INDEX TO FINANCIAL STATEMENTS

CCF Holdings, LLC

Report of Independent Registered Public Accounting Firm

To the Security Holders and Board of Managers of CCF Holdings LLC and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of CCF Holdings, LLC and its Subsidiaries (the Successor Company) as of December 31, 2018, the related consolidated statements of comprehensive income, members' equity and cash flows for the period December 13, 2018 (inception) through December 31, 2018, and the related notes to the consolidated financial statements (collectively, the Successor financial statements). We have also audited the accompanying consolidated balance sheets of Community Choice Financial, Inc. and its Subsidiaries (the Predecessor Company) as of December 31, 2017, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for the period January 1, 2018 through December 12, 2018 and for each of the two years in the period ended December 31, 2017, and the related notes to the consolidated financial statements (collectively, the Predecessor financial statements). In our opinion, the Successor financial statements present fairly, in all material respects, the financial position of the Successor Company as of December 31, 2018 and the results of its operations and its cash flows for the period December 13, 2018 (inception) through December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. In our opinion, the Predecessor financial statements present fairly, in all material respects, the financial position of the Predecessor Company as of December 31, 2017, and the results of its operations and its cash flows for the period January 1, 2018 through December 12, 2018 and for the years ended December 31, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Predecessor Company's and Successor Company's (collectively, the Company's) management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2006.

Raleigh, North Carolina
April 7, 2019

CCF Holdings LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2018 and 2017
(In thousands, except per share data)

	December 31, 2018 Successor	December 31, 2017 Predecessor
Assets		
Current Assets		
Cash and cash equivalents	**$ 53,208**	$ 66,627
Restricted cash	**4,175**	4,585
Finance receivables, net of allowance for loan losses of $3,139 and $13,517	**81,093**	89,707
Card related pre-funding and receivables	**899**	1,062
Other current assets	**16,028**	15,271
Total current assets	**155,403**	177,252
Noncurrent Assets		
Finance receivables, net of allowance for loan losses of $335 and $2,810	**3,271**	4,632
Property, leasehold improvements and equipment, net	**61,842**	26,848
Goodwill	**11,288**	—
Other intangible assets	**3,136**	924
Security deposits	**2,282**	2,750
Total assets	**$ 237,222**	$ 212,406
Liabilities and Members' / Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 35,422**	$ 39,566
Money orders payable	**8,548**	7,169
Accrued interest	**1,586**	5,145
Current portion of capital lease obligation	**—**	371
Current portion of subsidiary notes payable, net of deferred issuance costs of $-0- and $1	**884**	118
Deferred revenue	**2,535**	2,535
Total current liabilities	**48,975**	54,904
Noncurrent Liabilities		
Lease termination payable	**387**	818
Line of credit, net of deferred issuance costs of $-0- and $1,871	**—**	45,129
Subsidiary notes payable, net of deferred issuance costs of $16 and $762	**70,938**	61,077
Secured notes payable	**42,000**	—
Senior secured notes, net of deferred issuance costs of -0- and $1,664	**—**	248,126
Senior PIK notes, at fair value	**60,796**	—
Deferred revenue	**4,985**	7,520
Total liabilities	**228,081**	417,574
Commitments and Contingencies		
Members' Equity (Successor)		
Common units, par value $-0- per unit, 850,000 Class A and 150,000 Class B authorized and outstanding units at December 31, 2018	**870**	—
Retained earnings	**1,636**	—
Accumulated other comprehensive income	**6,635**	
Total members' equity (Successor)	**9,141**	—
Stockholders' Equity (Predecessor)		
Preferred stock, par value $.01 per share, 3,000 shares authorized, no shares issued and outstanding	**—**	—
Common stock, par value $.01 per share, 300,000 authorized shares and 7,990 outstanding shares at December 31, 2017	—	90
Additional paid-in capital	—	129,675
Retained deficit	—	(334,883)
Treasury stock	—	(50)
Total stockholders' deficit (Predecessor)	—	(205,168)
Total liabilities and members' / stockholders' equity	**$ 237,222**	$ 212,406

See Notes to Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2018, 2017, and 2016
(In thousands)

	For the Period December 13 through December 31, 2018 Successor	For the Period January 1 through December 12, 2018 Predecessor	Years Ended December 31, 2017 Predecessor	2016 Predecessor
Revenues:				
Finance receivable fees	$ 11,186	$ 189,236	$ 215,940	$ 238,073
Credit service fees	4,208	71,540	76,763	86,864
Check cashing fees	2,497	44,514	46,011	48,437
Card fees	475	8,370	8,281	7,974
Other	614	13,598	17,072	20,981
Total revenues	18,980	327,258	364,067	402,329
Operating expenses:				
Salaries	3,420	65,552	70,539	70,024
Provision for loan losses	3,113	97,098	136,201	115,962
Occupancy	1,289	24,707	27,197	27,590
Advertising and marketing	95	4,643	7,262	6,831
Lease termination	—	754	1,857	1,733
Depreciation and amortization	334	7,695	9,461	10,116
Other	2,203	40,515	51,738	51,597
Total operating expenses	10,454	240,964	304,255	283,853
Operating gross profit	8,526	86,294	59,812	118,476
Corporate and other expenses:				
Corporate expenses	3,607	64,699	82,175	86,434
Transaction expenses	—	6,941	—	—
Lease termination	—	—	1,226	—
Depreciation and amortization	867	4,318	4,929	4,987
Interest expense, net	2,414	50,760	48,245	44,470
Loss on sale of subsidiaries	—	—	—	4,106
(Gain) loss on debt extinguishment	—	10,832	—	(65,117)
Goodwill impairment	—	—	113,753	28,949
Total corporate and other expenses	6,888	137,550	250,328	103,829
Income (loss) from continuing operations, before tax	1,638	(51,256)	(190,516)	14,647
Provision for (benefit from) income taxes	2	39	(9,621)	16,192
Net income (loss)	$ 1,636	$ (51,295)	$ (180,895)	$ (1,545)
Other comprehensive income (loss):				
Change in fair value of debt	6,635	—	—	—
Other comprehensive income (loss):	6,635	—	—	—
Comprehensive income (loss)	$ 8,271	$ (51,295)	$ (180,895)	$ (1,545)

See Notes to Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries
Consolidated Statements of Stockholders' Equity
Period Ended December 12, 2018, and Years Ended December 31, 2017, and 2016
(Predecessor)
(Dollars in thousands)

	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Total
Balance, December 31, 2015	**8,981,536**	**$ 90**	**$ —**	**$ 128,331**	**$ (152,443)**	**$ (24,022)**
Reacquired stock	(1,000,000)	—	(50)	—	—	(50)
Stock-based compensation expense	—	—	—	1,293	—	1,293
Net loss	—	—	—	—	(1,545)	(1,545)
Balance, December 31, 2016	**7,981,536**	**$ 90**	**$ (50)**	**$ 129,624**	**$ (153,988)**	**$ (24,324)**
Issuance of common stock for settlement of restricted stock units	8,484	—	—	—	—	—
Stock-based compensation expense	—	—	—	51	—	51
Net loss	—	—	—	—	(180,895)	(180,895)
Balance, December 31, 2017	**7,990,020**	**$ 90**	**$ (50)**	**$ 129,675**	**$ (334,883)**	**$ (205,168)**
Stock-based compensation expense	—	—	—	31	—	31
Net loss	—	—	—	—	(51,295)	(51,295)
Balance, December 12, 2018	**7,990,020**	**$ 90**	**$ (50)**	**$ 129,706**	**$ (386,178)**	**$ (256,432)**
Elimination of equity in connection with Restructuring (see Note 14)	(7,990,020)	(90)	50	(129,706)	386,178	256,432
Balance, December 13, 2018	**—**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

CCF Holdings LLC and Subsidiaries
Consolidated Statements of Members' Equity
Period Ended December 31, 2018
(Successor)
(Dollars in thousands)

	Class A Units Shares	Class A Units Amount	Class B Units Shares	Class B Units Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 13, 2018	**850,000**	**$ 740**	**150,000**	**$ 130**	**$ —**	**$ —**	**$ 870**
Net income	—	—	—	—	1,636	—	1,636
Change in fair value of debt	—	—	—	—	—	6,635	6,635
Balance, December 31, 2018	**850,000**	**$ 740**	**150,000**	**$ 130**	**$ 1,636**	**$ 6,635**	**$ 9,141**

See Notes to Consolidated Financial Statements.

CCF Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2018, 2017, and 2016

	For the Period December 13 through December 31, 2018 Successor	For the Period January 1 through December 12, 2018 Predecessor	Year Ended December 31, 2017 Predecessor	Year Ended December 31, 2016 Predecessor
Cash flows from operating activities				
Net income (loss)	**$ 1,636**	**$ (51,295)**	$ (180,895)	$ (1,545)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Provision for loan losses	**3,113**	**97,098**	136,201	115,962
Goodwill impairment	**—**	**—**	113,753	28,949
Loss on disposal of assets	**1**	**1,505**	5,192	1,901
(Gain) loss on debt extinguishment	**—**	**10,832**	—	(65,117)
Loss on sale of subsidiaries	**—**	**—**	—	4,106
Depreciation	**1,178**	**11,382**	13,895	14,439
Amortization of note discount and deferred debt issuance costs	**4**	**8,026**	3,893	2,697
Amortization of intangibles	**23**	**630**	496	664
Deferred income taxes	**—**	**—**	(9,675)	14,840
Stock-based compensation	**—**	**31**	51	1,293
Changes in assets and liabilities:				
Short-term investments	**—**	**—**	500	615
Card related pre-funding and receivables	**190**	**(27)**	483	129
Other assets	**(416)**	**124**	4,000	(4,307)
Deferred revenue	**(129)**	**(2,406)**	(2,753)	9,654
Accrued interest	**1,065**	**12,526**	418	(1,857)
Money orders payable	**4,528**	**(3,149)**	(1,040)	(3,024)
Lease termination payable	**(53)**	**(378)**	(248)	(256)
Accounts payable and accrued expenses	**3,714**	**(9,333)**	1,690	2,633
Net cash provided by operating activities	**14,854**	**75,566**	85,961	121,776
Cash flows from investing activities				
Net receivables originated	**(5,849)**	**(84,679)**	(136,338)	(82,525)
Net acquired assets, net of cash	**—**	**—**	(626)	(1,794)
Purchase of leasehold improvements and equipment	**(244)**	**(5,733)**	(8,861)	(9,080)
Net cash used in investing activities	**(6,093)**	**(90,412)**	(145,825)	(93,399)
Cash flows from financing activities				
Repurchase of senior secured notes	**—**	**—**	—	(38,809)
Proceeds from subsidiary note	**700**	**9,300**	20,000	14,265
Payments on subsidiary note	**—**	**(120)**	(7,414)	(1,047)
Proceeds from secured notes payable	**—**	**42,000**	—	—
Payments on capital lease obligations	**—**	**(371)**	(1,076)	(1,376)
Net advances (payments) on lines of credit	**—**	**(47,000)**	14,150	5,650
Debt issuance costs	**(18)**	**(12,235)**	(3,932)	(113)
Net cash provided by (used in) financing activities	**682**	**(8,426)**	21,728	(21,430)
Net increase (decrease) in cash and cash equivalents and restricted cash	**9,443**	**(23,272)**	(38,136)	6,947
Cash and cash equivalents and restricted cash:				
Beginning	**47,940**	**71,212**	109,348	102,401
Ending	**$ 57,383**	**$ 47,940**	$ 71,212	$ 109,348

The following table reconciles cash and cash equivalents and restricted cash from the Consolidated Balance Sheets to the above statements:

	December 31, 2016	December 31, 2015
Cash and cash equivalents	$ 106,333	$ 98,941
Restricted Cash	3,015	3,460
Total cash and cash equivalents and restricted cash	$ 109,348	$ 102,401

	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	**$ 53,208**	$ 66,627	$ 106,333
Restricted Cash	**4,175**	4,585	3,015
Total cash and cash equivalents and restricted cash	**$ 57,383**	$ 71,212	$ 109,348

See Notes to Consolidated Financial Statements.

CCF Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2018, 2017, and 2016
(In thousands)

	For the Period December 13th through December 31, 2018 Successor	For the Period January 1st through December 12, 2018 Predecessor	Year Ended December 31, 2017 Predecessor	Year Ended December 31, 2016 Predecessor
Supplemental Disclosures of Cash Flow Information Cash payments for:				
Interest	**$ 1,392**	**$ 29,516**	$ 42,721	$ 40,369
Income taxes paid, net	$ —	$ —	$ 178	$ 813
Supplemental Schedule of Noncash Investing and Financing Activities				
Equipment acquired through capital lease	$ —	$ —	$ —	$ —
Acquisitions (Note 14):				
Purchase price	$ —	$ —	$ —	$ 11,002
Fair value of finance receivables acquired	$ —	$ —	$ —	$ 9,065
Fair value of other tangible assets acquired, principally leasehold improvements and equipment	—	—	—	563
Fair value of other intangible assets acquired, principally tradename	—	—	—	323
Cost in excess of net assets acquired	—	—	—	1,051
	—	—	—	11,002
Less recognized amounts of identifiable assets and liabilities divested				
Fair value of finance receivables	—	—	—	(6,834)
Fair value of leasehold improvements and equipment	—	—	—	(787)
Fair value of identifiable goodwill	—	—	—	(5,982)
Fair value of other liabilities	—	—	—	64
Loss on transaction	—	—	—	2,537
	$ —	$ —	$ —	$ —

Note 1. Ownership, Nature of Business, and Significant Accounting Policies

Nature of business: CCF Holdings, LLC (the "Company" or "CCF") is a provider of alternative financial services to unbanked and under-banked consumers. The Company was formed in 2018 and began operations upon the closing of the Restructuring (as described below). As a result of the Restructuring, the Company succeeded to the business and operations of Community Choice Financial Inc., which we refer to as our Predecessor. The Company owned and operated 471 retail locations in 12 states and was licensed to deliver similar financial services over the internet in 29 states as of December 31, 2018. Through its network of retail locations and over the internet, the Company provides customers a variety of financial products and services, including secured and unsecured, short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of its individual customers.

As an "emerging growth company," the Company is permitted to delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. The Company has chosen to take advantage of the extended transition period for complying with new or revised accounting standards.

The 2018 Restructuring

On December 12, 2018, the Predecessor entered into an agreement (the "Restructuring Agreement"), with (a) CCF OpCo LLC, a Delaware limited liability company ("CCF OpCo"), (b) the Company, (c) CCF Intermediate Holdings LLC, a Delaware limited liability company ("CCF Intermediate"), (d) certain of Predecessor's direct and indirect subsidiaries, (e) certain noteholders under (i) the Indenture, dated as of April 29, 2011 (as amended, modified or supplemented from time to time, the "2019 Indenture"), by and among the Predecessor, the subsidiary guarantors party thereto, Computershare Trust Company, N.A. and Computershare Trust Company of Canada, together as indenture trustee (the "Indenture Trustee"), and Computershare Trust Company, N.A., as collateral agent (in such capacity, the "Collateral Agent") governing Predecessor's 10.75% senior secured notes due May 1, 2019 (the "2019 Notes"), (ii) the Indenture, dated as of July 6, 2012 (as amended, modified or supplemented from time to time, the "2020 Indenture", and together with the 2019 Indenture, the "Existing Indentures"), by and among Predecessor, the subsidiary guarantors party thereto, the Indenture Trustee and the Collateral Agent, governing Predecessor's 12.75% senior secured notes due May 1, 2020 (the "2020 Notes"), and (iii) the Indenture, dated as of September 6, 2018 (as amended, modified or supplemented from time to time, the "SPV Indenture"), by and among Community Choice Financial Issuer, LLC, a Delaware limited liability company ("CCF Issuer"), the guarantor party thereto, and Computershare Trust Company, N.A, as indenture trustee (in such capacity, the "SPV Trustee") and collateral agent (in such capacity, the "SPV Collateral Agent") governing CCF Issuer's 9.00% senior secured notes due September 6, 2020 (the "Secured Notes"), (f) certain investment funds associated with Diamond Castle Holdings and Golden Gate Capital (each, a "Sponsor," and collectively, the "Sponsors") and (g) CCF Issuer as revolving lender (the "Revolving Lender") under the Credit Agreement, dated as of September 6, 2018 (as amended, modified, supplemented, or otherwise restated from time to time, the "Revolving Credit Agreement"), by and among CCF OpCo, CCF Intermediate, the subsidiary guarantors party thereto, GLAS Trust Company LLC as administrative agent, and the Revolving Lender.

Substantially concurrent with the execution and delivery of, and pursuant to, the Restructuring Agreement, on December 12, 2018 (the "Closing Date") the Predecessor consummated a number of transactions contemplated thereby (the "Restructuring"), which satisfied Predecessor's obligation to execute a Deleveraging Transaction (as defined in the Revolving Credit Agreement) as required under the Victory Park Revolver and the SPV Indenture.

The Deleveraging Transaction was effected by way of an out-of-court strict foreclosure transaction, pursuant to which the Collateral Agent under the Existing Indentures, acting at the direction of certain beneficial holders holding more than 50% of the 2019 Notes and the beneficial holders of 100% of the 2020 Notes, exercised remedies whereby all right, title and interest in and to all of the assets of the Company that constitute collateral with respect to the Existing Indentures, including the issued and outstanding equity interests in certain of the Company's direct subsidiaries, were transferred to CCF OpCo. CCF OpCo is an indirect wholly owned subsidiary of the Company.

As a result of the strict foreclosure, all obligations represented by the 2019 Notes and 2020 Notes were extinguished, and holders of the 2019 Notes and 2020 Notes received a pro rata share of $276.9 million of the newly-issued 10.750% Senior PIK Notes due 2023 (the "PIK Notes") and 850,000 Class A common units of limited liability company interest ("Class A Units") issued by the Company. Additionally, the holders of Secured Notes received their pro rata share of 150,000 Class B common units of limited liability company interest ("Class B Units") issued by the Company, and Predecessor's existing equity holders, including the Sponsors, are entitled to receive a pro rata share of up to 52,631.6 of the Company's Class C common units of limited liability company interest ("Class C Common Units"). Furthermore, we may in the future issue Class M common units of limited liability company interest ("Class M Common Units" and together with Class A Common Units, Class B Common Units and Class C Common Units, the "Common Units") pursuant to an equity incentive plan. In connection with the Restructuring, the SPV Indenture was amended and restated to, among other things, extend the maturity date of the Secured Notes from September 6, 2020 to June 15, 2023.

The Class A Common Units and Class B Common Units (which Class B Common Units represented 15.0% of the aggregate number of the Company's issued and outstanding Common Units on December 12, 2018, subject to adjustment for any future issuances of common units (i) in consideration for the redemption of the PIK Notes ("Redemption Units"), or (ii) in connection with the issuance of any additional debt securities ("Additional Financing Units"), such that they continue to represent 15.0% of the issued and outstanding Common Units (including such Redemption Units and Additional Financing Units, but subject to dilution from any new management equity plan)) will entitle the holders thereof to voting rights (in each case, subject to the limitations in the governing documents of the Company). Following the Class C Distribution Trigger Time, Class C Common Units will be entitled to up to 5.0% of distributions from the Company. The Class C Common Units shall be subject to dilution from any new management equity plan and other common units and other equity interests of the Company that may be issued after the effective date of the Deleveraging Transaction.

In addition, in connection with the Restructuring, CCFI Funding II LLC, a non-guarantor subsidiary of CCF OpCo, entered into an amendment to the Amended and Restated Loan and Security Agreement, dated as of April 25, 2017 (as amended, modified or supplemented from time to time, the "Ivy Credit Agreement") pursuant to which, among other things, our borrowings under the Ivy Credit Agreement were increased from $63,500 to $70,000

A summary of the Company's significant accounting policies follows:

Basis of presentation: Upon the effective date of the Restructuring, the Company applied business combination accounting which resulted in the creation of a new entity for financial reporting purposes. As a result of the application of business combination accounting, as well as the effects of the implementation of the Restructuring, the Consolidated Financial Statements on or after December 12, 2018 being not comparable with the Consolidated Financial Statements prior to that date. Refer to Note 14. Business Combinations for a discussion of the Restructuring and the related impact of business combination accounting on the consolidated financial statements. The Company's financial condition as of December 31, 2018 reflects the financial condition and results of operations of the Company. Due to the timing of the Restructuring, the results of operations for the year ended December 31, 2018 reflect the results of operations of the Predecessor for the period prior to December 12, 2018, and the Company's consolidated results for the period from December 12, 2018 through December 31, 2018. The Company's financial condition and results of operations for the years ended December 31, 2017 and 2016 reflects the financial condition and results of operations of the Predecessor.

References to "Successor" or "Successor Company" relate to the financial position and results of operations of the reorganized Company subsequent to December 12, 2018. References to "Predecessor" or "Predecessor Company" refer to the financial position and results of operations of Community Choice Financial Inc. on and before December 12, 2018.

Business combinations: The Company accounts for business combinations under the acquisition method of accounting. Under this method, acquired assets, including separately identifiable intangible assets, and any assumed liabilities are recorded at their acquisition date estimated fair value. The excess of purchase price over the fair value amounts assigned to the assets acquired and the liabilities assumed represents the goodwill amount resulting from the Restructuring. Determining the fair value of assets acquired and liabilities assumed involves the use of significant estimates and assumptions.

Basis of consolidation: The accompanying consolidated financial statements include the accounts of CCF. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates: The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to change relate to the determination of the allowance for loan losses, the valuation of goodwill, the value of stock based compensation and the valuation of deferred tax assets and liabilities.

Business Segments: FASB Accounting Standards Codification ("ASC") Topic 280 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services and Internet financial services.

Equity method investments: Entities and investments over which the Company exercises significant influence over the activities of the entity but which do not meet the requirements for consolidation are accounted for using the equity method of accounting pursuant to ASC 323, whereby the Company records its share of the underlying income or loss of these entities. Intercompany profit arising from transactions with affiliates is eliminated to the extent of its beneficial interest. Equity in losses of equity method investments is not recognized after the carrying value of an investment, including advances and loans, has been reduced to zero, unless guarantees or other funding obligations exist.

On September 30, 2017, the Predecessor entered into a joint venture with a third party to offer insurance products through select retail locations in a certain market. The third party manages the joint venture.

Revenue recognition: Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The recognized revenue from these transactions is classified in the following categories:

Finance receivables fees – Advance fees and direct costs incurred for the origination of secured and unsecured short-term and medium-term consumer loans are deferred and amortized over the loan period using the interest method. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans' original interest rates until the impaired loans are charged off or paid by the customer. Revenues from short-term and medium-term consumer loans are recognized and the performance obligation is satisfied over the term of the loan.

Credit service fees - Credit service organization ("CSO") fees are recognized over the arranged credit service period. ASC 606 requires product sales to be allocated based on performance obligation. CSO performance obligations include the guarantee and the arrangement of the loan. The guarantee portion of the fees are recognized over the period of the loan as the guarantee represents the primary performance obligation. The arrangement of the loan represents a small portion of the CSO fee, and the net impact resulting from the adoption of ASC 606 for this portion of the loan would not be material. Credit service fees are recognized and the performance obligation is satisfied over the term of the related loan.

Check cashing fees - The full amount of the check cashing fee is recognized as revenue at the time of the transaction. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Card fees and Other - The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its retail locations. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Disaggregation of revenues – Revenues for finance receivable and credit service fees are recognized over the term of the loan and were $15,394 and $260,776 for the Successor and Predecessor periods of 2018, respectively. Revenues for check cashing and card fees, and other are recognized at the time of service and were $3,586 and $$66,482 for the Successor and Predecessor periods of 2018, respectively.

Cash and cash equivalents: Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less. At times, the Company may maintain deposits with banks in amounts in excess of federal depository insurance limits, but believes any such amounts do not represent significant credit risk.

Restricted cash: Restricted cash represents cash used to meet state licensing requirements or compensating balances, and is restricted as to withdrawal or usage.

Finance receivables: Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from $100 to $1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations which vary by state. State statutes vary from charging fees of 15% to 20%, to charging interest at 25% per annum plus origination fees. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 12.8% and 14.5% of short-term consumer loans at December 31, 2018 and 2017, respectively.

In certain states, in compliance with law, we offer an extended payment plan for all borrowers. This extended payment plan is advertised to all customers where the program is offered, either via pamphlet or by being posted at the store at the time of the consumer loan. This payment plan is available to all customers in these states upon request and is not contingent on the borrower's repayment status or further underwriting standards. The term is extended to roughly four payments over eight weeks. If customers do not make these payments, then their held check is deposited. Gross loan receivables subject to these repayment plans represented $135 of the $89,808 total receivables at December 31, 2018 and $184 of the $113,368 total receivables at December 31, 2017.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days and up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days represented 13.7% and 12.6% of medium-term consumer loans at December 31, 2018 and 2017, respectively.

Allowance for loan losses: Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses and an adequate accrual for losses related to guaranteed loans processed for third-party lenders under the CSO program. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders and the resulting provision for loan losses include an evaluation by product, by market based on historical loan loss experience, and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or ACH authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are either thirty or sixty days past due depending on the product. The Company accrues interest on past-due loans until charge off. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

For medium term secured and unsecured consumer loans that have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans that have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due. The Company accrues interest on past-due loans until charge off. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

Card related pre-funding and receivables: The Company acts as an agent for Insight, marketing prepaid debit cards.

Property, leasehold improvements and equipment: Leasehold improvements and equipment are carried at cost. Depreciation is provided principally by straight-line methods over the estimated useful lives of the assets or the lease term, whichever is shorter. In connection with the Restructuring on December 12, 2018, the estimated fair value of property, leasehold improvements and equipment was determined using a market approach and a cost replacement approach.

The useful lives of leasehold improvements and equipment by class are as follows:

	Years
Furniture & fixtures	7
Leasehold improvements	Life of Lease
Equipment	3 - 7
Vehicles	5
Capital leases & maintenance	Life of Lease
Buildings	39

Deferred loan origination costs: Direct costs incurred for the origination of loans, which consist mainly of direct and employee-related costs, are deferred and amortized to loan fee income over the contractual lives of the loans using the interest method. Unamortized amounts are recognized as income at the time that loans are paid in full.

Goodwill and other intangible assets: Goodwill, or cost in excess of fair value of net assets of the companies acquired, is recorded at its carrying value and is periodically evaluated for impairment. Goodwill in the Successor period represents amounts recognized in connection with the Restructuring on December 12, 2018. The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

On July 1, 2016, the Predecessor entered into a swap transaction through which it divested interests in Illinois, Kansas, Missouri, and Utah, as described in Note 14. The Predecessor provided a version of a new projection model which was based on the potential effects of proposed CFPB rules as the Predecessor understood the impact at that time. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. These items are considered level 3 inputs for determining fair value. The test concluded that the Retail financial services reporting unit had an impairment of $28,949 as of July 1, 2016.

For the year ended December 31, 2016, the Predecessor conducted its annual test for impairment of goodwill for the Retail financial services reporting unit and concluded that there was no impairment for the Retail services reporting unit. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques.

For the year ended December 31, 2017, the Predecessor conducted its annual test for impairment of goodwill for the Retail financial services reporting unit and concluded that an impairment for the Retail services reporting unit of $113,753 should be taken. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. Goodwill for the Retail financial services reporting unit was fully impaired as of December 31, 2017.

In connection with the Restructuring on December 12, 2018, the Company recognized goodwill and other intangible assets of $14,451.

The Company's other intangible assets consist of non-compete agreements, customer lists, trade names, and internally developed software. The amounts recorded for other intangible assets are amortized using the straight-line method over three, five, or seven years. Intangible amortization expense for the Successor period ended December 31, 2018 was $23, and for the Predecessor period ended December 12, 2018, and for the Predecessor years ended December 31, 2017, and 2016 was $630, $496 and $664, respectively

Deferred debt issuance costs: Deferred debt issuance costs are amortized using the interest method over the life of the related note payable agreement. Amortization is included as a component of interest expense in the consolidated statements of operations.

Deferred revenue: The Company's deferred revenue is comprised of an upfront fee received under an agency agreement to offer wire transfer services at the Company's branches. The deferred revenue is recognized over the contract period on a straight-line basis.

Deferred rent: The Company leases premises under agreements which provide for periodic increases over the lease term. Accordingly, timing differences between the amount paid for rent and the amount expensed under the straight line method, are recorded in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

Lease Termination Payable: The Company records a liability in the consolidated balance sheets for the remaining lease obligations with the corresponding lease termination expense for closed retail locations disclosed in the operating expenses section, and closed corporate locations disclosed in the corporate and other expenses section, of the consolidated statements of operations, respectively.

Self-Insurance Liability: The Company is self-insured for employee medical benefits subject to certain loss limitations. The incurred but not reported liability ("IBNR") represents an estimate of the cost of unreported claims based on historical claims reporting. The Company monitors the continued reasonableness of the assumptions and methods used to estimate the IBNR liability each reporting period.

Advertising and marketing costs: Costs incurred for producing and communicating advertising, and marketing over the internet are charged to operations when incurred or the first time advertising takes place. Advertising and marketing expense for the Successor period ended December 31, 2018 was $95, and for the Predecessor period ended December 12, 2018 and for the Predecessor years ended December 31, 2017, and 2016 were $4,643, $7,262 and $6,831, respectively. Corporate level advertising and marketing expense for the Successor period ended December 31, 2018 was $11, and for the Predecessor period ended December 12, 2018, and for the Predecessor years ended December 31, 2017 and 2016 were $116, $291, and $447, respectively.

Operating expenses: The direct costs incurred in operating the Company's store and call center operations have been classified as operating expenses. Operating expenses include salaries and benefits of employees, provision for loan losses, rent and other occupancy costs, depreciation and amortization of branch property and equipment, armored services and security costs, and other direct costs. District and regional managers' salaries are included in corporate expenses.

Preopening costs: New store preopening costs are expensed as incurred.

Impairment of long-lived assets: The Company evaluates all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amount of these assets cannot be recovered by the undiscounted net cash flows they will generate.

Income taxes: Deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense represents current tax obligations and the change in deferred tax assets and liabilities.

The Company recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties on income taxes are charged to income tax expense.

Governmental regulation: The Company is subject to various state and federal laws and regulations, which are subject to change and which may impose significant costs or limitations on the way the Company conducts or expands its business. Certain limitations include among other things imposed limits on fee rates and other charges, the number of loans to a customer, a cooling off period, the number of permitted rollovers and required licensing and qualification.

In most instances, state law provides the statutory and regulatory framework for the products the Company offers in those states, in instances where the Company is making a loan to a consumer, certain federal laws also impact the business. The Company's consumer loans are subject to federal laws and regulations, including the Truth-in-Lending Act ("TILA"), the Equal Credit Opportunity Act ("ECOA"), the Fair Credit Reporting Act ("FCRA"), the Gramm-Leach-Bliley Act ("GLBA"), the Bank Secrecy Act, the Money Laundering Control Act of 1986, the Money Laundering Suppression Act of 1994, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "PATRIOT Act"), Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"), and the regulations promulgated for each. Among other things, these laws require disclosure of the principal terms of each transaction to every customer, prohibit misleading advertising, protect against discriminatory lending practices, proscribe unfair credit practices and prohibit creditors from discriminating against credit applicants on the basis of race, sex, age or marital status. The GLBA and its implementing regulations generally require the Company to protect the confidentiality of its customers' nonpublic personal information and to disclose to the Company's customers its privacy policy and practices. On October 5, 2017, the Consumer Financial Protection Bureau ("CFPB") released its final Payday, Vehicle Title and Certain High-Cost Installment Loan Rules ("CFPB Rule"). The CFPB Rule was published in the Federal Register on November 17, 2017, prior to the resignation of the CFPB's Director. On February 6, 2019, however, the CFPB proposed to rescind certain provisions of the CFPB Rule, specifically to repeal the portion of the rule that included an ability-to-repay requirement, which the CFPB now refers to as the "mandatory underwriting provisions," and to delay the compliance date for the mandatory underwriting provisions until November 19, 2020. In addition to state regulatory examinations that assess the Company's compliance with state and federal laws and regulations, the CFPB and the Internal Revenue Service periodically examine and will continue to periodically examine the Company's compliance with the federal laws noted above and the regulations promulgated under those laws.

Fair value of financial instruments: Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.
- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, *Fair Value Measurements and Disclosures,* which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company's financial instruments consist primarily of cash and cash equivalents, finance receivables, short-term investments, and lines of credit. For all such instruments, other than notes payable at December 31, 2018, and senior secured notes at December 31, 2017, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at December 31, 2018 and December 31, 2017 approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the PIK notes was determined at the date of issuance of December 12, 2018, and at December 31, 2018. The fair value of the PIK notes was determined using a Black Scholes option price methodology on an "as-if-converted" basis. Significant assumptions include a market-based volatility assumption an assumed holding period to maturity.

The fair value of the 10.75% senior secured notes due 2019 (the "2019 notes") and the 12.75% senior secured notes due 2020 (the "2020 notes") were determined based on market yield on trades of the 2019 notes at the end of the year ended December 31, 2017.

Successor

	December 31, 2018		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 53,208**	$ 53,208	1
Restricted cash	**4,175**	4,175	1
Finance receivables	**84,364**	84,364	3
Financial liabilities:			
Senior PIK Notes	**60,796**	60,796	3
Secured Note Payable	**42,000**	42,000	2
Subsidiary Note payable	**71,838**	71,838	2

Predecessor

	December 31, 2017		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 66,627**	$ 66,627	1
Restricted cash	**4,585**	4,585	1
Finance receivables	**94,339**	94,339	3
Financial liabilities:			
10.75% Senior secured notes	**237,290**	212,636	1
12.75% Senior secured notes	**12,500**	10,841	2
Subsidiary Note payable	**61,958**	61,958	2
Line of Credit	**47,000**	47,000	2

Treasury Stock: Treasury stock is reported at cost and consists of one million common shares at December 31, 2017. As part of the Restructuring on December 12, 2018, all shares of treasury stock were automatically cancelled and retired for no consideration.

Recent Accounting Pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. This ASU was amended in August 2015 by ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date", which defers the effective date by one year. In addition, between March 2016 and May 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) ("ASU 2016-08"), ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing ("ASU 2016-10") and ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients ("ASU 2016-12"). ASU 2016-08, ASU 2016-10 and ASU 2016-12 clarify certain aspects of ASU 2014-09 and provide additional implementation guidance. For emerging growth companies, ASU 2014-09, ASU 2016-08, ASU 2016-10 and ASU 2016-12 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company elected to early adopt the standard and determined that the primary revenue source impacted by this standard are the credit service organization fees. Credit service organization ("CSO") fees are recognized over the arranged credit service period. ASC 606 requires product sales to be allocated based on performance obligation. CSO performance obligations include the guarantee and the arrangement of the loan. The guarantee portion of the fees are recognized over the period of the loan as the guarantee represents the primary performance obligation. The arrangement of the loan represents a small portion of the CSO fee, and the net impact resulting from the adoption of ASC 606 for this portion of the loan is not material.

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities"*, which requires that equity investments, except for those accounted for under the equity method or those that result in consolidation of the investee, be measured at fair value, with subsequent changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. ASU 2016-01 also impacts the presentation and disclosure requirements for financial instruments. ASU 2016-01 is effective for emerging growth companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. The Company elected to early adopt the standard and the early adoption of ASU 2016-01 has not had a material effect on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842)",* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to recognize the following for all leases with terms longer than 12 months: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases today. In addition, ASU 2016-02 aligns lessor accounting with the lessee accounting model and ASU 2014-09, Revenue from Contracts with Customers (Topic 606) Section A—Summary and Amendments That Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40) ("ASU 2014-09"). ASU 2016-02 is effective for emerging growth companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. The Company has elected to early adopt the standard for the year ending December 31, 2019. Entities must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. As a result of the adoption of the new lease standard on January 1, 2019, the Company recorded $32,453 for both operating lease liabilities and corresponding right-of-use assets. The operating lease liabilities will be based on the present value of the remaining minimum rental payments using discount rates as of the effective date.

In March 2016, the FASB issued ASU 2016-09, *"Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting"*, which simplifies several aspects related to the accounting for share-based payment transactions. Per ASU 2016-09: (1) all excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement, rather than in additional paid-in capital under current guidance; (2) excess tax benefits should be classified along with other income tax cash flows as an operating activity on the statement of cash flows, rather than as a separate cash inflow from financing activities and cash outflow from operating activities under current guidance; (3) cash paid by an employer when directly withholding shares for tax-withholding purposes should be classified as a financing activity; and (4) an entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest, which is consistent with current guidance, or account for forfeitures when they occur. For emerging growth companies, the guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The Company determined that the adoption of ASU 2016-09 does not have a material effect on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 is effective for emerging growth companies that are Securities and Exchange Commission ("SEC") filers for annual periods, and interim periods within those annual periods, beginning after December 15, 2020. The Company is still assessing the potential impact of ASU 2016-13 on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *"Restricted Cash"*. GAAP currently does not include specific guidance to address how to classify and present changes in restricted cash or restricted cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into restricted cash or restricted cash equivalents or direct cash payments made from restricted cash or restricted cash equivalents. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. For emerging growth companies, the amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within fiscal years beginning after December 31, 2019. The Company elected to early adopt the standard and has revised the format of the statement of cash flows to reflect the requirements of this standard.

In January 2017, the FASB issued ASU No. 2017-01, *"Business Combinations (Topic805): Clarifying the Definition of a Business"*. This guidance clarifies the definition of a business, which affects many areas of accounting, such as acquisitions, disposals, goodwill impairment and consolidation. For emerging growth companies, the guidance is effective for annual periods beginning after December 15, 2018. The Company does not expect that the adoption of ASU 2017-01 will have a material effect on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *"Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment"*. This guidance eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill. This guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment, and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021 for emerging growth companies. The Company has elected to not early adopt the provisions of ASU 2017-04. If early adoption had been selected, the goodwill impairment recorded and analysis performed at December 31, 2017 would have been materially different given the reporting unit had negative carrying value.

In May 2017, the FASB issued ASU No. 2017-09, *"Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting"*. This guidance specifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The guidance is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The Company has determined that adoption of this guidance did not have a material impact on our consolidated financial statements.

Subsequent events: The Company has evaluated its subsequent events (events occurring after December 31, 2018) through the issuance date of April 7, 2019.

Note 2. Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Finance receivables represent amounts due from customers for advances at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor	December 31, 2017 Predecessor
Short-term consumer loans:		
Secured	**$ 6,908**	$ 9,608
Unsecured	**46,871**	56,857
Total short-term consumer loans	**53,779**	66,465
Medium-term consumer loans		
Secured	**4,936**	5,932
Unsecured	**31,093**	40,971
Total medium-term consumer loans	**36,029**	46,903
Total gross receivables	**89,808**	113,368
Unearned advance fees, net of deferred loan origination costs	**(1,970)**	(2,702)
Finance receivables before allowance for loan losses	**87,838**	110,666
Allowance for loan losses	**(3,474)**	(16,327)
Finance receivables, net	**$ 84,364**	$ 94,339
Finance receivables, net		
Current portion	**$ 81,093**	$ 89,707
Non-current portion	**3,271**	4,632
Total finance receivables, net	**$ 84,364**	$ 94,339

Changes in the allowance for the loan losses by product type for the Successor period ended December 31, 2018 are as follows:

	Balance 12/13/2018	Provision	Charge-Offs	Recoveries	Balance 12/31/2018	Receivables 12/31/2018	Allowance as a percentage of receivables
Short-term consumer loans	$ —	$ 1,180	$ (1,038)	$ 1,876	$ 2,018	$ 53,779	3.75 %
Medium-term consumer loans	—	799	—	657	1,456	36,029	4.04 %
	$ —	$ 1,979	$ (1,038)	$ 2,533	$ 3,474	$ 89,808	3.87 %

The provision for loan losses for the Successor period ended December 31, 2018 also includes losses from returned items from check cashing of $187.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for individually evaluating medium-term loans that have been modified and classified as troubled debt restructurings. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $3 and is included in the provision for medium-term consumer loans for the Successor period ended December 31, 2018. For these loans evaluated for impairment, there were $1 of payment defaults during the Successor period ended December 31, 2018. The troubled debt restructurings during the Successor period ended December 31, 2018 are subject to an allowance of $1 with a net carrying value of $3 at December 31, 2018.

Changes in the allowance for the loan losses by product type for the Predecessor period ended December 12, 2018 are as follows:

	Balance 1/1/2018	Provision	Charge-Offs	Recoveries	Balance 12/12/2018	Receivables 12/12/2018	Allowance as a percentage of receivables
Short-term consumer loans	$ 2,697	$ 38,012	$ (69,716)	$ 31,825	$ 2,818	$ 60,780	4.64 %
Medium-term consumer loans	13,630	29,815	(33,911)	4,027	13,561	40,600	33.40 %
	$ 16,327	$ 67,827	$ (103,627)	$ 35,852	$ 16,379	$ 101,380	16.16 %

The provision for loan losses for the Predecessor period ended December 12, 2018 also includes losses from returned items from check cashing of $5,013.

The provision for short-term consumer loans of $38,012 is net of debt sales of $1,188 and the provision for medium-term consumer loans of $29,815 is net of debt sales of $1,196.

The provision and subsequent charge off related to these troubled debt restructurings totaled $111 and is included in the provision for medium-term consumer loans for the Predecessor period ended December 12, 2018. For these loans evaluated for impairment, there were $210 of payment defaults during the Predecessor period ended December 12, 2018. The troubled debt restructurings during the Predecessor period ended December 12, 2018 are subject to an allowance of $41 with a net carrying value of $64 at December 12, 2018.

Changes in the allowance for the loan losses by product type for the Predecessor year ended December 31, 2017 are as follows:

	Balance 1/1/2017	Provision	Charge-Offs	Recoveries	Balance 12/31/2017	Receivables 12/31/2017	Allowance as a percentage of receivable
Short-term consumer loans	$ 2,223	$ 46,240	$ (91,072)	$ 45,306	$ 2,697	$ 66,465	4.06 %
Medium-term consumer loans	13,996	51,329	(57,263)	5,568	13,630	46,903	29.06 %
	$ 16,219	$ 97,569	$ (148,335)	$ 50,874	$ 16,327	$ 113,368	14.40 %

The provision for loan losses for the Predecessor year ended December 31, 2017 also includes losses from returned items from check cashing of $5,966.

The provision for short-term consumer loans of $46,240 is net of debt sales of $1,199 and the provision for medium-term consumer loans of $51,329 is net of debt sales of $1,555.

The provision and subsequent charge off related to these troubled debt restructurings totaled $256 and is included in the provision for medium-term consumer loans for the Predecessor year ended December 31, 2017. For these loans evaluated for impairment, there were $432 of payment defaults during the Predecessor year ended December 31, 2017. The troubled debt restructurings during the Predecessor year ended December 31, 2017 are subject to an allowance of $80 with a net carrying value of $146 at December 31, 2017.

Changes in the allowance for the loan losses by product type for the Predecessor year ended December 31, 2016 are as follows:

	Balance 1/1/2016	Provision	Charge-Offs	Recoveries	Balance 12/31/2016	Receivables 12/31/2016	Allowance as a percentage of receivable
Short-term consumer loans	$ 3,676	$ 37,906	$ (101,069)	$ 61,710	$ 2,223	$ 61,589	3.61 %
Medium-term consumer loans	20,216	46,836	(60,831)	7,775	13,996	51,431	27.21 %
	$ 23,892	$ 84,742	$ (161,900)	$ 69,485	$ 16,219	$ 113,020	14.35 %

The provision for loan losses for the Predecessor year ended December 31, 2016 also includes losses from returned items from check cashing of $6,056.

The provision for short-term consumer loans of $37,906 is net of debt sales of $1,484 and the provision for medium-term consumer loans of $46,836 is net of debt sales of $2,606.

The provision and subsequent charge off related to troubled debt restructurings totaled $669 and is included in the provision for medium-term consumer loans for the Predecessor year ended December 31, 2016. For these loans evaluated for impairment, there were $1,279 of payment defaults during the Predecessor year ended December 31, 2016. The troubled debt restructurings during the Predecessor year ended December 31, 2016 are subject to an allowance of $219 with a net carrying value of $660 at December 31, 2016.

The Company has subsidiaries that facilitate third party lender loans. Changes in the accrual for third-party lender losses for the Successor period ended December 31, 2018, and the Predecessor period ended December 12, 2018, and for the Predecessor years ended December 31, 2017, and 2016 were as follows:

	December 31, 2018 Successor	December 12, 2018 Predecessor	Years Ended December 31, 2017 Predecessor	Years Ended December 31, 2016 Predecessor
Short-term balance, beginning of period	**$ 4,379**	**$ 4,571**	$ 2,907	$ 2,390
Provision for loan losses	**947**	**24,045**	32,277	24,261
Charge-offs, net	**(872)**	**(24,237)**	(30,613)	(23,744)
Short-term balance, end of period	**$ 4,454**	**$ 4,379**	$ 4,571	$ 2,907
Medium-term balance, beginning of period	**$ 62**	**$ 247**	$ 192	$ 220
Provision for loan losses	**-**	**213**	389	903
Charge-offs, net	**(3)**	**(398)**	(334)	(931)
Medium-term balance, end of period	**$ 59**	**$ 62**	$ 247	$ 192
Total balance, beginning of period	**$ 4,441**	**$ 4,818**	$ 3,099	$ 2,610
Provision for loan losses	**947**	**24,258**	32,666	25,164
Charge-offs, net	**(875)**	**(24,635)**	(30,947)	(24,675)
Total balance, end of period	**$ 4,513**	**$ 4,441**	$ 4,818	$ 3,099

The Company offers a CSO product in Ohio and Texas to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $34,144 and $36,967 at December 31, 2018 and 2017, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $30,490 and $31,341 in short-term and $303 and $1,166 in installment loans at December 31, 2018 and 2017, respectively. The total gross finance receivables for the Texas CSO product consist of $3,351 and $4,460 in short-term loans at December 31, 2018 and 2017, respectively. The provision for third-party lender losses of $24,258 and $32,666 for the Predecessor period ended December 12, 2018 and the Predecessor year ended December 31, 2017 is net of debt sales of $934 and $988, respectively.

For the Ohio CSO Program, the Company was required to purchase $2,082, $46,368, and $43,584 of short-term and $17, $669, and $638 of installment loans during the Successor period ended December 31, 2018, Predecessor period ended December 12, 2018, and the Predecessor year ended December 31, 2017, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The Company recognized recoveries of $1,216, $29,912, and $23,557 of short-term and $19, $270, and $305 of installment collections on these loans during the Successor period ended December 31, 2018, Predecessor period ended December 12, 2018, and the Predecessor year ended December 31, 2017, respectively.

For the Texas CSO Program, the Company was required to purchase $485, $11,293, and $17,542 of short-term loans during the Successor period ended December 31, 2018, Predecessor period ended December 12, 2018, and the Predecessor year ended December 31, 2017, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The Company recognized recoveries of $270, $4,123, and $6,888 of short-term collections on these loans during the Successor period ended December 31, 2018, Predecessor period ended December 12, 2018, and the Predecessor year ended December 31, 2017, respectively.

The Company considers the near term repayment performance of finance receivables as its primary credit quality indicator. The Company performs credit checks through consumer reporting agencies on certain borrowers. If a third-party lender provides the advance, the applicable third-party lender decides whether to approve the loan and establishes all of the underwriting criteria and terms, conditions, and features of the customer's loan agreement.

The aging of receivables at December 31, 2018 and 2017 are as follows :

	December 31, 2018 Successor		December 31, 2017 Predecessor	
Current finance receivables	**$ 81,097**	**90.3 %**	$101,102	89.2 %
Past due finance receivables (1 - 30 days)				
Short-term consumer loans	**1,078**	**1.2 %**	2,046	1.8 %
Medium-term consumer loans	**4,670**	**5.2 %**	6,502	5.7 %
Total past due finance receivables (1 - 30 days)	**5,748**	**6.4 %**	8,548	7.5 %
Past due finance receivables (31 - 60 days)				
Medium-term consumer loans	**2,694**	**3.0 %**	3,130	2.8 %
Total past due finance receivables (31 - 60 days)	**2,694**	**3.0 %**	3,130	2.8 %
Past due finance receivables (61 - 90 days)				
Medium-term consumer loans	**269**	**0.3 %**	588	0.5 %
Total past due finance receivables (61 - 90 days)	**269**	**0.3 %**	588	0.5 %
Total delinquent	**8,711**	**9.7 %**	12,266	10.8 %
	$ 89,808	**100.0 %**	$113,368	100.0 %

Note 3. Related Party Transactions and Balances

Eugene Schutt and Jennifer Adams Baldock, each an independent member of our Board of Directors, are lenders to Ivy Funding Nine LLC, the lender to our non-guarantor subsidiary. Mr. Schutt and Ms. Baldock loaned 0.28% and 0.04% of the total available credit extended by Ivy Funding Nine LLC. The Company paid $1,067 during the Successor period ended December 31, 2018, and $10,021 during the Predecessor period ended December 12, 2018, to Ivy Funding, which represents payments of interest and fees.

William Saunders, Kyle Hanson, and Michael Durbin, our Chairman and Chief Executive Officer, President, and Chief Financial Officer, respectively, through trusts of which each is either, directly or indirectly through their family, the trustee and/or settlor has an interest in BusinessPhone.com LLC, Account Logic LLC, AdTrek LLC and Speech IQ LLC, entities that provide to the Company telecommunications and internet services, fraud detection, advertising and marketing support and speech analytics, respectively. Messrs. Saunders, Durbin and Hanson have interests of 5%, 10% and 35%, respectively. During Predecessor period ended December 12, 2018, the company paid $8,784 to BusinessPhone.com LLC, $881 to Account Logic LLC, $258 to AdTrek LLC and $147 to Speech IQ LLC.

Note 4. Property, Leasehold Improvements and Equipment

At December 31, 2018 and 2017, property, leasehold improvements and equipment consisted of the following:

	December 31, 2018 Successor	December 31, 2017 Predecessor
Furniture & fixtures	**$ 11,494**	$ 25,677
Leasehold improvements	**42,350**	50,400
Equipment	**6,601**	28,744
Vehicles	**2,575**	3,141
	63,020	107,962
Less accumulated depreciation	**(1,178)**	(81,114)
	$ 61,842	$ 26,848

In connection with the Restructuring on December 12, 2018, a fair value adjustment of $43,083 was recorded for property, leasehold improvements and equipment. See Note 14 for additional information regarding the Restructuring.

Depreciation expense for the Successor period through December 31, 2018 was $1,178, and for the Predecessor period ended December 12, 2018, and for the Predecessor years ended December 31, 2017, and 2016 was $11,382, $13,895 and $14,439, respectively.

Note 5. Goodwill and Other Intangible Assets

The following table summarizes goodwill and other intangible assets as of December 31, 2018 and 2017:

	December 31, 2018 Successor	December 31, 2017 Predecessor
Goodwill	**$ 11,288**	$ —
Other intangible assets, net:		
Trade names	**$ 3,062**	$ 628
Favorable lease	**74**	—
Customer lists	**—**	144
Internally developed software	**—**	152
	$ 3,136	$ 924

In connection with the Restructuring, the Company recorded $11,288 in goodwill and $3,163 in intangible assets representing the fair values at the Restructuring date of December 12, 2018. See Note 14 for additional information regarding the Restructuring.

The carrying amounts of goodwill by reportable segment at December 31, 2018 were as follows:

	Retail Financial Services	Internet Financial Services	Total
Goodwill	$ 11,288	$ —	$ 11,288
Accumulated impairment losses	—	—	—
	$ 11,288	$ —	$ 11,288

The changes in the carrying amount of goodwill are summarized as follows:

Predecessor	
Balance at December 31, 2015	$ 152,568
Other acquisitions and dispositions, net	(10,329)
Retail segment impairment	(28,949)
Balance at December 31, 2016	113,290
Other acquisitions, net	463
Retail segment impairment	(113,753)
Balance at December 31, 2017	—
Balance at December 12, 2018	$ —
Successor	
Balance at December 13, 2018	$ —
Goodwill recognized in restructuring	11,288
Balance at December 31, 2018	$ 11,288

For the Predecessor years ending December 31, 2017 and 2016, the Company conducted its annual test for impairment of goodwill for the Retail financial services reporting unit and concluded that an impairment for the Retail services reporting unit of $113,753, and $-0-, respectively, should be taken. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. Goodwill for the Retail financial services reporting unit was fully impaired as of December 31, 2017.

The Predecessor performs a goodwill impairment test for the Retail services reporting unit as required when a portion of a segment is sold.

The Predecessor sold its interests in Buckeye Check Cashing of Florida II ("Florida II") in February 2016 as described in Note 14. The test resulted in no impairment of goodwill.

On July 1, 2016, the Predecessor entered in to a swap transaction through which it divested interests in Illinois, Kansas, Missouri, and Utah, as described in Note 14. In June 2016, the Consumer Financial Protection Bureau published its notice of proposed rule-making on payday, vehicle title and certain high-cost installment loans which will restrict the Company's ability to lend to consumers. At this time, we are unable to predict what the final version of these rules will be or their impact on our business. The Predecessor provided a version of a new projection model which was based on the potential effects of these rules as the Predecessor understood the impact at this time. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. These items are considered level 3 inputs for determining fair value. The test concluded that the Retail financial services reporting unit had an impairment of $28,949 as of July 1, 2016.

The amount of book goodwill from the acquisition of California Check Cashing Services in 2011 exceeded the amount of tax goodwill by approximately $46,775.

Other intangible assets are summarized as follows:

	December 31, 2018 Successor			December 31, 2017 Predecessor		
	Gross Carrying	**Accumulated**	**Net Carrying**	**Gross Carrying**	**Accumulated**	**Net Carrying**
Non-compete agreements	**$ —**	**$ —**	**$ —**	$ 3,124	$ (3,124)	$ —
Favorable lease	**78**	**(4)**	**74**	—	—	—
Trade names	**3,085**	**(23)**	**3,062**	7,224	(6,596)	628
Customer lists	**—**	**—**	**—**	3,072	(2,928)	144
Internally developed software	**—**	**—**	**—**	2,339	(2,187)	152
Total	**$ 3,163**	**$ (27)**	**$ 3,136**	$ 15,759	$ (14,835)	$ 924

Amortization expense on specifically identifiable intangibles for the next 5 years is estimated to be:

Year Ending December 31,	Amount
2019	**$ 515**
2020	**441**
2021	**441**
2022	**441**
2023	**441**
Thereafter	**857**
	$ 3,136

Intangible amortization expense for the Successor period ended December 31, 2018 was $23, and for the Predecessor period ended December 12, 2018, and for the Predecessor years ended December 31, 2017, and 2016 was $630, $496 and $664, respectively.

Note 6. Pledged Assets and Debt

Concurrent with the execution and delivery of, and pursuant to, the Restructuring Agreement, on December 12, 2018, our Predecessor consummated a number of transactions contemplated thereby, which satisfied Predecessor's obligation to execute a Deleveraging Transaction as required under the Victory Park Revolver and the SPV Indenture.

The Deleveraging Transaction was effected by way of an out-of-court strict foreclosure transaction, pursuant to which the Collateral Agent under the Existing Indentures, acting at the direction of certain beneficial holders holding more than 50% of the 2019 Notes and the beneficial holders of 100% of the 2020 Notes, exercised remedies whereby all right, title and interest in and to all of the assets of the Predecessor that constitute collateral with respect to the Existing Indentures, including the issued and outstanding equity interests in certain of the Predecessor's direct subsidiaries, were transferred to CCF OpCo. CCF OpCo is an indirect wholly owned subsidiary of the Company.

As a result of the strict foreclosure, all obligations represented by the 2019 Notes and 2020 Notes were extinguished, and holders of the 2019 Notes and 2020 Notes received a pro rata share of $276,940 of the newly-issued 10.750% PIK Notes due 2023.

Senior PIK notes payable at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor			December 31, 2017 Predecessor	
	Principal	**Discount**	**Fair Value**	**Principal**	**Principal**
Senior PIK notes, 10.750% interest payable in-kind, due December 2023	**$ 276,940**	**$ 216,144**	**$ 60,796**	$ —	$ —
	276,940	**216,144**	**60,796**	—	—
Less current maturities	**—**	**—**	**—**	—	—
Long-term portion	**$ 276,940**	**$ 216,144**	**$ 60,796**	$ —	$ —

As a result of the Restructuring and application of business combination accounting, all of the Company's debt obligations were initially recognized at fair value at December 13, 2018. The Company has elected to apply the fair value option to the PIK Notes, which results in the notes being carried at fair value in the 2018 Successor period and future years. The Company elected the fair value option for the PIK Notes because the notes were initially recognized at a significant discount, all subsequent interest will be paid-in kind rather than in cash, and management expects it to be likely that the notes will be converted to equity upon maturity. For these reasons, management believes reporting the PIK Notes at fair value provides better information to the users of the Company's financial statements. The fair value option was not elected for the Company's other debt obligations because they do not have the same characteristics as the PIK Notes. The fair value of the PIK Notes upon their issuance resulted in $209,509 in fair value discount. This amount is not reflected in either the Predecessor or Successor consolidated statement of operations. The change in the fair value of the PIK Notes during the Successor period or $6,635 has been recognized in other comprehensive income as the entire change in fair value is attributable to the instrument-specific credit risk of the PIK Notes.

Interest on the PIK Notes accrues at the rate of 10.750% per annum and is payable by increasing the principal amount of the PIK Notes. Interest is payable semiannually in arrears for the prior six month period on June 15 and December 15 to the Holders of PIK Notes of record on the immediately preceding June 1 and December 1. Interest on the PIK Notes is accrued and recorded as accrued interest until June 15 and December 15, at which time the accrual is released and the additional principal amount is recorded. Accrued interest for the PIK Notes at December 31, 2018 is $1,571 and is included as a current liability on the Consolidated Balance Sheet.

Senior secured notes payable at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor			December 31, 2017 Predecessor		
	Principal	Deferred Issuance Costs and Unamortized Discount	Net Principal	Principal	Deferred Issuance Costs and Unamortized Discount	Net Principal
$405,000 Senior Note payable, 10.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due May 2019, extinguised December 2018	$ —	$ —	$ —	$ 237,290	$ 1,504	$ 235,786
$25,000 Senior Note payable, 12.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due May 2020, extinguished December 2018	—	—	—	12,500	160	12,340
	—	—	—	249,790	1,664	248,126
Less current maturities	—	—	—	—	—	—
Long-term portion	$ —	$ —	$ —	$ 249,790	$ 1,664	$ 248,126

The extinguishment of the Senior secured notes on December 12, 2018, resulted in $2,374 in accelerated amortization of remaining deferred financing costs and bond discount. This amount is not reflected in either the Predecessor or Successor consolidated statement of operations, but instead are presented “on the black line”.

Lines of credit at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor			December 31, 2017 Predecessor		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$47,000 Revolving credit, secured, interest rate as defined below, due April 2019, refinanced September 2018, collateralized by all Guarantor Company assets	$ —	$ —	$ —	$ 47,000	$ 1,871	$ 45,129
	—	—	—	47,000	1,871	45,129
Less current maturities	—	—	—	—	—	—
Long-term portion	$ —	$ —	$ —	$ 47,000	$ 1,871	$ 45,129

On September 6, 2018, the Predecessor completed a refinancing of its existing $47,000 revolving credit facility, with Victory Park Management, LLC (“VPC”), as administrative agent, and certain of VPC’s affiliates as lenders (the “Existing Credit Facility”). The Predecessor recorded a loss related to the refinancing transaction composed of a prepayment penalty of $8,261 and the write-off of unamortized debt issuance costs of $2,571. The Predecessor entered into a $45,000 revolving credit agreement, dated as of September 6, 2018 (the “Revolving Credit Agreement”), with certain affiliates of VPC and Community Choice Financial Issuer, LLC, a wholly-owned, subsidiary of the Company (“CCF Issuer”). Proceeds from this facility were used, along with borrowings under the Amended Loan and Security Agreement described below, cash on hand and the issuance of New 2019 Notes described below to affiliates of VPC, for the termination and satisfaction in full of the Existing Credit Facility.

The Revolving Credit Agreement matures September 6, 2020, and bears interest at 9.00% per annum. Additionally, it has a make-whole provision and an unused commitment fee of 9.00% per annum, in each case, with respect to the $42,000 portion of the revolving credit facility held by CCF Issuer, which has been eliminated in consolidation. The Revolving Credit Agreement required a repayment to VPC of $3,000 on October 31, 2018 and required the Predecessor to execute a deleveraging transaction on or before November 30, 2018. The Revolving Credit Agreement also contains a cross-default to the existing Indentures, the New Secured Notes described below and the Amended Loan and Security Agreement described below.

On December 12, 2018, in connection with the closing of the Restructuring, the Revolving Credit Agreement was simultaneously amended and restated. The Amended and Restated Revolving Credit Agreement allows for borrowings of up to $42,000 and has a maturity date of June 15, 2023. Borrowings under the Amended and Restated Revolving Credit Agreement bear interest at a rate of 9.00% per annum. All borrowings under the Amended and Restated Revolving Credit Agreement are secured by substantially all of the assets of CCF OpCo, CCF Intermediate Holdings LLC, a Delaware limited liability company, the sole member of CCF OpCo and our wholly owned subsidiary and certain of CCF OpCo's subsidiaries. The Amended and Restated Credit Agreement is guaranteed by certain subsidiaries of CCF OpCo and is eliminated upon consolidation.

Secured notes payable at December 31, 2018, and December 31, 2017, consisted of the following:

	December 31, 2018 Successor			December 31, 2017 Predecessor	
	Principal	**Deferred Issuance Costs**	**Net Principal**	**Principal**	**Net Principal**
$42,000 Secured note payable, 9.00%, collateralized by all Guarantor Company assets, due June 2023	**$ 42,000**	**$ —**	**$ 42,000**	$ —	$ —
	42,000	**—**	**42,000**	—	—
Less current maturities	**—**	**—**	**—**	—	—
Long-term portion	**$ 42,000**	**$ —**	**$ 42,000**	$ —	$ —

On September 6, 2018, CCF Issuer entered into an indenture with Community Choice Financial Holdings, LLC, a wholly-owned subsidiary of the Company, as guarantor, governing the issuance of $42,000 of 9.00% senior secured notes due September 6, 2020 (the "New Secured Notes"). The New Secured Notes were issued as part of a private placement exempt from the registration requirements of the Securities Act of 1933, as amended, to certain significant holders of the Company's senior secured notes payable. The proceeds from the New Secured Notes were used to fund $42,000 in loans to the Company pursuant to the Revolving Credit Agreement described above.

On December 12, 2018, in connection with the Restructuring, CCF Issuer issued an aggregate principal amount of $42,000 in Secured Notes to previous holders of Secured Notes. The Secured Notes bear interest at 9.00% per annum and mature on June 15, 2023. Pursuant to the Amended and Restated SPV Indenture, CCF Issuer and Community Choice Holdings each granted a pledge over all of their respective assets. CCF Issuer was also required to pledge its interests in the Amended and Restated Revolving Credit Agreement. The Amended and Restated SPV Indenture also contains restrictive covenants that limit our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock or the capital stock of our subsidiaries, make certain investments, enter into certain types of transactions with affiliates, create liens or merge with or into other companies.

The termination and issuance of Secured Notes, as part of the Restructuring, resulted in accelerated amortization of remaining deferred financing costs of $4,471. This amount is not reflected in either the Predecessor or Successor consolidated statement of operations, but instead are presented "on the black line".

The subsidiary notes payable at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor			December 31, 2017 Predecessor		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$70,000 Note, secured, 16.75%, collateralized by acquired loans, due April 2020	**$ 70,000**	**$ 16**	**$ 69,984**	$ 60,000	$ 744	$ 59,256
$1,425 Term note, secured, 4.25%, collateralized by financed asset, due July 2019	**822**	**—**	**822**	882	5	877
$1,165 Term note, secured, 4.50%, collateralized by financed asset, due May 2021	**1,016**	**—**	**1,016**	1,076	14	1,062
	71,838	**16**	**71,822**	61,958	763	61,195
Less current maturities	**884**		**884**	119	1	118
Long-term portion	**$ 70,954**	**$ 16**	**$ 70,938**	$ 61,839	$ 762	$ 61,077

The non-guarantor subsidiaries funding to finance loan acquisitions were the proceeds from $40,000 and $7,300 installment notes. On April 25, 2017, the Company’s non-guarantor and unrestricted subsidiary, CCFI Funding II, LLC, and Ivy Funding Nine, LLC, amended and restated its existing $40,000 note to increase the borrowing capacity up to $60,000. The $60,000 note has a maturity date of January 2019 and an interest rate of 16.75% and a monthly administrative fee of .0.75% on the outstanding principal balance of the note. The note also has a cross-default tied to the Company's revolving credit facility, dividend restrictions, borrowing base testing and a cash flow coverage test. In addition, the note contains make-whole provisions in the event of a prepayment. The proceeds from the amended note will be used to acquire loans from guarantor subsidiaries. In connection with the amendment, the other non-guarantor and unrestricted subsidiary’s, $7,300 note was satisfied in full.

The September 6, 2018, amendment, among other things, increased the administrative fee to 1.2% per annum and increased the interest rate to 17.0% per annum on principal amounts over $60,000. The amendments allow for additional short term loans within the borrowing base and includes additional covenants addressing minimum cash and asset coverage tests, dividend limits, weekly operational reporting requirements, borrowing base reporting and a monthly consolidated EBITDA test.

In addition, in connection with the Restructuring on December 12, 2018, CCFI Funding II LLC, a non-guarantor subsidiary of CCF OpCo, entered into an amendment to the Amended and Restated Loan and Security Agreement, dated as of April 25, 2017 (as amended, modified or supplemented from time to time, the “Ivy Credit Agreement”) pursuant to which, among other things, our borrowings under the Ivy Credit Agreement were increased from $63,500 to $70,000.

The Restructuring, resulted in accelerated amortization of remaining deferred financing costs of $830 for the subsidiary notes. This amount is not reflected in either the Predecessor or Successor consolidated statement of operations, but instead are presented “on the black line”.

The Ivy Credit Agreement was amended on March 18, 2019 to extend the maturity date to April 30, 2020 and establish an interest rate of 16.75% on the entire credit facility.

On July 19, 2014, a guarantor subsidiary of the Company entered in to a $1,425 term note with a non-related entity for the acquisition of a share of an airplane. We recorded our $1,069 share of the joint note, but both parties are joint and severally liable. The joint note had an outstanding balance of $1,096 at December 31, 2018 and our share of the note was $822.

On May 24, 2016, a guarantor subsidiary of the Company entered into a $1,165 term note for the acquisition of a share of an airplane.

The five-year maturity for all debt arrangements as of December 31, 2018 consisted of the following:

	Total	Twelve months ending December 31, 2019	2020	2021	2022	2023	Thereafter
Senior PIK notes							
Principal	$ 276,940	$ —	$ —	$ —	$ —	$ 276,940	$ —
Total senior PIK notes	276,940	—	—	—	—	276,940	—
Borrowings under secured notes							
Principal	42,000	—	—	—	—	42,000	—
Total borrowings under secured notes	42,000	—	—	—	—	42,000	—
Subsidiary note payable							
Principal	71,838	884	70,060	894		—	—
Total subsidiary note payable	71,838	884	70,060	894	—	—	—
Total	$ 390,778	$ 884	$ 70,060	$ 894	$ —	$ 318,940	$ —

Note 7. Agency Agreements

An agency agreement with Western Union, for a period of five years, was signed effective January 1, 2012, whereby the Company facilitates wire transfers and money orders via Western Union's network. Under the agreement, the Company receives a commission for each transfer conducted. Should the Company close a location, discontinue service at an existing location, or terminate the agreement at any time during the initial term, a prorated portion of this signing bonus must be repaid. In addition, the Company is also entitled to receive certain incentive bonuses, not to exceed $500 for the duration of the agreement, related to new Western Union service locations opened or acquired or certain performance goals met during the term of the agreement. Commission revenue associated with the Western Union contract was $172 for the Successor period ended December 31, 2018, and was $3,089, $3,410, and $3,830, respectively, for the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017, and 2016, and included as "Other Income" on the consolidated statements of operations.

A new agency agreement with Western Union, for a period of five years, was signed effective January 1, 2017 and the Predecessor received an $11,000 signing bonus. Revenue related to the current signing bonus was $111 for the Successor period ended December 31, 2018, and was $2,089, and $2,200, respectively, for the Predecessor period ended December 12, 2018, and the Predecessor year ended December 31, 2017, and for a prior signing bonus was $2,640 for the Predecessor year ended December 31, 2016, and is included as "Other Income" on the consolidated statements of operations. The remaining deferred revenue for the signing bonus as of December 31, 2018 and 2017 was $6,600 and $8,800, respectively, and is included as "Deferred revenue" on the consolidated balance sheet.

The Company also receives a bonus for signing up new stores with Western Union. Revenue related to new store bonus was $17 for the Successor period ended December 31, 2018, and was $318, $335, and $339, for the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017, and 2016, respectively, and included as "Other Income" on the consolidated statements of operations. The remaining deferred revenue on the new store bonus with Western Union as of December 31, 2018 and 2017 was $920 and $1,255, respectively, and is included as "Deferred revenue" on the consolidated balance sheet.

	Western Union Agency Agreement Bonus	New Store Bonus	Total
Deferred Revenue, January 1, 2018 Balance	$ 8,800	$ 1,255	$ 10,055
Western Union 2018 Revenue	2,200	335	2,535
Deferred Revenue, December 31, 2018 Balance	$ 6,600	$ 920	$ 7,520

The Predecessor entered into an agency agreement with Insight Holdings which is a prepaid debit card program manager during 2009. The total amount of fees earned related to the agreement during the Successor period ended December 31, 2018 was $39, and during the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017, and 2016, totaled $816, $965 and $1,082, respectively, and are included as "Other Income" on the statements of operations. At December 31, 2018 and 2017 the Company had $899 and $1,062, respectively, in card related pre-funding and receivables on its balance sheet associated with this agreement.

Note 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at December 31, 2018 and December 31, 2017 consisted of the following:

	December 31, 2018 Successor	December 31, 2017 Predecessor
Accounts payable	**$ 5,594**	$ 5,465
Accrued payroll and compensated absences	**7,018**	7,718
Wire transfers payable	**1,745**	2,238
Accrual for third-party losses	**4,513**	4,818
Unearned CSO Fees	**7,510**	8,029
Deferred rent	**—**	867
Bill payment service liability	**2,476**	2,604
Lease termination	**1,114**	1,978
Other	**5,452**	5,849
	$ 35,422	$ 39,566

Note 9. Operating Lease Commitments and Total Rental Expense

The Company leases its facilities under various non-cancelable agreements, which require various minimum annual rentals and may also require the payment of normal common area maintenance on the properties. The total minimum rental commitment at December 31, 2018, is due as follows:

December 31,	Operating Leases
2019	$ 16,344
2020	9,107
2021	5,114
2022	2,863
2023	1,001
Thereafter	408
Total minimum lease payments	$ 34,837

Rental expense, including common area maintenance and real estate tax expense, totaled $602 for the Successor period through December 31, 2018, and $25,840, $28,540 and $29,261 for the Predecessor period through December 12, 2018 and the Predecessor years ended December 31, 2017 and 2016, respectively.

Lease termination costs were $712, $3,083 and $1,733 for the Predecessor period through December 12, 2018 and the Predecessor years ended December 31, 2017, and 2016, respectively, and the remaining operating lease obligation for closed retail locations was $1,501 and $2,796 as of December 31, 2018 and December 31, 2017, respectively.

Note 10. Bonus Agreements

The Company pays a discretionary bonus or other bonuses as defined in agreements to employees based on performance. For the Successor period ended December 31, 2018, the bonuses expense related to these agreements was $140. For the Predecessor period ended December 12, 2018 and the Predecessor years ended December 31, 2017 and 2016, the bonus expense related to these agreements totaled $2,550, $4,799 and $5,939, respectively.

Note 11. Concentrations of Credit Risks

The Company's portfolio of finance receivables is comprised of loan agreements with customers living in thirty-three states and consequently such customers' ability to honor their contracts may be affected by economic conditions in those states. Additionally, the Company is subject to regulation by federal and state governments that affect the products and services provided by the Company. To the extent that laws and regulations are passed that affect the Company's ability to offer loans or similar products in any of the states in which it operates, the Company's financial position could be adversely affected.

The following table summarizes the allocation of the portfolio balance by state at December 31, 2018 and 2017:

	December 31, 2018 Successor		December 31, 2017 Predecessor	
State	Balance Outstanding	Percentage of Total Outstanding	Balance Outstanding	Percentage of Total Outstanding
Alabama	$ 10,328	11.5 %	$ 12,808	11.3 %
Arizona	10,058	11.2	11,994	10.6
California	27,302	30.4	39,835	35.1
Mississippi	6,825	7.6	7,409	6.5
Virginia	10,328	11.5	12,018	10.6
Other retail segment states	19,578	21.8	19,696	17.4
Other internet segment states	5,389	6.0	9,608	8.5
Total	$ 89,808	100.0 %	$ 113,368	100.0 %

The other retail segment states are: Florida, Indiana, Kentucky, Michigan, Ohio, Oregon, and Tennessee. The Retail financial services segment includes Ohio, however, for the concentration of credit risks table, other retail segment states excludes Ohio as it offers a CSO product through a third-party lender.

The other internet segment states are: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

The Company offers a CSO product in Ohio and Texas to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $34,144 and $36,967 at December 31, 2018 and 2017, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $30,490 and $31,341 in short-term and $303 and $1,166 in installment loans at December 31, 2018 and 2017, respectively. The total gross finance receivables for the Texas CSO product consist of $3,351 and $4,460 in short-term loans at December 31, 2018 and 2017, respectively.

Note 12. Contingencies

From time-to-time the Company is a defendant in various lawsuits and administrative proceedings wherein certain amounts are claimed or violations of law or regulations are asserted. In the opinion of the Company's management, these claims are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Company's financial statements.

The State of Ohio assessed Commercial Activity Tax (CAT) for CCFI and certain subsidiaries. The assessment, which covered 2014 through 2016, totaled $274 including penalties and interest of $51. The Company believes there are substantive legal issues relating to certain amounts in the CAT assessment. As a result, the assessment was appealed and a hearing has been requested with the Taxpayer Appeals Division of the Ohio Department of Taxation. The hearing had not been scheduled as of the date of this Annual Report on Form S-1 and the outcome of the hearing cannot be reasonably estimated. If ultimately unsuccessful, the Company may be liable for the assessment, however, would also be eligible for refunds of up to $129 for FIT taxes for those years.

Note 13. Employee Benefit Plan

The Company has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation. Such deferrals accumulate on a tax deferred basis until the employee withdraws the funds. The Company has elected to match 100 percent of the employee contributions not exceeding 3 percent of compensation, plus 50 percent of the employee contributions exceeding 3 percent but not to exceed 5 percent of compensation. Total expense recorded for the Company's match was $120 for the Successor period ended December 31, 2018 and $1,401, $1,752, and $1,813 for the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017 and 2016, respectively.

Note 14. Business Combinations

2018 Restructuring

On December 12, 2018, our Predecessor entered into the Restructuring Agreement. Substantially concurrent with the execution and delivery of, and pursuant to, the Restructuring Agreement, on December 12, 2018, Predecessor consummated a number of transactions contemplated thereby, which satisfied Predecessor's obligation to execute a Deleveraging Transaction as required under the Victory Park Revolver and the SPV Indenture.

The Deleveraging Transaction was effected by way of an out-of-court strict foreclosure transaction, pursuant to which the Collateral Agent under the Existing Indentures were, acting at the direction of certain beneficial holders holding more than 50% of the 2019 Notes and the beneficial holders of 100% of the 2020 Notes, exercised remedies whereby all right, title and interest in and to all of the assets of the Predecessor that constitute collateral with respect to the Existing Indentures, including the issued and outstanding equity interests in certain of the Predecessor's direct subsidiaries, were transferred to CCF OpCo. CCF OpCo is an indirect wholly owned subsidiary of the CCF Holdings, LLC.

Following the foreclosure on the assets of Predecessor, the Restructuring resulted in a change in control for the Company, and the impact of the Restructuring has been recognized in the Successor period of the company's financial statements. The strict foreclosure resulted in $6,941 in transaction costs, which were expensed in the Predecessor period ended December 12, 2018. For purposes of applying business combination accounting, the fair value of the 2019 Notes and 2020 Notes extinguished of $68,301 is the consideration transferred for the equity interests in the acquired subsidiaries.

The following table summarizes the estimated fair values of liabilities assumed and the assets acquired as of the Restructuring date:

Consideration transferred		$ 68,301
Fair value of assets acquired:		
Cash and cash equivalents	$ 46,990	
Restricted cash	950	
Finance receivables, net	81,628	
Card related pre-funding and receivables	1,089	
Other current assets	15,602	
Property, leasehold improvements and equipment, net	62,777	
Other intangible assets	3,163	
Security deposits	2,295	
Total fair value of assets acquired	214,494	
Fair value of liabilities assumed:		
Accounts payable and accrued liabilities	29,565	
Money orders payable	4,020	
Accrued interest	521	
Deferred revenue and other	8,089	
Unfavorable leases	2,147	
Secured notes payable	42,000	
Subsidiary notes payable	71,139	
Total fair value of liabilities assumed	157,481	
Net assets acquired		57,013
Goodwill		$ 11,288

2016 Transactions

On February 1, 2016, Buckeye Check Cashing of Florida, Inc., a wholly-owned subsidiary of Predecessor, completed the sale of the membership interests of Florida II to Buckeye Check Cashing of Florida III, LLC (“Buyer”). Florida II most recently operated forty-three stores in the South Florida market and was part of the Predecessor’s Retail financial service operating segment. Florida II was an unrestricted subsidiary under the Predecessor’s outstanding senior secured debt instruments.

The consideration for the sale of Florida II included the following:

- 1,000,000 shares of common stock of the Company held by Check Cashing USA Holdings, Inc., an affiliate of the Buyer, were assigned to the Predecessor and recorded as treasury stock of $50. In addition, stock repurchase rights associated with the shares were cancelled, resulting in the elimination of a stock repurchase obligation of $3,130.

- The Predecessor was released from liability for two promissory notes totaling $10,112 that were incurred in connection with the Predecessor’s original acquisition of Florida II (the “related party Florida seller notes”).

In connection with the sale, the Predecessor has also provided the Buyer with a short-term $6,000 line of credit, substantially all of which was drawn by the Buyer as part of, or concurrent with, the sale. As a result of uncertainties associated with repayment of the line of credit, the Predecessor also recognized a $3,000 loan loss reserve that has been included in the loss on sale of Florida II.

The Predecessor recognized a pre-tax loss of $1,569 on the sale of Florida II, including the goodwill of $5,691 allocated to the Florida II transaction based on relative fair value. The difference between the pre-tax loss of $1,569 and tax loss of $24,062 on the sale of Florida II reflects the difference in GAAP and tax treatment of goodwill associated with an individual acquisition.

On May 18, 2016, Buckeye Check Cashing of Florida, Inc. ("BCC Florida"), a wholly-owned subsidiary of Predecessor, re-acquired five south Florida retail locations, previously owned by Florida II, from the subsequent purchaser of Florida II. BCC Florida agreed to accept the assets of the five retail locations in exchange for satisfying the Buyer's remaining obligation of the line of credit from the sale of Florida II, which had a balance of $4,821. The transaction resulted in a pre-tax gain of $296 which is included with corporate expenses on the consolidated statement of operations.

On July 1, 2016, the Predecessor's indirect subsidiaries, Checksmart Financial Company, Cash Central of Mississippi, LLC, Buckeye Check Cashing of Alabama, LLC, Buckeye Check Cashing of Arizona, Inc., and Buckeye Check Cashing, Inc., entered into a swap transaction (the "Transaction") with QC Holdings, Inc., and QC Financial Services, Inc. (collectively "QC"). As part of the Transaction, Predecessor subsidiaries acquired QC Financial Services of California, Inc., which operates sixty retail locations, and thirty-eight retail locations in Ohio, Mississippi, Arizona and Alabama from QC. These new stores were accounted for as an acquisition. Also as part of the Transaction, the Predecessor transferred to QC, Buckeye Check Cashing of Illinois LLC, Buckeye Check Cashing of Kansas LLC, Buckeye Title Loans of Kansas LLC, Buckeye Check Cashing of Missouri LLC, Buckeye Title Loans of Missouri LLC, Buckeye Check Cashing of Utah, Inc., and Buckeye Title Loans of Utah LLC, and the thirty-three retail locations operated by these entities.

Other than the transfer of the equity interests and assets, the transaction did not provide for the payment or receipt of any other consideration by the Predecessor subsidiaries or by QC, other than customary post-closing adjustments. In entering into the transaction, the Predecessor and QC each concluded that the fair value of the equity interests and other assets received by QC are substantially equal to the net value of the equity interests and other assets received by the Predecessor.

The following table summarizes the estimated fair value of the assets acquired at the date of acquisition.

Fair value of total consideration transferred	$ 11,002
Recognized amounts of identifiable assets acquired	
Finance receivables, net	$ 9,065
Leasehold improvements and equipment, net	563
Identifiable intangible assets	323
Total identifiable assets	9,951
Goodwill	$ 1,051

The following table summarizes the estimated fair value of the assets divested at the date of the acquisition.

Fair value of total consideration received	$ 11,002
Recognized amounts of identifiable assets sold and liabilities assumed	
Finance receivables, net	$ 6,834
Leasehold improvements and equipment, net	787
Identifiable goodwill	5,982
Other liabilities	(64)
Total identifiable assets, net	13,539
Loss on transaction	$ (2,537)

There were no other significant business combinations during years ended December 31, 2018 and 2017.

Note 15. Stock-Based Compensation

On May 1, 2006, the Predecessor adopted the 2006 Management Equity Incentive Plan (the "Plan") pursuant to which the Predecessor's Board of Directors, or a duly-authorized committee thereof, may grant stock options, restricted stock, restricted stock units and stock appreciation rights to employees and consultants of the Predecessor or its subsidiaries. The Predecessor amended the plan to increase the number of shares and to convert the number of shares in the 2006 plan to the 2011 plan. Options that have been granted under the Plan have been granted at an exercise price equal to (or greater than) the stock's fair market value at the date of the grant, with terms of 10 years and vesting generally over four to five years or on the occurrence of a liquidity event. On April 19, 2011, CCFI adopted the "Plan" to be effective as of April 29, 2011. The maximum number of shares that may be subject to awards under the Plan is 2,941,746 as of December 12, 2018.

The Company recognizes compensation costs in the financial statements for all share-based payments granted based on the grant date estimated fair value.

The Plan allows for awards based on time, performance and market conditions. Compensation expense for awards based on time is expensed on a straight-line basis over the service period. Compensation expense for performance awards are recognized using the accelerated vesting method. Compensation expense for market conditions such as those conditioned on either a liquidity event condition or a specified performance condition have not been recognized and will be recognized upon consummation of the relevant market condition. At December 12, 2018, there were a total of 1,492,167 additional shares available for grant under the Plan.

The fair value of an option award is estimated on the date of grant using a lattice-based option valuation model. Because lattice-based option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on the historical volatility of the stock of comparable public companies. The Company uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

In May of 2016, the Predecessor cancelled 1,270,106 options and re-issued 1,243,299 options with a per share exercise price of $2.25 with 1,233,499 options vesting immediately and 9,800 options vesting on specific dates defined in the award agreements.

In December of 2016, the Predecessor issued 20,000 options with a per share exercise price of $2.25 with 6,000 options vesting immediately and the remainder vesting on specific dates defined in the award agreement.

In January and February of 2017, the Predecessor issued 80,833 options with a per share exercise price of $2.25 with 3,833 options vesting immediately and the remainder vesting on specific dates defined in the award agreements.

In April of 2017, a retired Board member settled 8,484 restricted stock units as shares of common stock.

In January 2018, the Predecessor issued 76,559 options with a per share exercise price of $1.00 with the options vesting on specific dates defined in the award agreements.

The following weighted average assumptions were used by the Predecessor for awards granted during the total years ended December 31, 2018, 2017, and 2016:

	2018	2017	2016
Risk-free interest rate	1.76%	1.93%	1.30%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	150.00%	55.00%	65.00%
Expected term (years)	1.00	5.00	5.00
Weighted average fair value of options granted	$ —	$ 2.25	$ 1.23

The Predecessor recorded stock-based compensation costs in the amount of $32, $51, and $1,293, respectively, for the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017, and 2016. There was no stock based compensation expense recorded for the Successor period as a result of the Restructuring on December 12, 2018. As of December 12, 2018 and December 31, 2017, and 2016, unrecognized stock-based compensation costs to be recognized over future periods approximated $32, $66, and $42, respectively. At December 12, 2018, the remaining unrecognized compensation expense is $66 for certain awards that vest either over the requisite service period or a change in control. The remaining compensation expense of $32 is expected to be recognized over a weighted-average period of 1.1 years.

Stock option activity for the period ended December 12, 2018 is as follows (these amounts have not been rounded in thousands):

	Shares	Weighted-Average Exercise Price (actual per share price)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (thousands)
Outstanding at December 31, 2017	1,332,632	$ 2.25	8.5	N/A
Granted	76,559	1.00	7.5	N/A
Exercised	—	—	—	N/A
Forfeited or expired	—	—	—	N/A
Outstanding at December 12, 2018	1,409,191	$ 2.18	7.5	N/A
Exercisable at December 12, 2018	1,362,969	$ 2.18	7.5	$ —
Vested or expected to vest at December 12, 2018	1,409,191	$ 2.18	7.5	$ —

Restricted stock unit (RSU) activity for the period ended December 12, 2018 is as follows (these amounts have not been rounded in thousands):

	Shares	Weighted-Average Exercise Price (actual per share price)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (thousands)
Outstanding at December 31, 2017	40,388	$ 11.30	—	N/A
Granted	—	—	—	N/A
Exercised	—	—	—	N/A
Repurchased	—	—	—	N/A
Outstanding at December 12, 2018	40,388	$ 11.30	—	N/A
Exercisable at December 12, 2018	40,388	$ 11.30	—	$ —
Vested or expected to vest at December 31, 2018	40,388	$ 11.30	—	$ —

As of December 12, 2018, there are 46,222 un-vested stock options with a weighted-average fair value at grant date of $1.10.

Note 16. Income Taxes

The Company files a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by the individual states in which it operates. The effective tax rate for the year ended December 31, 2018 is below the statutory rate due to the continued valuation allowance against its net deferred tax assets. The effective tax rate for the year ended December 31, 2017 exceeds the statutory rate due to the impairment of goodwill in each respective year, the valuation allowance established against deferred tax assets, and the reduction in the federal corporate tax rate. The Company had no liability recorded for unrecognized tax benefits at December 31, 2018 and 2017.

The Tax Cuts and Jobs Act (“the Act”) was enacted on December 22, 2017. The income tax effects of changes in tax laws are recognized in the period when enacted. The Act provides for numerous significant tax law changes and modifications with varying effective dates, which includes reducing the U.S. federal corporate income tax rate from 35% to 21%.

In response to the enactment of the Act in late 2017, the SEC issued SAB 118 to address situations where the accounting is incomplete for certain income tax effects of the Act upon issuance of an entity’s financial statements for the reporting period in which the Act was enacted. The measurement period allowed by SAB 118 has closed during the fourth quarter of 2018 in which the Company did not record any adjustments to the net benefit of $3.2 million recorded in 2017 for the re-measurement of its deferred tax balances. The prospects of supplemental legislation or regulatory processes to address uncertainties that arise due to the Act, or evolving technical interpretation of the tax law, may cause the Company's financial statements to be impacted in the future. The Company will continue to analyze the effects of the Act as subsequent guidance continues to emerge.

Net deferred tax assets and liabilities consist of the following as of December 31, 2018:

	Deferred Tax Assets	Deferred Tax Liabilities
	Noncurrent	Noncurrent
Allowance for credit losses	$ 6,698	$ —
Goodwill	16,967	—
Accrued expenses	131	—
Depreciable assets	—	5,643
Deferred revenue	2,234	—
Deferred rent	171	—
Bond registration expenses	11	—
Net operating loss	30,834	—
Capital loss carryover	1,418	—
Valuation allowance	(52,821)	—
	$ 5,643	$ 5,643

Net deferred tax assets and liabilities consist of the following as of December 31, 2017:

	Deferred Tax Assets	Deferred Tax Liabilities
	Noncurrent	Noncurrent
Allowance for credit losses	$ 6,811	$ —
Goodwill	31,190	—
Accrued expenses	111	—
Depreciable assets	3,772	—
Intangible asset	1,132	—
Stock based compensation	2,441	—
Deferred revenue	2,291	—
Deferred rent	229	—
Bond registration expenses	45	—
Net Operating Loss	22,456	—
Capital Loss Carryover	1,418	—
Valuation allowance	(71,896)	—
	$ —	$ —

At December 31, 2018, the Company had gross deferred tax assets of $60,837 and a net deferred tax liability of $5,643. At December 31, 2017, the Company had gross deferred tax assets of $71,896 and a net deferred tax liability of $-0-. A valuation allowance of $55,194 and $71,896 was recognized at December 31, 2018 and December 31, 2017, respectively, to reduce the deferred tax assets to the amount that was more likely than not expected to be realized. In evaluating whether a valuation allowance was needed for the deferred tax assets, the Company considered the ability to carry net operating losses back to prior periods, reversing taxable temporary differences, and estimates of future taxable income. There have been no credits or net operating losses that have expired. The projections were evaluated in light of past operating results and considered the risks associated with future taxable income related to macroeconomic conditions in the markets in which the Company operates, regulatory developments and cost containment. The Company will continue to evaluate the need for a valuation allowance against deferred tax assets in future periods and will adjust the allowance as necessary if it determines that it is not more likely than not that some or all of the deferred tax assets are expected to be realized.

As of December 31, 2018, and 2017, the Company and the Predecessor had approximately $112,151 and $90,501, respectively, of Federal NOLs available to offset future taxable income. Of the available carryover, $105,046 expires from 2036 through 2037; the remaining NOL of $7,105 can be carried forward indefinitely. In accordance with

Section 382 of the Internal Revenue code, the usage of the Predecessor's NOLs could be limited in the event of a change in ownership. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period when those temporary differences become deductible. If a change of ownership did occur there would be an annual limitation on the usage of the Company's losses which are available through 2037.

The provision for (benefit from) income taxes charged to operations for the Successor period ended December 31, 2018, the Predecessor period ended December 12, 2018, and the Predecessor years ended December 31, 2017, and 2016 consists of the following:

	For the Period December 13 through December 31, 2018 Successor	For the Period January 1 through December 12, 2018 Predecessor	Year Ended December 31, 2017 Predecessor	Year Ended December 31, 2016 Predecessor
Current tax expense	$ 2	$ 39	$ (12)	$ 1,419
Deferred tax expense	—	—	(9,609)	14,773
	$ 2	$ 39	$ (9,621)	$ 16,192

The reconciliation between income tax expense for financial statement purposes and the amount computed by applying the statutory federal income tax rate of 21% for the Successor period ended December 31, 2018 and the Predecessor period ended December 12, 2018, and 35% for the Predecessor years ending December 31, 2017, and 2016 is as follows:

	For the Period December 13 through December 31, 2018 Successor	For the Period January 1 through December 12, 2018 Predecessor	Year Ended December 31, 2017 Predecessor	Year Ended December 31, 2016 Predecessor
Federal tax expense at statutory rate	$ **266**	$ (10,764)	$ (66,680)	$ 5,126
Increase (decrease) in income taxes resulting from:				
State income taxes, net of federal tax benefit	**(480)**	(800)	2,552	1,685
Work opportunity tax credit	**—**	(8)	(8)	(115)
Sale of Florida and QC	**—**	—	—	(547)
Goodwill impairment	**—**	—	5,846	1,488
Transaction costs	**—**	1,458	—	—
Cancellation of indebtedness income	**—**	11,217	—	—
Loss on debt extinguishment	**—**	2,275	—	—
Valuation allowance	**(2,018)**	(1,414)	23,130	8,450
Impact of federal rate change	**—**	—	27,549	—
Fair value adjustments PIK	**(1,393)**	—	—	—
Nondeductible expenses and other items	**3,627**	(1,925)	(2,010)	105
	$ **2**	$ 39	$ (9,621)	$ 16,192

Note 17. Business Segment

The Company has elected to organize and report on its operations as two operating segments: Retail financial services and Internet financial services.

The following tables present summarized financial information for the Company's segments:

	As of December 31, 2018 and for the Successor period from December 13 through December 31, 2018						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 212,772		$ 24,450			$ 237,222	
Goodwill	11,288		—			11,288	
Other Intangible Assets	2,921		215			3,136	
Total Revenues	$ 16,556	100.0 %	$ 2,424	100.0 %		$ 18,980	100.0 %
Provision for Loan Losses	2,659	16.1 %	454	18.7 %		3,113	16.4 %
Other Operating Expenses	7,151	43.2 %	190	7.8 %		7,341	38.6 %
Operating Gross Profit	6,746	40.7 %	1,780	73.5 %		8,526	45.0 %
Interest Expense, net	1,288	7.8 %	1,126	46.5 %		2,414	12.7 %
Depreciation and Amortization	849	5.1 %	18	0.7 %		867	4.6 %
Other Corporate Expenses (a)	—	—	—	—	3,607	3,607	19.0 %
Income (Loss) from Continuing Operations, before tax	4,609	27.8 %	636	26.2 %	(3,607)	1,638	8.6 %

(a) Represents expenses that are not allocated between reportable segments.

There were no intersegment revenues for the Successor period ending December 31, 2018

	For the Predecessor period from January 1 through December 12, 2018						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Revenues	$ 278,659	100.0 %	$ 48,599	100.0 %		$ 327,258	100.0 %
Provision for Loan Losses	75,025	26.9 %	22,073	45.4 %		97,098	29.6 %
Other Operating Expenses	137,847	49.5 %	6,019	12.4 %		143,866	44.0 %
Operating Gross Profit	65,787	23.6 %	20,507	42.2 %		86,294	26.4 %
Interest Expense, net	36,226	13.0 %	14,534	29.9 %		50,760	15.5 %
Depreciation and Amortization	3,965	1.4 %	353	0.7 %		4,318	1.3 %
Transaction expenses (a)	—	—	—	—	6,941	6,941	2.1 %
Loss on Debt Extinguishment (a)	—	—	—	—	10,832	10,832	3.3 %
Other Corporate Expenses (a)	—	—	—	—	64,699	64,699	19.8 %
Income (loss) from Continuing Operations, before tax	25,596	9.2 %	5,620	11.6 %	(82,472)	(51,256)	(15.7)%

(a) Represents expenses that are not allocated between reportable segments.

There were no intersegment revenues for the Predecessor period ending December 12, 2018.

	As of and for the Predecessor year ended December 31, 2017						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 181,390		$ 31,016			$ 212,406	
Other Intangible Assets	375		549			924	
Total Revenues	$ 291,655	100.0 %	$ 72,412	100.0 %		$ 364,067	100.0 %
Provision for Loan Losses	83,499	28.6 %	52,702	72.8 %		136,201	37.4 %
Other Operating Expenses	159,148	54.6 %	8,906	12.3 %		168,054	46.2 %
Operating Gross Profit	49,008	16.8 %	10,804	14.9 %		59,812	16.4 %
Interest Expense, net	33,403	11.5 %	14,842	20.5 %		48,245	13.3 %
Depreciation and Amortization	4,477	1.5 %	452	0.6 %		4,929	1.5 %
Lease Termination	—	—	1,226	1.7 %		1,226	0.3 %
Goodwill Impairment	113,753	39.0 %	—	—		113,753	31.2 %
Other Corporate Expenses (a)	—	—	—	—	82,175	82,175	22.6 %
Loss from Continuing Operations, before tax	(102,625)	(35.2)%	(5,716)	(7.9)%	(82,175)	(190,516)	(52.3)%

(a) Represents expenses that are not allocated between reportable segments.

There were no intersegment revenues for the Predecessor year ending December 31, 2017.

Note 18. Transactions with Variable Interest Entities

The Company has limited agency agreements with unaffiliated third-party lenders. The agreements govern the terms by which the Company refers customers to that lender, on a non-exclusive basis, for a possible extension of credit, processes loan applications and commits to reimburse the lender for any loans or related fees that were not collected from such customers. As of December 31, 2018 and December 31, 2017, the outstanding amount of active consumer loans with unaffiliated third-party lenders guaranteed by the Company and the Predecessor, which represented the Company's maximum exposure, was $34,144 and $36,967, respectively. The outstanding amount of consumer loans with unaffiliated third-party lenders consist of $33,841 and $35,801 in short-term and $303 and $1,166 in installment loans at December 31, 2018 and 2017, respectively. The accrual for third party lender losses related to these obligations totaled $4,513 and $4,818 as of December 31, 2018, and December 31, 2017, respectively. This obligation is recorded as a current liability on the Company and the Predecessor's consolidated balance sheet. The Company has determined that the lenders are VIEs but that the Company is not the primary beneficiary of the VIEs. Therefore, the Company has not consolidated either lender.

Note 19. Subsequent Events

On January 15, 2019, the Company repaid $2,000 of the outstanding borrowings under the Credit Agreement, and used the proceeds to repurchase $2,000 of the Secured Notes and 7,143 Class B Common Units corresponding to the repurchased Secured Notes. The outstanding balances of the Credit Agreement and Secured Notes are $40,000.

The Ivy Credit Agreement was amended on March 18, 2019 to extend the maturity date to April 30, 2020 and establish an interest rate of 16.75% on the entire credit facility.