13,701,878</u>
Less: accumulated depreciation	<u>(9,042,447)</u>
Net Property and Equipment	<u>\$ 4,659,431</u>

Note 5 - 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, 2024, corporate costs totaling \$3,103,412 are included in the accompanying financial statements.

Note 6 - 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, 2024 were \$878,173.

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

Note 7 – Lease Commitments

The Company occupies office facilities, located in throughout the United States under non-cancellable operating leases and also leases equipment from Hewlett Packard under non-cancelable finance type leases, which expire at various dates starting March 2025 through May 2030. Each lease includes options to renew the lease. Rent expense incurred under these agreements for the year ended March 31, 2024 amounted to \$4,600,434.

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

Year ended March 31,	
2025	\$ 4,616,892
2026	4,467,831
2027	3,432,763
2028	3,101,711
2029	2,893,749
Thereafter	2,884,853
Total lease payments	21,397,799
Less: Imputed interest	(2,171,384)
Total	\$ 19,226,415

The following constitutes the cumulative quantitative information for all lease agreements of the Corporation for the year ended March 31, 2024:

<u>Lease costs</u>	
Operating lease cost	\$ 4,381,967
Finance lease cost	218,467
Total lease costs	\$ 4,600,434

Other information:

Right to use asset recorded in conjunction with:

Operating leases	\$ 16,312,425
Finance leases	176,833

Total **\$ 16,489,258**

Weighted average remaining lease term under:

Operating leases	5.17 years
Finance leases	1.63 years

Weighted average discount rate under

Operating leases	4.07%
Finance leases	4.22%

SUPPLEMENTARY INFORMATION

MEDASSIST HOLDING, LLC AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

Common costs	\$ 3,103,412
Insurance	404,319
Legal and professional fees	4,841,398
Rent, rates and taxes	1,788,475
Bank charges	136,545
Communications	9,674,921
Information services	1,274,630
Printing and stationary	648,272
Miscellaneous	604,274
Repairs and maintenance	679,231
Travelling and conveyance	1,920,729
Provision for credit losses	2,051,520
Recruitment and training expenses	1,229,500
Marketing and support services	1,973,802
Connectivity charges	2,439,297
Car hire and other hire charges	683,066
Computer expenses	6,409,161
Loss on disposal of fixed assets	45,250
Membership fees	11,525
Utilities	240,298
TOTAL OPERATING EXPENSES	<u>\$ 40,159,625</u>

See independent auditor's report.