

McCusker & Company Inc.
Board of Directors

ACCOUNTANT'S COMPILATION REPORT

I have compiled the accompanying statement of Balance Sheet of Service USA Inc. (an S-Corporation) as of December 31, 2016, and the related Statements of Revenues and Expenses, Retained Earnings, and Cash Flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles general accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I am not independent with respect to McCusker & Company Inc.

April 24, 2018

Willa Jo Mills, CPA

McCusker & Company Inc

Balance Sheet

As of December 31, 2016

	Total
ASSETS	
Current Assets	
Bank Accounts	
Bank	
Business checking 5405	9,606.93
Business money market 5421	2,180.64
M&C Agent for Starr Indemnity & Liab	654.21
OmniAmerican Bank Checking	84.89
Operating Checking 4200	496.96
Paypal	84.15
Regular Savings 5413	449.08
Total Bank	\$ 13,556.86
Accounts Receivable	
Accounts Receivable	1,281,969.32
Total Accounts Receivable	\$ 1,281,969.32
Other Current Assets	
Due From McCusker & Company Carib PR	3,108.00
Due from McCusker Holdings Inc	2,572.49
Due from McCusker Service Group dba Chef Sage	151,103.28
Employee Cash Advances	60.00
Total Other Current Assets	\$ 156,843.77
Total Current Assets	\$ 1,452,369.95
Fixed Assets	
FFE	
Depreciation	(58,567.64)
Original Cost	63,863.12
Total Furniture & Fixtures	\$ 5,295.48
Vehicle fixed asset	
Depreciation	(33,706.92)
Total Original Cost	89,152.37
Total Vehicle fixed asset	\$ 55,445.45
Total Fixed Assets	\$ 60,740.93
Other Assets	
Lease deposit	14,241.50
Prepaid Promotional Expense	1,878.75
Total Other Assets	\$ 16,120.25
TOTAL ASSETS	\$ 1,529,231.13

04/24/2018

Accrual Basis

See Accountant's Compilation Report

McCusker & Company Inc

Balance Sheet

As of December 31, 2016

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 Accounts Payable	99,249.68
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Total Accounts Payable	\$ 99,249.68
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Credit Cards

Credit card	1,306.78
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AMEX	15,648.07
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Capital One	49.21
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US Bank	14,501.71
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Total Credit Cards	\$ 31,505.77
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Other Current Liabilities

Due to SUSA	414,090.01
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Fundbox	13,141.41
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LOC - Omni American	79,125.54
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Total Other Current Liabilities	\$ 506,356.96
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Total Current Liabilities	\$ 637,112.41
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Long-Term Liabilities

Loan Payable - Accord Business Funding	18,879.36
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Ally Auto loan - 13 MERZ S550	63,111.09
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Total Long-Term Liabilities	\$ 81,990.45
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Total Liabilities	\$ 719,102.86
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Equity

Capital Stock	1,000.00
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3900 Retained Earnings	1,187,045.53
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Net Income	(377,917.26)
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Total Equity	\$ 810,128.27
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TOTAL LIABILITIES AND EQUITY	\$ 1,529,231.13
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McCusker & Company Inc
Statement of Revenues and Expenses
January - December 2016

	<u>Total</u>
Income	
Consulting Services	199.97
Management services	6,085.00
Performance Guarantee	14,712.12
Reimbursements	876,131.15
Warranty	539,605.19
Total Consulting Services	<u>\$ 1,436,733.43</u>
Refunds-Allowances	(250.00)
Rental	7,500.00
Sales of Product Income	23.67
Total Income	<u>\$ 1,444,007.10</u>
Gross Profit	<u>\$ 1,444,007.10</u>
Expenses	
Advertising & Marketing	7,386.83
Auto Expense	6,148.14
Auto Insurance	3,488.30
Auto Lease	12,000.00
Auto Rental	634.76
Gas	736.54
Registration & License	193.50
Total Auto Expense	<u>23,201.24</u>
Auto Reimbursement	365.69
Bank Service charges	1,596.96
Business License & Fees	20,821.91
Charitable Contributions	25.00
Claims	
MRRG claims	1,174.30
Bello	648.49
CPS claims	132,966.24
Human Touch	36,334.84
Living Spaces claims	595.00
MM	3,733.24
Vitality Web	12,606.90
Total MRRG claims	<u>188,059.01</u>
Starr Claims-to be reimburse by Starr	<u>24,716.76</u>
Total Claims	<u>212,775.77</u>
Cleaning/Janitorial	14,209.04
Company Insurance	
Dental & Vision	3,709.60
General Liability Insurance	12,206.18
Life Insurance	475.17

McCusker & Company Inc
Statement of Revenues and Expenses
January - December 2016

Medical Insurance	26,704.56
ODL	690.15
Total Company Insurance	43,785.66
Data/Internet	11,792.27
Corp internet	5,485.89
Total Data/Internet	17,278.16
Data/Internet Fees	16,425.17
Depreciation Expense	33,019.53
Document destruction	280.00
Dues & Subscriptions	897.34
Equipment Rental	8,186.83
Finance charges	149,705.80
Furniture lease	6,767.58
HTPARTS-01	(11,533.00)
Meal and Entertainment	87,794.27
Merchant Fees	6,649.95
Office expense	14,254.02
Parking Fees	289.69
Payroll Expenses	97.50
Gross Wages	645,145.47
Leased Employee Expenses	26.00
Officer Compensation	1,041.10
Operations Wages	28,421.13
Payroll Processing	75,774.19
PR Taxes	1,294.80
Sales Staff Wages	4,067.18
Total Payroll Expenses	755,867.37
Postage and Delivery	2,667.21
Professional Development	249.97
Professional Fees	393.00
Accounting Fees	12,216.00
Administrative Fee	622.81
Consulting Fee	6,139.69
Legal Fees	164,284.07
Security Service	1,360.04
Total Professional Fees	185,015.61
Promotional	12,978.34
Rent or Lease	12,089.00
Diyaa Adventures LLC	62,035.00
O'Brien	625.00
Rayl Investments	2,700.00
Regus	2,484.61

McCusker & Company Inc
Statement of Revenues and Expenses
January - December 2016

Storage	5,923.00
Talon Group LLC	51,947.55
The Atrium	2,600.00
Total Rent or Lease	<u>140,404.16</u>
Repair & Maintenance	413.63
Building	2,410.73
Corp	73.56
Total Building	<u>2,484.29</u>
Computer Repairs	<u>227.32</u>
Total Repair & Maintenance	3,125.24
Security Services	2,405.02
Supplies	6,750.77
Taxes Paid	
Business state tax	7,645.01
Federal Tax Paid	296.00
Property Tax	958.80
Total Taxes Paid	<u>8,899.81</u>
Telephone and Fax	26,353.03
Travel / Hotel expense	46,179.33
Utilities	11,977.87
Total Expenses	<u>\$ 1,857,057.17</u>
Net Operating Income	<u>\$ (413,050.07)</u>
Other Income	
Gain/Loss on Equipment	43,543.44
Cash Back Bonus Earned	814.73
Interest Earned	12.89
Other Income	117.70
Reclamation	854.00
Total Other Income	<u>\$ 45,342.76</u>
Other Expenses	
Reconciliation Discrepancies	(0.01)
Interest Expense	7,999.96
Job candidate expense	2,210.00
Total Other Expenses	<u>\$ 10,209.95</u>
Net Other Income	<u>\$ 35,132.81</u>
Net Income	<u><u>\$ (377,917.26)</u></u>

McCusker & Company Inc

Statement of Retained Earnings

As of December 31, 2016

Beginning Balance	1,218,647.49
Add Net Income for Fiscal Year 2016	<u>(377,917.26)</u>
Total	\$ 840,730.23
Less Distributions	<u>(31,601.96)</u>
Retained Earnings Balance 12/31/2016	<u><u>\$ 809,128.27</u></u>

04/24/2018

Accrual Basis

See Accountant's Compilation Report

McCusker & Company Inc

Statement of Cash Flows

January - December 2016

	Total
OPERATING ACTIVITIES	
Net Income	(377,917.26)
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable	339,474.79
Credit Card Receivables	5,426.94
Other Receivables	(1,847.23)
Prepaid Expenses:Lewis Jons Avallone Aviles LLP	21,621.25
Depreciation	33,019.53
Accounts Payable	12,953.24
Credit Card	(4,290.86)
Customer Deposits/Retainers:NanoMech Inc	(5,614.58)
Due to SUSA	414,090.01
Fundbox	4,364.79
LOC - Omni American	(38,158.44)
Starr claims	(233,543.07)
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Total Adjustments to reconcile Net Income to Net Cash provided by operations:	\$ 547,496.37
Net cash provided by operating activities	\$ 169,579.11
INVESTING ACTIVITIES	
Machinery & Equipment Purchases	60,174.87
Machinery & Equipment Sales of Assets	(17,303.16)
Lease deposit	1,881.00
	<hr/>
Net cash provided by investing activities	\$ 44,752.71
FINANCING ACTIVITIES	
Loan Payable - Accord Business Funding	(99,047.68)
Loan Payable - SNAP ADVANCES LLC	(39,083.00)
MRRG liabilities	(8,393.68)
Vehicle loans	(56,521.72)
Draws	(31,601.96)
	<hr/>
Net cash provided by financing activities	\$ (234,648.04)
Net cash increase for period	\$ (20,316.22)
Cash at beginning of period	33,873.08
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Cash at end of period	\$ 13,556.86
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Service USA Inc.
Board of Directors

ACCOUNTANT'S COMPILATION REPORT

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April 24, 2018

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)	(15,306.00)
Total Furniture & Fixtures	<u>2,907.23</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>3,295.27</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>\$ 630,511.63</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		(543,953.30)
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Net Income		578,122.92
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Total Equity		34,689.62
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TOTAL LIABILITIES AND EQUITY	\$	630,511.63
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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	756.52
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

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

Postage & Delivery	3,535.04
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	(70,665.54)
Sales Contractor Service	
T Clinton	2,291.67
Total Sales Contractor Service	2,291.67
Staffing Service	511,551.49
Total Professional Fees	480,621.54
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	1,534,431.69
Net Operating Income	\$ 577,756.09
Other Income	
Cash Back Earned	366.75
Interest Earned	0.08
Total Other Income	366.83
Net Other Income	366.83
Net Income	\$ 578,122.92

Service USA Inc.
Statement Of Retained Earnings
As of December 31, 2016

Beginning Balance	(448,766.47)
Add Net Income for Fiscal Year 2016	578,122.92
Total	<u>\$ 129,356.45</u>
Less Distributions	(95,186.83)
Retained Earnings Balance 12/31/2016	<u><u>\$ 34,169.62</u></u>

Service USA Inc.
Statement of Cash Flows
January - December 2016

	<u>Total</u>
OPERATING ACTIVITIES	
Net Income	578,122.92
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable	13,620.00
Credit Card Receivables	(180.00)
Due from Factor (Reserve)	1,084.60
Due from MCI	(414,090.01)
Prepaid Expenses	2,213.37
Depreciation	756.52
Amortization	922.00
Accounts Payable	(454,026.64)
Loan Payable-Mantis Funding LLC	32,270.63
Deferred Admin Revenue	(89,641.00)
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	<u>\$ (907,070.53)</u>
Net cash provided by operating activities	<u>\$ (328,947.61)</u>
INVESTING ACTIVITIES	
Furniture & Fixtures:Cost	(2,934.60)
Lease Deposits	4,976.00
Net cash provided by investing activities	<u>\$ 2,041.40</u>
FINANCING ACTIVITIES	
Other Long Term Liabilities:Service Liabilities	407,680.78
Owner's Equity:Will McCusker:WM - Distributions	(95,186.83)
Net cash provided by financing activities	<u>\$ 312,493.95</u>
Net cash increase for period	<u>\$ (14,412.26)</u>
Cash at beginning of period	36,105.86
Cash at end of period	<u><u>\$ 21,693.60</u></u>