

IRIS Business Services LLC
Financial Statements
March 31, 2023 and 2022
(With Independent Accountant's Compilation Report)

IRIS Business Services LLC

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March 31, 2023 and 2022

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VENTURA PRANAS
ACCOUNTANTS WITHOUT BORDERS

To the Member of
IRIS Business Services LLC

Management is responsible for the accompanying financial statements of IRIS Business Services LLC, which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of operations and changes in accumulated deficit for the year then ended in accordance with the accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

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Pranas Accounting, Tax and Bookkeeping Services, Inc.
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May 19, 2023

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IRIS Business Services LLC

Balance Sheets

March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash	\$ 221,597	\$ 196,914
Accounts receivable	177,272	122,420
Deferred expense	-	45,106
Unbilled revenue	11,815	18,734
Prepaid expense	5,457	4,461
Withholding tax	12,555	5,543
Security deposits	<u>9,664</u>	<u>1,676</u>
Total current assets	<u>438,361</u>	<u>394,854</u>
Fixed assets		
Computer	3,035	3,035
Less: Accumulated depreciation	<u>(1,544)</u>	<u>(533)</u>
Total fixed assets	<u>1,491</u>	<u>2,502</u>
Total assets	<u><u>\$ 439,852</u></u>	<u><u>\$ 397,356</u></u>
Liabilities and member deficit		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 345,299	374,558
Deferred income	198,689	180,482
Prepaid revenue	6,266	6,266
Salary payable	<u>17,020</u>	<u>-</u>
Total liabilities	<u>567,274</u>	<u>561,306</u>
Member deficit		
Member equity	✔ 210,000	210,000
Accumulated deficit	<u>✔ (337,422)</u>	<u>(373,950)</u>
Total member deficit	<u>(127,422)</u>	<u>(163,950)</u>
Total liabilities and member deficit	<u><u>\$ 439,852</u></u>	<u><u>\$ 397,356</u></u>

See independent accountant's compilation report.

IRIS Business Services LLC
 Statements of Operations and Changes in Accumulated Deficit
 Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Remote access fee	<u>\$ 646,372</u>	<u>\$ 444,306</u>
Operating expenses		
Payroll expense	168,042	0
Intercompany expense	153,246	45,088
Professional fees	105,026	196,257
Partner fee	69,012	77,844
Travel	41,798	23,847
Telephone	15,362	11,419
Other operating expenses	10,806	1,106
Rent	8,615	8,615
Sales and marketing expense	7,500	33,440
Shipping and delivery	7,173	8,044
Taxes	6,453	1,410
Membership fees	4,780	4,544
Meals and entertainment	4,618	1,923
Insurance expense	2,728	0
Advertising and promotion	2,400	0
Office supplies	1,273	665
Depreciation	<u>1,011</u>	<u>533</u>
Total operating expenses	<u>609,844</u>	<u>414,735</u>
Net profit	\$ 36,528	\$ 29,571
Accumulated deficit – beginning	(373,950)	(389,449)
Add: Previous year adjustment in current year	<u>-</u>	<u>(14,072)</u>
Accumulated deficit – ending	<u>\$ (337,422)</u>	<u>\$ (373,950)</u>

See independent accountant's compilation report.

IRIS Business Services LLC
Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Net loss	\$ 36,528	\$ 29,571
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	1,011	533
Changes in operating assets and liabilities		
Accounts receivable	(54,853)	(63,720)
Deferred expense	45,106	(45,106)
Unbilled revenue	6,919	(11,110)
Prepaid expense	(996)	1,325
Withholding tax	(7,013)	(5,543)
Security deposits	(7,988)	(0)
Accounts payable and accrued expenses	(29,259)	80,320
Deferred income	18,207	163,653
Prepaid revenue	-	6,266
Salary payable	17,020	(1,676)
Net cash from operating activities	<u>24,683</u>	<u>154,513</u>
Cash flows from investing activities		
Purchase of computer	-	(3,035)
Net cash used in investing activities	<u>-</u>	<u>(3,035)</u>
Net increase in cash	<u>24,683</u>	<u>151,478</u>
Cash at the beginning of the year	<u>196,914</u>	<u>45,436</u>
Cash at the end of the year	<u>\$ 221,597</u>	<u>\$ 196,914</u>

See independent accountant's compilation report.

Note 1 Organization

IRIS Business Services LLC (A Wholly Owned Subsidiary of IRIS Business Services Limited (the “Parent)) (the “Company”) was incorporated under the laws at the state of Delaware on April 23, 2009. The Company provides cloud based software solutions to the private sectors.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The Company prepare their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America “GAAP”.

Concentration of Credit Risk

From time to time, cash accounts at financial institutions may exceed the Federal Deposit Insurance Corporation insured limits. The Company has not experienced any loss in such accounts and does not believe it is exposed to any significant credit risk to its cash.

Revenue Recognition

The Company generates substantially all of its revenue from licenses for use of its software products. Revenue from sale of software/software licenses which do not involve any customization are recognized upon delivery of the software to the clients and subscription income is recognized as revenue over the period of the subscription. Subscription fees are generally due and payable upon receipt of invoice by our customers or within 45 days of the stated billing date. The Company does not provide the customer with the right to take possession of its software products at any time.

The Corporation follows Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Accounts Receivable

Accounts receivable represents amounts due from customers of the Company. Accounts receivable is periodically evaluated to determine collectability based on past history with customers and their current financial condition. The Company records an allowance for estimated uncollectable accounts. Management’s estimate is based on historical collection experience and an evaluation of the current status of accounts receivable. Once the portion of the receivable becomes uncollectable, it is written off against allowance for doubtful accounts.

Note 2 Summary of Significant Accounting Policies (continued)

Income Taxes

The entity, being a "C Corporation," will be taxed under the provisions of the Internal Revenue Code and the comparable state income tax laws. As a C corporation, the LLC is subject to corporate income taxes. Therefore, the provision or liability of income taxes reflecting in the financial statements represents the estimated tax. As of March 31, 2023, the company has provided for a federal tax liability of approximately \$4,000, and the same is shown under the heading "Taxes" in the financial statement.

Current assets and current liabilities are offset when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle the assets and liabilities on a net basis when they relate to taxes on income levied by the same governing tax laws.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.