

HERITAGE FINANICAL, INC

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANT'S

COMPILATION REPORT

September 30, 2019

Smith & Smith Business Services
Shannon Smith-Wood

**SMITH & SMITH BUSINESS SERVICES
3951 PATUXENT RIVER ROAD
HARWOOD, MD 20776
410-798-6611
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Heritage Financial, Inc.
Annapolis, Maryland

Management is responsible for the accompanying financial statements of Heritage Financial Inc., a Maryland corporation, which comprise the statement of financial condition and changes in stockholder's equity-tax basis as of September 30, 2019 and the related statements of revenues and expenses - tax basis for the year then ended in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with statements on standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

**Shannon Smith Wood
Smith & Smith Business Services
October 16, 2019**

HERITAGE FINANCIAL, INC.
STATEMENT OF FINANCIAL CONDITION AND
CHANGES IN STOCKHOLDERS EQUITY- TAX BASIS
SEPTEMBER 30, 2019

ASSETS	2019
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	\$133,041.85
Marketable securities	\$0.00
Other current assets	\$0.00
Total Current Assets	\$133,041.85
<u>PROPERTY AND EQUIPMENT, NET</u>	
Accumulated depreciation	-\$23,959.00
Total Fixed Assets	\$93.39
TOTAL ASSETS	\$133,135.24
LIABILITIES & STOCKHOLDER'S EQUITY	
<u>CURRENT LIABILITIES</u>	
Accounts payable and other	
accrued liabilities	\$11,890.91
Line of credit	\$0.00
Shareholder Loan	\$0.00
Total Current Liabilities	\$11,890.91
<u>LONG-TERM OBLIGATIONS-</u>	
Net of current maturities	\$0.00
<u>COMMITMENTS AND CONTINGENCIES</u>	
	\$0.00
<u>STOCKHOLDER'S EQUITY</u>	
Common stock, no par value, authorized 1000	
shares; issued and outstanding, 100 shares	\$1,000.00
Additional paid-in capital	\$52,000.00
Retained earnings beginning of year	\$51,318.29
Net Income	\$73,003.49
Distributions	-\$56,077.45
Retained earnings end of year	\$121,244.33
	\$133,135.24

See Independent Accountant's Compilation Report

HERITAGE FINANCIAL, INC.
STATEMENTS OF REVENUE AND EXPENSES-TAX BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

REVENUE

Loan origination fees	\$511,965
Interest	-
Total revenue	<u>\$511,965</u>

EXPENSES

Loan origination and Processing	\$13,552
Occupancy	\$15,457
Advertising	\$0
Professional fees	\$1,517
General and Administrative	\$11,051
Payroll	\$386,710
Auto	\$665
Taxes	\$300
Refund	\$15
Depreciation	\$0
Communication Costs	\$1,620
Regulatory Fees	\$8,075
Total Expenses	<u>\$438,962</u>
 NET INCOME	 <u>\$73,003</u>

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