

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 1, 2020

Crawford United Corporation
(Exact Name of Registrant as Specified in Charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

000-00147
(Commission
File Number)

34-0288470
(IRS Employer
Identification No.)

10514 Dupont Avenue
Cleveland, Ohio
(Address of Principal Executive Offices)

44108
(Zip Code)

(216) 243-2614
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

As previously reported, effective January 2, 2020, Crawford United Acquisition Company, LLC, an Ohio limited liability company (the “Company”), a wholly-owned subsidiary of Crawford United Corporation, completed the acquisition of substantially all of the assets of MPI Products, Inc. (dba Marine Products International), an Ohio corporation and supplier of marine hose and marine accessories to boat builders and distributors (the “Seller”), pursuant to an Asset Purchase Agreement entered into as of January 1, 2020 by and among the Company, the Seller, the seller parties named therein (the “Seller Parties”) and the Seller Parties’ representative named therein).

This Form 8-K/A is being filed by the Company to amend the Current Report on Form 8-K filed on January 7, 2020 (the “Original Report”) solely to include the financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K and should be read in conjunction with the Original Report. Except as provided herein, the disclosures made in the Original Report remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial statements of businesses acquired.*

The audited balance sheet of MPI Products, Inc. as of December 31, 2019, and the related statement of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements are included as Exhibit 99.1 to this Form 8-K/A and incorporated herein by reference.

(b) *Pro forma financial information.*

The unaudited pro forma condensed combined financial statements of Crawford United Corporation giving effect to the acquisition of MPI Products, Inc. are included as Exhibit 99.2 to this Form 8-K/A.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
23	<u>Consent of Meaden & Moore, Ltd.</u>
99.1	<u>Audited balance sheet of MPI Products, Inc. as of December 31, 2019, and the related statement of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.</u>
99.2	<u>Unaudited pro forma condensed combined financial statements of Crawford United Corporation for the period ended December 31, 2019.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRAWFORD UNITED CORPORATION

Date: March 13, 2020

/s/ Kelly J. Marek

Name: Kelly J. Marek

Its: Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
23	Consent of Meaden & Moore, Ltd.
99.1	Audited balance sheets of MPI Products, Inc. as of December 31, 2019, and the related statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.
99.2	Unaudited pro forma condensed combined financial statements of Crawford United Corporation for the period ended December 31, 2019.



Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-68196, 333-63597 and 333-125672) of Crawford United Corporation (the “Company”) of our report dated March 3, 2020, relating to the financial statements of MPI Products, Inc. as of December 31, 2019, which appears in this Form 8-K/A.

/s/ Meaden & Moore, Ltd.

Meaden & Moore, Ltd.
Cleveland, Ohio

March 13, 2020

MPI PRODUCTS, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2019

INDEX

	<u>Page</u>
Independent Auditor's Report	
Financial Statements:	
Balance Sheet	2 - 3
Statement of Retained Earnings	4
Statement of Income	5
Statement of Cash Flows	6 - 7
Notes to Financial Statements	8 - 12



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Marine Products, Inc.
Eastlake, Ohio

We have audited the accompanying financial statements of MPI Products, Inc., which comprise the balance sheet as of December 31, 2019 and the related statement of income, retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPI Products, Inc. as of December 31, 2019, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Meaden & Moore, Ltd.
Cleveland, Ohio

March 3, 2020

Meaden & Moore, Ltd.

1375 East Ninth Street, Suite 1800 | Cleveland, OH 44114-1790 | P (216) 241-3272 | F (216) 771-4511 | meadenmoore.com

AKRON | BEACHWOOD | CLEVELAND | COLUMBUS | WOOSTER

BALANCE SHEET

MPI Products, Inc.

	December 31 2019
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,479,829
Accounts receivable - trade	771,088
Accounts receivable - other	136,079
Inventory	3,009,903
Prepaid expenses	30,646
Other current assets	4,634
Total Current Assets	5,432,179
PROPERTY AND EQUIPMENT:	287,555
Less: Allowance for depreciation	241,697
Total Property and Equipment	45,858
OTHER ASSETS	
Deposits	18,591
Total Assets	\$ 5,496,628

See accompanying notes.

	December 31 2019
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable	\$ 818,145
Accrued expenses	<u>58,414</u>
Total Current Liabilities	876,559
SHAREHOLDERS' EQUITY:	
Common stock - 1,000 shares authorized, issued and outstanding, \$1 par value	1,000
Retained earnings	<u>4,619,069</u>
Total Shareholders' Equity	4,620,069
Total Liabilities and Shareholders' Equity	<u>\$ 5,496,628</u>

See accompanying notes.

STATEMENT OF RETAINED EARNINGS

MPI Products, Inc.

Year Ended December 31

	<u>2019</u>
Retained Earnings - Beginning of Year	\$ 4,386,175
Net income	912,894
Distributions	<u>(680,000)</u>
Retained Earnings - End of Year	<u>\$ 4,619,069</u>

See accompanying notes.

STATEMENT OF INCOME

MPI Products, Inc.

Year Ended December 31

	<u>2019</u>
Net sales	\$ 17,198,986
Cost of sales	<u>11,946,243</u>
Gross Profit	5,252,743
Selling, general and administrative expenses	<u>4,154,306</u>
Income from Operations	1,098,437
Other Income (Expense):	
Other expenses	(170,759)
Other income	12,547
Loss on sale of fixed assets	<u>(8,741)</u>
Total Other Income (Expense)	<u>(166,953)</u>
Income before provision for municipal income taxes	<u>931,484</u>
Provision for municipal income taxes	<u>(18,590)</u>
Net Income	<u><u>\$ 912,894</u></u>

See accompanying notes.

STATEMENT OF CASH FLOWS

MPI Products, Inc.

Year Ended December 31

	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 18,820,635
Cash paid to suppliers and employees	(16,668,449)
City income taxes paid	(25,000)
	<u>2,127,186</u>
Cash Provided by Operating Activities	2,127,186
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from disposal of property	196,500
Capital expenditures	(172,577)
	<u>23,923</u>
Cash Provided by Investing Activities	23,923
CASH FLOWS FROM FINANCING ACTIVITIES:	
Distributions paid	(680,000)
	<u>(680,000)</u>
Cash Used in Financing Activities	(680,000)
Increase in Cash and Cash Equivalents	1,471,109
Cash and Cash Equivalents - Beginning of the Year	8,720
Cash and Cash Equivalents - End of the Year	<u>\$ 1,479,829</u>

See accompanying notes.

	<u>2019</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net income	\$ 912,894
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation	89,972
Loss on disposal of property	8,741
Accounts receivable - trade	342,712
Accounts receivable - related parties	1,266,390
Inventory	(221,894)
Prepaid expenses	8,829
Other current assets	(1,478)
Accounts payable	(209,189)
Accrued expenses	(69,791)
Total Adjustments	<u>1,214,292</u>
Cash Provided by Operating Activities	<u>\$ 2,127,186</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

MPI Products, Inc.

1 Summary of Significant Accounting Policies

Description of Business:

The Company, located in Eastlake, Ohio, offers marine hoses & related products to builders in the marine industry.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Adoption of New Accounting Standard:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09, “*Revenue from Contracts with Customers*” or “ASC 606”. ASC 606 and all subsequently issued clarifying ASCs replaced most existing revenue recognition guidance in U.S. GAAP. ASC 606 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company’s fiscal year. The effect of this adoption was immaterial to our Financial Statements, and the Company does not expect a material effect to the Financial Statements on an ongoing basis.

The Company recognizes revenue under ASC 606, “*Revenue from Contracts with Customers*”. The core principle of the new revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company applies the following standards and recognizes revenue when (1) it has a firm contract and the parties are committed to perform their respective obligations, (2) the product has been shipped to and accepted by the customer or the service has been provided, (3) the sales price is fixed or determinable and (4) amounts are reasonably assured of collection, including the consideration of the customer’s ability and intention to pay when the amount is due. The Company primarily receives fixed consideration for sales of product. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Shipping and handling amounts paid by customers are included in revenue. Sales tax and other similar taxes are excluded from revenue.

Variable Consideration:

Revenue is recorded net of provisions for discounts, which are typically agreed to upfront with the customer and do not represent variable consideration. The Company estimates these discounts in the same period that the revenue is recognized for products sales to customers. The amount of revenue recognized represents the amount that will not be subject to a significant future reversal of revenue. All sales to distributors and customers are generally final. In limited instances the Company may accept returned product due to quality. During 2019, returns have not been material.

NOTES TO FINANCIAL STATEMENTS

MPI Products, Inc.

1 Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

The Company's customers generally pay within 60 days from the receipt of a valid invoice. The Company offers discounts of up to 2% to certain customers for payments made within a specified number of days. These early pay discounts are estimated in the period of sale based on experience with sales to eligible customers. Early pay discounts are recorded as a deduction to the accounts receivable balance presented on the balance sheet.

Performance Obligations:

The Company's performance obligations are satisfied at the point in time when products are shipped to the customer, which is when the customer has title and the significant risks and rewards of ownership. Therefore, the Company's contracts have a single performance obligation.

Cash and Cash Equivalents:

For the purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

At times during the year, the Company maintained funds on deposit at its banks in excess of FDIC insurance limits.

Accounts Receivable:

Trade accounts receivable are stated at the amount management expects to collect from the balances outstanding at year end. Based on management's assessment, it has concluded that losses on balances outstanding at year end will be immaterial.

Inventory:

Inventory is valued at the lower of average cost or net realizable value. Management determined a reserve for obsolete inventory was not necessary.

Property, Plant and Equipment:

Property, plant and equipment are carried at cost. Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's earnings.

NOTES TO FINANCIAL STATEMENTS

MPI Products, Inc.

1 Summary of Significant Accounting Policies, Continued

Property, Plant and Equipment, Continued:

	<u>2019</u>
Warehouse equipment	\$ 163,341
Office equipment	91,869
Leasehold improvements	18,277
Vehicles	14,068
	<u>\$ 287,555</u>
Depreciation Expense	<u>\$ 89,972</u>

The Company provides for depreciation of property, plant and equipment generally using straight-line and accelerated methods for both financial reporting and federal income tax purposes over the estimated useful lives of the assets as follows:

Class	Years
Warehouse equipment	7
Office equipment	5
Leasehold improvements	39
Vehicles	5

The Company assesses the recoverability of its property, plant and equipment by determining whether the depreciation of the assets over their remaining lives can be recovered through projected future cash flows generated by the assets. There were no assets identified for impairment.

Marketing Costs:

The Company participates in various advertising and marketing programs. All costs related to marketing and advertising the Company's products are expensed in the period incurred. Advertising costs charged to operations was \$40,251 for 2019.

Shipping and Handling Costs:

The Company charges its customers shipping and handling fees at the time the products are shipped. The cost of shipping products to the customer is recognized at the time the products are shipped to the customer and is included in cost of sales.

NOTES TO FINANCIAL STATEMENTS

MPI Products, Inc.

1 Summary of Significant Accounting Policies, Continued

Income Taxes:

The Company is an "S" Corporation for Federal and state income tax purposes. As such, income or losses of the Company are passed through to shareholders and taxed at the individual level. The Company still is required to pay municipal income taxes.

Corporate Distribution Policy:

Management intends to distribute cash to its shareholders to cover the tax effect of taxable income passed through to the individual level. The Company made cash distributions from earnings to its shareholders of \$680,000 in 2019.

Accounting for Uncertainty in Income Taxes:

The provisions of "Accounting for Uncertainty in Income Taxes" prescribe a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Company has determined that there are no material uncertain tax positions.

Subsequent Events:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through March 3, 2020, which is the date the financial statements were available to be issued.

2 Leases

The Company has two lease agreements involving its offices and warehouses. The lease for the office and main warehouse expires in September 30, 2020. The lease payment due in 2020 is \$164,220. The lease for the additional warehouse is on a month to month basis. Total rent expense for 2019 was \$254,060.

3 Profit Sharing

The Company has a 401(k)-profit sharing plan for its employees who meet the plan's service requirements. The contributions to the plan in 2019 were \$45,725.

NOTES TO FINANCIAL STATEMENTS

MPI Products, Inc.

4 Litigation

In the ordinary course of business, the Company is involved in litigation and other potential legal claims. The Company carries insurance for these types of matters and in management's opinion the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Company.

5 Subsequent Event

The Company was sold to Crawford United Corporation effective January 1, 2020.

CRAWFORD UNITED CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED COMBINED FINANCIAL INFORMATION

On January 2, 2020, Crawford United Acquisition Company LLC, a wholly owned subsidiary of Crawford United Corporation (the “Company”), completed the acquisition of substantially all the assets MPI Products, Inc. (dba Marine Products International), an Ohio corporation and supplier of marine hose and marine accessories to boat builders and distributors (the “Seller”), pursuant to an Asset Purchase Agreement entered into as of January 1, 2020 by and among the Company, the Seller, the seller parties named therein (the “Seller Parties”) and the Seller Parties’ representative named therein. The following unaudited pro forma consolidated combined financial statements give effect to the acquisition of certain assets and certain assumed liabilities of MPI Products, Inc.

The acquisition will be a business combination accounting for in accordance with Accounting Standards Codification (ASC) 805, Business Combinations. Accordingly, for accounting purposes, the fair value of the assets received and liabilities assumed will be recorded on the balance sheet. The difference between the purchase price and fair value of the assets acquired, net of liabilities assumed, will be recorded as goodwill and other intangible assets. The intangible assets, other than goodwill, will be amortized to expense over their estimated useful lives. Goodwill is of an indefinite life and will not be amortized but will be tested at least annually for impairment.

Acquisition-related transaction costs (i.e. advisory, legal, accounting, valuation and other professional or consulting fees) are not included as a component of consideration transferred but are accounting for as expenses in the periods in which the costs are incurred and the services are received.

The unaudited pro forma consolidated combined balance sheet as of December 31, 2019 and unaudited pro forma consolidated combined statements of operations for the year ended December 31, 2019 give effect to the transaction as if the acquisition was consummated January 1, 2019.

The unaudited pro forma consolidated combined financial information should be read together with the Company’s historical financial statements, which are included in the Company’s latest annual report on Form 10-K and MPI Products, Inc. historical information, included herein.

INDEX

	<u>Page</u>
Unaudited Pro Forma Consolidated Combined Balance Sheet as of December 31, 2019	1
Unaudited Pro Forma Consolidated Combined Statement of Operations for the Year Ended December 31, 2019	3

CRAWFORD UNITED CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED BALANCE SHEET

ASSETS

	Crawford United Corporation 12/31/2019 Audited	MPI 12/31/2019 Audited	Pro Forma Adjustments	Crawford United Corporation 12/31/2019 Combined
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,232,499	\$ 1,479,829	\$ (1,479,829) (c)	\$ 2,232,499
Accounts receivable-less allowance for doubtful accounts	14,001,795	771,088	-	14,772,883
Contract assets	2,422,379	-	-	2,422,379
Inventories-less allowance for obsolete inventory	7,678,690	3,009,903	-	10,688,593
Prepaid Expenses and other current assets	703,002	171,359	(136,079) (c)	738,282
Total Current Assets	<u>27,038,365</u>	<u>5,432,179</u>	<u>(1,615,908)</u>	<u>30,854,636</u>
PROPERTY, PLANT AND EQUIPMENT				
	16,016,325	287,555	(241,697) (a)	16,062,183
Less accumulated depreciation	3,622,153	241,697	(241,697) (a)	3,622,153
Property, Plant and Equipment, Net	<u>12,394,172</u>	<u>45,858</u>	<u>-</u>	<u>12,440,030</u>
Operating right of use assets, net	9,224,840	-	-	9,224,840
OTHER ASSETS:				
Goodwill	9,791,745	-	1,591,002 (c)	11,382,747
Intangibles, net of accumulated amortization	3,950,838	-	4,400,000 (b), (c)	8,350,838
Other non-current assets	88,046	18,591	-	106,637
Total Non-Current Other Assets	<u>13,830,629</u>	<u>18,591</u>	<u>5,991,002</u>	<u>19,840,222</u>
Total Assets	<u>\$ 62,488,006</u>	<u>\$ 5,496,628</u>	<u>\$ 4,375,094</u>	<u>\$ 72,359,728</u>

See accompanying notes to unaudited pro forma consolidated combined financial statements.

CRAWFORD UNITED CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS EQUITY

	Crawford United Corporation 12/31/2019 Audited	MPI 12/31/2019 Audited	Pro Forma Adjustments	Crawford United Corporation 12/31/2019 Combined
CURRENT LIABILITIES:				
Notes payable - current	\$ 2,749,459	\$ -	\$ -	\$ 2,749,459
Bank debt - current	1,333,333	-	-	1,333,333
Leases payable	850,664	-	-	850,664
Accounts payable	6,071,522	818,145	(818,145) (c)	6,071,522
Unearned revenue	1,998,578	-	-	1,998,578
Accrued expenses	3,281,445	58,414	413,308 (c)	3,753,167
Total Current Liabilities	<u>16,285,001</u>	<u>876,559</u>	<u>(404,837)</u>	<u>16,756,723</u>
LONG-TERM LIABILITIES:				
Notes payable	7,676,697	-	-	7,676,697
Bank debt	6,376,594	-	9,400,000 (c)	15,776,594
Leases payable	8,513,448	-	-	8,513,448
Deferred income taxes	2,207,734	-	-	2,207,734
Total Long-Term Liabilities	<u>24,774,473</u>	<u>-</u>	<u>9,400,000</u>	<u>34,174,473</u>
TOTAL LIABILITIES	<u>41,059,474</u>	<u>876,559</u>	<u>8,995,169</u>	<u>50,931,196</u>
STOCKHOLDERS' EQUITY				
Preferred 1,000,000 shares authorized, no shares outstanding	-	-	-	-
Common shares - no par value				
Class A 10,000,000 shares authorized, 2,553,503 shares issued	3,599,806	1,000	(1,000) (g)	3,599,806
Class B 2,500,000 shares authorized, 954,283 shares issued	1,465,522	-	-	1,465,522
Contributed capital	1,741,901	-	-	1,741,901
Treasury shares	(1,905,780)			(1,905,780)
Class A - 37,208 shares	-	-	-	-
Class B - 182,435 shares	-	-	-	-
Retained earnings	16,527,083	4,619,069	(4,619,069) (g)	16,527,083
Total Stockholders' Equity	<u>21,428,532</u>	<u>4,620,069</u>	<u>(4,620,069)</u>	<u>21,428,532</u>
Total Liabilities and Stockholders' Equity	<u>\$ 62,488,006</u>	<u>\$ 5,496,628</u>	<u>\$ 4,375,094</u>	<u>\$ 72,359,728</u>

See accompanying notes to unaudited pro forma consolidated combined financial statements.

CRAWFORD UNITED CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED

	Crawford United Corporation 12/31/2019 Audited	MPI 12/31/2019 Audited	Pro Forma Adjustments	Crawford United Corporation 12/31/2019 Combined
Total Sales	\$ 89,698,527	\$ 17,198,986	\$ -	\$ 106,897,513
Cost of Sales	70,123,892	11,946,243		\$ 82,070,135
Gross Profit	19,574,635	5,252,743		\$ 24,827,378
Operating Expenses:				
Product Development	-	-	-	-
Selling, General and Administrative Expenses	9,063,969	4,154,306	(256,884) (b), (d)	12,961,391
Operating Income	10,510,666	1,098,437	256,884	11,865,987
Other (Income) and Expenses:				
Interest charges	1,056,843	-	211,500 (e)	1,268,343
Other (income) expense, net	34,333	166,953	(179,500) (d), (f)	21,786
Total Other (Income) and Expenses	1,091,176	166,953	32,000	1,290,129
Income before Provision for Income Taxes	9,419,490	931,484	224,884	10,575,858
Provision for Income Taxes	2,439,627	18,590	270,502 (h)	2,728,719
Net Income	<u>\$ 6,979,863</u>	<u>\$ 912,894</u>	<u>\$ (45,618)</u>	<u>\$ 7,847,139</u>
Net Income Per Common Share - Basic	\$ 2.45			\$ 2.75
Net Income Per Common Share - Diluted	\$ 2.13			\$ 2.39
Weighted Average Shares of Common Stock Outstanding - Basic	2,849,239		-	2,849,239
Weighted Average Shares of Common Stock Outstanding - Diluted	3,277,857		-	3,277,857

See accompanying notes to unaudited pro forma consolidated combined financial statements.

CRAWFORD UNITED CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION
DECEMBER 31, 2019 PRO FORMA ADJUSTMENTS

- (a) Reflects the adjustment to record the basis in the acquired property plant and equipment of MPI Products, Inc. (MPI) to the estimated fair value.

Book value of Fixed Assets - Gross	\$	45,858
Accumulated Depreciation		-
Net Book Value - Fixed		45,858
Fair Market Value of Fixed Assets		45,858
Adjustment to Increase Fixed Assets	\$	-

- (b) Reflects the adjustment of intangible assets acquired by the Company to their estimated fair values, and related amortization expense for the period. The following table summarized the estimated fair values of identifiable intangible assets and their estimated useful lives.

	Fair Value	Useful Life in Years	Amortization Expense
Trademarks	\$ 1,700,000	15	\$ 56,667
Customer Relationships	2,700,000	12	112,500
Total Intangibles, Other than Goodwill	\$ 4,400,000		\$ 169,167

- (c) Reflects adjustment to record goodwill associated with the acquisition as assets and assumption of liabilities as shown below:

Assets Acquired:

Current Assets	\$	3,816,271
Net Property and Equipment		45,858
Intangible Assets		4,400,000
Goodwill		1,591,002
Non-Current Assets		18,591
Total Assets Acquired	\$	9,871,722
Liabilities Assumed		471,722
Net Assets Acquired	\$	9,400,000

- (d) Reflects the elimination of historical auto related expenses. In addition, bonus expense in connection with transfer of automobiles to individuals and bonus expense in excess of bonus plan have been eliminated.

	Other Income (Expense)
Loss on sale of autos	\$ 8,741
	SG&A
Depreciation related to company auto	\$ 73,151
Bonuses related to transfer of company autos	\$ 302,900
Discretionary bonuses paid in excess of historical profit sharing plan	50,000
Subtotal	<u>\$ 426,051</u>

- (e) Reflects the new debt incurred to finance the acquisition and related interest expense as shown below:

	Debt	Interest Rate	Interest Expense
Revolving Credit Facility	9,400,000	4.5%	211,500
Total Debt	<u>\$ 9,400,000</u>		<u>\$ 211,500</u>

- (f) Represents the elimination of the management fee paid to North Coast Industries, a related party of MPI, as recorded in Other Income (Expense).

	Other Income (Expense)
Management fee	(170,759)
Total adjustment	<u>(170,759)</u>

- (g) Represents the elimination of the historical equity of MPI.

- (h) Reflects income tax expense at 25% effective tax rate.

