

SPOTLIGHT CAPITAL HOLDINGS, INC.

Balance Sheets

		For the Years Ended December 31	
		2018	2017
ASSETS			
OTHER ASSETS			
Aircraft		\$ -	\$ 439,169
Total other assets		-	439,169
Total assets		<u>\$ -</u>	<u>\$ 439,169</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Accounts payable		\$ -	\$ 1,200,000
Accrued interest		154,027	118,372
Settlement agreement payable		230,000	230,000
Related party loan		<u>72,960</u>	<u>72,960</u>
Total current liabilities		<u>456,987</u>	<u>1,621,332</u>
STOCKHOLDERS' DEFICIT			
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 4,900,000 issued and outstanding at December 31, 2018 and 2017.		4,900	4,900
Common stock, \$0.001 par value; 500,000,000 shares authorized; 281,501,243 and 15,501,243 issued and outstanding at December 31, 2018 and 2017 respectively		15,501	15,501
Additional paid-in capital		23,158,339	23,158,339
Accumulated deficit		<u>(23,635,727)</u>	<u>(24,360,903)</u>
Total stockholders' deficit		<u>(456,987)</u>	<u>(1,182,163)</u>
		<u>\$ -</u>	<u>\$ 439,169</u>

(the accompanying notes are an integral part of these financial statements)

SPOTLIGHT CAPITAL HOLDINGS, INC.
STATEMENTS OF OPERATIONS

	For the Years Ended December 31	
	2018	2017
OVERHEAD		
General and administrative	\$ -	\$ -
Total overhead	<u>-</u>	<u>-</u>
OTHER INCOME AND EXPENSES		
Interest expense	35,655	32,331
Impairment of fixed asset	439,169	-
Accounts payable cancelled	(1,200,000)	-
Total other (income) expense	<u>(725,176)</u>	<u>32,331</u>
(INCOME) LOSS FOR THE YEARS	<u>\$ (725,176)</u>	<u>\$ 32,331</u>
NET INCOME PER COMMON SHARE BASIC AND DILUTED	<u>\$ (0.05)</u>	<u>\$ 0.00</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u>15,501,243</u>	<u>15,501,243</u>

(the accompanying notes are an integral part of these financial statements)

SPOTLIGHT CAPITAL HOLDINGS, INC
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	Preferred Stock		Common Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Paid in Capital	Deficit	Total
Balances, December 31, 2016	4,900,000	\$ 4,900	15,501,243	\$ 15,501	\$ 23,158,339	\$ (24,328,572)	\$ (1,149,832)
Loss for the year ended December 31, 2017	-	-	-	-	-	(32,331)	(32,331)
Balances, December 31, 2017	4,900,000	4,900	15,501,243	15,501	23,158,339	(24,360,903)	(1,182,163)
Income for the year ended December 31, 2018	-	-	-	-	-	725,176	725,176
Balances, December 31, 2018	4,900,000	\$ 4,900	15,501,243	\$ 15,501	\$ 23,158,339	\$ (23,635,727)	\$ (456,987)

(the accompanying notes are an integral part of these financial statements)

SPOTLIGHT CAPITAL HOLDINGS, INC.
STATEMENTS OF CASH FLOW

	For the Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 725,176	\$ (32,331)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of fixed asset	439,169	-
Accrued interest	35,655	32,331
Changes in operating assets and liabilities		
Write off of undocumented Accounts payable	(1,200,000)	-
NET CASH FLOWS USED IN IPERATING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - beginning of period	-	-
CASH AND CASH EQUIVALETS - end of period	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

(the accompanying notes are an integral part of these financial statements)

SPOTLIGHT CAPITAL HOLDINGS, INC.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

The Company was incorporated, in the State of Colorado, on March 11, 1997, as Peak Vista Capital, Inc. After several other businesses, the new management of Spotlight Capital Holdings, Inc. has developed a business plan, which will include three operating divisions; production of films, production of music and concert promotion.

Basis of Presentation

The accompanying unaudited financial statements and related footnotes have been presented on a comparative basis in accordance with accounting principles generally accepted in the United States of America (or U.S. GAAP).

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit, of \$23,635,727 on December 31, 2018 compared to an accumulated deficit of \$24,360,903 on December 31, 2017, and income of \$725,176 and a loss of \$32,331 for the years ended December 31, 2018 and 2017 respectively. The 2018 net income was the result of writing off an insufficiently documented and recorded, \$1,200,000, payable for management and legal fees, less the impairment of an asset carried at a cost of \$439,169 plus accrued interest of \$35,655. These matters, among others, raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. If the Company is unable to obtain additional financing through the issuance of debt or equity, the Company may be unable to continue as a going concern. While the Company believes in the viability of its strategy to generate additional revenues and in its ability to raise additional funds, there can be no assurances to that effect. The financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The more significant estimates and assumptions made by management include allowance for doubtful accounts, inventory valuation, and provision for excess or expired inventory, depreciation of property and equipment, realization of long-lived assets and fair market value of equity instruments issued for goods or services.

Cash and Cash Equivalents

SPOTLIGHT CAPITAL HOLDINGS, INC.

Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

As of December 31, 2018 and 2017 the Company had no cash on hand.

Accounts Receivable and Allowance for Doubtful Accounts

As of December 31, 2018 and 2017 the Company had no accounts receivable and therefore no need to record an allowance for doubtful accounts.

Fair Value of Financial Instruments

The Company's financial instruments consist of accounts payable, accrued expenses and shareholder loans. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Accounting for Derivative Liabilities

The Company evaluates stock options, stock warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, *Derivative Instruments and Hedging: Contracts in Entity's Own Equity*. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. The Company determined that it has no financial instruments that meet the criteria for derivative accounting as of October 31, 2018 nor as of October 31, 2017.

Beneficial Conversion Features

The Company, may, from time to time issue convertible notes that may have conversion prices that create an embedded liability pursuant to accounting guidance. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method. The Company determined that it has no financial instruments that meet the criteria for beneficial conversion as of October 31, 2018 nor as of October 31, 2017.

Share-Based Compensation

The Company accounts for stock-based compensation to employees in accordance with FASB ASC 718 Compensation—Stock Compensation. Stock-based compensation to employees is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to other than employees in accordance with FASB ASC 505-50. Equity instruments issued to other than employees are valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments and is recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-

SPOTLIGHT CAPITAL HOLDINGS, INC.

Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

Scholes option-pricing model for common stock options and warrants and the latest fair market price of the Company's common stock for common share issuances.

Property and Equipment

The Company owned one long term asset which was utilized by previous management to produce revenue. That asset was appraised by current management and deemed to not be suitable for their business model and was therefore fully impaired after December 31, 2017.

Long-lived Assets

The Company does not possess any long-lived assets.

Revenue Recognition

The Company, although not yet generating revenue, adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, effective March 1, 2018 using the cumulative effect transition method. Two core principles of this new guidance, which was codified into Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, are that an entity should (a) measure revenue in connection with its sale of goods and services to a customer based on the consideration to which the entity expects to be entitled in exchange for each of those goods and services and (b) recognize revenue upon satisfaction of its performance obligations under the contract. An entity’s performance obligation is considered satisfied when (or as) control of the promised goods and services are transferred to the customer.

Income Taxes

The Company uses the liability method of accounting for income taxes under the asset and liability method prescribed under *ASC 740, Income Taxes*. The liability method measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts on the financial statements. The resulting deferred tax assets or liabilities have been adjusted to reflect changes in tax laws as they occur. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

The Company expects to recognize the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount to be recognized in the financial statements will be the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2018 and 2017, the Company had no uncertain tax positions. The Company recognizes interest and penalties, if any, related to uncertain tax positions as general and administrative expenses. The Company currently has no federal tax examinations nor has it had any federal income tax penalties since its inception.

Net Income (Loss) Per Share

SPOTLIGHT CAPITAL HOLDINGS, INC.

Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted-average common shares outstanding. Diluted net income per share is calculated by dividing net income by the weighted-average common shares outstanding during the period using the treasury stock method. No potentially dilutive securities were included in the calculation of diluted earnings per share as the impact would have been anti-dilutive. Therefore, basic and dilutive net income (loss) per share were the same.

New Accounting Pronouncements

The Financial Accounting Standards Board, or FASB, has issued Accounting Standards Update No. 2014-09, *Revenue from contracts with Customers (Topic 606)*, or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers in an amount that supersedes most current revenue recognition guidance. This guidance requires us to recognize revenue when we transfer promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We are required to adopt ASU 606 at the beginning of our first quarter of fiscal 2019. The new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of the adoption. We will apply the guidance when adopted, and provide the relevant disclosures in the first interim and annual periods in which we adopt the guidance. We do not expect the adoption of this guidance to have a material impact on our financial statements within any accounting period presented. Starting in the second quarter of 2014, the FASB issued guidance applicable to revenue recognition that will be effective for the Company for the year ending December 31, 2019. The new guidance must be adopted using either a full retrospective approach for all periods presented or a modified retrospective approach. The Company believes that there will not be a material impact on its financial statements.

The FASB issued ASU No. 2014-15, *Presentation of Financial Statements—Going Concern, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The core principle of the new guidance is that management of public and private companies is required to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued (or available to be issued when applicable) and, if so, disclose that fact. Management will be required to make this evaluation.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation- Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The new standard requires recognition of the income tax effects of vested or settled awards in the income statement and involves several other aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This new standard was effective for the Company on January 31, 2017. The adoption of this standard is not expected to have a material impact on its financial position, results of operations or statements of cash flows upon adoption.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* ("ASU 201615"). The amendments in ASU 2016-15 address eight specific cash flow issues and apply to all entities that are required to present a statement of cash flows under ASC Topic 230, *Statement of Cash Flows*. The amendments in ASU 2016-15 are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption during an interim period. The Company has not yet completed the analysis of how adopting this guidance will affect its consolidated financial statements.

SPOTLIGHT CAPITAL HOLDINGS, INC.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

In October 2016, the FASB issued ASU No. 2016-16, Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other Than Inventory. This new standard eliminates the exception for an intra-entity transfer of an asset other than inventory. Under the new standard, entities should recognize the income tax consequences on an intra-entity transfer of an asset other than inventory when the transfer occurs. This new standard will be effective for the Company on February 1, 2018 and will be applied on a modified retrospective basis through a cumulative effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the potential impact this standard may have on its financial position and results of operations.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, *Restricted Cash (a consensus of the FASB Emerging Issue Task Force)* (“ASU 2016-18”). This new standard addresses the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments in ASU 2016-18 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. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within the year of adoption, with early adoption permitted. The Company does not expect that the adoption of ASU 2016-18 will have a material impact on its financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This new standard clarifies the definition of a business and provides a screen to determine when an integrated set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This new standard will be effective for the Company on February 1, 2018; however, early adoption is permitted with prospective application to any business development transaction.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”). ASU 2017-04 simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. ASU 2017-04 is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not anticipate the adoption of ASU 2017-04 will have a material impact on its financial statements for both annual and interim reporting periods, if applicable. Management also is required to evaluate and disclose whether its plans alleviate that doubt. The standard is effective for the Company on February 1, 2018 and will be implemented using the modified retrospective approach. The Company does not expect the adoption of this guidance to have a material effect on the Company’s financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The guidance may be adopted on either a prospective or retrospective basis. The Company does not expect the adoption of this guidance to have a material effect on the Company’s financial statements.

NOTE 3 – INVENTORY

The Company had no inventory on hand on December 31, 2018 and 2017.

SPOTLIGHT CAPITAL HOLDINGS, INC.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 4 – NOTES PAYABLE

On September 5, 2013 the Company entered into a Confidential Settlement Agreement to settle a litigation issue. The amount of settlement was \$230,000 with annual interest of 10%, a nine month maturity date and secured by a number of preferred shares with a value of \$230,000. No demand for payment has been made.

During 2015 Company borrowed \$72,600 from our President. The note is non-interest bearing, unsecured and repayable, on demand. To date, no demand has been made.

NOTE 6 – RELATED PARTY DEBT AND TRANSACTIONS

During 2015, the Company borrowed \$75,000 and repaid \$2,400, from a related party. The note is unsecured, bears no interest and is repayable on demand. 36 equal monthly payments of \$154 principal and interest. On October 31, 2018 the balance was reduced by \$505.

NOTE 7 – STOCKHOLDER'S EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, par value of \$0.001. There are 4,900,000 issued and outstanding.

Common Stock

The Company is authorized to issue 10,000,000 shares of common stock, \$0.001 par value. There are 15,501,243 common shares outstanding on December 31, 2018.

NOTE 10 – INCOME TAXES

The Company has not been able to determine its net operating loss carryover. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forward for Federal income tax reporting purposes are subject to annual limitations. If a change in ownership occurs, net operating loss carry forward may be limited as to its use in future years. The Company is presently attempting to determine when its last tax returns were filed.

On December 22, 2017, the Tax Act was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21%, effective for tax years beginning after December 31, 2017. We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the Tax Act, we revalued our ending net deferred tax assets at October 31, 2018, which were fully offset by a valuation allowance.

SPOTLIGHT CAPITAL HOLDINGS, INC.

Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

Future tax benefits for these net operating loss carry-forwards are recognized to the extent that realization of these benefits is considered more likely than not. To the extent that we will not realize a future tax benefit, a valuation allowance is established. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

The Company is not able to calculate the cumulative tax effect at the expected rate of 34%.