

**WIPRO GALLAGHER SOLUTIONS, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**MARCH 31, 2017**

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R O N A L D L. M A R T I N, C P A, P. A.

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholder of  
Wipro Gallagher Solutions, Inc.  
Franklin, Tennessee

I have audited the accompanying financial statements of Wipro Gallagher Solutions, Inc. (the "Company"), which comprise the balance sheet as of March 31, 2017 and the related statement of operations, changes in shareholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

***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 financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wipro Gallagher Solutions, Inc. as of March 31, 2017, 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.

***Report in Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information shown on pages 14 and 15 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Company. 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, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

SD/-

Certified Public Accountant  
Pembroke Pines, Florida

May 17, 2017

WIPRO GALLAGHER SOLUTIONS, INC.

BALANCE SHEET

MARCH 31, 2017

Assets

Current assets

Cash and cash equivalents	\$ 6,450,299
Accounts receivable, less allowance for doubtful accounts of \$283,644	6,784,363
Unbilled receivables	2,209,867
Due from affiliates	505,218
Prepaid income tax	1,915,259
Prepaid expenses and other current assets	208,357
	<u>18,073,363</u>

Property and equipment, net	<u>465,134</u>
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Other assets

Investment in subsidiaries	49,762,005
Non-compete covenant, net of amortization	690,569
Deferred tax	2,133,314
	<u>52,585,888</u>

Total assets	<u>\$ 71,124,385</u>
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Liabilities and Shareholder's Equity

Current liabilities

Loan payable - intercompany	\$ 27,500,000
Accounts payable and accrued expenses	5,037,513
Due to affiliates	12,024,292
Employee benefits payable	149,102
Deferred revenue	1,725,866
	<u>46,436,773</u>

Shareholder's equity

Common stock, \$1 par value, 500 shares authorized, 500 shares issued and outstanding	500
Additional paid-in capital	29,355,166
Retained earnings (deficit)	<u>(4,668,054)</u>
	24,687,612

Total liabilities and shareholder's equity	<u>\$ 71,124,385</u>
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See accompanying notes to financial statements.

WIPRO GALLAGHER SOLUTIONS, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2017

Revenues	
Software license and support fees	\$ 27,563,333
Reimbursements	<u>781,481</u>
Total revenues	28,344,814
Cost of Revenues (Schedule)	<u>31,060,509</u>
Gross Profit	<u>(2,715,695)</u>
Expenses	
Depreciation and amortization	703,993
Interest expense	709,027
Selling, general and administrative (Schedule)	<u>1,418,068</u>
	<u>2,831,088</u>
(Loss) from operations	(5,546,783)
Other income	
Interest income	18,683
Other income	<u>1,607,251</u>
	<u>1,625,934</u>
(Loss) before income tax provisions	(3,920,849)
Provision for taxes	
Income tax	(24,415)
Deferred tax	<u>570,457</u>
	<u>546,042</u>
Net (loss)	<u>\$ (3,374,807)</u>

See accompanying notes to financial statements.

WIPRO GALLAGHER SOLUTIONS, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, March 31, 2016	500	\$ 500	\$ 27,800,000	\$ (1,293,247)	\$ 26,507,253
Capital contributions	-	-	1,555,166	-	1,555,166
Net (loss)	-	-	-	(3,374,807)	(3,374,807)
Balance, March 31, 2017	<u>500</u>	<u>\$ 500</u>	<u>\$ 29,355,166</u>	<u>\$ (4,668,054)</u>	<u>\$ 24,687,612</u>

See accompanying notes to financial statements.

WIPRO GALLAGHER SOLUTIONS, INC.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2017

Net (loss)	\$ (3,374,807)
Adjustments to reconcile net (loss) to net cash used by operating activities	
Depreciation and amortization	703,993
(Increase) decrease in	
Accounts receivable	(2,503,277)
Unbilled receivables	(1,196,647)
Interest due from affiliates	(5,218)
Prepaid income tax	(1,232,453)
Prepaid expenses and other current assets	110,075
Deferred tax	(570,456)
Increase (decrease) in	
Accounts payable and accrued expenses	(1,729,077)
Due to affiliates	6,447,732
Employee benefits payable	95,433
Deferred revenue	(286,678)
Net cash used by operating activities	<u>(3,541,380)</u>
Cash flows from investing activities:	
Investment in subsidiaries	(1,555,166)
Purchase of property and equipment	(460,396)
Net cash used by investing activities	<u>(2,015,562)</u>
Cash flows from financing activities:	
Additional paid in capital	1,555,166
Loans to affiliates	(500,000)
Net cash provided by financing activities	<u>1,055,166</u>
Decrease in cash and cash equivalents	(4,501,776)
Cash and cash equivalents	
Balance - March 31, 2016	<u>10,952,075</u>
Balance - March 31, 2017	<u>\$ 6,450,299</u>
Supplemental disclosures of cash flow information	
Cash paid for interest	<u>\$ 885,679</u>
Cash paid for federal and state income taxes	<u>\$ -</u>

See accompanying notes to financial statements.



WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Wipro Gallagher Solutions, Inc. ("WGS"), a Florida C Corporation is owned by Wipro Inc., a wholly owned subsidiary of Wipro Ltd. a company traded on the New York Stock Exchange. WGS develops markets and supports personal computer-based software products, both stand-alone and networked, for mortgage brokers, banks, credit unions and savings institutions throughout the United States and in Australia, South America and New Zealand. *Gallagher Millennium Windows®* software and *Gallagher Net Oxygen®* web-enabled product lines encompass all major components of the loan production process and portfolio management.

The Company operates a branch in India which is combined with the U.S. operations for reporting purposes.

CASH AND CASH EQUIVALENTS

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

CONCENTRATION OF CREDIT RISK

The Company regularly maintains cash balances in accounts that from time to time may exceed Federal Deposit Insurance Corporation limits. The Company periodically evaluates the relative credit standings of the financial institutions with which they do business.

PRODUCT DEVELOPMENT

The Company is required to capitalize software development costs after establishing the technological feasibility of a product, up to the date that the product is available for general release to customers. Costs to maintain or support these products once they are available for release are expensed as incurred. Product development costs represent the costs incurred by the Company to maintain and support their existing products. The Company did not capitalize any software development costs during the year ended March 31, 2017.

WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT IN SUBSIDIARIES

OPUS CAPITAL MARKETS CONSULTANTS, LLC

In 2014 the Company acquired Opus Capital Market Consultants, LLC. The two companies operate independently of each other and the Company is using the equity method of accounting for the acquisition.

WIPRO PROMAX ANALYTICS SOLUTIONS AMERICAS, LLC

In 2016 Wipro LLC contributed all of its interest in Wipro Promax Analytics Solutions Americas LLC ("Promax") to Wipro Gallagher Solutions, Inc. The companies operate independently of each other and the Company is using the equity method of accounting for the acquisition.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation for equipment, furniture and fixtures and building is recorded on an accelerated basis converting to a straight line basis over their estimated useful lives. Amortization of software is recorded on a straight line basis over its estimated useful life.

The Company uses the following estimated useful lives:

Computers and software	2-3 years
Equipment	3 years
Furniture and fixtures	6 years

Leasehold improvements are amortized over the lesser of the estimated useful life or the lease term. Contributed property is stated at the lower of stockholder cost or fair market value.

NON-COMPETE COVENANT

The non-compete covenant is in connection with the investment in Opus Capital Markets Consultants, LLC and is being amortized over a period of five (5) years. The company recorded an impairment charge to the non-compete covenant of \$1,167,086 in the year ended March 31, 2015.

MARCH 31, 2017

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

WGS follows American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "*Software Revenue Recognition*", as interpreted by Staff Accounting Bulletin 104, "*Topic 13: Revenue Recognition*". SOP 97-2 requires companies to defer revenue and profit recognition if four required criteria of a sale are not met. These criteria are: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred; 3) the vendor's fee is fixed or determinable; and 4) collectibility is probable. In addition, SOP 97-2 requires that revenue recognized from software arrangements is to be allocated to each element of the arrangement based on the relative fair values of the elements, such as software products,

Software license fees are recognized when the software is shipped, installed and customer acceptance has occurred or the acceptance period has lapsed. Software support fees are deferred until such time that customer acceptance has occurred at which point the fees are recognized to the extent that the service period has elapsed, with the remaining balance amortized on a straight-line basis over the life of the related service contract. Under Wipro's standard licensing agreements, software support fees are charged separately on an annual, quarterly or monthly basis. In the initial year of the contract, software support fees are unbundled and recognized over the software support period, once acceptance has occurred.

Consulting fees and other include custom programming, consulting and training fees. Such fees that are billed to customers on a time incurred and materials used basis, are recognized when the related service is provided. Fees generated from fixed fee contracts are recognized on the percentage-of-completion method of accounting based on the ratio of costs incurred to total estimated costs, which may not coincide with certain billing milestones in contracts.

Provisions for estimated losses on uncompleted fixed fee contracts are made on a contract-by-contract basis and are recognized in the period in which such losses are determined. Unbilled revenues on such contracts are comprised of costs plus earnings on contracts in excess of contractual billings on such contracts and are classified as 'Accounts receivable' on the accompanying balance sheet. Billings in excess of revenue recognized are classified as "Deferred revenue" on the accompanying balance sheet.

WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1 -DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)

COMPREHENSIVE INCOME

ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended March 31, 2017, there were no items that qualify as other comprehensive income.

USE OF ESTIMATES

The preparation of financial statements 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 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 adequate. Actual results could differ from those estimates.

INCOME TAXES

The Company has recorded deferred tax revenue in the amount of \$410,715 and will file a consolidated return with its parent company.

GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other tax authorities. Management has analyzed the tax positions taken by the Company, and has concluded that as of March 31, 2017 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Company is subject to routine audits by the Internal Revenue Service or other tax authorities, generally for three years after the tax returns are filed, however, there are currently no audits in progress for any tax periods.

WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1- DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS

There were no recent accounting pronouncements adopted or proposed that management believes will have a material impact on the Company's financial statements.

ADVERTISING AND PROMOTION COSTS

Advertising and promotion costs are expensed as incurred. For the year ended March 31, 2017 these expenses totaled \$3,515.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Company financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values due to their short-term maturities.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31, 2017:

Computers	\$ 6,155,825
Equipment	650,079
Furniture and fixtures	<u>889,687</u>
	7,695,591
Less: Accumulated depreciation and amortization	<u>(7,230,457)</u>
	<u>\$ 465,134</u>

Depreciation and amortization expense totaled \$703,993 for the year ended March 31, 2017.

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Company allows its employees to participate in its parent company's defined contribution profit sharing plan (the "Plan"), as defined. Employer contributions to the Plan are made at the sole discretion of the Company. There were no company contributions to the plan for the year ended March 31, 2017.

WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Company performs ongoing credit evaluations of its customers, generally does not require collateral, and provides allowances for estimated uncollectible accounts, as deemed necessary.

NOTE 5 - LEASING ARRANGEMENTS

The Company occupies office space in Franklin, Tennessee and Miami, Florida. Both leases are in the name of Wipro, Ltd., a public company. Wipro Gallagher Solutions, Inc. pays the monthly rent, but is not ultimately responsible for the leases.

NOTE 6 - LEGAL MATTERS

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

NOTE 7 - LOANS PAYABLE – INTERCOMPANY

In December 2013 Wipro Gallagher Solutions, Inc. agreed to an unsecured loan of \$27,500,000 from Wipro Hungary Holdings Ltd in order to purchase Opus Capital Markets Consultants, LLC. The loan was payable upon demand and bears interest at a rate equal to prevailing 12 month USD Libor rate plus 200 basis points as on the date of the loan. Payments of principle are allowed at any time. In November 2014, at the request of Wipro Ltd, Wipro Hungary Holdings Ltd. agreed to subordinate the loan to all debt of Wipro Gallagher Solutions, Inc.

NOTE 8 - RELATED PARTY TRANSACTIONS

In February 2017 the Company loaned \$500,000 Promax. The loan is due on June 6, 2017 and bears interest at a rate equal to the 6-month USD Libor rate as quoted by Bloomberg plus 200 basis points. Interest payments are due as and when principle payments are made.

Throughout the year, the Company has participated in various transactions with its sister and parent companies. These transactions were either in the form of cash transfers or expenses paid on behalf of the Company. Additionally, the Company subcontracted work to affiliated companies. These advances are payable back to the related parties on demand and do not bear any interest. As of March 31, 2017 intercompany payables aggregated \$12,024,292.

WIPRO GALLAGHER SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 9 - SUBSEQUENT EVENTS

Management of the Company has evaluated subsequent events through May 17, 2017, the date the financial statements were available to be issued.

## SUPPLEMENTAL INFORMATION



WIPRO GALLAGHER SOLUTIONS, INC.

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED MARCH 31, 2017

Cost of revenues:

Software development costs	\$ 14,466,933
Payroll and subcontracting costs	13,449,024
Consulting fees	2,716,125
Travel	342,716
Communications	81,473
Subscriptions/licenses	4,238
	<u>\$ 31,060,509</u>

Selling, general and administrative expenses:

Rent	\$ 618,384
Professional fees	450,920
Provision for bad debts	151,671
Repairs and maintenance	60,810
Office expenses	52,609
Meetings and conferences	45,129
Bank charges	21,249
Miscellaneous	13,781
Advertising and sales promotion	3,515
	<u>\$ 1,418,068</u>

See accompanying notes to financial statements.

WIPRO GALLAGHER SOLUTIONS, INC.

COMPUTATION OF ADJUSTED NET WORTH TO DETERMINE  
COMPLIANCE WITH HUD NET WORTH REQUIREMENTS

March 31, 2017

<b>MINIMUM NET WORTH REQUIRED</b>	<u>\$ 1,000,000</u>
SHAREHOLDERS' EQUITY PER BALANCE SHEET	\$ 24,687,612
ADD: SUBORDINATED INTERCOMPANY DEBT .	27,500,000
LESS: UNACCEPTABLE ASSETS	<u>(22,952,574)</u>
<b>ADJUSTED NET WORTH FOR HUD REQUIREMENT PURPOSES</b>	<u>29,235,038</u>
Adjusted net worth ABOVE amount required	<u>\$ 28,235,038</u>
Adjusted net worth BELOW amount required	<u>\$ -</u>
Cash on hand - March 31, 2017	<u>\$ 6,450,299</u>
Percent of net worth in liquid assets	<u>22.8%</u>

See accompanying notes to financial statements..