UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(AMENDMENT NO. 1)

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to_____

Commission file number: 814-01035

NEWTEK BUSINESS SERVICES CORP.
(Exact name of registrant as specified in its charter)

Maryland	**46-3755188**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1981 Marcus Avenue, Suite 130, Lake Success, New York	**11042**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (212) 356-9500

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $0.02 per share	Nasdaq Global Market
7.50% Notes due 2022	Nasdaq Global Market
6.25% Notes due 2023	Nasdaq Global Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	x
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $349,642,000 as of the last business day of the registrant's second fiscal quarter of 2018, based on a closing price on that date of $19.91 on the Nasdaq Global Market. For the purposes of calculating this amount only, all directors and executive officers of the Registrant have been treated as affiliates.

As of March 14, 2019, there were 19,058,661 shares issued and outstanding of the registrant's Common Stock, par value $0.02 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the registrant's 2019 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission within 120 days following the end of the Company's fiscal year, are incorporated by reference in Part III of this Annual Report on Form 10-K as indicated herein.

EXPLANATORY NOTE

Newtek Business Services Corp. ("we" or the "Company") is filing this Amendment No. 1 (the "Amendment") to our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which was filed with the Securities and Exchange Commission (the "SEC") on March 18, 2019 (the "Form 10-K"), to provide separate audited financial statements for our unconsolidated portfolio company, Newtek Merchant Solutions, LLC and Subsidiaries ("NMS"), (formerly named Universal Processing Services of Wisconsin, LLC through December 20, 2019), as of and for the fiscal years ended December 31, 2018 and 2016 (Exhibit 99.1 and Exhibit 99.3), and separate unaudited financial statements for NMS as of and for the fiscal year ended December 31, 2017 (Exhibit 99.2), in Part IV, Item 15.

We have determined that this unconsolidated portfolio company has met the conditions of a significant subsidiary under Rule 1-02(w) of Regulation S-X for which we are required, pursuant to Rule 3-09 of Regulation S-X, to attach separate financial statements as exhibits to the Form 10-K. In accordance with Rule 3-09(b)(1), the separate financial statements of NMS are being filed as an amendment to the Form 10-K, within 90 days after the end of our fiscal year.

This Amendment also updates, amends and supplements Part IV, Item 15 of the Form 10-K to include, among other items, the filing of new Exhibits 31.1, 31.2, 32.1 and 32.2, certifications of our Chief Executive Officer and Chief Accounting Officer, pursuant to Rule 13a-14(a) and (b).

No other changes have been made to the Form 10-K other than that described above. This Amendment does not reflect subsequent events occurring after the original filing date of the Form 10-K or modify or update in any way disclosures made in the Form 10-K. Among other things, forward-looking statements made in the Form 10-K have not been revised to reflect events that occurred or facts that became known to us after filing of the Form 10-K, and such forward-looking statements should be read in their historical context. Furthermore, this Amendment should be read in conjunction with the Form 10-K and with our filings with the SEC subsequent to the Form 10-K.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements.

(a)(2) Exhibits.

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Securities and Exchange Commission.

Number	Description
3.1	Amended and Restated Articles of Incorporation of Newtek Business Services Corp. (Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant’s Registration Statement on Form N-2 (File No. 333-191499) filed on November 3, 2014, and incorporated by reference herein).
3.2	Bylaws of Newtek Business Services Corp. (Incorporated by reference to Exhibit 99.2 to Registrant’s Registration Statement on Form N-14 (File No. 333-195998), filed September 24, 2014).
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 99.5 to Registrant’s Registration Statement on Form N-14 (File No. 333-195998), filed September 24, 2014).
10.1	Form of Dividend Reinvestment Plan (Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant’s Registration Statement on Form N-2 (File No. 333-191499) filed on November 3, 2014, and incorporated by reference herein).
10.8.2	Guaranty of Payment and Performance, dated as of April 30, 2010, between Newtek Business Services, Inc. and Capital One Bank, N.A. (Incorporated herein by reference to Exhibit 10.16.2 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed May 5, 2010).
10.9	Newtek Business Services Corp. 2014 Stock Incentive Plan (Incorporated herein by reference to Exhibit 8.6 to Registrant’s Registration Statement on Form N-14 (File No. 333-195998), filed September 24, 2014).
10.10.1	Loan and Security Agreement, dated as of December 15, 2010, between Newtek Small Business Finance, Inc. and Capital One Bank, N.A. (Incorporated herein by reference to Exhibit 10.18.1 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed December 20, 2010, as amended on March 2, 2011).
10.10.2	Guaranty Agreement, dated as of December 15, 2010, between Newtek Business Services, Inc. and Capital One Bank, N.A. (Incorporated herein by reference to Exhibit 10.18.2 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed December 20, 2010, as amended on March 2, 2011).
10.10.3	Amended and Restated Loan and Security Agreement, dated as of June 16, 2011, by and between Newtek Small Business Finance, Inc. and Capital One, N.A. (Incorporated herein by reference to Exhibit 10.8.3 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed June 21, 2011).
10.10.4	Amended and Restated Guaranty of Payment and Performance, dated as of June 16, 2011, by and between Newtek Business Services, Inc., and Capital One, N.A. (Incorporated herein by reference to Exhibit 10.8.4 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed June 21, 2011).
10.10.5	Amendment to Loan Documents, dated October 6, 2011, by and among Newtek Small Business Finance, Inc., Capital One Bank, N.A. and each of the guarantors listed on the signature pages thereto (Incorporated herein by reference to Exhibit 10.8.5 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed October 11, 2011).
10.10.6	Amended and Restated Loan and Security Agreement, dated as of July 16, 2013, by and between Newtek Small Business Finance, Inc. and Capital One, National Association (Incorporated herein by reference to Exhibit 10.1 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed July 19, 2013).
10.10.7	Guaranty and Security Agreement Letter Amendment, dated as of July 16, 2013, by and between Capital One, National Association and Newtek Business Services, Inc. (Incorporated herein by reference to Exhibit 10.2 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed July 19, 2013).
10.10.8	Amended and Restated Loan and Security Agreement, dated as of October 29, 2014, by and between Newtek Small Business Finance, Inc. and Capital One, National Association (Incorporated herein by reference to Exhibit 10.1 to Newtek Business Services, Inc.’s Current Report on Form 8-K (File No. 001-16123), filed October 30, 2014).

10.10.9	First Amendment to Loan Documents, dated June 18, 2015, by and among Capital One, North America, Newtek Small Business Finance, LLC, Newtek Business Services Corp. and the other guarantors party thereto (Incorporated by reference to Exhibit 10.1 to Newtek Business Services Corp.'s Current Report on Form 8-K (File No. 814-01035), filed June 24, 2015.
10.10.10	Fourth Amended and Restated Loan and Security Agreement, dated as of May 11, 2017, by and among Newtek Small Business Finance, LLC, Capital One, National Association and UBS Bank USA as Lenders, and Capital One, National Association as Administrative Agent, Sole Bookrunner and Sole Lead Arranger (Incorporated by reference herein to Exhibit 10.1 to Newtek's Current Report on Form 8-K, filed May 16, 2017).
10.10.11	Second Amended and Restated Guaranty of Payment and Performance, dated as of May 11, 2017, delivered by Newtek Business Services Corp. in favor of Capital One, National Association, in its capacity as administrative agent, and the Lenders under the Fourth Amended and Restated Loan and Security Agreement (incorporated by reference herein to Exhibit 10.2 to Newtek's Current Report on Form 8-K, filed May 16, 2017).
10.10.12	Amended and Restated Guaranty of Payment and Performance, dated as of June 18, 2015, by and between Capital One, National Association and Newtek Business Services Corp. (Incorporated by reference to Exhibit 10.2 to Newtek Business Services Corp.'s Current Report on Form 8-K (File No. 814-01035), filed June 24, 2015.
10.10.13	Amended and Restated Credit and Guaranty Agreement, dated June 21, 2017, by and among Universal Processing Services of Wisconsin LLC, CrystalTech Web Hosting, Inc., Small Business Lending, LLC, ADR Partners, LLC, Premier Payments LLC, Newtek Business Services Corp., Wilshire Holdings I, Inc., The Whitestone Group, LLC, Newtek Business Services Holdco 1, Inc., Banc-Serv Acquisition, Inc., certain subsidiaries of Newtek Business Services Holdco 1, Inc. and Banc-Serv Acquisition, Inc., including Newtek LSP Holdco, LLC, CRY Sales, LLC and UPSWI Sales, LLC, the Lenders party thereto from time to time, Goldman Sachs Bank USA, as Administrative Agent and Collateral Agent, and Goldman Sachs Specialty Lending Group, L.P., as Lead Arranger (incorporated by reference to Exhibit 10.1 to Newtek's Current Report on Form 8-K, filed June 23, 2017).
10.11.1	Newtek Small Business Loan Trust Class A Notes, dated December 22, 2010 (Incorporated herein by reference to Exhibit 10.19.1 to Newtek Business Services, Inc.'s Current Report on Form 8-K (File No. 001-16123), filed December 23, 2010).
10.11.2	Amended Newtek Small Business Loan Trust Class A Notes, dated December 29, 2011 (Incorporated herein by reference to Exhibit 10.19.2 to Newtek Business Services, Inc.'s Current Report on Form 8-K (File No. 001-16123), filed January 5, 2012).
10.11.3	Additional Newtek Small Business Loan Trust Class A Notes, dated December 29, 2011 (Incorporated herein by reference to Exhibit 10.19.3 to Newtek Business Services, Inc.'s Current Report on Form 8-K (File No. 001-16123), filed January 5, 2012).
10.12.2	Guaranty, dated as of February 28, 2011, by and between Newtek Business Services, Inc. and Sterling National Bank (Incorporated herein by reference to Exhibit 10.10.2 to Newtek Business Services, Inc.'s Current Report on Form 8-K (File No. 001-16123), filed March 3, 2011).
10.13	Credit Agreement by and between Newtek Business Services, Inc. and Capital One, National Association, dated as of June 26, 2014 (Incorporated herein by reference to Exhibit 10.1 to Newtek Business Services, Inc.'s Current Report on Form 8-K (File No. 001-16123), filed July 1, 2014).
10.14	Form of Custodian Agreement (Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant's Registration Statement on Form N-2 (File No. 333-191499), filed on November 3, 2014, and incorporated by reference herein).
10.15	Newtek Small Business Loan Trust 2014-1 Class A Notes, dated December 3, 2014 (Incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01035), filed on December 5, 2014).
10.16	Amended and restated Form of Custody Agreement dated as of October 30, 2015 by and between Newtek Business Services Corp. and U.S. Bank National Association (Incorporated herein by reference to Exhibit 99.1 to Newtek Business Services Corp.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 (File No. 814-01035) filed on November 5, 2015.
10.17	Membership Purchase Agreement, dated July 23, 2015, by and among Newtek Business Services Corp., Newtek Business Services Holdco1, Inc., Premier Payments LLC and Jeffrey Rubin (Incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01035), filed on July 29, 2015).

10.18	Base Indenture, dated as of September 23, 2015, between Newtek, as issuer, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit D.2 to Newtek's Post-Effective Amendment No. 1 to its Registration Statement on Form N-2, No. 333-204915, filed September 23, 2015).
10.19	First Supplemental Indenture, dated as of September 23, 2015, between Newtek, as issuer, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit D.3 to Newtek's Post-Effective Amendment No. 1 to its Registration Statement on Form N-2, No. 333-204915, filed September 23, 2015).
10.20	Form of Global Note with respect to the 7.5% Notes due 2022 (Included as Exhibit A of Exhibit D.3) (Incorporated by reference to Exhibit D.4 to Newtek's Post-Effective Amendment No. 1 to its Registration Statement on Form N-2, No. 333-204915, filed September 23, 2015).
10.21	Second Supplemental Indenture, dated as of April 22, 2016, between Newtek, as issuer, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit D.6 to Post-Effective Amendment No. 3 to its Registration Statement on Form N-2, No. 333-204915, filed April 22, 2016).
10.22	Form of Global Note with respect to the 7.00% Notes due 2021 (Included as Exhibit A of Exhibit D.5) (Incorporated by reference to Exhibit D.6 to Post-Effective Amendment No. 3 to its Registration Statement on Form N-2, No. 333-204915, filed April 22, 2016).
10.23	Statement of Eligibility of Trustee on Form T-1 (Incorporated by reference to Exhibit d.7 to Newtek's Pre-Effective Amendment No. 2 to its Registration Statement on Form N-2, No 333-212436, filed August 25, 2016).
10.24	Third Supplemental Indenture, dated as of February 21, 2018, between Newtek, as issuer, and U.S. Bank National Association, as trustee (Previously filed in connection with Post-Effective Amendment No. 7 to the Registrant's Registration Statement on Form N-2 (File No. 333-212436), filed February 21, 2018).
10.25	Form of Global Note with respect to the 6.25% Notes due 2023 (Incorporated by reference to Exhibit d.8 to Newtek's Post-Effective Amendment No. 7 to its Registration Statement on Form N-2, No 333-212436, filed February 21, 2018).
10.26	Employment Agreement with Barry Sloane, dated March 1, 2019 (incorporated by reference to Annual Report on Form 10-K filed March 18, 2019)
10.27	Employment Agreement with Jennifer C. Eddelson, dated March 1, 2019 (incorporated by reference to Annual Report on Form 10-K filed March 18, 2019)
10.28	Employment Agreement with Michael A. Schwartz, dated March 1, 2019 (incorporated by reference to Annual Report on Form 10-K filed March 18, 2019)
10.29	Employment Agreement with Peter Downs, dated March 1, 2019 (incorporated by reference to Annual Report on Form 10-K filed March 18, 2019)
14.1	Code of Ethics (Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant's Registration Statement on Form N-2 (File No. 333-191499) filed on November 3, 2014, and incorporated by reference herein).
21.1	Subsidiaries of the Registrant (incorporated by reference to Annual Report on Form 10-K filed March 18, 2019)
31.1	Certification by Principal Executive Officer required by Rule 13a-14 under the Securities Exchange Act of 1934, as amended, furnished herewith.
31.2	Certification by Principal Financial Officer required by Rule 13a-14 under the Securities Exchange Act of 1934, as amended, furnished herewith.
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.2	Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
99.1	Financial Statements of Newtek Merchant Solutions, LLC and Subsidiaries as of and for the year ended December 31, 2018 (audited) filed herewith
99.2	Financial Statements of Universal Processing Services of Wisconsin, LLC and Subsidiary as of and for the year ended December 31, 2017 (unaudited) filed herewith

99.3	Financial Statements of Universal Processing Services of Wisconsin, LLC and Subsidiary as of and for the year ended December 31, 2016 (audited) filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWTEK BUSINESS SERVICES CORP.

Date: April 1, 2019	By:	/s/ BARRY SLOANE **Barry Sloane** **Chairman and Chief Executive Officer** **(Principal Executive Officer)**
Date: April 1, 2019	By:	/s/ JENNIFER EDDELSON **Jennifer Eddelson** **Chief Accounting Officer** **(Principal Financial Officer and Principal Accounting Officer)**

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BARRY SLOANE **Barry Sloane**	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	April 1, 2019
/s/ JENNIFER EDDELSON **Jennifer Eddelson**	Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)	April 1, 2019
/s/ RICHARD SALUTE **Richard Salute**	Director	April 1, 2019
/s/ SALVATORE MULIA **Salvatore Mulia**	Director	April 1, 2019
/s/ GREGORY ZINK **Gregory Zink**	Director	April 1, 2019
/s/ PETER DOWNS **Peter Downs**	Director	April 1, 2019

Exhibit 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Barry Sloane, certify that:

1. I have reviewed this annual report on Form 10-K/A of Newtek Business Services Corp. (the “registrant”).

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/S/ BARRY SLOANE

Barry Sloane

Principal Executive Officer

Date: April 1, 2019

Exhibit 31.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Jennifer Eddelson, certify that:

1. I have reviewed this annual report on Form 10-K/A of Newtek Business Services Corp. (the "registrant").

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JENNIFER EDDELSON

Jennifer Eddelson

Principal Financial Officer

Date: April 1, 2019

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of Newtek Business Services Corp. (the "Company"), for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry Sloane, Chief Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, certify that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

/S/ BARRY SLOANE

Barry Sloane

Principal Executive Officer

April 1, 2019

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of Newtek Business Services Corp. (the “Company”), for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jennifer Eddelson, Chief Accounting Officer of the Company, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, certify that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

/s/ Jennifer Eddelson

Jennifer Eddelson

Principal Financial Officer

April 1, 2019

Newtek Merchant Solutions, LLC and Subsidiaries (A Wholly-owned Subsidiary of NBSH Holdings, LLC)

Consolidated Financial Statements and
Independent Auditor's Report
December 31, 2018

Newtek Merchant Solutions, LLC and Subsidiaries
Index
Years Ended December 31, 2018

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder of
Newtek Merchant Solutions, LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of Newtek Merchant Solutions, LLC and Subsidiaries ("NMS"), a wholly-owned subsidiary of Newtek Business Services Corporation, which comprise the consolidated balance sheets as of December 31, 2018, and the related consolidated statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Newtek Merchant Solutions, LLC and Subsidiaries as of December 31, 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

New York, New York

March 26, 2019

Newtek Merchant Solutions, LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2018

Assets	
Current assets:	
Cash	$ 13,026,644
Accounts receivable	2,761,942
Prepaid expenses and other current assets	172,502
Inventory	82,508
Total current assets	16,043,596
Fixed assets, net	562,140
Restricted cash	584,554
Customer merchant accounts, net	3,884,484
Due from related parties	264,145
Notes receivable - related party	16,840,000
Goodwill	13,813,812
Total assets	$ 51,992,731
Liabilities and Member's Equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 2,274,793
Residuals payable	951,331
Chargeback reserves	1,050,352
Due to related parties	569,887
Bank notes payable, current	2,625,000
Total current liabilities	7,471,363
Bank notes payable, long-term, net (Note 6)	31,659,555
Total liabilities	39,130,918
Member's equity	12,861,813
Total liabilities and member's equity	$ 51,992,731

See notes to consolidated financial statements.

Newtek Merchant Solutions, LLC and Subsidiaries

Consolidated Statements of Income

Year Ended December 31, 2018

Revenues	
Electronic payment processing	$ 121,578,712
Expenses	
Electronic payment processing costs	99,390,347
Salaries and benefits	6,157,199
Professional fees	704,449
Depreciation and amortization	1,655,109
Loss on debt extinguishment	1,286,111
Other general and administrative costs	1,166,354
Total expenses	110,359,569
Income from operations	11,219,143
Interest expense, net	(2,524,228)
Interest income - related parties	835,543
Gain on sale of merchant portfolio	5,581,332
Net income	$ 15,111,790

See notes to consolidated financial statements.

Consolidated Statements of Changes in **Member's** Equity

Year Ended December 31, 2018

	Member's Equity
Balance, January 1, 2018	$ 9,178,479
Net income	15,111,790
Distributions	(11,428,456)
Balance, December 31, 2018	$ 12,861,813

See notes to consolidated financial statements.

Newtek Merchant Solutions, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Net income	$ 15,111,790
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,655,109
Amortization of deferred financing costs	177,409
Loss on debt extinguishment	1,286,111
Gain on sale of merchant portfolio	(5,581,332)
Changes in operating assets and liabilities:	
Restricted cash	(86,334)
Accounts receivable	375,263
Prepaid expenses and other current assets	18,064
Inventory	(10,728)
Accounts payable and accrued expenses	282,686
Due to/from related parties	114,049
Net cash provided by operating activities	13,342,087
Cash flows from investing activities:	
Purchase of customer merchant accounts	(2,494,907)
Net proceed from sale of Elavon portfolio	6,019,439
Net advances under related party note	(10,729,999)
Purchase of fixed assets	(275,606)
Net cash used in investing activities	(7,481,073)
Cash flows used in financing activities:	
Dividends paid to shareholder	(11,428,456)
Proceeds from bank debt	35,000,000
Principal payments to Goldman Sachs	(30,498,694)
Prepayment penalty paid to Goldman Sachs	(800,000)
Deferred financing costs paid	(737,150)
Net cash used in financing activities	(8,464,300)
Net decrease in cash	(2,603,286)
Cash, beginning of year	15,629,930
Cash, end of year	$ 13,026,644
Supplemental disclosure of cash flow activities	
Interest paid	$ 2,250,498

See notes to consolidated financial statements.

1. Organization, Basis of Presentation and Description of Business

NBSH Holdings, LLC ("NBSH"), was organized on November 1, 2018 under the laws of the State of New York and is a wholly-owned subsidiary of Newtek Business Services Holdco 1, Inc. ("Holdco") which was incorporated on June 5, 2015 under the laws of the State of New York and is a wholly-owned subsidiary of Newtek Business Services Corp. ("Newtek").

NBSH, along with its wholly-owned subsidiaries, Newtek Merchant Solutions, LLC ("NMS") (formerly Universal Processing Services of Wisconsin, LLC), and Premier Payments LLC ("Premier"), are hereinafter referred to as the "Company". On December 31, 2018, Premier was merged with and into NMS. Prior to November 1, 2018, NMS and Premier were wholly-owned subsidiaries of Holdco. The consolidated statements of income, member's equity and cash flows include the results of NMS and Premier for the whole year as they were under common ownership. NMS and Premier market credit and debit card processing services, check approval services and ancillary processing equipment and software to merchants who accept credit cards, debit cards, checks and other noncash forms of payment.

The accompanying consolidated financial statements include the accounts of NBSH and its wholly-owned subsidiaries, NMS and Premier as of and for the year ended December 31, 2018 as if the ownership structure was in place on January 1, 2018 due to common ownership. All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements.

2. Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates, by their nature, are based on judgment and available information. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant changes in the near term relate to the determination of the reserve for chargeback losses.

Financial Instruments

The Company's financial instruments include cash, accounts receivable, notes receivable from related party, accounts payable, residuals payable and bank notes payable.

The carrying amount of cash, accounts receivable, accounts payable and residuals payable approximate fair value due to their short-term maturities.

The carrying amounts of notes receivable from related party and bank notes payable approximate fair value due to the variable interest rate they carry.

Cash

Invested cash is held exclusively at financial institutions of high credit quality. As of December 31, 2018, cash deposits in excess of insured amounts totaled approximately $12,542,000.

Restricted Cash

Under the terms of the processing agreement between NMS and its processing banks, NMS maintains cash accounts as reserves against chargeback losses. As the Company receives fees from the processing bank, a certain percentage is allocated to the cash reserve account.

Accounts Receivable

Accounts receivable represent amounts owed to the Company by third parties for electronic payment processing and related residuals. The Company estimates losses on accounts receivable based on known troubled accounts and historical experience of losses incurred. The Company determined no reserve for uncollectible accounts was necessary at December 31, 2018.

Inventory

Inventory consists primarily of equipment to be installed in merchant locations to enable the merchants to process electronic transactions. Inventory is stated at the lower of cost or net realizable value, which is determined on a FIFO (first in-first out) basis.

Fixed Assets

Fixed assets, which are comprised of terminals, telephone systems, furniture and fixtures, software, computer equipment, internally developed software, automobile, website and leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation of fixed assets is provided on a straight-line basis using estimated useful lives of the related assets ranging from three to seven years. Amortization of leasehold improvements is provided on a straight-line basis using the lesser of the useful life of the asset, which is generally three to five years, or lease term.

Software Development Costs

The Company capitalizes certain software development costs for internal use. Costs incurred during the preliminary project stage are expensed as incurred, while application stage projects are capitalized. The latter costs are typically employee and/or consulting services directly associated with the development of the internal use software. Software and website costs are included in fixed assets in the accompanying consolidated balance sheets. Amortization commences once the software and website costs are ready for their intended use and are amortized using the straight-line method over the estimated useful life, typically three years.

Goodwill and Customer Merchant Accounts

Goodwill is an indefinite lived asset, which is not amortized and is instead subject to impairment testing, at least annually. Customer merchant accounts with finite lives are amortized over an estimated useful life of 30 or 66 months (See Note 5).

The Company considers the following to be some examples of indicators that may trigger an impairment review outside of its annual impairment review: (i) significant under-performance or loss of key contracts acquired in an acquisition relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of the acquired assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's fair value for a sustained period of time; and (vi) regulatory changes. In assessing the recoverability of the

Company's goodwill and customer merchant accounts, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These include estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the period over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusions on impairment.

Revenue Recognition

Revenue is primarily derived from electronic payment processing and related fee income.

Electronic payment processing and fee income

Electronic payment processing and fee income is derived from the electronic processing of credit and debit card transactions that are authorized and captured through third-party networks. Typically, merchants are charged for these processing services by applying a percentage to the dollar amount of each transaction plus a flat fee per transaction. Certain merchant customers are charged miscellaneous fees, including fees for handling charge-backs or returns, monthly minimum fees, statement fees and fees for other miscellaneous services. Revenues derived from the electronic processing of MasterCard®, Visa® and Discover® sourced credit and debit card transactions are reported gross of amounts paid to sponsor banks.

Interest Income

Interest income from a related party is recorded on an accrual basis, when earned, based on the current lending rate in place.

Reserve for Losses on Merchant Accounts

Disputes between a cardholder and a merchant periodically arise as a result of, among other things, cardholder dissatisfaction with merchandise quality or merchant services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant, which means the purchase price is refunded to the customer through the merchant's acquiring bank and charged to the merchant. If the merchant has inadequate funds, the Company or, under limited circumstances, the Company and the acquiring bank, must bear the credit risk for the full amount of the transaction. The Company evaluates its risk for such transactions and estimates its potential loss for charge-backs based primarily on historical experience and other relevant factors.

The Company records reserves for charge-backs and contingent liabilities when such amounts are deemed to be probable and estimable. The required reserves may change in the future due to new developments, including, but not limited to, changes in litigation or increased charge-back exposure as the result of merchant insolvency, liquidation, or other reasons. The required reserves are reviewed periodically to determine if adjustments are required.

Electronic Payment Processing Costs

Electronic payment processing costs consist principally of costs directly related to the processing of merchant sales volume, including interchange fees, Visa®, MasterCard® and Discover® dues and assessments, bank processing fees and costs paid to third-party processing networks. Such costs are recognized at the time the merchant transactions are processed or when the services are performed. Two of the most significant components of electronic payment processing costs include interchange and assessment costs, which are set by the credit card associations. Interchange costs are passed on to the entity issuing the credit card used in the transaction and assessment costs are retained by the credit card associations. Interchange and assessment fees are billed primarily as a percentage of dollar volume processed and, to a lesser extent, as a per transaction fee. In addition to costs directly related to the processing of merchant sales volume, electronic payment processing costs also include residual expenses. Residual expenses represent fees paid to third-party sales referral sources. Residual expenses are paid in accordance with contracted terms. These are generally linked to revenues derived from merchants successfully referred to the Company and that begin using the Company for merchant processing services. Such residual expenses are recognized in the Company's consolidated statements of income. During the year ended December 31, 2018, the Company partnered with two sponsor banks for substantially all merchant transactions. Substantially all merchant transactions were processed by one merchant processor.

Income Taxes

The Company and its subsidiaries are treated as flow-through entities for federal and state income tax purposes. Under present income tax laws, the Company is not subject to federal or state income taxes. The member is responsible for taxes on their respective share of the Company's net income or losses.

The Company reviews uncertain tax positions taken, or expected to be taken, in the course of preparing the Company's consolidated financial statements to determine whether the tax positions are "more likely than not" of being sustained by the applicable tax authority. Management of the Company is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. The Company has no examinations in progress and none are expected at this time. The Company has reviewed the open tax years in major jurisdictions and concluded there is no tax liability, interest, or penalties resulting from unrecognized tax benefits relating to uncertain income tax positions taken, or expected to be taken, in future tax returns.

Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through March 26, 2019, the date these consolidated financial statements were available to be issued.

3. Fixed Assets

The Company's fixed assets are comprised of the following at December 31, 2018:

Terminals	$	1,217,267
Telephone systems		62,828
Computer equipment		116,171
Leasehold improvements		97,150
Software		807,621
Automobile		24,576
Furniture and fixtures		80,000
Website		14,705
		2,420,318
Less: accumulated depreciation and amortization		(1,858,178)
	$	562,140

Depreciation and amortization expense related to fixed assets for the year ended December 31, 2018 was approximately $374,000.

4. Goodwill

The carrying value of goodwill at December 31, 2018 is approximately $13,814,000. The Company performed a qualitative assessment on goodwill to determine if it is more likely than not that the Company's fair value is less than its carrying amount. Based on its qualitative assessment, the Company determined that goodwill was not impaired at December 31, 2018 and that no further assessment was required. There were no changes to the carrying value of goodwill during the year ended December 31, 2018.

5. Customer Merchant Accounts

The net carrying value of customer merchant accounts was approximately $3,884,000 at December 31, 2018. Customer merchant accounts are amortized over an estimated useful life of 30 to 66 months, as appropriate. Total amortization expense of customer merchant accounts using the straight-line method is included in depreciation and amortization in the accompanying consolidated statements of income and was approximately $1,281,000 for the year ended December 31, 2018.

In 2018, the Company purchased approximately $2,495,000 of customer accounts from its outside sales agents and certain employees. Total purchases from employees were approximately $129,000. The purchase prices were based on contractual or agreed multiples of average monthly residuals. These merchant accounts are being amortized over 66 months.

Total expected amortization expense for the next five fiscal years and thereafter is as follows:

Years Ending December 31,		
2019	$	1,593,606
2020		1,306,648
2021		525,699
2022		304,833
2023		134,746
Thereafter		18,952
	$	3,884,484

In November 2018, the Company sold a portion of its merchant portfolio to Elavon Inc. ("Elavon"). The Company sold substantially all of its merchants processing on the Elavon platform for $7,500,000 with an additional $500,000 contingent payment to be made in November 2019 if the sold portfolio achieves certain volume requirements and the Company boards 200 new merchants on the Elavon platform. As a result of the sale, the Company recorded a gain on sale of approximately $5,581,000 broken down as follows:

Sale price	$	7,500,000
Payments to agents		(1,480,561)
Carrying value of Elavon portfolio		(438,107)
Gain on sale	$	5,581,332

6. Bank Notes Payable, Net

In June 2015, the Company entered into a Credit and Guarantee Agreement (the "Goldman Agreement") with Goldman Sachs Bank USA which extended a multi draw term loan facility (the "Goldman Facility") up to an aggregate principal amount of $38,000,000. In June 2017, the Company amended the terms of the Agreement to extend the term of the Facility to June 2021 as well as increase the aggregate principal amount of the Goldman Agreement to $50,000,000.

In November 2018, the Company entered into a Credit and Guarantee Agreement (the "Webster Agreement"), which extended a term loan for $35,000,000 (the "Webster Term Loan") and a revolving line of credit (the "Webster RLOC" combined with the Webster Term Loan, the "Webster Facility") with maximum borrowings of $15,000,000 for a total commitment of $50,000,000. The proceeds from the Webster Term Loan were used to pay all outstanding principal under the Goldman Facility. As a result, the Company recognized a loss on debt extinguishment of approximately $1,286,000 consisting of $800,000 of prepayment penalties and $486,000 of unamortized deferred financing costs in connection with the extinguishment of the Goldman Agreement.

All assets of the Company are pledged as collateral under the Webster Agreement and is guaranteed by Newtek. The Webster Facility provides for monthly interest payments and quarterly principal payments beginning April 2019, with total remaining principal due at maturity. The Webster Facility matures in November 2023. Borrowings under the Webster Facility are classified either as a "Base Rate Loan" or a "LIBOR Rate Loan" at the Company's election. Each LIBOR Rate Loan shall bear interest on the outstanding balance at a rate equal to LIBOR plus 2.5%, and each Base Rate Loan shall bear interest on the outstanding balance at a rate equal to the Prime Rate plus 1.5%. The effective interest rate at December 31, 2018 was 4.84%.

The Webster Agreement requires certain restrictive covenants for which the Company was in compliance as of December 31, 2018. Total Interest expense, excluding amortization of deferred financing costs, for the year ended December 31, 2018 was approximately $2,380,000. Deferred financing costs incurred by the Company related to the Webster Facility were approximately $737,000 during the year ended December 31, 2018. Amortization of deferred financing costs for the year ended December 31, 2018 was approximately $177,000 and is included in interest expense on the consolidated statements of income.

Outstanding borrowings under the Bank note payable consisted of the following at December 31, 2018:

Principal	$ 35,000,000
Unamortized deferred financing costs	(715,445)
Net carrying amount	$ 34,284,555

Debt principal payments for the next five fiscal years and thereafter is as follows:

Years Ending December 31,	
2019	$ 2,625,000
2020	3,500,000
2021	3,500,000
2022	4,812,500
2023	20,562,500
	$ 35,000,000

7. Notes Receivable – Related Party

The Company has extended a line of credit to Newtek. The Company had approximately $16,840,000 outstanding on its revolving line of credit with Newtek, at December 31, 2018. The line, which matures in November 2023, allows for maximum borrowings of $50,000,000 (subject to availability) and bears interest at a rate equal to that in effect under the Company's Webster Facility, at any given time. The Company recorded related party interest income of approximately $836,000 during the year ended December 31, 2018. At December 31, 2018 there was approximately $48,000, in accrued interest income included in prepaid expenses and other current assets on the consolidated balance sheet.

8. Related Party Transactions

During the year ended December 31, 2018, the Company incurred residual expenses totaling approximately $153,000 from several related parties.

During the year ended December 31, 2018, the Company incurred costs for managed technology services of approximately $246,000 from Newtek Technology Solutions, Inc.

During the year ended December 31, 2018, the Company incurred payroll processing costs of approximately $25,000 from PMTWorks Payroll, LLC.

Included in salaries and benefits are charges from Newtek related to salaries for management and certain other employees that perform services for the Company. Total amounts allocated to the Company for the year ended December 31, 2018 were approximately $558,000.

The Company subleases office space from Newtek in Lake Success, NY. The rent payment is based upon an allocation of headcount in the Lake Success office space. Rent expense for the years ended December 31, 2018 was approximately $204,000.

In 2018, the Company purchased approximately $129,000 of customer accounts from certain employees. The purchase prices were based on contractual or agreed multiples of average monthly residuals. These merchant accounts are being amortized over 66 months.

9. Commitments and Contingencies

Operating Commitments

The Company leases office spaces under non-cancelable operating leases. The following summarizes the Company's obligations and commitments, as of December 31, 2018 for future minimum cash payments required under operating leases:

Years Ending December 31,	Operating Leases
2019	$ 56,239
2020	52,978
	$ 109,217

Total rent expense for the year ended December 31, 2018 was approximately $262,000.

In August 2018, the Company entered into a new Merchant ISO Agreement with a new sponsor bank. Under the terms of the Merchant ISO Agreement, NMS is required to pay monthly minimum fees of $15,000 during the term of the agreement. The Company exceeded the required monthly minimum amount under the agreement for the year ended December 31, 2018. The agreement renews automatically annually.

Litigation

As a result of prior litigation with the Federal Trade Commission, NMS voluntarily entered into, and is presently operating under, a permanent injunction with respect to certain of its business practices.

Universal Processing Services of Wisconsin, LLC (A Limited Liability Company) and Subsidiary

Financial Statements
Year Ended December 31, 2017

Universal Processing Services of Wisconsin, LLC and Subsidiary
Index
Year Ended December 31, 2017

Pages

Financial Statements

Universal Processing Services of Wisconsin, LLC and Subsidiary
Balance Sheet
December 31, 2017

Assets		
Current Assets:		
Cash	$	14,066,253
Accounts receivable		2,695,154
Prepaid expenses and other current assets		172,236
Inventory		71,780
Total current assets		17,005,423
Fixed assets, net		425,621
Customer merchant accounts, net		760,011
Restricted cash		498,220
Due from related parties		103,460
Notes receivable - related party		6,110,001
Goodwill		1,908,495
Total assets	$	26,811,231
Liabilities and Member's Deficit		
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses	$	1,834,704
Residuals payable		903,690
Due to related parties		585,939
Chargeback reserves		782,908
Total current liabilities		4,107,241
Bank note payable, net of deferred financing costs		29,856,879
Total liabilities		33,964,120
Commitments and contingencies (Note 9)		
Member's deficit		(7,152,889)
Total liabilities and member's deficit	$	26,811,231

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC and Subsidiary
Statement of Income
Year Ended December 31, 2017

Revenue:	
Electronic payment processing	$ 111,271,839
Expenses:	
Electronic payment processing costs	91,087,057
Electronic payment processing costs - related parties	4,374,094
Salaries and benefits	4,964,662
Professional fees	441,012
Depreciation and amortization	707,883
Other general and administrative costs	1,099,876
Total expenses	102,674,584
Income from operations	8,597,255
Interest expense	(2,065,729)
Interest income - related party	588,922
Interest expense, net	(1,476,807)
Net income	$ 7,120,448

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC and Subsidiary
Statement of Changes in Member's Deficit
Year Ended December 31, 2017

		Member's Deficit
Balance, January 1, 2017	$	(5,621,394)
Net income		7,120,448
Distributions to member		(8,651,943)
Balance, December 31, 2017	$	(7,152,889)

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC and Subsidiary
Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:		
Net income	$	7,120,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		707,883
Amortization of deferred financing costs		193,743
Changes in operating assets and liabilities:		
Restricted cash		89,487
Accounts receivable		419,900
Prepaid expenses and other current assets		90,830
Inventory		173,720
Accounts payable, accrued expenses and other current liabilities		(1,633,711)
Due to/from related parties		335,537
Net cash provided by operating activities		7,497,837
Cash flows used in investing activities:		
Purchase of customer merchant accounts		(62,029)
Net advances under notes receivable - related party		(5,610,001)
Purchase of fixed assets		(237,846)
Net cash used in investing activities		(5,909,876)
Cash flows from financing activities:		
Distributions to member		(8,651,943)
Proceeds from bank note payable		13,500,000
Deferred financing costs paid		(268,393)
Net cash provided by financing activities		4,579,664
Net increase in cash		6,167,625
Cash, beginning of year		7,898,628
Cash, end of year	$	14,066,253
Supplemental disclosure of cash flow information		
Interest paid	$	1,701,199

See notes to financial statements.

1. Organization, Description of Business, and Basis of Presentation

Universal Processing Services of Wisconsin, LLC ("UPS-WI"), was organized as a limited liability company ("LLC") under the laws of the State of Wisconsin and is a wholly-owned subsidiary of Newtek Business Services Holdco 1, Inc. ("Holdco"). As UPS-WI is a limited liability company, the liability of Holdco is limited to its capital account.

UPS-WI and its wholly-owned subsidiary, UPSWI Sales, LLC ("UPS Sales") are collectively hereinafter referred to as the "Company". The Company markets credit and debit card processing services, check approval services and ancillary processing equipment and software to merchants who accept credit cards, debit cards, checks and other non-cash forms of payment.

2. Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates, by their nature, are based on judgment and available information. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the reserve for chargeback losses.

Financial Instruments

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued expenses, residuals payable, notes receivable from a related party and a bank note payable.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses and residuals payable approximate fair value due to their short term maturities.

The carrying amounts of notes receivable from a related party and bank note payable approximate fair value due to the variable interest rate they carry.

Cash

The Company maintains cash balances at financial institutions of high credit quality. As of December 31, 2017, cash deposits in excess of insured amounts totaled approximately $13,555,000.

Restricted Cash

Under the terms of the processing agreement between UPS-WI and its processing banks, UPS-WI maintains cash accounts as reserves against chargeback losses. As the Company receives fees from the processing bank, a certain percentage is allocated to the cash reserve account for certain merchants.

Inventory

Inventory consists primarily of equipment to be installed in merchant locations to enable them to process electronic transactions. Inventory is stated at the lower of cost or market, which is determined on a FIFO (first in-first out) basis.

Fixed Assets

Fixed assets, which are comprised of telephone systems, software, website, computer equipment, credit card terminals, trucks and leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation of fixed assets is provided on a straight-line basis using estimated useful lives of the related assets. Amortization of leasehold improvements is provided on a straight-line basis using the lesser of the useful life of the asset, which generally is three to five years, or lease term.

Goodwill and Customer Merchant Accounts

Goodwill is not amortized but is instead subject to impairment testing, at least annually. Customer merchant accounts with finite lives are amortized over 66 months as discussed in Note 5.

The Company considers the following to be some examples of indicators that may trigger an impairment review: (i) significant under-performance or loss of key contracts acquired in an acquisition relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of the acquired assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's fair market value for a sustained period of time; and (vi) regulatory changes. In assessing the recoverability of the Company's goodwill and customer merchant accounts, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These include estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the period over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusion on impairment.

Revenue Recognition

Electronic Payment Processing

Electronic payment processing and fee income is derived from the electronic processing of credit and debit card transactions that are authorized and captured through third-party networks. Typically, merchants are charged for these processing services as a percentage of each transaction dollar plus a flat fee per transaction. Certain merchant customers are charged miscellaneous fees, including fees for handling charge-backs or returns, monthly minimum fees, statement fees and fees for other miscellaneous services. Revenues derived from the electronic processing of MasterCard®, Visa® and Discover® sourced credit and debit card transactions are reported gross of amounts paid to sponsor banks.

Interest Income

Interest income is recorded on an accrual basis, when earned, based on the current lending rate in place.

Reserve for Losses on Merchant Accounts

Disputes between a cardholder and a merchant periodically arise as a result of, among other things, cardholder dissatisfaction with merchandise quality or merchant services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant, which means the purchase price is refunded to the customer through the merchant's acquiring bank and charged to the merchant. If the merchant has inadequate funds, the Company or, under limited circumstances, the Company and the acquiring bank, must bear the credit risk for the full amount of the transaction. The Company evaluates its risk for such transactions and estimates its potential loss for charge-backs based primarily on historical experience and other relevant factors.

The Company records reserves for charge-backs and contingent liabilities when such amounts are deemed to be probable and estimable. The required reserves may change in the future due to new developments, including, but not limited to, changes in litigation or increased charge-back exposure as the result of merchant insolvency, liquidation, or other reasons. The required reserves are reviewed periodically to determine if adjustments are required.

Electronic Payment Processing Costs

Electronic payment processing costs consist principally of costs directly related to the processing of merchant sales volume, including interchange fees, Visa®, MasterCard® and Discover® dues and assessments, bank processing fees and costs paid to third-party processing networks. Such costs are recognized at the time the merchant transactions are processed or when the services are performed. Two of the most significant components of electronic processing expenses include interchange and assessment costs, which are set by the credit card associations. Interchange costs are passed on to the entity issuing the credit card used in the transaction and assessment costs are retained by the credit card associations. Interchange and assessment fees are billed primarily as a percentage of dollar volume processed and, to a lesser extent, as a per transaction fee. In addition to costs directly related to the processing of merchant sales volume, electronic payment processing costs also include residual expenses. Residual expenses represent fees paid to third-party sales referral sources. Residual expenses are paid in accordance with contracted terms. These are generally linked to revenues derived from merchants successfully referred to the Company and that begin using the Company for merchant processing services. Such residual expenses are recognized in the Company's statement of income. During the year ended December 31, 2017, the Company partnered with two sponsor banks for substantially all merchant transactions. Substantially all merchant transactions were processed by one merchant processor.

Income Taxes

The Company is a limited liability company ("LLC") and therefore pays no corporate taxes. The Company's income, instead, passes through to its member. Accordingly, no liability for Federal, State and/or local income taxes has been recorded in the accompanying financial statements. As a wholly-owned subsidiary of Holdco, the Company evaluated its tax positions at year end, and based on its analysis, determined that there were no uncertain tax positions.

The Company's U.S. Federal and State income tax returns prior to fiscal 2014 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through March 13, 2018, the date these financial statements were available to be issued.

3. Fixed Assets

The Company's fixed assets are comprised of the following at December 31, 2017:

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Telephone systems	$ 62,828	$ 51,110	$ 11,718
Software	651,156	441,975	209,181
Leasehold improvements	97,150	65,804	31,346
Computer equipment	96,796	87,796	9,000
Terminals	285,214	142,137	143,077
Trucks	24,576	3,277	21,299
Website	5,205	5,205	-
Totals	$ 1,222,925	$ 797,304	$ 425,621

Depreciation and amortization expense related to fixed assets for the year ended December 31, 2017 was approximately $214,000.

4. Goodwill

The carrying value of goodwill at December 31, 2017 is approximately $1,908,000. The Company performed a qualitative assessment to determine if it is more likely than not that the Company's fair value is less than its carrying amount. Based on its qualitative assessment, the Company determined that goodwill was not impaired at December 31, 2017 and no further assessment was required.

5. Customer Merchant Accounts

The net carrying value of customer merchant accounts is approximately $760,000 which consists of approximately $2,806,000 of gross costs, net of accumulated amortization of approximately $2,046,000 at December 31, 2017. Customer merchant accounts are being amortized over 66 months. Total amortization expense of customer merchant accounts using the sum of the year's digits was approximately $494,000.

Total expected amortization expense for the next five fiscal years and thereafter is as follows:

Year Ending December 31,		
2018	$	371,530
2019		242,330
2020		121,287
2021		22,884
2022		1,980
Thereafter		-
	$	760,011

6. Bank Note Payable, Net of Deferred Financing Costs

In June 2015, the Company, Newtek Technology Solutions, Inc. ("NTS") and Premier Payments LLC ("Premier"), all subsidiaries of Holdco, collectively as "Borrowers" entered into a Credit and Guarantee Agreement (the "Agreement") with Goldman Sachs Bank USA which extended a multi draw term loan facility (the "Facility") up to an aggregate principal amount of $38,000,000. In June 2017, the Company amended the terms of the Agreement to extend the term of the Facility to June 2021 as well as increase the aggregate principal amount of the Facility to $50,000,000. Furthermore, the amendment of the Agreement added banc-serv Partners, LLC ("banc-serv") and Small Business Lending, LLC ("SBL"), which are both owned by Holdco's parent, Newtek Business Services Corp. ("Newtek"), as Borrowers. Concurrent with the increase in the aggregate principal balance, the Company borrowed an additional $18,000,000 under the Facility. The total outstanding balance under the Facility as of December 31, 2017 was $40,000,000. The Borrowers are collectively liable for the outstanding balance under the Facility. All assets of the Borrowers are pledged as collateral under the Agreement and the Facility is guaranteed by Newtek. The Facility provides for monthly/quarterly interest only payments with total principal due at maturity. The Facility matures in June 2021. Borrowings under the facility are classified either as a "Base Rate Loan" or a "LIBOR Rate Loan" at the Company's election. Each LIBOR Rate Loan shall bear interest on the outstanding balance at a rate equal to (a) the greater of LIBOR or 50 basis points plus (b) 6%, and each Base Rate Loan shall bear interest on the outstanding balance at a rate equal to (y) the greater of the Prime Rate or 350 basis points, plus (z) 5%. The effective interest rate at December 31, 2017 was 7.69%. The Company may make principal payments within 24 months of the closing date and pay a prepayment premium based on a percentage of the principal outstanding as defined in the Agreement. After 24 months, principal may be repaid under no penalty. The Agreement requires certain restrictive covenants for which the Company is in compliance with as of December 31, 2017. At December 31, 2017, the Company had approximately $30,499,000 of total borrowings outstanding under the Facility. Interest expense and amortization of deferred financing costs for the year ended December 31, 2017 was approximately $2,085,000.

Outstanding borrowings under the Bank note payable consisted of the following at December 31, 2017:

Principal	$	30,498,694
Unamortized deferred financing costs		(641,815)
Net carrying amount	$	29,856,879

7. Notes Receivable – Related Party

The Company had $6,110,000 outstanding on its revolving line of credit with Newtek, at December 31, 2017. The line, which matures in June 2021, allows for maximum borrowings of $50,000,000 and bears interest at a rate equal to that in effect under the Company's Facility, at any given time. The Company recorded related party interest income of approximately $589,000 during the year ended December 31, 2017. At December 31, 2017 there was approximately $85,000 in accrued interest income under the line.

8. Related Party Transactions

The Company earned electronic payment processing revenue of approximately $91,000 from Premier. The Company incurred residual expenses totaling approximately $3,922,000 from several related parties. In addition, the Company incurred gateway fees of approximately $121,000 from Secure Cyber Gateway Services, LLC, and breach insurance costs of approximately $332,000 from Newtek Insurance Agency, LLC, which are included in electronic payment processing costs – related parties on the statement of income. Salaries and overhead costs of approximately $147,000 charged from NTS are included in salaries and benefits. Payroll processing costs of approximately $21,000 from PMTWorks Payroll, LLC and managed technology services of approximately $161,000 from NTS are included in other general and administrative costs. At December 31, 2017, total amounts due to and due from related parties are approximately $586,000 and $103,000, respectively.

Included in salaries and benefits are charges from Newtek related to salaries for management and certain other employees that perform services for the Company. Total amounts allocated to the Company for the year ended December 31, 2017, were approximately $407,000.

During the year ended December 31, 2017, the Company purchased approximately $66,000 of customer merchant accounts from a related party.

The Company's parent, Holdco, and Newtek are both guarantors of the Facility with Goldman Sachs Bank USA.

9. Commitments and Contingencies

Operating Commitments

The Company entered into noncancellable operating leases for office facilities with future rentals as follows:

Year Ending December 31,		
2018	$	54,543
2019		56,239
2020		52,978
	$	163,760

Total rent expense for the year ended December 31, 2017 was approximately $288,000.

Under the amended terms of a Service Agreement, amended terms of a Merchant Program Processing Agreement, amended terms of a Preferred Card Agreement, and amended terms of a Marketing Agreement, UPS-WI is required to pay minimum fees of $4,200,000 in total under these agreements during the period January 1, 2017 through December 31, 2017. The term of the Service agreement was extended to December 31, 2018. The Merchant Program Processing Agreement initial term was extended to November 30, 2018 and renews automatically each year. The Marketing Agreement initial term was extended to May 31, 2018 and renews automatically each two years for two year terms. The Preferred Card Agreement initial term was extended to April 30, 2018 and renews automatically for six-month terms.

Under the terms of an Independent Sales Organization Agreement and Member Services Provider Agreement between UPS-WI and one of their sponsoring banks, UPS-WI is required to pay monthly minimum fees of $10,000 during the term of the agreement. The Company exceeded the monthly minimum required amount under the agreement for the year ended December 31, 2017. The agreement renews automatically annually.

Under the amended terms of a Processing Services Agreement between UPS-WI and one of their front-end processors, UPS-WI is required to pay a quarterly minimum of $68,000 during the term of the amended agreement. The Company's fee payments for the 12-month period ended December 31, 2017, exceeded the minimum required amount under these agreements. The agreement expires July 2018.

Litigation

In 2013, the Federal Trade Commission (the "FTC") amended an existing complaint in the matter Federal Trade Commission v. WV Universal Management, LLC et al., in the United States District Court for the Middle District of Florida (the "Court"), to add UPS-WI as an additional defendant on one count of providing substantial assistance in violation of the Telemarketing Sales Rule. On November 18, 2014, the Court issued an Order granting the FTC's motion for summary judgment against UPS-WI on the single count. Subsequently, the FTC filed motions for a permanent injunction and equitable monetary relief against UPS-WI and the other remaining defendants. Prior to the Court hearing on the motions, UPS-WI and the FTC reached a settlement on the FTC's motion for a permanent injunction. On May 19, 2015, the Court entered an equitable monetary judgment against UPS-WI for $1,735,000. The $1,735,000 was fully expensed in 2014 by UPS-WI.

On June 14, 2016, the United States Court of Appeals for the Eleventh Circuit vacated the Court's order awarding joint and several liability for equitable monetary relief in the amount of $1,735,000 against UPS-WI, and remanded the case to the Court for findings of fact and conclusions of law as to whether and why UPS-WI should be jointly and severally liable for restitution, and in what amount, if any. On October 26, 2016, the Court entered an equitable monetary judgment against UPS-WI for $1,735,000. On December 13, 2017, the United States Court of Appeals for the Eleventh Circuit affirmed the Court's order awarding joint and several liability for equitable monetary relief against UPS-WI. UPS-WI intends to file a petition for a writ of certiorari requesting that the United States Supreme Court review the judgment.

In September 2014, UPS-WI instituted an action against a former independent sales agent in Wisconsin state court for, among other things, breach of contract. The former sales agent answered the complaint and filed counterclaims against UPS-WI. Following UPS-WI's successful appeal of several of the court's rulings, the action has been assigned to a new judge for further proceedings. UPS-WI intends to vigorously pursue its claims against the former sales agent and defend the counterclaims asserted.

Universal Processing Services of Wisconsin, LLC (A Limited Liability Company)

Financial Report
and Independent Auditor's Report
Year Ended December 31, 2016

Universal Processing Services of Wisconsin, LLC
Index
Year Ended December 31, 2016

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Universal Processing Services of Wisconsin, LLC

We have audited the accompanying financial statements of Universal Processing Services of Wisconsin, LLC (the "Company"), which comprise the balance sheet as of December 31, 2016, and the related statements of income, member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Universal Processing Services of Wisconsin, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

New York, New York
February 22, 2017

Universal Processing Services of Wisconsin, LLC
Balance Sheet
December 31, 2016

Assets		
Current Assets:		
Cash	$	7,898,628
Accounts receivable		3,115,054
Prepaid expenses and other current assets		263,066
Inventory		245,500
Total current assets		11,522,248
Fixed assets, net		402,040
Customer merchant accounts, net		1,191,600
Restricted cash		587,707
Due from related parties		317,103
Notes receivable - related party		500,000
Goodwill		1,908,495
Total assets	$	16,429,193
Liabilities and Member's Deficit		
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses	$	3,484,204
Residuals payable		868,087
Due to related parties		464,045
Chargeback reserves		802,722
Total current liabilities		5,619,058
Bank note payable, net of deferred financing costs		16,431,529
Total liabilities		22,050,587
Commitments and contingencies (Note 9)		
Member's deficit		(5,621,394)
Total liabilities and member's deficit	$	16,429,193

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC
Statement of Income
Year Ended December 31, 2016

Revenue:	
Electronic payment processing	$ 103,885,710
Expenses:	
Electronic payment processing costs	88,013,827
Salaries and benefits	4,677,273
Professional fees	783,846
Depreciation and amortization	799,006
Other general and administrative costs	1,221,448
Total expenses	95,495,400
Income from operations	8,390,310
Interest expense, net	(1,588,970)
Interest income - related party	183,050
Net income	$ 6,984,390

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC

Statement of Changes in Member's Deficit

Year Ended December 31, 2016

		Member's Deficit
Balance, January 1, 2016	$	(3,495,974)
Net income		6,984,390
Member distributions		(9,109,810)
Balance, December 31, 2016	$	(5,621,394)

See notes to financial statements.

Universal Processing Services of Wisconsin, LLC
Statement of Cash Flows
Year Ended December 31, 2016

Cash flows from operating activities:		
Net income	$	6,984,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		799,006
Amortization of deferred financing costs		257,232
Changes in operating assets and liabilities:		
Restricted cash		(94,992)
Accounts receivable		(569,643)
Prepaid expenses and other current assets		(179,718)
Inventory		41,975
Accounts payable, accrued expenses and other current liabilities		1,508,596
Due to/from related parties		260,352
Net cash provided by operating activities		9,007,198
Cash flows from investing activities:		
Purchase of customer merchant accounts		(152,103)
Principal payments received on related party note		5,146,749
Purchase of fixed assets		(203,472)
Net cash provided by investing activities		4,791,174
Cash flows used in financing activities:		
Distributions to member		(9,109,810)
Net increase in cash		4,688,562
Cash, beginning of year		3,210,066
Cash, end of year	$	7,898,628
Supplemental disclosure of cash flow information		
Interest paid	$	1,236,274

See notes to financial statements.

1. Organization, Description of Business, and Basis of Presentation

Universal Processing Services of Wisconsin, LLC ("UPS-WI"), was organized as a limited liability company ("LLC") under the laws of the State of Wisconsin and is a wholly-owned subsidiary of Newtek Business Services Holdco 1, Inc. ("Holdco"). As a limited liability company, the liability of Holdco is limited to its capital account.

UPS-WI and its formerly wholly-owned subsidiary, Solar Processing Services, LLC ("Solar") are collectively hereinafter referred to as the "Company". In June 2016, Solar merged into UPS-WI. The Company markets credit and debit card processing services, check approval services and ancillary processing equipment and software to merchants who accept credit cards, debit cards, checks and other non-cash forms of payment.

2. Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates, by their nature, are based on judgment and available information. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the reserve for chargeback losses.

Recently Adopted Accounting Standards

In April 2015, the Financial Accounting Standards Board issued ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs." This update requires that debt issuance costs be presented in the balance sheet as a direct deduction from the debt liability. The Company adopted this standard with respect to its Bank note payable.

Financial Instruments

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued expenses, residuals payable, notes receivable from a related party and a bank note payable.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses and residuals payable approximate fair value due to their short term maturities.

The carrying amounts of notes receivable from a related party and bank note payable approximate fair value due to the variable interest rate they carry.

Cash

The Company maintains cash balances at financial institutions of high credit quality. As of December 31, 2016, cash deposits in excess of insured amounts totaled approximately $7,683,000.

Restricted Cash

Under the terms of the processing agreement between UPS-WI and its processing banks, UPS-WI maintains cash accounts as reserves against chargeback losses. As the Company receives fees from the processing bank, a certain percentage is allocated to the cash reserve account.

Inventory

Inventory consists primarily of equipment to be installed in merchant locations to enable them to process electronic transactions. Inventory is stated at the lower of cost or market, which is determined on a FIFO (first in-first out) basis.

Fixed Assets

Fixed assets, which are comprised of telephone systems, software, website, computer equipment and leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation of fixed assets is provided on a straight-line basis using estimated useful lives of the related assets. Amortization of leasehold improvements is provided on a straight-line basis using the lesser of the useful life of the asset, which generally is three to five years, or lease term.

Goodwill and Customer Merchant Accounts

Goodwill is not amortized but is instead subject to impairment testing, at least annually. Customer merchant accounts with finite lives are amortized over 66 months as discussed in Note 5.

The Company considers the following to be some examples of indicators that may trigger an impairment review: (i) significant under-performance or loss of key contracts acquired in an acquisition relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of the acquired assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's fair market value for a sustained period of time; and (vi) regulatory changes. In assessing the recoverability of the Company's goodwill and customer merchant accounts, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These include estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the period over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusion on impairment.

Revenue Recognition

Electronic Payment Processing

Electronic payment processing and fee income is derived from the electronic processing of credit and debit card transactions that are authorized and captured through third-party networks. Typically, merchants are charged for these processing services as a percentage of each transaction dollar plus a flat fee per transaction. Certain merchant customers are charged miscellaneous fees, including fees for handling charge-backs or returns, monthly minimum fees, statement fees and fees for other miscellaneous services. Revenues derived from the electronic processing of MasterCard®, Visa® and Discover® sourced credit and debit card transactions are reported gross of amounts paid to sponsor banks.

Interest Income

Interest income is recorded on an accrual basis, when earned, based on the current lending rate in place.

Reserve for Losses on Merchant Accounts

Disputes between a cardholder and a merchant periodically arise as a result of, among other things, cardholder dissatisfaction with merchandise quality or merchant services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant, which means the purchase price is refunded to the customer through the merchant's acquiring bank and charged to the merchant. If the merchant has inadequate funds, the Company or, under limited circumstances, the Company and the acquiring bank, must bear the credit risk for the full amount of the transaction. The Company evaluates its risk for such transactions and estimates its potential loss for charge-backs based primarily on historical experience and other relevant factors.

The Company records reserves for charge-backs and contingent liabilities when such amounts are deemed to be probable and estimable. The required reserves may change in the future due to new developments, including, but not limited to, changes in litigation or increased charge-back exposure as the result of merchant insolvency, liquidation, or other reasons. The required reserves are reviewed periodically to determine if adjustments are required.

Electronic Payment Processing Costs

Electronic payment processing costs consist principally of costs directly related to the processing of merchant sales volume, including interchange fees, Visa®, MasterCard® and Discover® dues and assessments, bank processing fees and costs paid to third-party processing networks. Such costs are recognized at the time the merchant transactions are processed or when the services are performed. Two of the most significant components of electronic processing expenses include interchange and assessment costs, which are set by the credit card associations. Interchange costs are passed on to the entity issuing the credit card used in the transaction and assessment costs are retained by the credit card associations. Interchange and assessment fees are billed primarily as a percentage of dollar volume processed and, to a lesser extent, as a per transaction fee. In addition to costs directly related to the processing of merchant sales volume, electronic payment processing costs also include residual expenses. Residual expenses represent fees paid to third-party sales referral sources. Residual expenses are paid in accordance with contracted terms. These are generally linked to revenues derived from merchants successfully referred to the Company and that begin using the Company for merchant processing services. Such residual expenses are recognized in the Company's statement of income. During the year ended December 31, 2016, the Company partnered with two sponsor banks for substantially all merchant transactions. Substantially all merchant transactions were processed by one merchant processor.

Income Taxes

The Company is a limited liability company ("LLC") and therefore pays no corporate taxes. The Company's income, instead, passes through to its member. Accordingly, no liability for Federal, State and/or local income taxes has been recorded in the accompanying financial statements. As a wholly-owned subsidiary of Holdco, the Company evaluated its tax positions at year end, and based on its analysis, determined that there were no uncertain tax positions.

The Company's U.S. Federal and State income tax returns prior to fiscal 2013 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through February 22, 2017, the date these financial statements were available to be issued.

3. Fixed Assets

The Company's fixed assets are comprised of the following at December 31, 2016:

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Telephone systems	$ 375,861	$ 155,621	$ 220,240
Software	488,791	331,712	157,079
Leasehold improvements	63,644	53,227	10,417
Computer equipment	93,257	79,040	14,217
Website	5,205	5,118	87
Totals	$ 1,026,758	$ 624,718	$ 402,040

Depreciation expense related to fixed assets for the year ended December 31, 2016 was approximately $198,000.

4. Goodwill

The carrying value of goodwill at December 31, 2016 is approximately $1,908,000. The Company performed a qualitative assessment to determine if it is more likely than not that the Company's fair value is less than its carrying amount. Based on its qualitative assessment, the Company determined that goodwill was not impaired at December 31, 2016 and no further assessment was required.

5. Customer Merchant Accounts

The net carrying value of customer merchant accounts is approximately $1,192,000 which consists of approximately $2,744,000 of gross costs, net of accumulated amortization of approximately $1,552,000 at December 31, 2016. Customer merchant accounts are being amortized over 66 months. Total amortization expense of customer merchant accounts using the sum of the year's digits is included in depreciation and amortization in the accompanying statement of income was approximately $601,000.

Total expected amortization expense for the next five fiscal years and thereafter is as follows:

Year Ending December 31,		
2017		480,935
2018		353,545
2019		228,385
2020		111,382
2021		17,025
Thereafter		328
	$	1,191,600

6. Bank Note Payable, Net of Deferred Financing Costs

In June 2015, the Company, CrystalTech Web Hosting, Inc. ("CrystalTech") and Premier Payments LLC ("Premier"), all subsidiaries of Holdco, collectively as "Borrowers" entered into a Credit and Guarantee Agreement (the "Agreement") with Goldman Sachs Bank USA which extended a multi draw term loan facility (the "Facility") up to an aggregate principal amount of $38,000,000. The total outstanding balance under the Facility as of December 31, 2016 was $22,000,000. The Borrowers are collectively liable for the outstanding balance under the Facility. All assets of the Borrowers are pledged as collateral under the Agreement and the Facility is guaranteed by Holdco's parent, Newtek Business Services Corp ("Newtek"). The Facility provides for monthly/quarterly interest only payments with total principal due at maturity. The Facility matures in June 2019. Borrowings under the facility are classified either as a "Base Rate Loan" or a "LIBOR Rate Loan" at the Company's election. Each LIBOR Rate Loan shall bear interest on the outstanding balance at a rate equal to (a) the greater of LIBOR or 50 basis points plus (b) 7%, and each Base Rate Loan shall bear interest on the outstanding balance at a rate equal to (y) the greater of the Prime Rate or 350 basis points, plus (z) 6%. The effective interest rate at December 31, 2016 was 7.67%. The Company may make principal payments within 24 months of the closing date and pay a prepayment premium based on a percentage of the principal outstanding as defined in the Agreement. After 24 months, principal may be repaid under no penalty. The Agreement requires certain restrictive covenants for which the Company is in compliance with as of December 31, 2016. At December 31, 2016, the Company had approximately $16,999,000 of total borrowings outstanding under the Facility. Interest expense and amortization of deferred financing costs for the year ended December 31, 2016 was approximately $1,608,000.

Outstanding borrowings under the Bank note payable consisted of the following at December 31, 2016:

Principal	$	16,998,694
Unamortized deferred financing costs		(567,165)
Net carrying amount	$	16,431,529

7. Notes Receivable – Related Party

The Company had $500,000 outstanding on its revolving line of credit with Newtek, at December 31, 2016. The line, which matures in June 2019, allows for maximum borrowings of $38,000,000 and bears interest at a rate equal to that in effect under the Company's Facility, at any given time. The Company recorded related party interest income of approximately $183,000 during the year ended December 31, 2016. At December 31, 2016 there was approximately $188,000 in accrued interest income under the line.

8. Related Party Transactions

The Company earned electronic payment processing revenue of approximately $45,000 from Premier. The Company incurred residual expenses totaling approximately $3,878,000 from several related parties. In addition, the Company incurred gateway fees of approximately $138,000 from Secure Cyber Gateway Services, LLC, and breach insurance costs of approximately $270,000 from Newtek Insurance Agency, LLC, which are included in electronic payment processing costs on the statement of income. Salaries and overhead costs of approximately $36,000 charged from CrystalTech are included in salaries and benefits. Payroll processing costs of approximately $20,000 from PMTWorks Payroll, LLC and managed technology services of approximately $160,000 from CrystalTech are included in other general and administrative costs. At December 31, 2016, total amounts due to related parties are approximately $147,000.

Included in salaries and benefits are charges from Newtek related to salaries for management and certain other employees that perform services for the Company. Total amounts allocated to the Company for the year ended December 31, 2016, were approximately $468,000.

The Company's parent, Holdco, and Newtek are both guarantors of the Facility with Goldman Sachs Bank USA.

9. Commitments and Contingencies

Operating Commitments

The Company entered into noncancellable operating leases for office facilities with future rentals as follows:

Year Ending December 31,	
2017	181,067
	$ 181,067

Total rent expense for the year ended December 31, 2016 was approximately $186,000.

Under the amended terms of a Service Agreement, amended terms of a Merchant Program Processing Agreement, amended terms of a Preferred Card Agreement, and amended terms of a Marketing Agreement, UPS-WI is required to pay minimum fees of $4,200,000 in total under these agreements during the period January 1, 2016 through December 31, 2017. The term of the Service agreement was extended to December 31, 2018. The Merchant Program Processing Agreement initial term was extended to November 30, 2018 and renews automatically each year. The Marketing Agreement initial term was extended to May 31, 2018 and renews automatically each two years for two year terms. The Preferred Card Agreement initial term was extended to April 30, 2018 and renews automatically for six-month terms.

Under the terms of an Independent Sales Organization Agreement and Member Services Provider Agreement between UPS-WI and one of their sponsoring banks, UPS-WI is required to pay monthly minimum fees of $10,000 during the term of the agreement. The Company exceeded the monthly minimum required amount under the agreement for the year ended December 31, 2016. The agreement renews automatically annually.

Under the amended terms of a Processing Services Agreement between UPS-WI and one of their front-end processors, UPS-WI is required to pay a quarterly minimum of $68,000 during the term of the amended agreement. The Company's fee payments for the 12-month period ended December 31, 2016, exceeded the minimum required amount under these agreements. The agreement expires July 2018.

Litigation

In 2013, the Federal Trade Commission (the "FTC") amended an existing complaint in the matter Federal Trade Commission v. WV Universal Management, LLC et al., pending in the United States District Court for the Middle District of Florida (the "Court"), to add UPS-WI, as an additional defendant on one count of providing substantial assistance in violation of the Telemarketing Sales Rule. On November 18, 2014, the Court issued an Order granting the FTC's motion for summary judgment against UPS-WI on the single count. Subsequently, the FTC filed motions for a permanent injunction and equitable monetary relief against UPS-WI and the other remaining defendants. Prior to the Court hearing on the motions, UPS-WI and the FTC reached a settlement on the FTC's motion for a permanent injunction. The Court granted the FTC's motion for equitable relief against UPS-WI and the other remaining defendants, ordering that the remaining defendants pay approximately $1,735,000 in equitable monetary relief. This amount was deposited with the Court pending the outcome of an appeal of the judgement.

On June 14, 2016, the United States Court of Appeals for the Eleventh Circuit set aside the Court's judgment awarding joint and several liability for equitable monetary relief in the amount of approximately $1,735,000 against UPS-WI, and remanded the case to the Court for findings of fact and conclusions of law as to whether and why UPS-WI should be jointly and severally liable for restitution, and in what amount, if any. On October 18, 2016, the Court ordered that the $1,735,000 payment be returned to UPS-WI. On October 26, 2016, the Court entered an equitable monetary judgment against UPS-WI for approximately $1,735,000. UPS-WI has filed a notice of appeal of the judgment. The total $1,735,000 has been accrued and is included in the balance sheet in Accounts payable and accrued expenses. There is no current year income statement effect.

In January 2014, NCMIC Finance Corporation ("NCMIC") filed a complaint against the Company in the United States District Court for the Southern District of Iowa. The complaint asserted claims against the Company for breach of the UPS-WI and NCMIC agreement for the processing of credit card transactions, and seeks monetary relief. In April 2016, in order to avoid the cost of trial and any appeals, UPS-WI settled the matter for $200,000. The total $200,000 was paid during 2016 and is included in the statement of income in other general and administrative costs.

In September 2014, UPS-WI filed an action in Wisconsin state court against a former independent sales agent and his company. The complaint alleges several causes of action including breach of contract. The defendant filed an answer and filed counterclaims against UPS-WI seeking monetary damages. The court granted certain aspects of defendants' motions for summary judgment, dismissing certain of the claims asserted by UPS-WI. The matter is presently stayed pending the Wisconsin Supreme Court's ruling on matters under appeal.