

RESPONSIVE SOLUTIONS, INC.
(a California Corporation)

FINANCIAL STATEMENTS
FOR
THE THREE AND TWELVE MONTHS ENDED
MARCH 31, 2022

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

RESPONSIVE SOLUTIONS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Responsive Solutions, Inc.
1900 McCarthy Blvd, Suite 103
Milpitas, California 95035

Opinion

We have audited the financial statement of Responsive Solutions, Inc., (a California Corporation) which comprise the balance sheet as of March 31, 2022, and the related statement of operations, change in stockholders' equity, and cash flows for the three and twelve months ended March 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of Responsive Solutions, Inc., as of March 31, 2022, and the results of its operations and its cash flows for the three months and twelve months 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 Responsive Solutions, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Responsive Solutions, Inc's ability to continue as a going concern within one year from the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

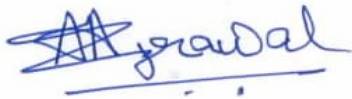
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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 Responsive Solutions, Inc'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 Responsive Solutions, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



San Francisco, California
April 7, 2022

RESPONSIVE SOLUTIONS, INC.
BALANCE SHEET
MARCH 31, 2022

ASSETS		March 31, 2022
CURRENT ASSETS		
Cash and cash equivalents	\$	1,503
Prepaid taxes		25,301
Note receivable, related affiliate		876,584
Total assets		903,388
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable		7,401
Income taxes payable		800
Total current liabilities		8,201
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value, Authorized 1,000 shares;		
Issued and outstanding 500 shares as of March 31, 2022		5
Additional paid-in capital		499,995
Retained earnings		395,187
Stockholders' equity		895,187
Liabilities and Stockholders' equity	\$	903,388

See accompanying independent auditors' report and notes to financial statements

RESPONSIVE SOLUTIONS, INC.
STATEMENT OF OPERATIONS
FOR THE THREE AND TWELVE MONTH ENDED MARCH 31, 2022

	Three Month Ended	Twelve Month Ended
	<u>March 31, 2022</u>	<u>March 31, 2022</u>
COST AND EXPENSES		
Salary, wages and payroll taxes	\$ 21,576	\$ 85,843
Mileage and reimbursements	3,796	13,909
Medical insurance	3,920	25,728
Professional fees	3,000	12,500
Payroll processing fees	1,771	5,755
Bank fees	<u>15</u>	<u>160</u>
Total Expenses	<u>34,078</u>	<u>143,895</u>
Net Loss Before Income Taxes	(34,078)	(143,895)
Provision for income taxes	<u>-</u>	<u>1,629</u>
Net Loss	<u><u>\$ (34,078)</u></u>	<u><u>\$ (145,524)</u></u>

See accompanying independent auditors' report and notes to financial statements

RESPONSIVE SOLUTIONS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MARCH 31, 2022

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Stockholders' Equity</u>
Balance, March 31, 2021	\$ 5	\$ 499,995	\$ 540,711	\$ 1,040,711
Net loss- nine months	<u>-</u>	<u>-</u>	<u>(111,446)</u>	<u>(111,446)</u>
Balance, December 31, 2021	5	499,995	429,265	929,265
Net loss- three months	<u>-</u>	<u>-</u>	<u>(34,078)</u>	<u>(34,078)</u>
Balance, March 31, 2022	<u>\$ 5</u>	<u>\$ 499,995</u>	<u>\$ 395,187</u>	<u>\$ 895,187</u>

See accompanying independent auditors' report and notes to financial statements

RESPONSIVE SOLUTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MARCH 31, 2022

	Three Month Ended March 31, 2022	Twelve Month Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (34,078)	\$ (145,524)
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable	3,301	1,402
Income taxes payable	-	800
Net Cash Used In Operating Activities	(30,777)	(143,322)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note receivable, related affiliate	14,415	137,536
Net Cash Provided by Financing Activities	14,415	137,536
Net Change in Cash and Cash Equivalents	(16,362)	(5,786)
Cash and cash equivalents, beginning balance	17,866	7,290
CASH AND CASH EQUIVALENTS, MARCH 31, 2022	\$ 1,503	\$ 1,503
SUPPLEMENTAL CASH-FLOW INFORMATION		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ 1,600

See accompanying independent auditors' report and notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Business -- Responsive Solutions, Inc. ("Responsive Solutions"), a California corporation incorporated in 1994, Responsive Solutions markets a multi-user Corrective Action Tracking System (CATSWeb) designed to track manufacturing nonconformities and corrective action, achieve and maintain ISO/QS 9000 certification, and empower companies in a broad range of industries to solve problems faster.

Responsive Solutions, Inc. is a wholly owned subsidiary of RS Software (India) Ltd, "Parent".

Basis of Accounting -- Responsive Solutions prepares the financial statements using accrual basis of accounting in conformity with the generally accepted accounting principles in the United States of America. The expenses are recorded when the benefits and services are received.

Estimates Included in the Financial Statements -- The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Responsive Solutions is subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the technology, competition, litigation, legislation and regulations. Responsive Solutions regularly evaluates their estimates and assumptions using historical experience and expectations about the future. Responsive Solutions adjusts their estimates and assumptions when facts and circumstances indicate the need for change.

Cash and Cash Equivalents -- Cash consists of interest and non-interest-bearing accounts with one financial institution. Responsive Solutions considers all highly liquid investments with original maturity of three months or less from the date of purchased, to be cash equivalents. The carrying value of cash equivalents approximates fair value.

RESPONSIVE SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Note Receivable, Related affiliate -- Responsive Solutions issued short term unsecured receivable amounting to \$876,584 to the Parent, RS Software (India) Ltd which bears no interest rate. Related party receivable balance was \$876,584 as of March 31, 2022. Management estimates the note is going to be received full in year 2022.

Accounts Payable -- Accounts payable are recorded when goods or benefits are received.

Revenue Recognition -- On January 1, 2019, Responsive Solutions adopted new accounting standard, as amended, regarding revenue from contracts with customers using the modified retrospective approach. This standard provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The adoption of this standard did not have a material impact on the Responsive Solutions' financial position and results of operations.

Responsive Solutions derives revenue primarily from software services and development on fixed- price contracts. On the time-and-materials contracts, revenue is recognized as related services are rendered.

Transactions with Related Parties -- Transactions that occurred between Responsive Solutions and related parties during the three and twelve month ended March 31, 2022 are as follows:

Responsive Solutions issued short term unsecured receivable amounting to \$876,584 to the Parent, RS Software (India) Ltd which bears no interest rate. Related party receivable balance was \$876,584 as of March 31, 2022. Management estimates the note is going to be received full in year 2022.

Risks and Uncertainties -- Products are concentrated in an industry which is characterized by significant competition, rapid technological advances, changes in customer requirements and evolving regulatory requirements and industry standards. The success of Responsive Solutions depends on management's ability to anticipate and

RESPONSIVE SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

to respond quickly and adequately to technological developments in the industry, changes in customer requirements or changes to industry standards. Any significant delays in the development or introduction of products could have a material adverse effect on Responsive Solutions business and operating results.

Fair Value of Financial Instruments -- The carrying amounts of financial instruments including cash, note receivable from related affiliate, and accounts payable approximate fair value as of March 31, 2022, because of the relatively short maturity of these instruments.

Income Taxes Payables -- Responsive Solutions has elected to be taxed under the chapter C of the Internal Revenue Code. Income of Responsive Solutions is reported in Responsive Solutions income tax return.

Responsive Solutions files its income tax returns in the U.S. Federal, and California jurisdictions.

None of Responsive Solutions tax returns have been examined by the taxing authorities, nor has Responsive Solutions been notified of any pending examinations.

At March 31, 2022, Responsive Solutions did not have any tax benefit disallowed under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") FASB ASC 740, Income Taxes and no amounts have been recognized for potential interests and penalties. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with the tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax position not meeting the "more likely than not" test, no tax benefit is recorded.

Current tax expense for the three and twelve month ended March 31, 2022 presented are comprised of the minimum tax for Federal and the state of California based on minimal tax rates for taxable income.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the

RESPONSIVE SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

amounts used for income tax purposes. Responsive Solutions has temporary differences which are immaterial. Thus, Responsive Solutions determines it impractical to recognize such in the financial statements.

Uncertain Tax Positions -- Responsive Solutions accounts for uncertain tax positions in accordance with GAAP. GAAP prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken on a tax return. GAAP also provides guidance on recognition, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. There was no impact on total liabilities or stockholder's equity as a result of the adoption of these provisions.

Concentration of Credit Risk -- Financial instruments that potentially subject Responsive Solutions to concentrations of credit risk consist principally of deposits greater than \$250,000 for interest bearing accounts with each financial institution that is a member of Federal Deposit Insurance Corporation ("FDIC"), and security deposits greater than \$500,000 (\$250,000 in cash) with each financial institution that is a member of Securities Investor Protection Corporation ("SIPC").

Responsive Solutions has no cash balances on deposit at March 31, 2022 that exceeded the balance insured by the FDIC. Management of Responsive Solutions periodically reviews its cash policies and believes any potential accounting loss is minimal.

Subsequent Event -- As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact operating activities, though such potential impact is unknown at this time.

Management has evaluated subsequent events through April 7, 2022, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with the accounting principles generally accepted in the United States of America. Responsive Solutions has determined that there are no unrecognized subsequent events that require additional disclosures.