

Service USA Inc.
Board of Directors

ACCOUNTANT'S COMPILATION REPORT

I have compiled the accompanying statement of Balance Sheet for Service USA Inc. (an S-Corporation) as of December 31, 2016, and the related Statement of Revenues and Expenses for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners). I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, I did become aware of a departure from general accepted accounting principles that is described in the following paragraph.

Generally accepted accounting principles require that fixed assets be depreciated over their estimated useful lives. The Company has computed depreciation on several fixed assets in accordance with the Modified Accelerated Cost Recovery System required for federal income tax purposes, which does not allocate depreciation to expense over the estimated useful lives of the assets. The effects of this departure from generally accepted accounting principles have not been determined.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Service USA Inc.

December 27, 2017

Willa Jo Mills, CPA

Service USA Inc.
Balance Sheet
As of December 31, 2016

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Business Checking #0233	\$ 21,581.57
NYFRA	25.08
OmniAmerican 4601	(13.05)
PayPal	100.00
Total Bank Accounts	<u>21,693.60</u>
Accounts Receivable	
Accounts Receivable	142,580.34
Total Accounts Receivable	<u>142,580.34</u>
Other Current Assets	
Credit Card Receivables	180.00
Due from Factor (Reserve)	(2,169.20)
Due from MCI	414,090.01
Total Other Current Assets	<u>412,100.81</u>
Total Current Assets	<u>576,374.75</u>
Fixed Assets	
Cost	18,213.23
Depreciation (7 Year)	(18,213.23)
Total Furniture & Fixtures	<u>-</u>
Intangible Assets	
Amortization (15 Year)	(4,220.86)
Website Development	4,608.90
Total Intangible Assets	<u>388.04</u>
Total Fixed Assets	<u>388.04</u>
Other Assets	
Long-Term Reserves	
New York CD Reserve	50,841.61
Total Long-Term Reserves	<u>50,841.61</u>
Total Other Assets	<u>50,841.61</u>
TOTAL ASSETS	<u><u>\$ 627,604.40</u></u>

Service USA Inc.
Balance Sheet
As of December 31, 2016

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable	\$ 87,751.41
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Total Accounts Payable	87,751.41
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Other Current Liabilities

Due to McCusker Service Group	1,666.00
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Loan Payable - Mantis Funding LLC	32,270.63
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Total Other Current Liabilities	33,936.63
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Total Current Liabilities	121,688.04
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Long-Term Liabilities

Service Liabilities	474,133.97
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Total Long-Term Liabilities	474,133.97
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Total Liabilities	\$ 595,822.01
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Equity

Owner's Equity

Will McCusker

WM - Capital Stock	\$ 20.00
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WM - APIC	500.00
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Total WM - Capital Stock	520.00
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Retained Earnings	(544,682.45)
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Net Income	575,944.84
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Total Equity	31,782.39
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TOTAL LIABILITIES AND EQUITY	\$ 627,604.40
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Service USA Inc.
Statement of Revenues and Expenses
January through December 2016

	Total
Income	
Service Revenue	\$ 98,221.10
Better Distribution	961.53
Discounts/Refunds Given	(425.00)
Human Touch OEM Revenue	70,882.58
Living Spaces Furniture	1,942,228.57
Total Service Revenue	2,111,868.78
Shipping Income	369.00
Unapplied Cash Payment Income	(50.00)
Uncategorized Income	-
Total Income	2,112,187.78
Gross Profit	2,112,187.78
Expenses	
Advertising	58.50
Amortization Expense	922.00
Auto Expense	146.72
Bank Charges	552.73
Business Insurance	2,025.74
Business licenses / fees	1,786.00
Claims	
LS-parts/replacements (contracts prior 02/04/15)	19,237.67
LS-parts/replacements (contracts starting 02/04/15)	1,404.89
St. Bruno Cath School	2,350.00
SUSA Claims	408,680.78
Total Claims	431,673.34
Data/Internet	16,530.13
Depreciation Expense	2,934.60
Dues & Subscriptions	806.90
Factor expense	1,084.60
Field Service	26,053.17
Better Distribution	517.53
Human Touch	49,831.80
Living Spaces-Nov 2014 to Jan 2015	13,355.00
Living Spaces-SUSA (contracts starting 02/04/2015)	89,447.50
LS-Ultrashield (KY) contracts prior to 11/01/2014	31,412.50
Total Field Service	210,617.50
Interest Paid	99,642.63
Janitorial/Supplies	8,428.67
Leased Employees Exp	274.00
Meals and Entertainment	43,933.38
Merchant Fees	1,189.22
Office Expenses	1,257.08
Other Miscellaneous Service Cost	27.00
Postage & Delivery	3,535.04

Service USA Inc.
Statement of Revenues and Expenses
January through December 2016

Professional Fees	
Accounting Service	26,646.00
Legal Fees	10,797.92
Sales Commission Fees	(70,854.38)
McCusker & Company Inc	188.84
Total Sales Commission Fees	<u>(70,665.54)</u>
Sales Contractor Service	
T Clinton	2,291.67
Total Sales Contractor Service	<u>2,291.67</u>
Staffing Service	511,551.49
Total Professional Fees	<u>480,621.54</u>
Promotional	950.72
Rent Expense	111,044.00
Repair & Maintenance	85.52
Supplies	1,459.48
Taxes & Licenses	985.07
Taxes Paid	300.00
Telephone/Fax	14,937.26
Travel	9,026.21
Utilities	10,430.05
Warranty Administration remittance	79,344.14
Total Expenses	<u>1,536,609.77</u>
Net Operating Income	<u>\$ 575,578.01</u>
Other Income	
Cash Back Earned	366.75
Interest Earned	0.08
Total Other Income	<u>366.83</u>
Net Other Income	<u>366.83</u>
Net Income	<u><u>\$ 575,944.84</u></u>