

RUDOLPH M. O'NEAL III, CPA, LLC

ENROLLED TO PRACTICE BEFORE THE INTERNAL REVENUE SERVICE

3304 ABBEVILLE HIGHWAY, P.O. BOX 13155, ANDERSON, S. C. 29624-0005

TELEPHONE 864-296-9798, FAX 864-296-9847

To Management
MHHC Enterprises Inc.

Management is responsible for the accompanying financial statements of MHHC Enterprises Inc. (a C Corporation), which comprise the balance sheet as of December 31, 2019, and 2018 and the related statements of income, retained earnings, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

I am not independent with respect MHHC Enterprises Inc.

A handwritten signature in black ink that reads "Rudolph M O'Neal III CPA, LLC". The signature is written in a cursive, flowing style.

Rudolph M. O'Neal III, CPA LLC
March 27, 2020

MHHC Enterprises Inc.
Balance Sheet Comparison
As of December 31, 2019

	Total	
	As of Dec 31, 2019	As of Dec 31, 2018 (PY)
ASSETS		
Current Assets		
Bank Accounts		
First Internet Bank	22,412.65	530.69
Heritage Bank	88.72	
Heritage Warranty & Service	10,746.70	
Total Bank Accounts	\$ 33,248.07	\$ 530.69
Accounts Receivable		
Accounts Receivable	466,580.11	333,415.63
Total Accounts Receivable	\$ 466,580.11	\$ 333,415.63
Other Current Assets		
Due from McCusker Holding	383,807.34	383,807.34
Total Other Current Assets	\$ 383,807.34	\$ 383,807.34
Total Current Assets	\$ 883,635.52	\$ 717,753.66
TOTAL ASSETS	\$ 883,635.52	\$ 717,753.66
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	35,773.39	7,864.00
Total Accounts Payable	\$ 35,773.39	\$ 7,864.00
Other Current Liabilities		
Fundbox Payable	0.00	1,763.00
N/P Reliant	0.00	14,452.00
Total Other Current Liabilities	\$ 0.00	\$ 16,215.00
Total Current Liabilities	\$ 35,773.39	\$ 24,079.00
Long-Term Liabilities		
Accrued Warranty Claims	315,353.78	210,499.03
N/P Hawley	42,000.00	42,000.00
N/P Mackay	33,500.00	33,500.00
Total Long-Term Liabilities	\$ 390,853.78	\$ 285,999.03
Total Liabilities	\$ 426,627.17	\$ 310,078.03
Equity		
Capital Stock	383,807.34	383,807.34
Retained Earnings	73,201.01	23,868.29
Total Equity	\$ 457,008.35	\$ 407,675.63
TOTAL LIABILITIES AND EQUITY	\$ 883,635.52	\$ 717,753.66

See Accountant's Report & Notes

MHHC Enterprises Inc.
Profit and Loss Comparison
January - December 2019

	Total	
	Jan - Dec 2019	Jan - Dec 2018 (PY)
Income		
Service Fee Income	488,272.36	452,647.89
Total Income	\$ 488,272.36	\$ 452,647.89
Gross Profit	\$ 488,272.36	\$ 452,647.89
Expenses		
Advertising and Promotion	2,454.15	1,237.04
Auto Expense	1,756.33	1,744.52
Bank Service Charges	1,764.20	740.00
Business License & Fees	19,931.24	6,827.00
Computer and Internet Expenses	389.17	3,631.50
Contracted Services	57,361.58	119,339.54
Dues & Subscriptions	5,826.53	108.22
Insurance Expense	1,794.06	
Interest Expense	449.47	11,693.63
Meals and Entertainment	2,662.37	1,843.49
Miscellaneous	267.00	4,729.00
Office Expense	11,022.25	7,575.81
Professional Fees	54,658.97	19,147.50
Rent Expense	1,689.00	1,920.00
Rent or Lease		3,939.30
Repair & Maintenance		437.05
Stock Registration fees	5,657.00	13,002.55
Taxes & Licenses	4,196.45	62.45
Telephone		100.00
Travel Expense	22,943.10	23,991.99
Utilities	3,038.36	
Warranty Claims Expense	241,078.41	210,677.03
Total Expenses	\$ 438,939.64	\$ 432,747.62
Net Operating Income	\$ 49,332.72	\$ 19,900.27
Net Income	\$ 49,332.72	\$ 19,900.27

See Accountant's Report & Notes

MHHC Enterprises Inc.
Statement of Cash Flows
January - December 2019

	<u>Total</u>
OPERATING ACTIVITIES	
Net Income	49,332.72
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable	-133,164.48
Accounts Payable	27,909.39
Fundbox Payable	-1,763.00
N/P Reliant	-14,452.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	<u>-\$ 121,470.09</u>
Net cash provided by operating activities	<u>-\$ 72,137.37</u>
FINANCING ACTIVITIES	
Accrued Warranty Claims	104,854.75
Net cash provided by financing activities	<u>\$ 104,854.75</u>
Net cash increase for period	<u>\$ 32,717.38</u>
Cash at beginning of period	530.69
Cash at end of period	<u>\$ 33,248.07</u>

See Accountant's Report & Notes

MHHC Enterprises Inc.
Statement of Retained Earnings
For the year ended December 31, 2019

Retained Earnings 1/01/19	\$23,868.29
Net Income	\$49,332.72
Retained Earnings 12/31/19	\$73,201.01

See Accountant's Report & Notes

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

MHHC Enterprises Inc., f/k/a McCusker Holdings Corp incorporated February 27, 2017 a Nevada State Corporation. MHHC is a leading national provider of consumer electronics extended warranty services and manufacturing OEM performance program warranties. MHHC provides help desk and warranty administration services for a wide variety of other industries as well. MHHC's clients include OEMs, retailers, underwriters and third-party administrators (TPAs). The Company provides a turnkey solution by organizing the service and support expertise its clients need all in one place.

Revenue Recognition

Revenue is recognized when the warranties are transferred from the customer to the company.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash & Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Due from McCusker Holding

This account consists of amounts receivable from McCusker Holding. The balance as of December 31, 2019 was \$383,807.34

Other Payables

Note Payable Hawley and MacKay are amounts loaned from the officers of the corporation. The balances as of December 31, 2019 were \$42,000.00 and 33,500.00 respectively.

Accrued Warranty Claims

Accrued warranty claims are the estimated claims payable from the warranties that have been included in revenue. As the warranties expire the accrued warranty claims are adjusted to actual cost. As of December 31, 2019 the balance of this account was \$315,353.78.