

# **WIPRO OPUS RISK SOLUTIONS LLC**

## **FINANCIAL STATEMENTS**

Years Ended March 31, 2022 and 2021



**Williams Overman Pierce, LLP**  
CPAs • Advisors

**WIPRO OPUS RISK SOLUTIONS LLC**  
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## INDEPENDENT AUDITORS' REPORT

To the Member of  
Wipro Opus Risk Solutions LLC

### Opinion

We have audited the accompanying financial statements of Wipro Opus Risk Solutions LLC, which are comprised of the balance sheets as of March 31, 2022 and 2021, and the related statements of operations and member's (deficit) equity, and cash flows for the years 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 Wipro Opus Risk Solutions LLC as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wipro Opus Risk Solutions LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Wipro Opus Risk Solutions LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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 audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Wipro Opus Risk Solutions 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 Wipro Opus Risk Solutions 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 audits.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on page 16 are presented for purposes of additional analysis and are 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.

*Williams Dverman Pierce, LLP*

Raleigh, North Carolina  
June 15, 2022

**WIPRO OPUS RISK SOLUTIONS LLC**  
**BALANCE SHEETS**  
**MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 5,462,374	\$ 5,767,390
Accounts receivable, less allowance for doubtful accounts of \$47,037 and \$54,098, respectively	7,446,215	3,885,474
Contract assets	3,555,703	2,466,116
Prepaid expenses and other current assets	<u>54,655</u>	<u>314,889</u>
	<u>16,518,947</u>	<u>12,433,869</u>
Property and equipment, net	940,891	1,252,135
Operating lease right of use asset	505,530	961,342
Deferred tax assets	-	176,725
Other assets	<u>54,639</u>	<u>171,272</u>
	<u>1,501,060</u>	<u>2,561,474</u>
 Total assets	 <u>\$ 18,020,007</u>	 <u>\$ 14,995,343</u>
<u>Liabilities and Member's (Deficit) Equity</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,623,731	\$ 3,023,446
Current portion of operating lease obligations	147,074	504,487
Due to affiliates	12,972,694	7,474,511
Employee benefits payable	1,899,835	2,040,021
Contract liabilities	<u>507,450</u>	<u>110,440</u>
	<u>17,150,784</u>	<u>13,152,905</u>
Long-term liabilities:		
Operating lease obligations, less current portion	376,092	536,925
Deferred tax liabilities	<u>4,618,753</u>	<u>-</u>
	<u>4,994,845</u>	<u>536,925</u>
Commitments and contingencies (Note 8)		
Member's (deficit) equity	<u>(4,125,622)</u>	<u>1,305,513</u>
 Total liabilities and member's (deficit) equity	 <u>\$ 18,020,007</u>	 <u>\$ 14,995,343</u>

See accompanying notes to financial statements.

**WIPRO OPUS RISK SOLUTIONS LLC**  
**STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT) EQUITY**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Revenues:		
Service revenue	\$ 38,537,052	\$ 31,410,269
Reimbursements	287,529	534,030
Service revenue - related party	<u>342,829</u>	<u>240,323</u>
Total revenues	39,167,410	32,184,622
Cost of revenues	<u>42,865,345</u>	<u>37,561,223</u>
Gross profit	(3,697,935)	(5,376,601)
Selling, general and administrative	<u>1,014,391</u>	<u>1,533,146</u>
Loss from operations	(4,712,326)	(6,909,747)
Other (expense) income:		
Other income	8,756	4,914
Interest expense	(15,209)	-
Interest income	<u>-</u>	<u>5,553</u>
	<u>(6,453)</u>	<u>10,467</u>
Loss before provision for (benefit from) income taxes	(4,718,779)	(6,899,280)
Provision for (benefit from) income taxes, net	<u>712,356</u>	<u>(5,374,419)</u>
Net loss	(5,431,135)	(1,524,861)
Member's equity - beginning of year	<u>1,305,513</u>	<u>2,830,374</u>
Member's (deficit) equity - end of year	<u><u>\$ (4,125,622)</u></u>	<u><u>\$ 1,305,513</u></u>

See accompanying notes to financial statements.

**WIPRO OPUS RISK SOLUTIONS LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (5,431,135)	\$ (1,524,861)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	597,600	636,111
Allowance for doubtful accounts	(7,061)	11,122
Loss on sale of asset	873	-
(Increase) decrease in:		
Accounts receivable	(3,553,680)	(139,962)
Contract assets	(1,089,587)	(656,633)
Prepaid expenses and other current assets	260,234	(121,781)
Interest receivable from affiliate	-	44,182
Operating lease right of use asset	455,812	963,590
Deferred tax assets	176,725	(176,725)
Other assets	116,633	2,142
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,399,715)	(1,096,498)
Operating lease obligations	(518,246)	(1,105,407)
Due to affiliates	5,498,183	(754,390)
Employee benefits payable	(140,186)	220,945
Contract liabilities	397,010	60,451
Deferred tax liabilities	<u>4,618,753</u>	<u>(3,425,248)</u>
Net cash used in operating activities	<u>(17,787)</u>	<u>(7,062,962)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(287,229)	(783,684)
Proceeds from related party loan repayment	<u>-</u>	<u>3,000,000</u>
Net cash (used in) provided by investing activities	<u>(287,229)</u>	<u>2,216,316</u>
Net decrease in cash and cash equivalents	(305,016)	(4,846,646)
Cash and cash equivalents:		
Beginning of year	<u>5,767,390</u>	<u>10,614,036</u>
End of year	<u>\$ 5,462,374</u>	<u>\$ 5,767,390</u>

See accompanying notes to financial statements.

**WIPRO OPUS RISK SOLUTIONS LLC  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF BUSINESS**

Wipro Opus Risk Solutions LLC (f/k/a Opus Capital Markets Consultants, LLC and Wipro Opus Mortgage Solutions LLC) (“Opus”, “we”, “our”, or the “Company”), a limited liability company, is a wholly-owned subsidiary of Wipro Gallagher Solution, LLC (“WGS”), a Florida limited liability Company. WGS is owned by Wipro LLC, a wholly-owned subsidiary of Wipro Limited (the “Ultimate Holding Company”), a company traded on the New York Stock Exchange.

Opus performs services on different types of loan products, including credit and compliance reviews, reverse mortgages, auto loans, student loans, forensic fraud reviews, international due diligence, representation and warranty review, data integrity reviews, Home Mortgage Disclosure Act (“HMDA”) scrubs, professional staffing reviews, collateral reviews, and non-performing asset reviews. Customers include banks, government institutions, and private institutions located primarily in the United States of America.

**B. LIQUIDITY AND MANAGEMENT’S PLANS**

As shown in the accompanying financial statements, the Company had a net loss and negative cash flows from operations. Management plans to increase revenues through recovery of lost customers and expanding its market, and seeks to control costs. However, there can be no assurances that management’s plans will be achieved. The Ultimate Holding Company has committed to provide working capital necessary for funding the operations of the Company through one year from the date of this report, as needed.

**C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

**a. 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 (“U.S. GAAP”). Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in U.S. Dollars, which is the functional and reporting currency of the Company.



## **WIPRO OPUS RISK SOLUTIONS LLC NOTES TO FINANCIAL STATEMENTS**

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### **b. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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. Management believes that these estimates are reasonable. Actual results could differ from those estimates.

### **c. Revenue Recognition**

The Company's operating revenues consist of credit and compliance reviews, professional staffing reviews, loan documentation verification, and related business process outsourcing ("BPO") services.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract 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 revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

Revenues are recognized ratably over contractual periods or as software maintenance and support services are performed. Minimum fixed and determinable revenue provided in contracts is also recognized on a straight-line basis, limited to amounts billable according to contractual terms. Revenues from customers with certain contingent rights and revenues based on a percentage of collected cash are not recognized until the corresponding cash is collected. Revenue collected in advance is recorded as a contract liability (deferred revenue) until the related services are performed.

## **WIPRO OPUS RISK SOLUTIONS LLC NOTES TO FINANCIAL STATEMENTS**

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Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

The Company accounts for variable considerations, such as volume discounts, rebates and pricing incentives to customers, as a reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using the expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and are amortized over the contract term.

The Company recognizes contract fulfilment costs as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered. The asset recognized is amortized on a systematic basis consistent with the transfer of goods or services to the customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or the Company, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e., report revenues on a gross basis) or agent (i.e., report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If the Company controls the good or service before it is transferred to the customer, the Company is the principal; if not, the Company is the agent.

### ***Contract Asset and Liabilities***

The timing of revenue recognition may differ from the timing of invoicing to customers. The Company classifies its right to consideration in exchange for deliverables as either an accounts receivable or an unbilled receivable (contract asset).

## WIPRO OPUS RISK SOLUTIONS LLC NOTES TO FINANCIAL STATEMENTS

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**Contract assets:** Contract assets include unbilled amounts from projects when revenues recognized exceed the amounts invoiced to customers related to time and materials contracts or volume-based contracts. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones, completion of specified units, or completion of a contract. Contract assets do not include capitalized costs to obtain and fulfill a contract.

**Contract liabilities:** Contract liabilities from contracts arise when amounts invoiced to customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities can also include provision for losses on uncompleted contracts or advanced payments from customers on certain contracts.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

### ***Remaining Performance Obligations***

Revenue allocated to remaining performance obligations represent contracted revenue that has not yet been recognized, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customers in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. These include contracts invoiced on a time and material basis or those that are volume-based.

### ***Disaggregation of Revenues***

The table below presents disaggregated revenues from contracts with customers by contract-type for the years ended March 31, 2022 and 2021. The Company believes that the below disaggregation best depicts the nature, amount, timing, and uncertainty of revenue and cash flows from economic factors.

<u>Revenue by nature of contract</u>	<u>2022</u>	<u>2021</u>
Time and materials	<u>\$ 39,167,410</u>	<u>\$ 32,184,622</u>

### **d. Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity date of three months or less at the time of purchase to be cash equivalents.

The Company maintains cash balances with various major financial institutions located in the United States. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Company's management does not believe cash is exposed to significant credit risk. The Company periodically evaluates the relative credit standings of the financial institutions with which they do business.

**WIPRO OPUS RISK SOLUTIONS LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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Cash and cash equivalents are stated at cost, which approximate fair value, based on quoted market prices as of March 31, 2022 and 2021.

**e. Accounts Receivable, Allowance for Doubtful Accounts, and Contract Assets**

Accounts receivable are uncollateralized customer obligations that are recorded when the Company performs its services. The Company determines its allowance for doubtful accounts considering a number of factors, including the overall aging of the receivables, previous history with the customer, contractual terms of the Company's contracts, and the customer's current ability to pay its obligation to the Company. Upon completion of all collection efforts, remaining uncollectible accounts are written off. As of March 31, 2022 and 2021, the Company had an allowance for doubtful accounts of \$47,037 and \$54,098, respectively.

As of March 31, 2022 and 2021, there was \$3,555,703 and \$2,466,116, respectively, for services provided to customers but not yet billed, which are included in contract assets on the accompanying balance sheets.

**f. Fair Value of Financial Instruments**

The carrying amount of financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate their fair value at March 31, 2022 and 2021.

**g. Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is recorded on a straight line basis over the assets estimated useful lives.

Maintenance and repairs are charged to expense as incurred. Major renewals and enhancements are capitalized. When property and equipment is sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There were no impairment charges during the years ended March 31, 2022 or 2021.

The useful lives of property and equipment is as follows:

Computers and software	1-6 years
Office equipment	3-7 years
Plant and machinery	4-7 years
Furniture and fixtures	2-6 years

Leasehold improvements are amortized over the life of the lease, or the estimated useful life of the asset, whichever is shorter.

## **WIPRO OPUS RISK SOLUTIONS LLC NOTES TO FINANCIAL STATEMENTS**

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### **h. Leases**

The Company has operating leases for office spaces. The Company determines if a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The Company has the right to control the use of the identified asset when the Company has both of the following: the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. In making this determination, the Company considers all relevant facts and circumstances. Operating lease right-of-use ("ROU") assets are included in non-current assets and operating lease obligations are included in current and non-current liabilities on the accompanying balance sheets.

The Company's ROU assets are recognized as the lease obligation including any initial indirect costs and any prepaid lease payments, less any lease incentives. Our lease obligations are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company's lease payments consist of amounts relating to the use of the underlying asset during the lease term, specifically fixed payments, payments to be made in optional periods when the Company is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease and the amounts probable of being owed by us under residual guarantees. Variable lease payments are excluded in measuring ROU assets and lease obligations because they do not depend on an index or a rate and are not in substance fixed payments. The Company excludes lease incentives and initial direct costs incurred from lease payments. The Company's leases typically do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

For operating leases, after lease commencement, the Company measures lease obligations for each period at the present value of any remaining lease payments, discounted by using the rate determined at lease commencement. The Company recognizes a single operating lease expense calculated on a straight-line basis over the remaining lease term. The depreciation of the ROU asset increases each year as a result of the declining lease obligation balance.

In the accompanying statements of operations and member's (deficit) equity, the Company recognizes lease expense within cost of revenues.

### **i. Income Taxes**

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit 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 a change in tax rates is recognized in income in the period the change is enacted.

**WIPRO OPUS RISK SOLUTIONS LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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The Company files consolidated income tax returns with its parent company in the U.S. federal jurisdiction and various states, whenever applicable, and records its share of the consolidated federal tax liability on a parent-company-down approach. With exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax audits by taxing authorities for tax years prior to 2015. The Company regularly reviews the likelihood of additional tax assessments and adjusts its reserves as additional information or events require. The Company believes that its tax positions comply with applicable tax law and that the Company has adequately provided for applicable tax matters as of March 31, 2022 and 2021.

**j. Uncertain Tax Positions**

The Company evaluates all significant tax positions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10. The Company recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will not be sustained upon examination. The Company accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated.

As of March 31, 2022, the Company does not believe that it has taken any positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

**NOTE 2 – CONCENTRATION OF CUSTOMERS**

Major customers are those that account for 10% or more of the Company's total revenue or have net receivable balances in excess of 10% of total accounts receivable, net of the allowance for doubtful accounts.

As of March 31, 2022, two customers represented 72% of net accounts receivable, and for the year ended March 31, 2022, the same two customers represented 59% of total revenue as follows:

<u>Customer</u>	<u>Receivables</u>	<u>Revenue</u>
Customer A	\$ 2,908,269	\$ 12,673,761
Customer B	\$ 2,439,660	\$ 10,456,622

As of March 31, 2021, one customer represented 77% of net accounts receivable, and for the year ended March 31, 2021, two customers represented 57% of total revenue as follows:

<u>Customer</u>	<u>Receivables</u>	<u>Revenue</u>
Customer A	\$ 3,003,125	\$ 14,365,920
Customer B	\$ -	\$ 4,049,454

**WIPRO OPUS RISK SOLUTIONS LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE – 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Computers and software	\$ 2,500,174	\$ 4,932,676
Office equipment	104,988	102,183
Plant and machinery	19,273	19,273
Furniture and fixtures	621,278	882,718
Leasehold improvements	<u>170,052</u>	<u>203,093</u>
	3,415,765	6,139,943
Less: accumulated depreciation	<u>(2,474,874)</u>	<u>(4,887,808)</u>
	<u>\$ 940,891</u>	<u>\$ 1,252,135</u>

Depreciation and amortization expense totaled \$597,600 and \$636,111 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 4 – LEASES**

For operating leases, the ROU assets and lease liabilities are presented in the accompanying balance sheets as follows as of March 31:

<u>Financial Statement Line Item</u>	<u>Balance Sheet Classification</u>	<u>2022</u>	<u>2021</u>
Operating lease right of use assets	Other non-current assets	\$ 505,530	\$ 961,342
Operating lease obligations - current	Other current liabilities	\$ 147,074	\$ 504,487
Operating lease obligations - non-current	Other non-current liabilities	\$ 376,092	\$ 536,925

Other supplemental information relates to operating leases includes the following as of and for the year ended March 31:

	<u>2022</u>	<u>2021</u>
Weighted-Average Remaining Contractual Lease Term (Years)	3.0	2.0
Weighted-Average Discount Rate	3.01%	4.15%

Operating lease costs included in cost of revenues during the years ended March 31, 2022 and 2021 totaled \$1,676,691 and \$1,570,781, respectively.

**WIPRO OPUS RISK SOLUTIONS LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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As of March 31, 2022, future minimum rental commitments required under the terms of existing operating lease are as follows:

For the years ended March 31:

2023	\$ 175,576
2024	189,505
2025	<u>196,597</u>
Future minimum lease payments	561,678
Less: amounts representing interest	(23,440)
Less: prepaid rent	<u>(15,072)</u>
Present value of minimum lease payments	523,166
Less: current portion	<u>(147,074)</u>
 Long-term portion	 <u>\$ 376,092</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

Throughout the year, the Company has outsourced certain services to other Wipro companies. In addition, some employee benefits and insurance are either paid for by Wipro or included in Wipro's policies and charged back to the Company. As of March 31, 2022 and 2021, the Company had intercompany payables to other Wipro companies of \$12,972,694 and \$7,474,511, respectively.

During the years ended March 31, 2022 and 2021, the Company recognized related party revenue of \$342,829 and \$240,323 respectively, from Wipro LLC and Wipro Limited.

**NOTE 6 – EMPLOYEE BENEFIT PLAN**

The Company's employees participate in its Wipro Limited's defined contribution profit sharing plan (the "Plan"). Employer contributions to the Plan are made at the sole discretion of the Company. There were no contributions made to the Plan by the Company during the years ended March 31, 2022 or 2021.

**NOTE 7 – INCOME TAXES**

The Company files its federal tax return as a member of a consolidated group and records its share of the consolidated federal tax liability on a parent-company-down approach. The Company's income tax provision (benefit) for the years ended March 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Current income tax expense (benefit)	\$ -	\$ -
Deferred income tax provision (benefit)	<u>712,356</u>	<u>(5,374,419)</u>
	<u>\$ 712,356</u>	<u>\$ (5,374,419)</u>



**WIPRO OPUS RISK SOLUTIONS LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Differences are primarily attributable to net operating loss carryforwards, depreciation of fixed assets, allowance for doubtful accounts, and accrued liabilities.

**NOTE 8 – CONTINGENCIES**

***Legal Matters***

From time to time, the Company may be involved in various litigation matters in the ordinary course of business. The Company is unaware of any litigation, pending or threatened, against them.

**NOTE 9 – COVID -19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In assessing the recoverability of receivables, including accounts receivable and contract assets, the Company has considered internal and external information up to the date of the financial statements were available to be issued, including credit reports and economic factors. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

Based on the Company's assessment, management believes the Company's financial statements will not be materially impacted by COVID-19 during fiscal year 2023. However, the impact of COVID-19 remains uncertain and may be different from what the Company has estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**NOTE 10 – SUBSEQUENT EVENTS**

Management of the Company has evaluated subsequent events through June 15, 2022, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

## **SUPPLEMENTARY INFORMATION**

**WIPRO OPUS RISK SOLUTIONS LLC**  
**SCHEDULES OF EXPENSES**  
**FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cost of revenues:		
Payroll	\$ 21,009,590	\$ 19,648,581
Subcontracting	18,586,486	13,245,120
Jobs expense	41,384	66,261
Lease expense	1,676,691	1,570,781
Depreciation and amortization	597,600	636,111
Software technology	856,954	2,203,481
Communications	<u>96,640</u>	<u>190,888</u>
	<u>\$ 42,865,345</u>	<u>\$ 37,561,223</u>
 Selling, general and administrative:		
Corporate overhead	\$ 606,115	\$ 1,076,899
Travel and other direct costs	19,402	-
Professional fees	242,148	319,989
Meetings and conferences	36,057	5,308
Office expenses	78,574	81,678
Recruiting	31,821	4,011
Other expenses	6,462	34,139
Allowance for doubtful accounts	(7,061)	11,122
Loss on disposal of asset	<u>873</u>	<u>-</u>
	<u>\$ 1,014,391</u>	<u>\$ 1,533,146</u>