



**NATIONAL HEALTH FINANCE HOLDCO, LLC
& AFFILIATED COMPANIES**
Consolidated Financial Statements
June 30, 2018
(Reviewed)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
National Health Finance DM, LLC & Affiliated Companies
Phoenix, Arizona

We have reviewed the accompanying consolidated financial statements of National Health Finance DM, LLC & Affiliated Companies (a nonpublic company), which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of operations and changes in members' equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedules 1, 2, and 3 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. 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 consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Price Kong & Co. CPAs P.A.

Price, Kong & Co., CPA's, P.A.
Phoenix, Arizona
August 10, 2018

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Consolidated Balance Sheet

June 30, 2018

(Reviewed)

ASSETS

Assets

Cash and cash equivalents	\$	1,568,888
Restricted cash		920,949
Cases in process		180,453,237
Allowance for uncollectible cases in process		<u>(85,581,847)</u>
Cases in Process, Net		94,871,390
Notes and interest receivable		374,330
Allowance for uncollectible notes and interest		<u>(297,930)</u>
Notes Receivable, Net		76,400
Notes and interest receivable from related parties		158,411
Property and equipment, net of accumulated depreciation		20,775
Intangible assets, net of accumulated amortization		2,240,476
Other assets		<u>71,356</u>
Total Other Assets		<u>2,491,018</u>
Total Assets	\$	<u>99,928,645</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Accounts payable	\$	3,285,725
Accrued interest payable		761,400
Accrued payroll and other liabilities		585,036
Notes payable		4,500,000
Convertible note payable		12,910,310
Notes payable to related parties - subordinated		10,229,020
Other subordinated debt		1,700,000

Bank Debt

Revolving line of credit		<u>39,915,302</u>
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Total Liabilities		73,886,793
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Members' Equity

NHF members' equity		24,470,041
Non-controlling interest		<u>1,571,811</u>
Total Members' Equity		<u>26,041,852</u>

Total Liabilities and Members' Equity	\$	<u>99,928,645</u>
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See independent accountants' review report, notes, and supplementary information.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Consolidated Statements of Operations and Changes in Members' Equity

For the Six Months Ended June 30, 2018

(Reviewed)

Service revenue	\$ 10,145,033
Provision for uncollectible service revenue	<u>1,759,108</u>
Revenues, Net	11,904,141
Cost of Services	<u>3,316,925</u>
Gross Profit (Loss)	8,587,216
General and Administrative Expenses	<u>6,429,026</u>
Income (Loss) From Operations	2,158,190
Other Income (Expense)	
Interest income	71,746
Depreciation and amortization expense	(163,724)
Interest expense	(3,959,361)
Other income	<u>14,601</u>
Total Other Income (Expense)	<u>(4,036,738)</u>
Net Income (Loss)	(1,878,548)
Members' Equity - Beginning of Period	27,937,158
Distributions	<u>(16,758)</u>
Members' Equity - End of Period	<u><u>\$ 26,041,852</u></u>

See independent accountants' review report, notes, and supplementary information.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2018
(Reviewed)

Cash Flows from Operating Activities:

Net Income (Loss)	\$ (1,878,548)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Provision for uncollectible cases in process	(15,969,278)
Depreciation and amortization expense	163,724
(Increase) Decrease in:	
Notes and interest receivable	(55,698)
Cases in process	14,837,388
Other assets	95,295
Increase (Decrease) in:	
Accounts payable	2,140,699
Accrued interest	120,527
Accrued payroll and other liabilities	449,517
Net Cash Provided By (Used For) Operating Activities	<u>(96,374)</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	(2,852)
Change in notes and interest receivable from related parties	<u>40,000</u>
Net Cash Provided By (Used For) Investing Activities	37,148

Cash Flows from Financing Activities:

Principal payments on revolving line of credit	(7,972,398)
Proceeds from issuance of revolving line of credit	3,519,080
Deferred financing costs	(667,527)
Distributions to members	<u>(16,758)</u>
Net Cash Provided by (Used For) Financing Activities	<u>(5,137,603)</u>

Net Change in Cash and Cash Equivalents	(5,196,829)
Cash and Cash Equivalents - Beginning of Period	<u>7,686,666</u>
Cash and Cash Equivalents - End of Period	<u>\$ 2,489,837</u>

Supplemental Disclosure of Cash Flow Information

Interest paid during the period	<u>\$ 4,079,888</u>
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See independent accountants' review report, notes, and supplementary information.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies

Principal Business Activity

National Health Finance HoldCo, LLC & Affiliated Companies (“the Company”) is a Delaware Limited Liability Company formed in June 2016. The Company was formerly known as National Health Finance DM, LLC & Affiliated Companies, which was an Arizona Limited Liability Company formed in September 2001 to be a leading provider of financing for medical services.

On June 3, 2016, National Health Finance DM, LLC entered into an equity investment agreement with an investor group that resulted in the restructuring of the Company’s ownership. Existing majority owners of National Health Finance DM, LLC and Affiliated Companies transferred their ownership interest into a new holding company, National Health Finance HoldCo, LLC. All relevant transactions related to the investment have been recorded on the accompanying consolidated financial statements.

The Company finances its clients’ medical treatment and is repaid when the clients’ accounts are settled. Income is generated from the difference between the settlement and the cost of the medical treatment.

Principles of Consolidation

The consolidated financial statements include the accounts of National Health Finance HoldCo, LLC (“NHF”) as well as those of the following affiliated companies which are variable interest entities in which NHF is the primary beneficiary:

- National Health Finance DM, LLC
- National Health Finance of Florida, LLC
- National Health Finance of Florida 2, LLC
- Nevada Orthopedic and Spinal Financing, LLC
- Old Pueblo Medical Financing, LLC
- Old Pueblo Medical Financing of Delaware, LLC
- Southwest Medical Financing, LLC
- Nevada Health Finance, LLC
- Silver State Surgical Solutions, LLC
- SMD Medical Finance, LLC
- Lone Star Lien Solutions, LLC
- National Medical Finance & Assistance, LLC
- DFW Medical Finance, LLC
- Complete Health Network, LLC
- Oklahoma Health Finance, LLC
- Tristate Medical Finance, LLC
- Bayou Health Finance, LLC
- Louisiana HealthNet Solutions, LLC
- New Mexico Medical Financing, LLC

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies – continued

Principles of Consolidation – continued

- Southern California Injury Treatment Network, LLC
- California Health Finance, LLC
- Injury Medical Network, LLC
- Metroplex Medical Finance, LLC
- Southwest Injury Services, LLC
- New Mexico Health Finance, LLC
- North Texas Medical Finance, LLC
- Northwest Health Network, LLC
- Great Salt Lake Medical Finance, LLC
- Bay Area Medical Finance, LLC
- Northern Florida Medical Finance, LLC
- Medical Finance Group, LLC
- Waterleaf Medical Funding, LLC
- Surgical Capital Partners, LLC
- Georgia Injury Treatment Network, LLC
- Accident Medical Funding, LLC
- Wildcat Medical Finance, LLC
- Oklahoma Injury Network, LLC
- Desert Sky Medical Funding, LLC
- Auto Medical Funding Group, LLC
- HALO Medical Funding, LLC
- Rocky Mountain Medical Funding, LLC
- ONYX Medical Funding Group, LLC
- APEX Injury Network, LLC
- Atlanta Health Funding, LLC
- Kentucky Injury Network, LLC
- Balboa Medical Funding, LLC
- Illinois Injury Solutions, LLC

All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less. There were no cash equivalents as of June 30, 2018.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies – continued

Cases in Process and Allowance for Uncollectible Cases in Process

Cases in process are uncollateralized client obligations for medical bills incurred. The Company provides financing for the medical bills incurred by the client until the client's case is settled, at which time payment is due. Cases in process are stated at the amount of medical bills incurred by the client. Payments on the account are applied against the account balance as a whole without regard as to the timing of the underlying invoices. Accounts are considered delinquent in the event that the case does not settle for enough money to cover the Company's cost and the client fails to repay the balance owed to the Company within 30 days of settlement.

The Company estimates an allowance for uncollectible cases in process based upon an evaluation of the current status of cases, historical trend experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for uncollectible cases in process will change.

Estimates

Financial statements that are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") require 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. Actual results could differ from those estimates.

Notes Receivable

Notes receivable represent amounts from uncollateralized obligations due under extended payments terms exceeding one year. The Company evaluates the collectability of the balances based upon historical experience and the specific circumstances of individual notes, with an allowance for uncollectible notes and interest thereon being provided if necessary.

Restricted Cash for Compensating Balance

The Company, under the terms of its loan agreement with a bank, has agreed to maintain a compensating balance of the proceeds from the loan. At June 30, 2018, \$920,949 of restricted cash is recognized.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The Company's capitalization policy is set at \$3,600. Expenditures for minor replacements, maintenance and repairs which do not increase the useful lives of the property and equipment are charged to operations as incurred. Gains or losses on assets sold are reflected in net income. Major additions or improvements are capitalized. Depreciation and amortization are computed using the straight-line method over estimated useful lives, as follows:

Office equipment	10 years
Furniture and fixtures	10 years

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies – continued

Property and Equipment – continued

The fixed assets balance, net of accumulated depreciation, as of June 30, 2018 was \$20,775. Depreciation expense was \$2,336 for the six months ended June 30, 2018.

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows from the related asset or group of assets over their remaining life in measuring whether the assets are recoverable. As of June 30, 2018, the Company does not consider any of its property and equipment to be impaired.

Notes Payable

In accordance with U.S. GAAP, notes payable are recorded at the amount borrowed, net of debt issuance costs, otherwise known as deferred financing costs. Amortization of the deferred financing costs is reported as interest expense and amortized ratably over the term of the debt agreement.

Revenue Recognition

The Company recognizes service revenue when persuasive evidence of an arrangement exists, contracts have been negotiated, financing services have been rendered for medical bills incurred, and collectability is reasonably assured. The Company records medical bills at the amount incurred by the client, and the Company has agreements with various medical providers to pay the medical bills incurred at amounts different than the amount billed. Payment arrangements are individually negotiated with the medical provider. Net client service revenue is reported at the net realizable amounts from clients after providing an estimate for cases in process that may not be collected.

Income Taxes

As limited liability companies, the Company's taxable income or loss is allocated to members in accordance with their respective percentage of ownership. Therefore, no provision for income taxes has been included in the consolidated financial statements.

U.S. GAAP require management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for Federal and state purposes.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies – continued

Income Taxes – continued

With limited exceptions, the Company is no longer subject to income tax examination for returns filed more than three years ago. Management has performed an evaluation of income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the “more likely than not” standard. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain tax positions in the accompanying consolidated financial statements.

Advertising

Advertising costs are expensed as incurred. Such costs were \$22,370 for the six months ended June 30, 2018, and are reported as general and administrative expenses in the accompanying consolidated statements of operations.

Compensated Absences

Management believes that any liability for accrued compensated absences is not significant to the consolidated financial statements and therefore, there has been no accrual for compensated absences.

Recent Accounting Pronouncements

Revenue from Contracts with Customers - In May 2014, the FASB issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. This is determined using a five step process, as outlined in the standard. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The standard will be effective for the Company beginning January 1, 2019, with early adoption permitted. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The Company is continuing to evaluate the new guidance as it relates to our current revenue recognition policy, and plans to adopt the standard on the effective date.

Leases - In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring recognition of right-of-use (“ROU”) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP with lease terms of more than 12 months.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Principal Business Activity and Significant Accounting Policies – continued

Recent Accounting Pronouncements – continued

Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available.

The standard will be effective for the Company beginning January 1, 2020, with early adoption permitted. The Company is continuing to evaluate the new guidance.

Subsequent Events

Subsequent events have been evaluated through August 10, 2018, the date on which the consolidated financial statements were available to be issued. Except for the disclosure in note 14, management has determined there are no other events requiring disclosures.

Note 2 – Cases in Process and Allowance for Uncollectible Cases in Process

All of the cases in process are pledged as collateral on the revolving line of credit.

The following table presents informative data regarding the age of cases in process as of June 30, 2018. The Company does not charge interest on its receivables.

<u>Days Outstanding</u>					
	<u>1-90 days</u>	<u>91-300 days</u>	<u>301-539 days</u>	<u>540+ days</u>	<u>Total</u>
Aged cases in process	<u>\$ 4,890,801</u>	<u>\$ 8,365,524</u>	<u>\$ 15,995,426</u>	<u>\$ 151,201,486</u>	<u>\$ 180,453,237</u>

The allowance for uncollectible cases in process is determined based on historical collection rates. In 2017, the Company increased its estimated allowance based on a thorough review of outstanding cases. As of June 30, 2018, the allowance was \$85,581,847.

Note 3 – Notes Receivable

In 2011, the Company extended two unsecured loans to unrelated parties in the amounts of \$150,000 and \$50,000, with original repayment date beginning in January 2012. Accrued interest on the notes receivable was \$97,930 as of June 30, 2018. Management is attempting to collect the loans or renegotiate its terms. As of June 30, 2018, management considers these notes to be uncollectible and has provided an allowance in the amount of \$297,930 as of June 30, 2018.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 4 – Notes Receivable from Related Parties

The Company has various notes receivables due from related parties totaling \$158,411 as of June 30, 2018. Interest rates for these notes range from 5% to 20% and mature anywhere from 2018 to 2019.

Note 5 – Line of Credit

The Company entered into a loan and security agreement (“loan”) in April 2018 that replaced the previous line of credit agreement and bridge loans. The loan provides for maximum available borrowings of \$80,000,000. The loan matures in April of 2022, at which point the outstanding balance is due and payable in full. Borrowings under the loan bear interest per annum at LIBOR rate plus 11.25%. The rate was approximately 13.34% as of June 30, 2018.

The amount outstanding on the loan totaled \$39,915,302 at June 30, 2018. The loan is secured by receivables, a term life insurance policy on one of the members, and personal guarantees of the majority members.

Advances under the loan are subject to certain covenants and restrictions on indebtedness and distribution payments. As of June 30, 2018, the Company is not in violation of any of these covenants or restrictions.

The following are future minimum payments on the term loans as of June 30, 2018:

<u>June 30,</u>		
2019	\$	-
2020		-
2021		-
2022		39,915,302
Total	\$	<u>39,915,302</u>

Note 6 – Convertible Note Payable

In June 2016, the Company entered into a convertible note agreement for \$12,910,310 at an interest rate of 6% with an investor group. Unless converted, all unpaid principal and interest shall be due June 2021. The note is secured by the Company. If executed, the conversion allows for the investor group to acquire a 37.5% ownership stake (fully diluted) in the Company. As of June 30, 2018, the investor group had not elected to convert the note and the balance on the note was \$12,910,310.

As of June 30, 2018, interest expense related to the convertible note was \$410,505.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 7 – Subordinated Notes Payable

The Company has subordinated notes payable outstanding as of June 30, 2018 as shown below. In accordance with the amended subordination agreements, principal repayments will commence upon approval by the Bank or after all debt to the Bank has been paid in full.

12% subordinated note payable, simple interest payable quarterly, guaranteed by the majority members.	\$ 1,000,000
13% subordinated note payable, simple interest payable quarterly, guaranteed by the majority members.	300,000
12% subordinated note payable, simple interest payable quarterly, guaranteed by the majority members.	200,000
12% subordinated note payable, simple interest payable quarterly, guaranteed by the majority members.	<u>200,000</u>
Total subordinated notes payable	<u>\$ 1,700,000</u>

Note 8 – Subordinated Notes Payable to Related Parties

The notes payable to related parties are subordinated, accordingly, principal repayments will commence upon approval by the Bank or after all debt to the Bank has been paid in full.

Subordinated notes payable at various interest rates to a related party who is a member of the affiliated companies, including NHF. Simple interest payable quarterly, guaranteed by the members.	\$ 1,074,020
8% subordinated note payable to related parties who are members of the affiliated companies, including NHF. Simple interest payable quarterly, guaranteed by the members.	5,000,000
Subordinated notes payable at various interest rates to a related party who is a member of the affiliated companies, including NHF. Simple interest payable quarterly, guaranteed by the members.	<u>4,155,000</u>
Total subordinated notes payable to related parties	<u>\$ 10,229,020</u>

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 9 – Operating Lease

The Company leases office spaces in Chandler, Arizona and Phoenix, Arizona under non-cancelable agreements which expire in March 2020 and November 2022, respectively, with increasing monthly payments. According to U.S. GAAP, the accounting for non-level lease payments requires the rent expense to be reported on a straight-line method over the life of the lease. Accordingly, the Company has recorded a deferred rent liability, grouped in accrued payroll and other liabilities on the consolidated balance sheet, associated with this lease in the amount of \$57,551 as of June 30, 2018. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>		
2019	\$	182,903
2020		143,720
2021		58,923
2022		60,125
2023		25,553
Total	\$	<u>471,224</u>

Note 10 – Related Party Transactions

The consolidated financial statements of the Company include the following transactions with related parties:

- Notes payable to a majority member to provide working capital, totaling \$4,155,000 as of June 30, 2018. There was a total of \$0 of principal repayments with cumulative interest expense on the notes of \$596,833 for the six months ended June 30, 2018.
- Notes payable to a majority member to provide working capital, totaling \$1,074,020 with cumulative interest expense of \$174,084 for the six months ended June 30, 2018.
- Interest and other payables to related parties totaled \$413,188 as of June 30, 2018.

Note 11 – Variable Interest Entities

A variable interest entity (“VIE”) is an entity that either (1) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (2) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE.

If NHF determines that it has the operating power and the obligation to absorb losses or receive benefits, NHF consolidates the VIE as the primary beneficiary, and if not, does not consolidate the entity. The Company’s environment constitutes power that is most significant to the entity when it has unconstrained decision-making ability over key operational functions within the entity.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 11 – Variable Interest Entities – continued

Assets recognized as a result of consolidating VIEs do not necessarily represent additional assets that could be used to satisfy claims against NHF's general assets. Conversely, liabilities recognized as a result of consolidating VIEs do not necessarily represent additional claims on NHF's general assets; rather, they represent claims against the specific assets of the consolidated VIE.

NHF is the primary beneficiary of all the affiliated entities listed in Note 1 under "Principles of Consolidation", which were determined to be variable interest entities. Accordingly, the assets and liabilities and the revenues and expenses of the affiliated entities are included in the accompanying consolidated balance sheets and consolidated statements of operations. NHF reports the affiliated entities' consolidated net income and members' equity as a non-controlling interest in the consolidated financial statements.

National Health Finance HoldCo, LLC guarantees, jointly and severally with the consolidated entities, a loan used to finance activities within the other entities.

National Health Finance HoldCo, LLC has a management contract with the affiliated companies to manage their accounts receivable and earns a 20% management fee on paid cases. In addition, National Health Finance DM, LLC has intercompany loans to the affiliated companies and charges 20% interest on the intercompany outstanding loans.

Note 12 – Concentrations

Concentrations of Credit Risk

The Company maintains its cash accounts in various deposit accounts, the balances of which may periodically be in excess of federally insurable limits during the ordinary course of business.

Major Customers

During the six months ended June 30, 2018, revenues were recognized from the Company's five largest providers totaling \$4,077,803, or 40% of total revenues. For the six months ended June 30, 2018, cases in process from four providers totaled \$57,482,863 or 32% of total cases in process.

Note 13 – Commitments and Contingencies

The Company is involved in various legal matters that management considers to be in the normal course of business. In management's opinion, all matters will be settled or dismissed without material effect on the Company's financial condition or operations.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Notes to Consolidated Financial Statements

June 30, 2018

Note 14 – Subsequent Event

As of the date of the independent accountants' review report, the Company has entered into a contract to be purchased and has agreed to be included in an exempt public offering in Australia.

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SUPPLEMENTARY INFORMATION

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet

June 30, 2018

	National Health Finance HoldCo, LLC	National Health Finance DM, LLC	National Health Finance FL	National Health Finance FL 2	Nevada Orthopedic and Spinal	Old Pueblo Medical Finance	Old Pueblo Medical Finance of Delaware	Southwest Medical Financing
ASSETS								
Assets								
Cash and cash equivalents	\$ 10,989	\$ 1,557,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	920,949	-	-	-	-	-	-
Cases in process	-	67,781,272	284,851	2,142,549	955,672	3,697,618	-	38,688
Allowance for uncollectible cases in process	-	(31,983,176)	(136,728)	(1,028,424)	(458,553)	(1,704,996)	-	(18,570)
Cases in Process, Net	-	35,798,096	148,123	1,114,125	497,119	1,992,622	-	20,118
Investment in National Health Finance DM, LLC	4,290,000	-	-	-	-	-	-	-
Notes and interest receivable	-	374,330	-	-	-	-	-	-
Allowance for uncollectable notes and interest	-	(297,930)	-	-	-	-	-	-
Notes Receivable, Net	-	76,400	-	-	-	-	-	-
Notes and interest receivable from related parties	-	111,220	-	-	-	-	-	-
Management fees receivable	-	46,301	-	-	-	-	-	-
Intercompany loans receivable	10,000,000	26,731,115	-	-	-	-	-	-
Intercompany interest receivable	-	14,861,159	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	20,775	-	-	-	-	-	-
Intangible assets, net of accumulated amortization	-	2,240,476	-	-	-	-	-	-
Other assets	-	5,111	-	-	-	-	-	-
Total Assets	<u>\$ 14,300,989</u>	<u>\$ 82,369,398</u>	<u>\$ 148,123</u>	<u>\$ 1,114,125</u>	<u>\$ 497,119</u>	<u>\$ 1,992,622</u>	<u>\$ -</u>	<u>\$ 20,118</u>
LIABILITIES AND MEMBERS' EQUITY								
Liabilities								
Accounts payable	\$ -	\$ 2,799,262	\$ -	\$ -	\$ -	\$ 71,990	\$ -	\$ -
Accrued interest payable	228,212	533,188	-	-	-	-	-	-
Accrued payroll and other liabilities	389	480,441	-	-	87	545	-	-
Management fees payable	-	-	-	-	172	1,870	-	-
Intercompany loans payable	-	10,000,000	597,900	645,810	237,356	973,201	2,560	-
Intercompany interest payable	-	-	1,219,934	1,092,335	291,846	290,439	-	-
Notes payable	4,500,000	-	-	-	-	-	-	-
Convertible note payable	12,910,310	-	-	-	-	-	-	-
Notes payable to related parties - subordinated	5,000,000	5,229,020	-	-	-	-	-	-
Other subordinated debt	-	1,700,000	-	-	-	-	-	-
Bank Debt								
Revolving line of credit	-	39,915,302	-	-	-	-	-	-
Total Liabilities	22,638,911	60,657,213	1,817,834	1,738,145	529,461	1,338,045	2,560	-
Members' Equity								
NHF members' equity (deficit)	(8,337,922)	21,712,185	(1,669,711)	(380,652)	(24,257)	327,289	(2,560)	15,089
Non-controlling interest	-	-	-	(243,368)	(8,085)	327,288	-	5,029
Total Members' Equity (Deficit)	<u>(8,337,922)</u>	<u>21,712,185</u>	<u>(1,669,711)</u>	<u>(624,020)</u>	<u>(32,342)</u>	<u>654,577</u>	<u>(2,560)</u>	<u>20,118</u>
Total Liabilities and Members' Equity	<u>\$ 14,300,989</u>	<u>\$ 82,369,398</u>	<u>\$ 148,123</u>	<u>\$ 1,114,125</u>	<u>\$ 497,119</u>	<u>\$ 1,992,622</u>	<u>\$ -</u>	<u>\$ 20,118</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet (continued)

June 30, 2018

	Nevada Health Finance	Silver State Surgical	SMD Medical Finance	Lone Star Lien Solutions	National Medical Finance & Assistance	DFW Medical Finance	Complete Health Network	Oklahoma Health Finance
ASSETS								
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	103	\$ -
Restricted cash	-	-	-	-	-	-	-	-
Cases in process	-	9,638,273	5,203	2,021,607	69,678,927	371,825	18,797	112,205
Allowance for uncollectible cases in process	-	(4,626,318)	(2,497)	(960,658)	(33,445,885)	(178,476)	(8,962)	(53,858)
Cases in Process, Net	-	5,011,955	2,706	1,060,949	36,233,042	193,349	9,835	58,347
Investment in National Health Finance DM, LLC	-	-	-	-	-	-	-	-
Notes and interest receivable	-	-	-	-	-	-	-	-
Allowance for uncollectable notes and interest	-	-	-	-	-	-	-	-
Notes Receivable, Net	-	-	-	-	-	-	-	-
Notes and interest receivable from related parties	-	-	-	-	-	-	-	-
Management fees receivable	-	-	-	-	-	-	-	-
Intercompany loans receivable	-	-	-	-	-	-	-	-
Intercompany interest receivable	-	-	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Intangible assets, net of accumulated amortization	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 5,011,955</u>	<u>\$ 2,706</u>	<u>\$ 1,060,949</u>	<u>\$ 36,233,042</u>	<u>\$ 193,349</u>	<u>\$ 9,938</u>	<u>\$ 58,347</u>
LIABILITIES AND MEMBERS' EQUITY								
Liabilities								
Accounts payable	\$ -	\$ 49,434	\$ -	\$ 1,205	\$ -	\$ -	\$ -	\$ 462
Accrued interest payable	-	-	-	-	-	-	-	-
Accrued payroll and other liabilities	-	-	-	-	-	-	-	-
Management fees payable	-	-	-	1,881	-	-	-	-
Intercompany loans payable	-	2,232,823	22,935	517,866	16,247,440	117,174	12,385	36,140
Intercompany interest payable	-	988,345	5,041	160,381	8,734,323	96,793	10,952	32,299
Notes payable	-	-	-	-	-	-	-	-
Convertible note payable	-	-	-	-	-	-	-	-
Notes payable to related parties - subordinated	-	-	-	-	-	-	-	-
Other subordinated debt	-	-	-	-	-	-	-	-
Bank Debt								
Revolving line of credit	-	-	-	-	-	-	-	-
Total Liabilities	-	3,270,602	27,976	681,333	24,981,763	213,967	23,337	68,901
Members' Equity								
NHF members' equity (deficit)	-	1,393,082	(17,184)	208,789	11,251,279	(18,659)	(6,499)	(8,760)
Non-controlling interest	-	348,271	(8,086)	170,827	-	(1,959)	(6,900)	(1,794)
Total Members' Equity (Deficit)	-	1,741,353	(25,270)	379,616	11,251,279	(20,618)	(13,399)	(10,554)
Total Liabilities and Members' Equity	<u>\$ -</u>	<u>\$ 5,011,955</u>	<u>\$ 2,706</u>	<u>\$ 1,060,949</u>	<u>\$ 36,233,042</u>	<u>\$ 193,349</u>	<u>\$ 9,938</u>	<u>\$ 58,347</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet (continued)

June 30, 2018

	Tristate Medical Finance	Bayou Health Finance	Louisiana Health Network	New Mexico Medical Finance	So Cal Injury Treatment Network	California Health Finance	Injury Medical Network	Metroplex Medical Finance
ASSETS								
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-	-	-	-	-
Cases in process	1,680,107	999,957	230,467	50,491	1,391,418	72,338	2,465,314	5,475
Allowance for uncollectible cases in process	(780,060)	(467,629)	(109,621)	(23,703)	(667,881)	(33,532)	(1,179,062)	(2,628)
Cases in Process, Net	900,047	532,328	120,846	26,788	723,537	38,806	1,286,252	2,847
Investment in National Health Finance DM, LLC	-	-	-	-	-	-	-	-
Notes and interest receivable	-	-	-	-	-	-	-	-
Allowance for uncollectable notes and interest	-	-	-	-	-	-	-	-
Notes Receivable, Net	-	-	-	-	-	-	-	-
Notes and interest receivable from related parties	-	-	-	-	-	-	-	-
Management fees receivable	-	-	-	-	-	-	-	-
Intercompany loans receivable	-	-	-	-	-	-	-	-
Intercompany interest receivable	-	-	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Intangible assets, net of accumulated amortization	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 900,047</u>	<u>\$ 532,328</u>	<u>\$ 120,846</u>	<u>\$ 26,788</u>	<u>\$ 723,537</u>	<u>\$ 38,806</u>	<u>\$ 1,286,252</u>	<u>\$ 2,847</u>
LIABILITIES AND MEMBERS' EQUITY								
Liabilities								
Accounts payable	\$ 30,715	\$ 51,102	\$ -	\$ -	\$ -	\$ 3,590	\$ 1,400	\$ -
Accrued interest payable	-	-	-	-	-	-	-	-
Accrued payroll and other liabilities	161	-	-	-	5	-	-	-
Management fees payable	1,101	18,804	-	-	-	-	786	-
Intercompany loans payable	409,130	(822,435)	52,326	13,921	483,222	30,959	712,058	3,669
Intercompany interest payable	183,613	38,207	25,265	9,022	313,362	9,272	487,952	2,064
Notes payable	-	-	-	-	-	-	-	-
Convertible note payable	-	-	-	-	-	-	-	-
Notes payable to related parties - subordinated	-	-	-	-	-	-	-	-
Other subordinated debt	-	-	-	-	-	-	-	-
Bank Debt								
Revolving line of credit	-	-	-	-	-	-	-	-
Total Liabilities	624,720	(714,322)	77,591	22,943	796,589	43,821	1,202,196	5,733
Members' Equity								
NHF members' equity (deficit)	206,495	1,234,184	31,576	1,884	(72,321)	(2,558)	56,318	(2,020)
Non-controlling interest	68,832	12,466	11,679	1,961	(731)	(2,457)	27,738	(866)
Total Members' Equity (Deficit)	275,327	1,246,650	43,255	3,845	(73,052)	(5,015)	84,056	(2,886)
Total Liabilities and Members' Equity	<u>\$ 900,047</u>	<u>\$ 532,328</u>	<u>\$ 120,846</u>	<u>\$ 26,788</u>	<u>\$ 723,537</u>	<u>\$ 38,806</u>	<u>\$ 1,286,252</u>	<u>\$ 2,847</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet (continued)

June 30, 2018

	Southwest Injury Services	New Mexico Health Finance	North Texas Medical Finance	Northwest Health Network	Great Salt Lake Medical Finance	Bay Area Medical Finance	Northern Florida Medical Finance	Medical Financial Group
ASSETS								
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-	-	-	-	-
Cases in process	2,200,362	5,317	1,469,272	2,672	1,277,596	124,808	1,710,282	5,070,259
Allowance for uncollectible cases in process	<u>(1,035,053)</u>	<u>(2,552)</u>	<u>(664,641)</u>	<u>(1,283)</u>	<u>(596,857)</u>	<u>(54,069)</u>	<u>(792,417)</u>	<u>(2,371,396)</u>
Cases in Process, Net	1,165,309	2,765	804,631	1,389	680,739	70,739	917,865	2,698,863
Investment in National Health Finance DM, LLC	-	-	-	-	-	-	-	-
Notes and interest receivable	-	-	-	-	-	-	-	-
Allowance for uncollectable notes and interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Notes Receivable, Net	-	-	-	-	-	-	-	-
Notes and interest receivable from related parties	-	-	-	-	41,104	-	-	6,087
Management fees receivable	-	-	-	-	-	-	-	-
Intercompany loans receivable	-	-	-	-	-	-	-	-
Intercompany interest receivable	-	-	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-
Intangible assets, net of accumulated amortization	-	-	-	-	-	-	-	-
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,245</u>	<u>-</u>
Total Assets	<u>\$ 1,165,309</u>	<u>\$ 2,765</u>	<u>\$ 804,631</u>	<u>\$ 1,389</u>	<u>\$ 721,843</u>	<u>\$ 70,739</u>	<u>\$ 984,110</u>	<u>\$ 2,704,950</u>
LIABILITIES AND MEMBERS' EQUITY								
Liabilities								
Accounts payable	\$ 687	\$ -	\$ 35,089	\$ -	\$ 424	\$ (1)	\$ 28,848	\$ 37
Accrued interest payable	-	-	-	-	-	-	-	-
Accrued payroll and other liabilities	12	-	41,877	-	-	670	3,600	-
Management fees payable	3,635	-	3,020	-	3,611	-	7,369	1,062
Intercompany loans payable	237,536	6,140	484,708	9,070	405,289	54,793	473,766	1,342,465
Intercompany interest payable	107,789	1,723	79,254	2,931	143,697	6,338	117,396	267,271
Notes payable	-	-	-	-	-	-	-	-
Convertible note payable	-	-	-	-	-	-	-	-
Notes payable to related parties - subordinated	-	-	-	-	-	-	-	-
Other subordinated debt	-	-	-	-	-	-	-	-
Bank Debt								
Revolving line of credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	349,659	7,863	643,948	12,001	553,021	61,800	630,979	1,610,835
Members' Equity								
NHF members' equity (deficit)	595,425	(3,467)	110,871	(7,004)	148,563	6,615	310,755	765,881
Non-controlling interest	<u>220,225</u>	<u>(1,631)</u>	<u>49,812</u>	<u>(3,608)</u>	<u>20,259</u>	<u>2,324</u>	<u>42,376</u>	<u>328,234</u>
Total Members' Equity (Deficit)	815,650	(5,098)	160,683	(10,612)	168,822	8,939	353,131	1,094,115
Total Liabilities and Members' Equity	<u>\$ 1,165,309</u>	<u>\$ 2,765</u>	<u>\$ 804,631</u>	<u>\$ 1,389</u>	<u>\$ 721,843</u>	<u>\$ 70,739</u>	<u>\$ 984,110</u>	<u>\$ 2,704,950</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet (continued)

June 30, 2018

	Waterleaf Medical Funding, LLC	Surgical Capital Partners	Georgia Injury Treatment Network	Accident Medical Funding	Wildcat Medical Finance	Oklahoma Injury Network	Desert Sky Medical Funding	Auto Medical Funding Group	HALO Medical Funding, LLC
ASSETS									
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-	-	-	-	-	-
Cases in process	108,525	1,764,632	123,564	29,601	-	4,620	72,503	228,458	2,320,694
Allowance for uncollectible cases in process	(48,047)	(831,619)	(50,939)	(12,432)	-	(1,940)	(31,489)	(109,660)	(980,729)
Cases in Process, Net	60,478	933,013	72,625	17,169	-	2,680	41,014	118,798	1,339,965
Investment in National Health Finance DM, LLC	-	-	-	-	-	-	-	-	-
Notes and interest receivable	-	-	-	-	-	-	-	-	-
Allowance for uncollectable notes and interest	-	-	-	-	-	-	-	-	-
Notes Receivable, Net	-	-	-	-	-	-	-	-	-
Notes and interest receivable from related parties	-	-	-	-	-	-	-	-	-
Management fees receivable	-	-	-	-	-	-	-	-	-
Intercompany loans receivable	-	-	-	-	-	-	-	-	-
Intercompany interest receivable	-	-	-	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-	-
Intangible assets, net of accumulated amortization	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 60,478</u>	<u>\$ 933,013</u>	<u>\$ 72,625</u>	<u>\$ 17,169</u>	<u>\$ -</u>	<u>\$ 2,680</u>	<u>\$ 41,014</u>	<u>\$ 118,798</u>	<u>\$ 1,339,965</u>
LIABILITIES AND MEMBERS' EQUITY									
Liabilities									
Accounts payable	\$ 2,120	\$ -	\$ 2,092	\$ 5,011	\$ -	\$ -	\$ 6,583	\$ -	\$ 191,463
Accrued interest payable	-	-	-	-	-	-	-	-	-
Accrued payroll and other liabilities	435	-	-	-	-	-	30	-	456
Management fees payable	-	-	1,354	-	-	-	432	211	993
Intercompany loans payable	24,988	393,314	46,492	5,686	299	6,982	13,345	51,604	578,355
Intercompany interest payable	4,001	78,073	4,511	253	49	852	858	7,942	43,499
Notes payable	-	-	-	-	-	-	-	-	-
Convertible note payable	-	-	-	-	-	-	-	-	-
Notes payable to related parties - subordinated	-	-	-	-	-	-	-	-	-
Other subordinated debt	-	-	-	-	-	-	-	-	-
Bank Debt									
Revolving line of credit	-	-	-	-	-	-	-	-	-
Total Liabilities	31,544	471,387	54,449	10,950	348	7,834	21,248	59,757	814,766
Members' Equity									
NHF members' equity (deficit)	20,543	461,626	-	-	-	(4,278)	14,825	44,281	393,899
Non-controlling interest	8,391	-	18,176	6,219	(348)	(876)	4,941	14,760	131,300
Total Members' Equity (Deficit)	28,934	461,626	18,176	6,219	(348)	(5,154)	19,766	59,041	525,199
Total Liabilities and Members' Equity	<u>\$ 60,478</u>	<u>\$ 933,013</u>	<u>\$ 72,625</u>	<u>\$ 17,169</u>	<u>\$ -</u>	<u>\$ 2,680</u>	<u>\$ 41,014</u>	<u>\$ 118,798</u>	<u>\$ 1,339,965</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES

Supplementary Schedule 1 - Consolidating Balance Sheet (continued)

June 30, 2018

	Rocky Mountain Medical Funding, LLC	ONYX Medical Funding Group, LLC	APEX Injury Network, LLC	Atlanta Health Funding	Kentucky Injury Network, LLC	Balboa Medical Funding, LLC	Illinois Injury Solutions	Eliminations	Consolidated
ASSETS									
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,888
Restricted cash	-	-	-	-	-	-	-	-	920,949
Cases in process	6,720	12,805	3,363	74,815	1,627	5,950	191,738	-	180,453,237
Allowance for uncollectible cases in process	(2,823)	(5,467)	(1,464)	(32,041)	(683)	(2,499)	(80,530)	-	(85,581,847)
Cases in Process, Net	3,897	7,338	1,899	42,774	944	3,451	111,208	-	94,871,390
Investment in National Health Finance DM, LLC	-	-	-	-	-	-	-	(4,290,000)	-
Notes and interest receivable	-	-	-	-	-	-	-	-	374,330
Allowance for uncollectable notes and interest	-	-	-	-	-	-	-	-	(297,930)
Notes Receivable, Net	-	-	-	-	-	-	-	-	76,400
Notes and interest receivable from related parties	-	-	-	-	-	-	-	-	158,411
Management fees receivable	-	-	-	-	-	-	-	(46,301)	-
Intercompany loans receivable	-	-	-	-	-	-	-	(36,731,115)	-
Intercompany interest receivable	-	-	-	-	-	-	-	(14,861,159)	-
Property and equipment, net of accumulated depreciation	-	-	-	-	-	-	-	-	20,775
Intangible assets, net of accumulated amortization	-	-	-	-	-	-	-	-	2,240,476
Other assets	-	-	-	-	-	-	-	-	71,356
Total Assets	<u>\$ 3,897</u>	<u>\$ 7,338</u>	<u>\$ 1,899</u>	<u>\$ 42,774</u>	<u>\$ 944</u>	<u>\$ 3,451</u>	<u>\$ 111,208</u>	<u>\$ (55,928,575)</u>	<u>\$ 99,928,645</u>
LIABILITIES AND MEMBERS' EQUITY									
Liabilities									
Accounts payable	\$ 2,357	\$ -	\$ -	\$ 1,580	\$ -	\$ -	\$ 275	\$ -	\$ 3,285,725
Accrued interest payable	-	-	-	-	-	-	-	-	761,400
Accrued payroll and other liabilities	-	-	-	34	-	-	56,294	-	585,036
Management fees payable	-	-	-	-	-	-	-	(46,301)	-
Intercompany loans payable	10,865	6,507	4,606	28,755	569	2,323	16,218	(36,731,115)	-
Intercompany interest payable	1,245	250	270	1,217	-	37	258	(14,861,159)	-
Notes payable	-	-	-	-	-	-	-	-	4,500,000
Convertible note payable	-	-	-	-	-	-	-	-	12,910,310
Notes payable to related parties - subordinated	-	-	-	-	-	-	-	-	10,229,020
Other subordinated debt	-	-	-	-	-	-	-	-	1,700,000
Bank Debt									
Revolving line of credit	-	-	-	-	-	-	-	-	39,915,302
Total Liabilities	14,467	6,757	4,876	31,586	569	2,360	73,045	(51,638,575)	73,886,793
Members' Equity									
NHF members' equity (deficit)	-	-	(2,233)	8,391	281	-	-	(4,290,000)	24,470,041
Non-controlling interest	(10,570)	581	(744)	2,797	94	1,091	38,163	-	1,571,811
Total Members' Equity (Deficit)	(10,570)	581	(2,977)	11,188	375	1,091	38,163	(4,290,000)	26,041,852
Total Liabilities and Members' Equity	<u>\$ 3,897</u>	<u>\$ 7,338</u>	<u>\$ 1,899</u>	<u>\$ 42,774</u>	<u>\$ 944</u>	<u>\$ 3,451</u>	<u>\$ 111,208</u>	<u>\$ (55,928,575)</u>	<u>\$ 99,928,645</u>

See independent accountants' review report.

NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity
For the Six Months Ended June 30, 2018

	National Health Finance HoldCo, LLC	National Health Finance DM, LLC	National Health Finance FL	National Health Finance FL 2	Nevada Orthopedic and Spinal	Old Pueblo Medical Finance	Old Pueblo Medical Finance of Delaware	Southwest Medical Financing
Service revenue	\$ -	\$ 3,247,095	\$ -	\$ -	\$ 2,828	\$ 1,164,337	\$ -	\$ -
Provision for uncollectible service revenue	-	926,702	11,396	78,639	17,425	(213,495)	-	1,548
Management fee income	-	531,443	-	-	-	-	-	-
Revenues, Net	-	4,705,240	11,396	78,639	20,253	950,842	-	1,548
Cost of Services	-	989,548	-	-	(44,928)	455,892	-	-
Gross Profit (Loss)	-	3,715,692	11,396	78,639	65,181	494,950	-	1,548
General and Administrative Expenses	389	6,366,481	-	450	7,773	46,891	389	-
Income (Loss) From Operations	(389)	(2,650,789)	11,396	78,189	57,408	448,059	(389)	1,548
Other Income (Expense)								
Interest income from notes receivable	-	71,746	-	-	-	-	-	-
Interest income from intercompany loans receivable	-	2,974,626	-	-	-	-	-	-
Interest expense from intercompany loans payable	-	-	(59,299)	(77,443)	(25,442)	(87,324)	-	-
Amortization expense	-	(161,388)	-	-	-	-	-	-
Depreciation expense	-	(2,336)	-	-	-	-	-	-
Interest expense	-	(3,959,361)	-	-	-	-	-	-
Other income	-	13,891	-	-	-	112	-	-
Total Other Income (Expense)	-	(1,062,822)	(59,299)	(77,443)	(25,442)	(87,212)	-	-
Net Income (Loss)	(389)	(3,713,611)	(47,903)	746	31,966	360,847	(389)	1,548
Members' Equity (Deficit), December 31, 2017	(8,337,533)	24,610,796	(1,621,808)	(624,766)	(64,308)	302,730	(2,171)	18,570
Distributions	-	-	-	-	-	(9,000)	-	-
Contributions	-	815,000	-	-	-	-	-	-
Members' Equity (Deficit), June 30, 2018	<u>\$ (8,337,922)</u>	<u>\$ 21,712,185</u>	<u>\$ (1,669,711)</u>	<u>\$ (624,020)</u>	<u>\$ (32,342)</u>	<u>\$ 654,577</u>	<u>\$ (2,560)</u>	<u>\$ 20,118</u>

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity (continued)
For the Six Months Ended June 30, 2018

	Nevada Health Finance	Silver State Surgical	SMD Medical Finance	Lone Star Lien Solutions	National Medical Finance & Assistance	DFW Medical Finance	Complete Health Network	Oklahoma Health Finance
Service revenue	\$ -	\$ -	\$ -	\$ 161,894	\$ -	\$ -	\$ 1,005	\$ -
Provision for uncollectible service revenue	-	160,034	209	69,754	1,749,876	14,873	394	4,490
Management fee income	-	-	-	-	-	-	-	-
Revenues, Net	-	160,034	209	231,648	1,749,876	14,873	1,399	4,490
Cost of Services	-	-	-	(10,150)	-	-	357	-
Gross Profit (Loss)	-	160,034	209	241,798	1,749,876	14,873	1,042	4,490
General and Administrative Expenses	-	886	-	16,621	302,870	19	4,172	463
Income (Loss) From Operations	-	159,148	209	225,177	1,447,006	14,854	(3,130)	4,027
Other Income (Expense)								
Interest income from notes receivable	-	-	-	-	-	-	-	-
Interest income from intercompany loans receivable	-	-	-	-	-	-	-	-
Interest expense from intercompany loans payable	-	(250,697)	(2,274)	(57,900)	(1,784,471)	(11,585)	(1,005)	(3,584)
Amortization expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Other income	-	-	-	152	-	-	-	-
Total Other Income (Expense)	-	(250,697)	(2,274)	(57,748)	(1,784,471)	(11,585)	(1,005)	(3,584)
Net Income (Loss)	-	(91,549)	(2,065)	167,429	(337,465)	3,269	(4,135)	443
Members' Equity (Deficit), December 31, 2017	-	1,832,902	(23,205)	212,187	11,588,744	(23,887)	(9,264)	(10,997)
Distributions	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Members' Equity (Deficit), June 30, 2018	\$ -	\$ 1,741,353	\$ (25,270)	\$ 379,616	\$ 11,251,279	\$ (20,618)	\$ (13,399)	\$ (10,554)

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity (continued)
For the Six Months Ended June 30, 2018

	Tristate Medical Finance	Bayou Health Finance	Louisiana Health Network	New Mexico Medical Financing	So Cal Injury Treatment Network	California Health Finance	Injury Medical Network	Metroplex Medical Finance
Service revenue	\$ 439,847	\$ 205,836	\$ 16,720	\$ 8,880	\$ -	\$ 19,838	\$ 71,481	\$ -
Provision for uncollectible service revenue	(105,633)	161,672	1,527	5,891	97,425	(4,856)	81,040	220
Management fee income	-	-	-	-	-	-	-	-
Revenues, Net	<u>334,214</u>	<u>367,508</u>	<u>18,247</u>	<u>14,771</u>	<u>97,425</u>	<u>14,982</u>	<u>152,521</u>	<u>220</u>
Cost of Services	<u>162,879</u>	<u>72,043</u>	<u>-</u>	<u>3,552</u>	<u>-</u>	<u>7,893</u>	<u>25,206</u>	<u>-</u>
Gross Profit (Loss)	171,335	295,465	18,247	11,219	97,425	7,089	127,315	220
General and Administrative Expenses	<u>8,772</u>	<u>52,993</u>	<u>-</u>	<u>723</u>	<u>10,732</u>	<u>179</u>	<u>15,382</u>	<u>-</u>
Income (Loss) From Operations	162,563	242,472	18,247	10,496	86,693	6,910	111,933	220
Other Income (Expense)								
Interest income from notes receivable	-	-	-	-	-	-	-	-
Interest income from intercompany loans receivable	-	-	-	-	-	-	-	-
Interest expense from intercompany loans payable	(42,437)	(43,918)	(5,190)	(4,829)	(39,538)	(3,597)	(69,913)	1,568
Amortization expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Other income	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>
Total Other Income (Expense)	<u>(42,237)</u>	<u>(43,918)</u>	<u>(5,190)</u>	<u>(4,829)</u>	<u>(39,538)</u>	<u>(3,597)</u>	<u>(69,878)</u>	<u>1,568</u>
Net Income (Loss)	120,326	198,554	13,057	5,667	47,155	3,313	42,055	1,788
Members' Equity (Deficit), December 31, 2017	155,001	1,048,096	30,198	(1,822)	(120,207)	(8,328)	42,001	(4,674)
Distributions	-	-	-	-	-	-	-	-
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Members' Equity (Deficit), June 30, 2018	<u>\$ 275,327</u>	<u>\$ 1,246,650</u>	<u>\$ 43,255</u>	<u>\$ 3,845</u>	<u>\$ (73,052)</u>	<u>\$ (5,015)</u>	<u>\$ 84,056</u>	<u>\$ (2,886)</u>

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity (continued)
For the Six Months Ended June 30, 2018

	Southwest Injury Services	New Mexico Health Finance	North Texas Medical Finance	Northwest Health Network	Great Salt Lake Medical Finance	Bay Area Medical Finance	Northern Florida Medical Finance	Medical Financial Group
Service revenue	\$ 352,010	\$ -	\$ 676,823	\$ -	\$ 138,469	\$ 97,320	\$ 445,543	\$ 294,293
Provision for uncollectible service revenue	(27,422)	214	(226,876)	107	57,407	(25,834)	(125,787)	83,863
Management fee income	-	-	-	-	-	-	-	-
Revenues, Net	324,588	214	449,947	107	195,876	71,486	319,756	378,156
Cost of Services	100,423	-	238,816	-	51,501	37,780	152,900	69,331
Gross Profit (Loss)	224,165	214	211,131	107	144,375	33,706	166,856	308,825
General and Administrative Expenses	24,175	-	13,571	-	15,534	670	29,876	19,814
Income (Loss) from Operations	199,990	214	197,560	107	128,841	33,036	136,980	289,011
Other Income (Expense)								
Interest income from notes receivable	-	-	-	-	-	-	-	-
Interest income from intercompany loans receivable	-	-	-	-	-	-	-	-
Interest expense from intercompany loans payable	(7,878)	(609)	(45,212)	(900)	(51,084)	(6,537)	(53,218)	(142,230)
Amortization expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Other income	33	-	50	-	53	-	-	-
Total Other Income (Expense)	(7,845)	(609)	(45,162)	(900)	(51,031)	(6,537)	(53,218)	(142,230)
Net Income (Loss)	192,145	(395)	152,398	(793)	77,810	26,499	83,762	146,781
Members' Equity (Deficit), December 31, 2017	623,505	(4,703)	8,285	(9,819)	91,012	(17,560)	276,282	947,334
Distributions	-	-	-	-	-	-	(6,913)	-
Contributions	-	-	-	-	-	-	-	-
Members' Equity (Deficit), June 30, 2018	\$ 815,650	\$ (5,098)	\$ 160,683	\$ (10,612)	\$ 168,822	\$ 8,939	\$ 353,131	\$ 1,094,115

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity (continued)
For the Six Months Ended June 30, 2018

	Waterleaf Medical Funding, LLC	Surgical Capital Partners	Georgia Injury Treatment Network	Accident Medical Funding	Wildcat Medical Finance	Oklahoma Injury Network	Desert Sky Medical Funding	Auto Medical Funding Group	HALO Medical Funding, LLC
Service revenue	\$ 67,426	\$ -	\$ 139,524	\$ 29,601	\$ -	\$ 4,620	\$ 55,202	\$ -	\$ 2,220,078
Provision for uncollectible service revenue	(7,975)	81,098	(54,215)	(11,089)	-	(1,939)	(17,100)	9,142	(914,780)
Management fee income	-	-	-	-	-	-	-	-	-
Revenues, Net	59,451	81,098	85,309	18,512	-	2,681	38,102	9,142	1,305,298
Cost of Services	25,543	(362)	52,387	11,840	-	1,617	20,876	-	782,711
Gross Profit (Loss)	33,908	81,460	32,922	6,672	-	1,064	17,226	9,142	522,587
General and Administrative Expenses	4,262	91	1,502	324	95	-	1,603	211	7,418
Income (Loss) from Operations	29,646	81,369	31,420	6,348	(95)	1,064	15,623	8,931	515,169
Other Income (Expense)									
Interest income from notes receivable	-	-	-	-	-	-	-	-	-
Interest income from intercompany loans receivable	-	-	-	-	-	-	-	-	-
Interest expense from intercompany loans payable	(2,689)	(39,056)	(4,112)	(293)	-	(532)	(975)	(5,569)	(41,927)
Amortization expense	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	75	-	-
Total Other Income (Expense)	(2,689)	(39,056)	(4,112)	(293)	-	(532)	(900)	(5,569)	(41,927)
Net Income (Loss)	26,957	42,313	27,308	6,055	(95)	532	14,723	3,362	473,242
Members' Equity (Deficit), December 31, 2017	1,977	419,313	(9,132)	164	(253)	(5,686)	5,888	55,679	51,957
Distributions	-	-	-	-	-	-	(845)	-	-
Contributions	-	-	-	-	-	-	-	-	-
Members' Equity (Deficit), June 30, 2018	<u>\$ 28,934</u>	<u>\$ 461,626</u>	<u>\$ 18,176</u>	<u>\$ 6,219</u>	<u>\$ (348)</u>	<u>\$ (5,154)</u>	<u>\$ 19,766</u>	<u>\$ 59,041</u>	<u>\$ 525,199</u>

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 2 - Consolidating Statement of Operations and Changes in Members' Equity (continued)
For the Six Months Ended June 30, 2018

	Rocky Mountain Medical Funding, LLC	ONYX Medical Funding Group, LLC	APEX Injury Network, LLC	Atlanta Health Funding	Kentucky Injury Network, LLC	Balboa Medical Funding, LLC	Illinois Injury Solutions	Eliminations	Consolidated
Service revenue	\$ 6,720	\$ 11,320	\$ 2,508	\$ 64,500	\$ 1,627	\$ 5,950	\$ 191,738	\$ -	\$ 10,145,033
Provision for uncollectible service revenue	(2,734)	(4,695)	(1,019)	(26,677)	(683)	(2,499)	(80,530)	-	1,759,108
Management fee income	-	-	-	-	-	-	-	(531,443)	-
Revenues, Net	3,986	6,625	1,489	37,823	944	3,451	111,208	(531,443)	11,904,141
Cost of Services	2,447	4,528	878	25,800	569	2,261	72,787	-	3,316,925
Gross Profit (Loss)	1,539	2,097	611	12,023	375	1,190	38,421	(531,443)	8,587,216
General and Administrative Expenses	2,223	25	2,794	34	-	62	-	(531,443)	6,429,026
Income (Loss) from Operations	(684)	2,072	(2,183)	11,989	375	1,128	38,421	-	2,158,190
Other Income (Expense)									
Interest income from notes receivable	-	-	-	-	-	-	-	-	71,746
Interest income from intercompany loans receivable	-	-	-	-	-	-	-	(2,974,626)	-
Interest expense from intercompany loans payable	(950)	(195)	(270)	(1,217)	-	(37)	(258)	2,974,626	-
Amortization expense	-	-	-	-	-	-	-	-	(161,388)
Depreciation expense	-	-	-	-	-	-	-	-	(2,336)
Interest expense	-	-	-	-	-	-	-	-	(3,959,361)
Other income	-	-	-	-	-	-	-	-	14,601
Total Other Income (Expense)	(950)	(195)	(270)	(1,217)	-	(37)	(258)	-	(4,036,738)
Net Income (Loss)	(1,634)	1,877	(2,453)	10,772	375	1,091	38,163	-	(1,878,548)
Members' Equity (Deficit), December 31, 2017	(8,936)	(1,296)	(524)	416	-	-	-	(3,475,000)	27,937,158
Distributions	-	-	-	-	-	-	-	-	(16,758)
Contributions	-	-	-	-	-	-	-	(815,000)	-
Members' Equity (Deficit), June 30, 2018	<u>\$ (10,570)</u>	<u>\$ 581</u>	<u>\$ (2,977)</u>	<u>\$ 11,188</u>	<u>\$ 375</u>	<u>\$ 1,091</u>	<u>\$ 38,163</u>	<u>\$ (4,290,000)</u>	<u>\$ 26,041,852</u>

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NATIONAL HEALTH FINANCE HOLDCO, LLC & AFFILIATED COMPANIES
Supplementary Schedule 3 - Consolidated Statements of General and Administrative Expenses
For the Six Months Ended June 30, 2018

General and Administrative Expenses	
Loan fees	\$ 3,633,583
Salaries and wages	1,614,618
Professional fees	705,266
Office expense	111,066
Rent	93,036
Contracted services	75,214
Insurance	66,788
Utilities	34,082
Meals and entertainment	30,576
Bank service fees	28,804
Advertising	22,370
Commission expense	11,895
Other	1,728
Total General and Administrative Expenses	<u>\$ 6,429,026</u>

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