

RETREAT CAPITAL MANAGEMENT, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019 AND MARCH 31, 2018

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RETREAT CAPITAL MANAGEMENT, INC

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March 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Retreat Capital Management, Inc.

Report on the Financial Statements

We have audited the Balance Sheet of Retreat Capital Management Inc. as of March 31, 2019 and the related statements of Operations, cash flows, and stockholder's equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We have not audited the financial statements as of March 31, 2018.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Retreat Capital Management, Inc. as of March 31, 2019 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Ravi Venkataraman, CPA
Princeton, New Jersey
May 9, 2019



RETREAT CAPITAL MANAGEMENT, INC.
BALANCE SHEET
AS OF March 31,

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 52,271	\$ 24,637
Accounts Receivable	1,318,737	3,338,111
Deposits	19,720	19,720
Prepaid expenses	2,888	5,566
Advances Tax	7,906	343,753
Total Current Assets	1,401,522	3,731,787
PROPERTY AND EQUIPMENT		
Property and Equipment	2,254,281	2,254,281
Accumulated Depreciation	(2,239,809)	(2,190,865)
Net Property and Equipment	14,472	63,416
Total Assets	\$ 1,415,994	\$ 3,795,203
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 372,724	\$ 218,550
Accrued Payroll	291,419	952,766
Provision for Taxes	-	235,863
Other Payables	14,429	9,763
Total Current Liabilities	678,572	1,416,942
LONG-TERM LIABILITIES		
Notes payable Loan from Allsec	1,250,000	1,250,000
Total long-term liabilities		
COMMITMENTS AND CONTINGENCIES		
Total liabilities	1,928,572	2,666,942
STOCKHOLDERS' EQUITY		
Common Stock-no par value, 1,000,000 shares authorized and 1,000 shares issued and outstanding	11,600	11,600
Additional Paid in Capital-securities premium	495,000	495,000
Retained Earnings	(1,019,178)	621,661
Total Stockholders' Equity	(512,578)	1,128,261
Total Liabilities and Equity	\$ 1,415,994	\$ 3,795,203

See Independent Auditor's Report and notes to financial statements

**RETREAT CAPITAL MANAGEMENT, INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31,**

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 36,850	\$ 3,062,039
Cost of Revenues	(470,483)	(1,078,659)
Gross Profit	<u>(433,633)</u>	<u>1,983,380</u>
Operating Expenses (Schedule 1)	(1,115,592)	(2,412,280)
Income from operations	<u>(1,549,224)</u>	<u>(428,900)</u>
Other Income and Expenses		
Other income (expense)	-	(49,370)
Total other income and (Expense)	<u>-</u>	<u>(49,370)</u>
Interest Income and other income	-	-
Income before provision for income taxes	<u>(1,549,224)</u>	<u>(478,270)</u>
Provision for Income Taxes		
Current Tax	(94,131)	232,817
Deferred Tax Assets Written off	-	-
Interest on Earlier year tax writte back	-	-
	<u>(94,131)</u>	<u>232,817</u>
Net Income/ (Loss)	<u><u>\$ (1,643,355)</u></u>	<u><u>\$ (245,453)</u></u>

See Independent Auditor's Report and notes to financial statements



**RETREAT CAPITAL MANAGEMENT, INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2019**

	Common Stock	Retained Earnings	2018
Balance as of April 1, 2018	\$ 506,600	\$ 621,661	\$ 1,128,261
Capital Contributions during the year	-	-	-
Earnings/(Loss)-FY 2019	-	(1,643,355)	(1,643,355)
Prior Period Adjustment		2,516	2,516
Ending balance, March 31, 2019	<u>\$ 506,600</u>	<u>\$ (1,019,178)</u>	<u>\$ (512,578)</u>

See Independent Auditor's Report and notes to financial statements



**RETREAT CAPITAL MANAGEMENT, INC.
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$	(1,643,355)
Depreciation		48,945
Prior period adjustment		2,516
Rounding off error		(1)
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Accounts Receivable		2,019,374
Deposits		-
Prepaid expenses		2,678
Advance Tax		335,847
Accounts Payable		154,174
Accrued Payroll		(661,347)
Provision for Taxes		(235,863)
Other Payables		4,666
Net Cash provided by Operating Activities		27,634
Net Cash increase for the Year		27,634
Cash And Cash Equivalents At Beginning Of Year		24,637
Cash And Cash Equivalents At End Of Year	\$	52,271

Supplemental disclosure of cash flow information

Cash paid during the years		
Interest	\$	-
Income taxes	\$	94,131

See Independent Auditor's Report and notes to financial statements



RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 1 - General

Retreat Capital Management, Inc. (the "Company") was incorporated on April 24, 2008 in the State of California. The Company is a default management solution company that offers a unique combination of people, processes, technology and field services designed to assist lenders, mortgage servicers, real estate companies, hedge funds and other institutions. Outsourcing and in-sourcing of personnel are provided on a scalable and as-needed basis. The Company assists clients with the ability to achieve their financial objectives, timing requirements and to effectively comply with government mandated guidelines and market needs.

In January 2011, Allsec Technologies Limited, a publicly owned Business Process Outsourcing (BPO) service provider headquartered in Chennai, India acquired 66% ownership of the Company. In February 2014 Allsec Technologies Limited has invested an amount of \$ 500,000 increasing the share from 66 % to 77 %. Pursuant to settlement agreement between Mr. Arvinthan Wijav one of the promoters of Retreat Capital Management Inc. and Allsec Technologies Limited in January 2015, Retreat Capital Management Inc. acquired the shares of Mr. Arvinthan Wijav there by making Allsec Technologies Ltd 100 % owners of Retreat Capital Management Inc.

Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statement. The financial statement and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on accrual basis. The financial statement is presented for the year ended March 31, 2019.

Revenue Recognition

The Company generates revenue from providing mortgage related services to companies. The Company's services consist of loan modification processing, underwriting, pre close and closing, notary, staffing, door to door pick up, market analysis and quality control related to mortgage. Revenue is recognized as services are performed. Unbilled services represent revenue on services performed but not billed until the subsequent period. Advances received prior to providing services will be treated as deferred revenues and recognized when services are performed.

RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash consists primarily of working funds. For purposes of the Statement of Cash Flow, cash is defined as unrestricted cash balances and investments with original maturities of six months or less.

Property and Equipment

Property and equipment are reflected at cost. Depreciation is provided using straight-line method over its estimated useful life of six years for computers, five years for furniture and fixtures and over the primary term of the lease, 60 months expiring in July 2017, for leasehold improvements. Maintenance and repairs are expensed as incurred.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant and Equipment*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Company to conclude that impairment indicators exist and that long-lived assets may be impaired.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are equal or approximate their fair values due to the short term maturity of those instruments.

Cost of Revenues

Costs of revenues consist of discounts taken by clients under early payment terms.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents an estimate by the Company's management of specific accounts deemed uncollectible.

RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 2 - Summary of Significant Accounting Policies (concluded)

Income Taxes

In a prior year, the Company had elected by unanimous consent of its stockholder to be taxed as an S Corporation under the Internal Revenue Code. Under those provisions, the Company did not pay federal corporate income taxes on its taxable income. Instead, the stockholder was liable for individual income taxes on their respective shares of the Company's net operating loss. Due to acquisition of 66% of interest in the Company by Allsec Technologies Limited, as discussed in Note 1, the Company automatically terminated the S Corporation election and all income will be taxed at the corporate level.

The Company, in accordance with FASB ASC 740 Topic, Income Taxes, performs the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be derecognized and recorded as a tax benefit or expense in the current year. However, the Company's conclusions regarding these uncertain tax positions will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

The Company classifies interest on uncertain tax positions as interest expense and classifies income tax penalties as a component of income tax expense.

Note 3 - Property and Equipment

At March 31, 2019, property and equipment consists of the following:

Computers	\$ 746,031
Furniture and fixtures	690,451
Company vehicle	0
Capital lease assets	371,414
Leasehold improvements	446,385
MSP License Cost	<u>0</u>
Total	2,254,281
Less: Accumulated depreciation	<u>(2,239,809)</u>
Property and equipment – net	<u><u>\$ 14,472</u></u>

The useful lives of property and equipment for the purpose of computing depreciation are five to six years.

RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 4 - Provision for Income Taxes

Temporary difference giving rise to the deferred tax benefit consist primarily of the excess of depreciation and amortization for tax purposes over the amount for financial reporting purposes, inventory cost capitalized for tax purposes but expended for financial reporting purposes, and vacation pay and other accruals and allowance for doubtful accounts reported differently for financial reporting and tax purposes.

The Company's effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes.

The company then filed federal Form 1120X, Amended U.S. Corporation Income Tax Return, to correct an erroneous corporate alternative minimum tax assessment totaling \$145,283 for the 2012 tax year per IRC§ 55 (E) (1) (B). On December 22, 2016, the company made a final payment of \$56,792 per Internal Revenue Service letter dated November 22, 2016. The Company has also requested a refund of the said amount which was disallowed by the Internal Revenue Service as of December 4, 2017 based on an alleged Statute of Limitations expiration position. As against \$ 56,792, the company has received \$ 48,886.18 on 27th March 2019 as per Internal Service letter.

Note 5. Litigation

There are no legal suite pending against the company ,except Currently pending against Retreat Capital Management, Inc. d/b/a Allsec Financial Services, Allsectech, Inc., Allsec Technologies, Ltd., and Adishesan Saravanan is a collective action under the Fair Labor Standards Act against. The case was filed on September 24, 2018 and is Cause No. 3:18-CV-02539-S pending in the United States District Court for the Northern District of Texas – Dallas Division. A total of 54 current and former independent contractors have opted in to this case, alleging that they were misclassified as independent contractors and should have been paid an additional 50% of their hourly wages over forty hours in a week, inasmuch as they were paid straight time overtime.

The claims of 35 plaintiffs have been resolved through settlement or voluntary dismissal, leaving 19 plaintiffs left. We anticipate being able to settle the remaining claims with a settlement offer consisting of overtime owed and an estimated liquidated damages, and Plaintiffs' attorney's fees. The company has made adequate provision in the books of accounts as of 31st March 2019

RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 6 – Concentration of Credit Risk

The Company maintains its cash balance in banks located in California. These accounts are insured by the Federal Deposit Insurance Corporation up to a balance of \$250,000. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of credit with respect to receivables is with companies with good credit rating. The Company establishes an allowance for uncollectible trade accounts based on historical collection experience and management's evaluation of collectability of outstanding accounts receivable. Due to strong credit background of its customers the Company does not maintain an allowance for doubtful accounts.

Note 7 - Cash Flow Information- Not required

The Company considers all short-term investments with an original maturity of six months or less to be cash equivalents.

Cash paid for interest and income taxes during the period were as follows:

Income taxes	56,792
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Note 8 – Economic Dependency

A material part of the Company's business is dependent upon one customer, the loss of whom would have a materially adverse effect on the Company. During the year ended March 31, 2019, this customer accounted for approximately \$36,849 of revenues. This amount represents approximately 100% of the total revenues earned by the Company.

RETREAT CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

Note 9 – Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through May 9, 2019. The evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

Note 10 – Adjusted Net Worth

The Company is not in compliance with its adjusted net worth calculation for issuer. The Company's failure to comply with the financial covenants could result in failure to qualify for the federal government program. If it is not cured or waived, this could have adverse effects on the Company.

RETREAT CAPITAL MANAGEMENT, INC.
SCHEDULE-1 SCHEDULE OF OPERATING EXPENSES
FOR YEARS ENDED MARCH 31,

Operating expenses	2019	2018
Bank Service Charges	\$ 5,991	\$ -
Depreciation Expense	48,945	128,346
Insurance	26,015	18,854
Marketing	20,421	33,372
Payroll	470,136	819,229
Office Supplies	8,017	16,063
Professional Fees	228,433	1,047,775
Recruitment and training	25,118	-
Rent	12,784	74,635
Rates & Taxes	188,958	54,240
Repairs and Maintenance	1,375	55,343
Telephone	30,414	56,857
Travel	29,843	43,531
Utilities	19,142	64,035
Total	\$ 1,115,592	\$ 2,412,280

See Independent Auditor's Report and notes to financial statements

**RETREAT CAPITAL MANAGEMENT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE 2 - ADJUSTED NET WORTH CALCULATION FOR
ISSUER
MARCH 31, 2019**

A. Adjusted net worth calculation:

Stockholders' equity per statement of financial condition at end of reporting period.	\$	<u>(512,578)</u>
Less:		
Itemized unacceptable assets		
Accounts receivable - affiliate \$ Note receivable - shareholder	-	
Total unacceptable assets		<u>-</u>
Adjusted net worth		<u>(512,578)</u>

B. Required net worth calculation:

Unpaid principal balance of securities outstanding (Note: number of pools = 0)		<u>-</u>
Plus:		
Outstanding balance of commitment authority issued and requested.		<u>-</u>
Total outstanding portfolio and authority		<u>-</u>
Required net worth		<u>2,500,000</u>

C. Excess (deficit) net worth

(Adjusted net worth - required net worth)	\$	<u><u>(3,012,578)</u></u>
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