

RESPONSIVE SOLUTIONS, INC.
(a California Corporation)

FINANCIAL STATEMENTS
FOR
THE THREE AND TWELVE MONTHS ENDED
MARCH 31, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of Responsive Solutions, Inc. (a California Corporation), which comprise the balance sheet as of March 31, 2021, and the related statement of operations, stockholders' equity and cash flows for the three and twelve months ended March 31, 2021, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Responsive Solutions, Inc. as of March 31, 2021, and the results of its operations and its cash flows for the three and twelve months ended March 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "A. J. Gradal", is written over a horizontal line.

San Francisco, California
April 7, 2021

RESPONSIVE SOLUTIONS, INC.
BALANCE SHEET
MARCH 31, 2021

ASSETS		March 31, 2021'
CURRENT ASSETS		
Cash and cash equivalents	\$	7,290
Prepaid taxes		25,301
Note receivable, related affiliate		<u>1,014,120</u>
Total assets		<u>1,046,711</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable		<u>6,000</u>
Total current liabilities		6,000
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value, Authorized 1,000 shares;		
Issued and outstanding 500 shares as of March 31, 2021		5
Additional paid-in capital		499,995
Retained earnings		<u>540,711</u>
Stockholders' equity		<u>1,040,711</u>
Liabilities and Stockholders' equity	\$	<u>1,046,711</u>

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, 2021

	<u>Three Month Ended</u> <u>March 31, 2021'</u>	<u>Twelve Month Ended</u> <u>March 31, 2021'</u>
COST AND EXPENSES		
Salary, wages and payroll taxes	21,577	86,974
Professional fees	3,000	21,000
Mileage and reimbursements	6,600	16,500
Payroll processing fees	1,367	4,670
Bank fees	<u>46</u>	<u>137</u>
Total Expenses	<u>32,590</u>	<u>129,281</u>
Net Loss Before Income Taxes	(32,590)	(129,281)
Provision for income taxes	<u>-</u>	<u>1,000</u>
Net Loss	<u>\$ (32,590)</u>	<u>\$ (130,281)</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, 2021

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Stockholders' Equity</u>
Balance, March 31, 2020	\$ 5	\$ 499,995	\$ 670,991	\$ 1,170,991
Net loss- nine months	<u>-</u>	<u>-</u>	<u>(97,690)</u>	<u>(97,690)</u>
Balance, December 31, 2020	5	499,995	573,301	1,073,301
Net loss- three months	<u>-</u>	<u>-</u>	<u>(32,590)</u>	<u>(32,590)</u>
Balance, March 31, 2021	<u>\$ 5</u>	<u>\$ 499,995</u>	<u>\$ 540,711</u>	<u>\$ 1,040,711</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, 2021

	<u>Three Month Ended</u> <u>March 31, 2021'</u>	<u>Twelve Month Ended</u> <u>March 31, 2021'</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (32,590)	\$ (130,281)
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Prepaid taxes	-	(25,300)
Accounts payable	(6,600)	3,050
Income taxes payable	-	-
Net Cash (Used In) Operating Activities	<u>(39,190)</u>	<u>(152,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note receivable, related affiliate	<u>40,000</u>	<u>155,000</u>
Net Cash Provided by Financing Activities	<u>40,000</u>	<u>155,000</u>
Net Change in Cash and Cash Equivalents	810	2,469
Cash and cash equivalents, beginning balance	<u>6,480</u>	<u>4,821</u>
CASH AND CASH EQUIVALENTS, ending balance	<u>\$ 7,290</u>	<u>\$ 7,290</u>
SUPPLEMENTAL CASH-FLOW INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 1,000</u>

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
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Note Receivable, Related affiliate -- Responsive Solutions issued short term unsecured receivable amounting to \$1,014,120 to the Parent, RS Software (India) Ltd which bears no interest rate. Related party receivable balance was \$1,014,120 as of March 31, 2021. Management estimates the note is going to be received full in year 2021.

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, 2021 are as follows:

Responsive Solutions issued short term unsecured receivable amounting to \$1,014,120 to the Parent, RS Software (India) Ltd which bears no interest rate. Related party receivable balance was \$1,014,120 as of March 31, 2021. Management estimates the note is going to be received full in year 2021.

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, 2021

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, 2021, 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, 2021, 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, 2021 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.
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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, 2021 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, 2021, 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.