

CONSOLIDATED FINANCIAL STATEMENTS

Varner Enterprises Inc.
As of the date of Inception, February 5, 2019 and
Year Ended December 31, 2018
With Independent Accountant's Review Report

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VARNER ENTERPRISES INC.

Consolidated Financial Statements

As of the date of inception, February 5, 2019 and Year Ended December 31, 2018

Contents

Independent Accountant's Review Report	2
Consolidated Financial Statements	
Consolidated Balance Sheet.....	4
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Stockholders' Deficit	6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8

Independent Accountant's Review Report

The Board of Directors
Varner Enterprises Inc.

I have reviewed the accompanying consolidated financial statements of Varner Enterprises Inc., which comprises the balance sheets as of February 5, 2019 (the date of inception) and for the year ended December 31, 2018, and the related consolidated statements of income, changes in stockholders' deficit, and cash flows for the periods then ended, and the related consolidated notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Fiona Hamza, CPA



Plano, Texas
February 12, 2019

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Varner Enterprises Inc..

Consolidated Balance Sheets

	February 5, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 5	\$ 5-
Total current assets	5	5
Property plant and equipment:		
Deferred tax asset <i>(note 2)</i>	-	-
Total assets	\$ 5	\$ 5
 Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accrued interest	123	177
Credit card payable	5,060	5,095
Line of credit <i>(note 3)</i>	7,053	7,053
Total current liabilities	12,236	12,325
Long-term obligations	-	-
Total liabilities	12,236	12,325
Stockholders' equity (deficit):		
Common Stock, par value \$0.00001 <i>(note 4)</i>		
Authorized Shares – 10,000 ,000		
Issued and outstanding shares, 6,000,000	60	60
Paid-in Capital	2,225	1,990
Retained deficit	(14,516)	(14,370)
Total Stockholders' equity (deficit)	(12,231)	(12,320)
Total liabilities and stockholders' equity (deficit)	\$ 5	\$ 5

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Varner Enterprises Inc..
Consolidated Statements of Operations

	February 5, 2019	December 31, 2018
Revenue	\$ -	\$ -
Expenses:		
Advertising and marketing	-	11,689
Bank charges & credit card charges	-	70
Legal expenses	-	1,160
Travel and meals	-	872
Total operating expenses	-	13,791
Operating Loss	-	(13,791)
Other income / (expense)		
Interest expense	(146)	(579)
Total other income	(146)	(579)
Net loss	\$ (146)	\$ (14,370)

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Warner Enterprises Inc..
 Consolidated Statements of Changes in Stockholders' Deficit

	Common stock par value \$.00001	Paid-in Capital	Retained Deficit	Total
Balance at December 31, 2017	\$ -	\$ -	\$ -	\$ -
Plus: Stockholders' Contributions	60	1,990	-	2,050
Less: Net Loss	-	-	(14,370)	(14,370)
Balance at December 31, 2018	\$ 60	\$ 1,990	\$ (14,370)	\$ (12,320)
Plus: Stockholders' Contributions	-	235	-	235
Less: Net Loss	-	-	(146)	(146)
Balance at February 5, 2019	\$ 60	\$ 2,225	\$ (14,516)	\$ (12,231)

See Independent Accountant's Review Report.

Varner Enterprises Inc..

Consolidated Statements of Cash Flows

	February 5, 2019	December 31, 2018
Operating activities		
Net Loss	\$ (146)	\$ (14,370)
Increase (decrease) in interest expenses	(54)	177
Increase (decrease) in trades payables	(35)	5,095
Net cash used by operating activities	<u>(235)</u>	<u>(9,098)</u>
Investing activities		
Property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Financing activities		
Proceeds from Line of credit	-	7,053
Proceeds from capital contribution	235	2,050
Net cash provided by financing activities	<u>235</u>	<u>9,103</u>
Net increase in cash and cash equivalents <i>(note 1)</i>	-	5
Cash and cash equivalents at beginning of year	5	-
Cash and cash equivalents at end of year	<u>\$ 5</u>	<u>\$ 5</u>

See Independent Accountant's Review Report.

Varner Enterprises Inc.
Notes to Consolidated Financial Statements
February 5, 2019

1. Business and Summary of Significant Accounting Policies

Description of Business and Basis of Presentation

Varner Enterprises Inc., (the Company) is a development stage Delaware holding corporation. As its first asset, the Company has acquired an independent record label- L2 Records LLC, a wholly owned subsidiary that works with artists in the pop, EDM, and hip-hop genres. L2 Records deals with the end-to end management of music entertainment projects by adopting multimedia to produce, manage, promote and distribute music entertainment content.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates:

The preparation of financial statements is in conformity with the accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation is computed using a straight-line mid-month convention method over the estimated useful lives of the assets, which for furniture and fixtures, auto and most computer equipment ranges primarily from three to seven years.

Repairs and maintenance performed on equipment or software are expensed as incurred.

Cash and Cash Equivalents

Cash equivalents consist primarily of short-term investments in overnight money market funds.

See Independent Accountant's Review Report.

Varner Enterprises Inc.
Notes to Consolidated Financial Statements (continued)
February 5, 2019

Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses that are applicable to future periods are presented as deferred income or prepaid expenses on the accompanying balance sheets

2. Deferred Income Taxes

The Company files income tax returns in the U.S federal jurisdiction and Delaware state jurisdiction. The Company has decided to set up valuation allowance account until they can better estimate the realization date. Following is the detail of tax asset:

Tax Year	Tax benefit - Federal	Tax benefit - State	Tax Year benefit expires
2019	\$ 29	\$ 13	2039
2018	2,874	1,250	2038
Deferred Tax Asset	2,903	1,263	
Less Valuation allowance	(2,903)	(1,263)	
Net Deferred tax asset	\$ -	\$ -	

3. Line of credit

The company has a revolving line of credit that has an interest rate of 14.9% and an outstanding balance of \$7,053.

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Varner Enterprises Inc.
Notes to Consolidated Financial Statements (continued)
February 5, 2019

4. Common Stock

The relative rights, powers, preferences, qualifications, limitations, and restrictions of the Common Stock, are as follow:

Each share of Class A Common Stock is entitled to one vote.

5. Commitments and Contingencies

As of the date of issuance of financials, February 12, 2019, the company has no commitments or contingencies.

6. Subsequent Events

Management has evaluated subsequent events through February 12, 2019, the date on which the financial statements were available to be issued.

See Independent Accountant's Review Report.