



Sachs Diaz & Diaz, P.L.

Certified Public Accountants

October 20, 2015

Joe Titone, Esq.
621 South East 5th Street
Pompano Beach, FL 33060

Re: MC2 Model Management
CONFIDENTIAL

Dear Mr. Titone:

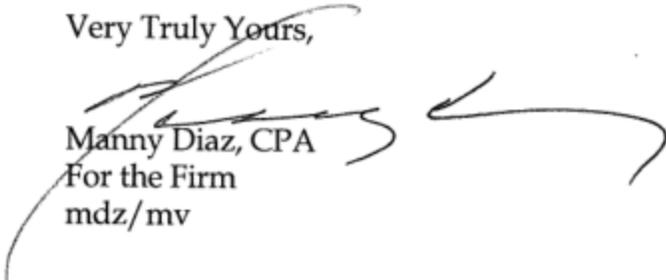
Our office has compiled the information provided by Mc2 Model Management for the years 2006-April 2015, we have concluded that the lost profits total the sum of (\$28,355,959) Twenty Eight Million Three Hundred Fifty Five Thousand Nine Hundred Fifty Nine based on the schedules attached, summarized below:

Lost Profits- Year	Amount
2006	\$710,491
2007	\$688,081
2008	\$784,876
2009	\$1,494,414
2010	\$1,810,851
2011	\$2,335,069
2012	\$4,608,779
2013	\$4,972,676
2014	\$7,131,156
As of 2015	\$3,819,566
TOTAL LOST PROFIT (Actual NI - Projected NI)	\$28,355,959

Please be advised that these loses are based on additional information provided by our client. This is the most reasonable information we can provide at this point.

Should you have any questions, please feel free to contact our office.

Very Truly Yours,


Manny Diaz, CPA
For the Firm
mdz/mv

Members of American and Florida Institutes of Certified Public Accountants

3675 SW 24th Street
Miami, Florida 33145

Telephone: [REDACTED] Facsimile [REDACTED]

Representation Letter

October 20, 2015

Mc2 Model Management, LLC
Miami, Florida

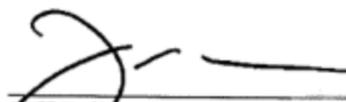
Re: REVISED INFORMATION
BASED ON NEW ASSUMPTIONS

To Sachs Diaz & Diaz, P.L.:

We are providing this letter in connection with the additional work necessary for the preparation of the revised Statements of Revenues and Expenses – Income Tax Basis (Actual vs. Projected) for the years ended December 31, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and for the four months ended April 30, 2015.

We confirm, to the best of our knowledge and belief, the following representations made to you during your preparation of the revised statements.

1. We revised our assumptions in regards to the company's Projected Revenue and Expenses for the aforementioned periods.
2. Our assumption to decrease the Projected Revenues by 25% was suggested by our legal counsel in an attempt to arrange for settlement.
3. We believe that the decrease in Projected Revenues including the projected model expenses is reasonable and appropriate.



Jeff Fuller
For Mc2 Model Management, LLC

MC2 Models Management, LLC
Summary of Lost Revenues and Profits - REVISED
(Schedule 1)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	As of April 2015	Total
Actual Revenues	6,042,173	7,565,369	8,798,289	6,720,406	8,058,725	8,955,483	9,511,911	10,482,009	10,732,989	3,013,711	79,881,065
Actual Operating Expenses	6,815,060	8,295,415	8,906,608	6,988,554	7,504,089	8,556,333	8,695,274	10,405,264	10,500,716	2,916,137	79,583,450
Actual Net Income/(Loss)	(772,887)	(730,046)	(108,319)	(268,148)	554,636	399,150	816,637	76,745	232,273	97,574	297,615
Projected Revenues	9,000,000	10,800,000	12,960,000	15,552,000	18,662,400	22,394,880	26,873,856	32,248,627	38,698,352	15,479,341	202,669,456
Projected Operating Expenses	9,062,396	10,841,965	12,283,443	14,325,734	16,296,913	19,660,661	21,448,440	27,199,206	31,334,923	11,562,201	174,015,882
Projected Net Income/(Loss)	(62,396)	(41,965)	676,557	1,226,266	2,365,487	2,734,219	5,425,416	5,049,421	7,363,429	3,917,140	28,653,574
Lost Profits (Actual NI - Projected NI)	710,491	688,081	784,876	1,494,414	1,810,851	2,335,069	4,608,779	4,972,676	7,131,156	3,819,566	28,355,959

Total Lost Profits: 28,355,959

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2006

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 6,040,065	\$ 9,000,000	2,959,935
Other income	2,108	-	(2,108)
Total revenues	<u>6,042,173</u>	<u>9,000,000</u>	<u>2,957,827</u>
Operating expenses			
Accounting	13,762	16,514	2,752
Advertising and public relations	3,184	6,368	3,184
Automobile	57,666	57,666	-
Bank charges	17,741	21,289	3,548
Commissions	125,527	186,976	61,449
Delivery and freight	1,782	2,138	356
Depreciation	41,153	41,153	-
Dues and subscriptions	4,910	5,892	982
Insurance	85,729	84,722	(1,007)
Interest	42,747	-	(42,747)
Licenses and taxes	88,816	87,773	(1,043)
Meals and entertainment	11,543	13,852	2,309
Model expense	4,189,918	6,241,010	2,051,092
Office supplies and expenses	98,762	118,514	19,752
Outside services	63,715	76,458	12,743
Payroll services	6,184	6,184	-
Postage	3,314	3,314	-
Professional services	76,121	91,345	15,224
Rent	327,293	435,293	108,000
Repairs and maintenance	92,796	92,796	-
Salaries and wages	1,092,687	1,079,854	(12,833)
Scouting	111,811	111,811	-
Telephone	73,552	88,262	14,710
Travel	157,489	157,489	-
Utilities	26,858	35,721	8,863
Total operating expenses	<u>6,815,060</u>	<u>9,062,396</u>	<u>2,247,336</u>
Net Profit/(Loss)	<u>\$ (772,887)</u>	<u>\$ (62,396)</u>	<u>\$ 710,491</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2007

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 7,565,369	\$ 10,800,000	3,234,631
Other income	-	-	-
Total revenues	<u>7,565,369</u>	<u>10,800,000</u>	<u>3,234,631</u>
Operating expenses			
Advertising and public relations	10,283	20,566	10,283
Bank charges	17,262	20,714	3,452
Commissions	8,034	11,469	3,435
Delivery and freight	7,436	8,923	1,487
Depreciation	32,459	32,459	-
Dues and subscriptions	6,458	7,750	1,292
Insurance	130,043	140,525	10,482
Interest	75,467	-	(75,467)
Licenses and taxes	99,042	107,026	7,984
Meals and entertainment	44,332	53,198	8,866
Model expense	5,435,614	7,759,652	2,324,038
Office supplies and expenses	55,970	67,164	11,194
Payroll services	4,765	5,718	953
Postage	5,837	5,837	-
Printing	235	235	-
Professional services	51,225	61,470	10,245
Rent	486,585	594,585	108,000
Repairs and maintenance	84,587	84,587	-
Salaries and wages	1,176,739	1,271,593	94,854
Scouting	42,380	42,380	-
Supplies	40,342	40,342	-
Telephone	123,749	148,499	24,750
Travel	353,408	353,408	-
Utilities	3,163	3,865	702
Total operating expenses	<u>8,295,415</u>	<u>10,841,965</u>	<u>2,546,550</u>
Net Profit/(Loss)	<u>\$ (730,046)</u>	<u>\$ (41,965)</u>	<u>\$ 688,081</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 8,798,289	\$ 12,960,000	4,161,711
Other income		-	-
Total revenues	<u>8,798,289</u>	<u>12,960,000</u>	<u>4,161,711</u>
Operating expenses			
Advertising and public relations	11,173	22,346	11,173
Bank charges	11,586	13,903	2,317
Delivery and freight	7,325	8,790	1,465
Depreciation	33,322	33,322	-
Dues and subscriptions	4,535	5,442	907
Insurance	176,267	214,513	38,246
Interest	55,252	-	(55,252)
Licenses and taxes	98,098	119,383	21,285
Meals and entertainment	27,864	33,437	5,573
Model expense	6,202,284	9,136,049	2,933,765
Office supplies and expenses	104,937	125,924	20,987
Outside services	15,690	18,828	3,138
Payroll services	6,212	7,454	1,242
Postage	5,944	5,944	-
Printing	3,725	3,725	-
Professional services	47,806	57,367	9,561
Rent	465,083	573,083	108,000
Repairs and maintenance	71,729	71,729	-
Salaries and wages	1,144,236	1,392,511	248,275
Scouting	61,450	61,450	-
Supplies	2,745	2,745	-
Telephone	101,627	121,952	20,325
Travel	222,629	222,629	-
Utilities	25,089	30,915	5,826
Total operating expenses	<u>8,906,608</u>	<u>12,283,443</u>	<u>3,376,835</u>
Net Profit/(Loss)	<u>\$ (108,319)</u>	<u>\$ 676,557</u>	<u>\$ 784,876</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 6,720,406	\$ 15,552,000	8,831,594
Other income		-	-
Total revenues	<u>6,720,406</u>	<u>15,552,000</u>	<u>8,831,594</u>
Operating expenses			
Advertising and public relations	6,080	12,160	6,080
Bank charges	9,443	11,332	1,889
Computer and internet expenses	10,099	12,119	2,020
Depreciation	18,553	18,553	-
Dues and subscriptions	561	673	112
Employee benefit programs	80,857	142,737	61,880
Insurance	44,434	44,434	-
Interest	26,709	-	(26,709)
Licenses and taxes	71,072	125,463	54,391
Meals and entertainment	25,689	30,827	5,138
Model expense	4,910,718	11,364,118	6,453,400
Office supplies and expenses	131,895	158,274	26,379
Outside services	137,462	164,954	27,492
Payroll services	5,710	6,852	1,142
Postage	7,509	7,509	-
Printing	2,821	2,821	-
Professional services	33,745	40,494	6,749
Rent	355,777	463,777	108,000
Repairs and maintenance	55,362	55,362	-
Salaries and wages	773,927	1,366,213	592,286
Telephone	61,692	74,030	12,338
Travel	203,310	203,310	-
Utilities	15,129	19,722	4,593
Total operating expenses	<u>6,988,554</u>	<u>14,325,734</u>	<u>7,337,180</u>
Net Profit/(Loss)	<u>\$ (268,148)</u>	<u>\$ 1,226,266</u>	<u>\$ 1,494,414</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 8,058,725	\$ 18,662,400	10,603,675
Other income		-	-
Total revenues	<u>8,058,725</u>	<u>18,662,400</u>	<u>10,603,675</u>
Operating expenses			
Advertising and public relations	5,173	10,346	5,173
Bank charges	13,348	16,018	2,670
Computer and internet expenses	48,666	58,399	9,733
Depreciation	11,800	11,800	-
Dues and subscriptions	1,654	1,985	331
Insurance	85,135	200,757	115,622
Interest	27,690	-	(27,690)
Licenses and taxes	60,685	143,101	82,416
Meals and entertainment	36,258	43,510	7,252
Model expense	5,691,493	13,180,363	7,488,870
Office supplies and expenses	92,381	110,857	18,476
Outside services	60,517	72,620	12,103
Postage	18,693	18,693	-
Printing	7,362	7,362	-
Professional services	109,775	131,730	21,955
Rent	235,987	343,987	108,000
Repairs and maintenance	67,557	67,557	-
Salaries and wages	675,797	1,593,598	917,801
Supplies	35,256	42,307	7,051
Telephone	52,598	63,118	10,520
Travel	138,860	138,860	-
Utilities	27,404	39,946	12,542
Total operating expenses	<u>7,504,089</u>	<u>16,296,913</u>	<u>8,792,824</u>
Net Profit/(Loss)	<u>\$ 554,636</u>	<u>\$ 2,365,487</u>	<u>\$ 1,810,851</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 8,955,483	\$ 22,394,880	13,439,397
Other income		-	-
Total revenues	<u>8,955,483</u>	<u>22,394,880</u>	<u>13,439,397</u>
Operating expenses			
Advertising and public relations	6,195	12,390	6,195
Bank charges	11,398	13,678	2,280
Computer and internet expenses	43,250	51,900	8,650
Depreciation	34,129	34,129	-
Dues and subscriptions	17,424	20,909	3,485
Insurance	100,405	215,601	115,196
Interest	25,020	-	(25,020)
Licenses and taxes	75,460	162,036	86,576
Meals and entertainment	32,213	38,656	6,443
Model expense	6,446,023	16,119,500	9,673,477
Office supplies and expenses	52,153	62,584	10,431
Outside services	33,567	40,280	6,713
Payroll services	6,173	7,408	1,235
Postage	9,525	9,525	-
Printing	8,166	8,166	-
Professional services	84,869	101,843	16,974
Rent	239,286	347,286	108,000
Repairs and maintenance	63,627	63,627	-
Salaries and wages	932,161	2,001,642	1,069,481
Scouting	173,372	173,372	-
Telephone	55,883	67,060	11,177
Travel	99,307	99,307	-
Utilities	6,727	9,763	3,036
Total operating expenses	<u>8,556,333</u>	<u>19,660,661</u>	<u>11,104,328</u>
Net Profit/(Loss)	<u>\$ 399,150</u>	<u>\$ 2,734,219</u>	<u>\$ 2,335,069</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 9,511,911	\$ 26,873,856	17,361,945
Other income		-	-
Total revenues	<u>9,511,911</u>	<u>26,873,856</u>	<u>17,361,945</u>
Operating expenses			
Accounting	43,782	52,538	8,756
Advertising and public relations	14,905	29,810	14,905
Automobile	4,122	4,122	-
Bank charges	10,526	12,631	2,105
Computer and internet expenses	65,143	78,172	13,029
Delivery and freight	4,163	4,996	833
Depreciation	2,063	2,063	-
Dues and subscriptions	35,430	42,516	7,086
Insurance	104,442	211,341	106,899
Interest	18,016	-	(18,016)
Licenses and taxes	89,593	181,294	91,701
Meals and entertainment	36,525	43,830	7,305
Model expense	6,194,705	17,501,805	11,307,100
Mother agency expense	56,533	67,840	11,307
Moving	2,086	2,086	-
Office supplies and expenses	58,458	70,150	11,692
Outside services	83,208	99,850	16,642
Payroll services	6,207	7,448	1,241
Postage	34,363	34,363	-
Printing	13,182	13,182	-
Professional services	12,806	15,367	2,561
Rent	286,002	394,002	108,000
Repairs and maintenance	68,578	68,578	-
Salaries and wages	1,021,527	2,067,086	1,045,559
Scouting	291,907	291,907	-
Software licenses and expenses	8,298	8,298	-
Telephone	51,113	61,336	10,223
Travel	66,363	66,363	-
Utilities	11,228	15,468	4,240
Total operating expenses	<u>8,695,274</u>	<u>21,448,440</u>	<u>12,753,166</u>
Net Profit/(Loss)	<u>\$ 816,637</u>	<u>\$ 5,425,416</u>	<u>\$ 4,608,779</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2013

	Actual	Projected	Variance
Revenues			
Fees	\$ 10,482,009	\$ 32,248,627	21,766,618
Other income		-	-
Total revenues	10,482,009	32,248,627	21,766,618
Operating expenses			
Accounting	134,977	161,972	26,995
Advertising and public relations	16,534	33,068	16,534
Automobile	2,908	2,908	-
Bank charges	11,112	13,334	2,222
Computer and internet expenses	63,934	76,721	12,787
Credit card fees	952	952	-
Delivery and freight	14,576	17,491	2,915
Depreciation	16,161	16,161	-
Dues and subscriptions	26,948	32,338	5,390
Insurance	113,716	223,871	110,155
Interest	21,679	-	(21,679)
Licenses and taxes	91,085	179,318	88,233
Meals and entertainment	33,254	39,905	6,651
Model expense	7,353,787	22,624,435	15,270,648
Mother agency expense	219,763	263,716	43,953
Moving expense	925	925	-
Office supplies and expenses	64,435	77,322	12,887
Outside services	42,328	50,794	8,466
Payroll services	12,015	14,418	2,403
Postage	8,663	8,663	-
Printing	5,683	5,683	-
Professional services	37,922	45,506	7,584
Rent	290,393	398,393	108,000
Repairs and maintenance	54,371	54,371	-
Salaries and wages	1,113,581	2,192,292	1,078,711
Scouting	529,933	529,933	-
Software licenses and expenses	15,767	15,767	-
Telephone	43,013	51,616	8,603
Travel	58,168	58,168	-
Utilities	6,681	9,166	2,485
Total operating expenses	10,405,264	27,199,206	16,793,942
Net Profit/(Loss)	\$ 76,745	\$ 5,049,421	\$ 4,972,676

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 10,732,989	\$ 38,698,352	27,965,363
Other income		-	-
Total revenues	<u>10,732,989</u>	<u>38,698,352</u>	<u>27,965,363</u>
Operating expenses			
Accounting	37,350	44,820	7,470
Advertising and public relations	10,343	20,686	10,343
Automobile	3,359	3,359	-
Bank charges	12,463	14,956	2,493
Computer and internet expense	73,644	88,373	14,729
Delivery and freight	3,904	4,685	781
Depreciation	15,716	15,716	-
Dues and subscriptions	16,262	19,514	3,252
Equipment rental	154	154	-
Insurance	141,517	276,363	134,846
Interest	23,260	-	(23,260)
Legal settlement	5,829	5,829	-
Licenses and taxes	99,322	193,962	94,640
Meals and entertainment	15,810	18,972	3,162
Model expense	7,419,919	26,752,905	19,332,986
Mother agency expense	209,994	251,993	41,999
Office supplies and expenses	40,814	48,977	8,163
Outside services	22,709	27,251	4,542
Payroll services	26,275	31,530	5,255
Postage	17,624	17,624	-
Printing	2,998	2,998	-
Production expense	197,262	197,262	-
Professional services	73,314	87,977	14,663
Rent	303,881	411,881	108,000
Repairs and maintenance	52,419	52,419	-
Salaries and wages	1,111,204	2,170,023	1,058,819
Scouting	474,192	474,192	-
Software licenses and expenses	6,000	6,000	-
Telephone	31,725	38,070	6,345
Travel	37,439	37,439	-
Utilities	14,014	18,995	4,981
Total operating expenses	<u>10,500,716</u>	<u>31,334,923</u>	<u>20,834,207</u>
Net Profit/(Loss)	<u>\$ 232,273</u>	<u>\$ 7,363,429</u>	<u>\$ 7,131,156</u>

Attention is directed to independent accountants' compilation report.

MC2 Model Management, LLC
Statement of Revenues and Expenses - Income Tax Basis (Actual vs. Projected) - REVISED
For the Four Months Ended April 30, 2015

	<u>Actual</u>	<u>Projected</u>	<u>Variance</u>
Revenues			
Fees	\$ 2,807,633	\$ 15,479,341	12,671,708
Other income	206,078	-	(206,078)
Total revenues	<u>3,013,711</u>	<u>15,479,341</u>	<u>12,465,630</u>
Operating expenses			
Accounting	14,250	17,100	2,850
Advertising and public relations	8,001	16,002	8,001
Bank charges	2,144	2,573	429
Computer and internet expense	25,602	30,722	5,120
Delivery and freight	611	733	122
Depreciation	-	-	-
Insurance	41,832	97,874	56,042
Interest	-	-	-
Licenses and taxes	34,393	80,468	46,075
Meals and entertainment	26,366	31,639	5,273
Model expense	1,917,914	9,850,991	7,933,077
Mother agency expense	132,773	159,328	26,555
Office supplies and expenses	70,088	84,106	14,018
Outside services	150	180	30
Payroll services	10,921	13,105	2,184
Postage	3,507	3,507	0
Printing	1,071	1,071	(0)
Professional services	24,467	29,360	4,893
Rent	68,075	104,075	36,000
Repairs and maintenance	27,572	27,572	-
Salaries and wages	373,227	873,227	500,000
Scouting	98,783	98,783	(0)
Software licenses and expenses	1,223	1,223	0
Telephone	6,834	8,201	1,367
Travel	18,719	18,719	0
Utilities	7,615	11,642	4,027
Total operating expenses	<u>2,916,137</u>	<u>11,562,201</u>	<u>8,646,064</u>
Net Profit/(Loss)	<u>\$ 97,574</u>	<u>\$ 3,917,140</u>	<u>\$ 3,819,566</u>

Attention is directed to independent accountants' compilation report.