



MH Elite Portfolio of Funds, Inc.

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Dear Fellow Shareholder:

As one who likes to toil in the soil come spring, I would like to quote American author, Hal Borland;

'No winter lasts forever; no spring skips its turn'

Which correlates to;

No recession lasts forever; no recovery skips its turn

In the second half of 2009, the stock market continued to build on the rally that began after the market low on March 9th. The 2009 third quarter was the best three month showing (up 15%) in 11 years followed by a more modest 4th quarter gain of 5.5%. Overall, the S&P 500 index rose 65% and the Russell 2000 index gained 84.5% after bottoming out earlier in the year. As robust as the returns were in 2009 (98% of global stock markets rose in 2009 and 100% of sectors posted gains) they could not overcome a decade of disappointment which will be remembered as the worst decade in history for the S&P 500 index. A decade marred by the internet/tech craze, September 11, 2001, a housing boom and bust, a credit crisis on Wall Street, the collapse of Lehman Brothers and two recessions.

Savvy investors are willing to plant their seeds early to reap the rewards of a market recovery. Unfortunately, most investors employ a follow the money investing mantra, chasing last year's best performers. As markets experienced their best six month performance for stocks since 1933, investors fled stocks with a net outflow of \$36 billion and added over \$350 billion to bond funds and U.S. Treasuries in 2009. Are U.S. Treasuries the next market bubble? After all, when interest rates do rise, and they will, bond prices will decline. Investors continue to make the same investing mistakes of buying high and selling low. Selling stocks at their bottom to buy bonds at their peak is a recipe for disappointing future returns and missed opportunities.

A jobless recovery that has been fueled by government spending, stimulus programs and near zero short term interest rates led to Federal Reserve Chairman Ben Bernanke's comment in September that the worst recession since the 1930's is very likely over. The recession may be over but the problems linger on. Any number of issues could derail the recovery, including high unemployment, spiraling federal deficits, Washington's preoccupation with health care reform, tight credit, commercial real estate defaults, low consumer confidence and weak income growth that cannot keep up with rising energy and healthcare costs. As the financial crisis in Dubai, and recently in Greece, points out the global recovery still stands on shaky ground and how fragile the financial system remains worldwide.

We are pleased to report that all our Funds outperformed the market as represented by the S&P 500 index in 2009.

For the year 2009, MH Elite Small Cap Fund of Funds was up 31.7% versus a gain of 27.2% for the Russell 2000 index of small cap stocks. For the period from the market low on March 9th through the end of the year the Fund gained 81.3%. For 2009, the small cap growth sector significantly outperformed the value sector. The Russell 2000 Growth index rose 34.5% versus 20.6% for the Russell 2000 Value index. Our portfolio strategy is to maintain a balance between value and growth funds though; the Fund generally performs better during the periods when growth outperforms value funds. We received excellent performance from three holdings from the Royce Family of Funds. Royce Micro Cap was up 55.8%, Royce Value Plus gained 41.4% and Royce 100 returned 38.3% in 2009. Schneider Small Cap Value continued to shine throughout the year finishing with a gain of 54%. Another standout for us was Parnassus Small Cap with a gain of 42.5%.

Our value oriented funds were a drag on overall performance. Funds with more modest gains included Allianz NFJ Small Cap Value with a gain of 24.5%, Keeley Small Cap Value up 22% and the iShares Russell 2000 Value index's return of 20.6%. Another poor relative performer, Stratton Small Cap Value was replaced in July with American Century Small Cap Value and Brown Capital Management Small Company. Due to a forced liquidation by Transamerica, we replaced the Transamerica Premier Small Cap Value Fund with TFS Small Cap. Other notable changes to the portfolio in the second half of the year were the additions of TCW Small Cap Growth and Perkins Small Cap Value to replace Loomis Sayles Small Cap Growth and Paradigm Value.

For the year 2009, MH Elite Fund of Funds was up 30.8%, outperforming the S&P 500 index's gain of 26.5% and the Russell 1000 index's gain of 28.4%. For the period from the market low on March 9th through the end of the year the Fund was up 65.5%. Several funds with heavier weightings in financials, industrials, energy and healthcare, such as Fairholme and Primecap Odyssey Growth, had exceptional returns in 2009. Our best performers were Fidelity Leveraged Company Stock, +59.5%, Columbia Value and Restructuring, +47.3%, Jordon Opportunity, 43.4%, Hartford Capital Appreciation, 42.8%, Primecap Odysset Growth, 40.9%, Artisan Mid Cap Value and Schneider Value, both up 39.2% and Fairholme, +39%. Underperforming funds relative to the indexes included Wasatch 1st Source Income Equity, +24.4%, Amana Income, +23.5%, BB&T Equity Income, 23.3%, Blackrock Equity Dividend, +22.2% and Fidelity Select Consumer Staples, +20.9%.

In October, Marsico 21st Century was replaced with a mid cap growth fund, Blackrock US Opportunities. The Parnassus Fund was added to the portfolio during the third quarter.

For the year 2009, MH Elite Select Portfolio of Funds was up 30.4%. After being our best performer for the first half of the year, it slipped a bit in the third quarter and then again in the final month to slightly trail our other funds. In December, the Fund was up a modest 1.3 % versus a gain of 6.9% for our Small Cap Portfolio. For the year, the Fund was richly rewarded with its investments in Latin America and Emerging Markets. With a weak dollar giving a boost to commodities, emerging markets led the market recovery this past year. Approximately 20% of the portfolio is allocated to this sector. Our best performers were T. Rowe Price Latin America, +114.4%, Metzler/Payden European Emerging Markets, +101.4%, Lazard Emerging Markets Equity, +69.8% and the exchange traded fund, BLDRS Emerging markets 50 ADR Index, +65.5%. Despite the robust returns we will maintain our weighting and not chase performance as this sector can be very volatile.

Other sector funds with notable performances were the industrials materials fund, USAA Precious Metals and Minerals, +62.4% and telecommunications fund, T Rowe Price Media & Telecommunications, +68.5%. Janus Overseas, +78.1% and Allianz NFJ International Value, +42%, also helped to enhance the Fund's returns.

Funds underperforming the overall market included long/short holding, TFS Market Neutral, +16.6%, allocation fund, Permanent Portfolio, +19.1%, world stock fund, Mutual Global Discovery, +21.3% and CGM Focus, +10.4%. We also maintained a cash position between 10% and 13% throughout the year.

Changes to the portfolio included reducing our exposure to long/short holdings. Diamond Hill Long/Short, Robeco Boston Partners Long/Short and Direxion Commodity Trends were all sold in the third quarter. Foreign holdings Artio International Equity and Thomas White International were replaced with Manning & Napier World Opportunities, T.Rowe Price International Discovery and Oppenheimer Developing Markets. Pimco Global Multi Asset was purchased to replace Oakmark Equity Income. Proceeds from the sale of world stock holding, Wintergreen, were used to add to existing positions in the emerging market and foreign develop markets categories. Approximately 55% of the stocks held within the underlying funds are foreign holdings.

Looking forward, it will be necessary to see an improvement in the housing market, a pick up in consumer spending, the creation of jobs to lower the unemployment rate, a recovery in business investment and additional federal government initiatives to extend the recovery and to keep our economy growing.

We appreciate the trust all of you have placed in our management and we would like to extend a special welcome to all new shareholders.

Sincerely,

Harvey Merson
President

Past Performance is no guarantee of future results. The Fund's average annual total return assumes reinvestment of all dividends and capital gain distributions. Investment return and principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost.

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Underlying Fund Diversification December 31, 2009

Investment Category of Underlying Funds (as a % of Fund assets)

Small Cap Value	%	Small Cap Blend	%	Small Cap Growth	%
Schneider Small Cap Value	8.4	Parnassus Small Cap	6.9	Royce 100 Inv	5.7
Allianz NFJ Small Cap Value I	7.0	Keeley Small Cap Value I	6.8	Schroder US Opportunities Inv	5.3
Perkins Small Cap Value I	6.9	Royce Micro Cap Inv	6.4	Brown Capital Mgmt Small Co I	5.0
American Century Small Cap Value Inv	4.2	Pacific Advisors Small Cap A	6.2	Royce Value Plus Svc	5.0
iShares Russell 2000 Value Index	3.5	T. Rowe Price Small Cap Value	6.1	TCW Small Cap Growth I	3.9
		iShares Russell 2000 Index	5.5		
		TFS Small Cap	5.1		

Short-Term Securities and Other Assets – 2.1%

Percentage of Fund assets allocated to each investment style based on the underlying securities held by each underlying fund

Value	Blend	Growth
30%	32%	38%

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Schedule of Investments December 31, 2009

Mutual Funds (88.9%)	Shares	Value
Schneider Small Cap Value	20,643	\$ 282,397
Allianz NFJ Small Cap Value I	9,663	234,222
Perkins Small Cap Value I *	11,095	232,544
Parnassus Small Cap	12,876	230,746
Keeley Small Cap Value I	11,500	228,620
Royce Micro Cap Inv	15,552	213,372
Pacific Advisors Small Cap A *	7,853	207,094
T Rowe Price Small Cap Value	6,955	205,044
Royce 100 Inv *	24,282	192,800
Schroder US Opportunities Inv *	8,887	176,405
TFS Small Cap *	16,452	171,427
Brown Capital Management Small Co I *	4,721	169,208
Royce Value Plus Svc *	15,000	168,600
American Century Small Cap Value Inv	19,400	141,811
TCW Small Cap Growth I *	5,440	<u>130,385</u>
Total Mutual Funds (Cost \$ 3,058,114)		2,984,675
 Exchange Traded Funds (9.0%)		
iShares Russell 2000 Index	3,000	187,320
iShares Russell 2000 Value Index	2,000	<u>116,080</u>
Total Exchange Traded Funds (Cost \$ 290,716)		303,400
Total Mutual Funds and Exchange Traded Funds (Cost \$ 3,348,830)		3,288,075
 Short-Term Securities (1.7%)		
Shareholder Services Group Money Market (Cost \$ 56,076)		<u>56,076</u>
Total Investments in Securities (Cost \$ 3,404,906)		3,344,151
Other Assets (0.4%)		<u>11,939</u>
Net Assets (100%)		<u>\$ 3,356,090</u>

* Non-income producing security during the period.

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Statement of Assets and Liabilities December 31, 2009

Assets

Investments in securities at value (Cost \$ 3,404,906)	\$ 3,344,151
Cash	<u>11,939</u>
Total Assets	<u>3,356,090</u>

Liabilities

Total Liabilities	<u>-</u>
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Net Assets

	<u>\$ 3,356,090</u>
Capital Stock, no par (issued and outstanding – 677,471)	\$ 3,962,677
Accumulated realized losses on investments	(545,832)
Net unrealized depreciation on investments	<u>(60,755)</u>
Net Assets	<u>\$ 3,356,090</u>
Net asset value per share	<u>\$ 4.95</u>

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Statement of Operations For The Year Ended December 31, 2009

Investment income

Dividend income from underlying funds	\$ 18,512
Dividend income from money market funds	<u>35</u>
Total investment income	<u>18,547</u>

Expenses

Investment advisory fees (note 2)	28,518
Administrative service fees	<u>7,130</u>
Total expenses	<u>35,648</u>

Net investment loss (17,101)

Realized and unrealized gain/(loss) on investments

Capital gain distributions from underlying funds	10
Net realized loss from investments	(252,705)
Net change in unrealized appreciation on investments	<u>1,088,996</u>
Net realized and unrealized gain on investments	<u>836,301</u>

Net increase in net assets resulting from operations \$ 819,200

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Statements of Changes in Net Assets For The Years Ended December 31, 2009 and 2008

	2009	2008
Increase (decrease) in net assets from operations		
Net investment loss	\$ (17,101)	\$ (30,141)
Capital gain distributions from underlying funds	10	42,700
Net realized loss from investments	(252,705)	(335,828)
Change in unrealized appreciation/ (depreciation) on investments	<u>1,088,996</u>	<u>(1,434,268)</u>
Net increase/ (decrease) in net assets resulting from operations	819,200	(1,757,537)
Distributions to shareholders from:		
Net investment income	-	-
Realized gains	<u>-</u>	<u>-</u>
Total distributions	-	-
Capital share transactions (note 5)	<u>(113,435)</u>	<u>(1,104,932)</u>
Total increase	705,765	(2,862,469)
Net assets at beginning of period	<u>2,650,325</u>	<u>5,512,794</u>
Net assets at end of period	<u>\$ 3,356,090</u>	<u>\$ 2,650,325</u>

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MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Underlying Fund Diversification December 31, 2009

Investment Category of Underlying Funds (as a % of Fund assets)

Large Cap Value	%	Large Cap Blend	%	Large Cap Growth	%
Amana Income	5.8	Fairholme	6.5	Amana Growth	6.0
Mainstay ICAP Select Equity I	5.4	Janus Contrarian J	5.5	Primecap Odyssey Growth	5.7
Wasatch First Source Income Equity	5.3	American Funds Fundamental Inv F2	5.0	Parnassus	4.4
BB&T Equity Income I	5.2	Hartford Capital Appreciation I	4.7	Jordan Opportunity	4.3
Columbia Value and Restructuring Z	5.1	Fidelity Select Consumer Staples	2.8		
Blackrock Equity Dividend I	4.9				
Dodge and Cox Stock	4.8				

Mid Cap Value	%	Mid Cap Blend	%	Mid Cap Growth	%
Artisan Mid Cap Value	5.1	Fidelity Leveraged Co Stk	4.0	Blackrock US Opportunities I	3.9
Schneider Value	4.6				

Short-Term Securities and Other Assets – 1.0%

Percentage of Fund assets allocated to each investment style based on the underlying securities held by each underlying fund

Value	Blend	Growth
32%	37%	31%

MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Schedule of Investments December 31, 2009

Mutual Funds (99.0%)	Shares	Value
Fairholme	11,861	\$ 356,907
Amana Growth *	15,589	332,519
Amana Income	11,213	321,705
Primecap Odyssey Growth	23,355	312,018
Janus Contrarian J	23,010	303,502
Mainstay ICAP Select Equity I	9,852	298,802
Wasatch First Source Income Equity	23,118	293,133
BB&T Equity Income I	23,476	285,934
Columbia Value and Restructuring Z	6,546	280,106
Artisan Mid Cap Value	15,527	279,182
American Funds Fundamental Inv F2	8,397	274,828
BlackRock Equity Dividend I	17,148	271,617
Dodge & Cox Stock	2,738	263,221
Hartford Capital Appreciation I *	8,447	258,549
Schneider Value	20,095	251,390
Parnassus	7,035	244,945
Jordon Opportunity	21,708	235,528
Fidelity Leveraged Co Stk	9,736	223,141
Blackrock US Opportunities I	6,339	213,122
Fidelity Select Consumer Staples	2,522	<u>153,331</u>
 Total Mutual Funds (Cost \$ 6,009,116)		 5,453,480
 Short-Term Securities (1.0%)		
Shareholder Services Group Money Market (Cost \$ 54,371)		<u>54,371</u>
 Total Investments in Securities (Cost \$ 6,064,854)		 5,507,851
 Other Assets (0.0%)		 <u>-</u>
 Net Assets (100%)		 <u><u>\$ 5,507,851</u></u>

* Non-income producing security during the period.

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Statement of Assets and Liabilities December 31, 2009

Assets

Investments in securities at value (Cost \$ 6,064,854) \$ 5,507,851

Total Assets 5,507,851

Liabilities

Total Liabilities -

Net Assets \$ 5,507,851

Capital Stock, no par (issued and outstanding – 1,211,190) \$ 6,342,444

Accumulated realized losses on investments (278,957)

Net unrealized depreciation on investments (555,636)

Net Assets \$ 5,507,851

Net asset value per share \$ 4.55

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Statement of Operations For The Year Ended December 31, 2009

Investment income

Dividend income from underlying funds	\$ 48,249
Dividend income from money market funds	102
Total investment income	<u>48,351</u>

Expenses

Investment advisory fees (note 2)	46,597
Administrative service fees	11,649
Total expenses	<u>58,246</u>

Net investment loss (9,895)

Realized and unrealized gain/(loss) on investments

Capital gain distributions from underlying funds	-
Net realized loss from investments	(87,954)
Net change in unrealized appreciation on investments	1,389,970
Net realized and unrealized gain on investments	<u>1,302,016</u>

Net increase in net assets resulting from operations \$ 1,292,121

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Statements of Changes in Net Assets For The Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Increase (decrease) in net assets from operations		
Net investment loss	\$ (9,895)	\$ (21,167)
Capital gain distributions from underlying funds	-	33,560
Net realized loss from investments	(87,954)	(224,563)
Change in unrealized appreciation /(depreciation) on investments	<u>1,389,970</u>	<u>(2,569,690)</u>
Net increase (decrease) in net assets resulting from operations	1,292,121	(2,781,860)
 Distributions to shareholders from:		
Net investment income	-	(16,198)
Realized gains	<u>-</u>	<u>-</u>
Total distributions	-	(16,198)
 Capital share transactions (note 5)	<u>20,511</u>	<u>169,245</u>
Total increase (decrease)	1,312,632	(2,628,813)
 Net assets at beginning of period	<u>4,195,219</u>	<u>6,824,032</u>
Net assets at end of period	<u>\$ 5,507,851</u>	<u>\$ 4,195,219</u>

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Underlying Fund Diversification December 31, 2009

Investment Category of Underlying Funds (as a % of Fund assets)

Long - Short	%	Latin America/ Emerging Markets	%	Precious Metals	%
TFS Market Neutral	7.0	T. Rowe Price Latin America	5.5	USAA Precious Metals and Minerals	3.2
		Metzler/Payden European Emerging Markets	4.8		
		Lazard Emerging Markets Equity I	4.2		
		BLDRS Emerging Markets 50 ADR Index	3.6		
		Oppenheimer Developing Markets Y	2.8		

Natural Resources	%	Real Estate	%	Health Care	%
Vanguard Energy	1.8	CGM Realty	2.2	T. Rowe Price Health Sciences	3.3
				Blackrock Health Sciences Opportunities A	3.0

World Allocation	%	Moderate Allocation	%	Conservative Allocation	%
Ivy Asset Strategy Y	4.2			Permanent Portfolio	5.6
Blackrock Global Allocation I	4.0				
Pimco Global Multi Asset I	2.6				

Foreign Develop Markets	%	World Stock	%	Miscellaneous	%
Allianz NFJ International Value I	4.2	Mutual Global Discovery Z	2.6	MFS Utilities A	2.6
Janus Overseas J	4.1			T. Rowe Price Media and Telecommunications	2.2
Harbor International I	3.9			CGM Focus	1.9
Blackrock International Opportunities I	3.8				
T. Rowe Price International Discovery	2.7				
Manning & Napier World Opportunities A	2.6				

Short-Term Securities and Other Assets – 11.6%

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Schedule of Investments December 31, 2009

Mutual Funds (84.8%)	Shares	Value
TFS Market Neutral	17,250	\$ 263,229
Permanent Portfolio	5,495	212,511
T. Rowe Price Latin America	4,310	208,252
Metzler/Payden European Emerging Markets	7,167	182,339
Allianz NFJ International Value I	8,325	159,667
Lazard Emerging Markets Equity I	8,733	157,288
Ivy Asset Strategy Y	7,020	156,688
Janus Overseas J	3,626	154,085
Blackrock Global Allocation I	8,366	150,249
Harbor International I	2,661	146,025
Blackrock International Opportunities I	4,498	142,363
T. Rowe Price Health Sciences *	4,765	124,694
USAA Precious Metals and Minerals	3,545	120,545
Blackrock Health Sciences Opportunities A *	4,142	114,705
Oppenheimer Developing Markets Y	3,720	105,766
T. Rowe Price International Discovery	2,723	100,599
Manning & Napier World Opportunities A	12,270	99,632
MFS Utilities A	6,527	97,521
PIMCO Global Multi Asset I	8,811	96,740
Mutual Global Discovery Z	3,563	96,296
CGM Realty	4,055	84,666
T. Rowe Price Media & Telecommunications	2,024	83,057
CGM Focus	2,413	71,807
Vanguard Energy	1,096	<u>65,899</u>
Total Mutual Funds (Cost \$ 3,048,036)		3,194,623
 Exchange Traded Funds (3.6%)		
BLDRS Emerging Markets 50 ADR Index	3,100	<u>136,803</u>
Total Exchange Traded Funds (Cost \$ 143,740)		136,803
Total Mutual Funds and Exchange Traded Funds (Cost \$3,191,776)		3,331,426
 Short-Term Securities (10.5%)		
Shareholder Services Group Money Market (Cost \$ 396,240)		<u>396,240</u>
Total Investments in Securities (Cost \$ 3,588,016)		3,727,666
Other Assets (1.1%)		<u>40,506</u>
Net Assets (100%)		<u><u>\$ 3,768,172</u></u>

* Non-income producing security during the period.

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Statement of Assets and Liabilities December 31, 2009

Assets

Investments in securities at value (Cost \$ 3,588,016)	\$ 3,727,666
Cash	<u>40,506</u>
Total Assets	<u>3,768,172</u>

Liabilities

Total Liabilities	<u>-</u>
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Net Assets

	<u>\$ 3,768,172</u>
Capital Stock, no par (issued and outstanding – 820,954)	\$ 4,161,874
Accumulated realized losses on investments	(533,352)
Net unrealized appreciation on investments	<u>139,650</u>
Net Assets	<u>\$ 3,768,172</u>
Net asset value per share	<u>\$ 4.59</u>

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Statement of Operations For The Year Ended December 31, 2009

Investment income

Dividend income from underlying funds	\$ 42,127
Dividend income from money market funds	<u>114</u>
Total investment income	<u>42,241</u>

Expenses

Investment advisory fees (note 2)	56,203
Administrative service fees	<u>8,029</u>
Total expenses	<u>64,232</u>

Net investment loss

(21,991)

Realized and unrealized gain (loss) on investments

Capital gain distributions from underlying funds	499
Net realized loss from investments	(102,485)
Net change in unrealized appreciation on investments	<u>1,005,972</u>
Net realized and unrealized gain on investments	<u>903,986</u>

Net increase in net assets resulting from operations

\$ 881,995

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Statements of Changes in Net Assets For The Year Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Increase (decrease) in net assets from operations		
Net investment loss	\$ (21,991)	\$ (24,145)
Capital gain distributions from underlying funds	499	71,001
Net realized loss from investments	(102,485)	(348,282)
Change in unrealized appreciation (depreciation) on investments	<u>1,005,972</u>	<u>(1,177,869)</u>
Net increase increase (decrease) in net assets resulting from operations	881,995	(1,479,295)
 Distributions to shareholders from:		
Net investment income	-	(3,013)
Realized gains	<u>-</u>	<u>-</u>
Total distributions	-	(3,013)
 Capital share transactions (note 5)	<u>64,355</u>	<u>483,463</u>
Total increase (decrease)	946,350	(998,845)
 Net assets at beginning of period	<u>2,821,822</u>	<u>3,820,667</u>
Net assets at end of period	<u>\$ 3,768,172</u>	<u>\$ 2,821,822</u>

The accompanying notes are integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

Notes to Financial Statements December 31, 2009

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

MH Elite Portfolio of Funds, Inc. is an open-end diversified management investment company under the Investment Company Act of 1940 and its securities under the Securities Act of 1933. MH Elite Portfolio of Funds, Inc. was also organized as a corporation in New Jersey on October 20, 1997. MH Elite Portfolio of Funds, Inc. offers three funds to investors; MH Elite Small Cap Fund of Funds, MH Elite Fund of Funds, and MH Elite Select Portfolio of Funds (collectively, "the Funds"). The sale to its initial investor in MH Elite Small Cap Fund of Funds occurred on February 17, 1998, the sale to its initial investor in MH Elite Fund of Funds occurred on January 13, 2004, and the sale to its initial investor in MH Elite Select Portfolio of Funds occurred on April 6, 2006. The Funds act as their own custodian.

The primary objective of the Funds is long-term capital appreciation through investing in diversified and non-diversified regulated investment companies that will invest in equity securities and exchange traded funds (ETFs).

The following is a summary of the Funds' significant accounting policies:

Financial Accounting Standards Board Launches Accounting Standards Codification - The Financial Accounting Standards Board ("FASB") has issued FASB ASC 105 (formerly FASB Statement No. 168), The "FASB Accounting Standards Codification™" and the Hierarchy of Generally Accepted Accounting Principles ("GAAP") ("ASC 105"). ASC 105 established the FASB Accounting Standards Codification™ ("Codification" or "ASC") as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Funds have implemented the Codification as of December 31, 2009.

Underlying Fund Valuation – Underlying funds are valued at the last reported net asset value as quoted by the respective fund with the resulting unrealized gains and losses included in income. United States Government obligations and other debt instruments having sixty days or less remaining until maturity are valued at amortized cost.

Federal Income Taxes – The Funds intend to qualify and continue to qualify each year as a regulated investment company and distribute all of its taxable income. In addition, by distributing in each calendar year substantially all of their net investment income, capital gain and certain other amounts, if any, the Funds will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required.

Distributions to Shareholders – Dividends from net investment income, if any, are declared and paid annually. Capital gains, if any, are distributed to shareholders at least annually. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from generally accepted accounting principles. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Funds, timing differences and differing characterizations of distributions made by the Funds.

Investment Income – Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

MH Elite Portfolio of Funds, Inc.
Notes to Financial Statements (Continued)
December 31, 2009

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through March 1, 2010, the date the financial statements were issued.

Realized Gain and Loss – Security transactions are recorded on a trade date basis. Realized gain and loss on investments sold are recorded on the basis of identified or average cost.

Reclassifications: In accordance with SOP-93-2 each Fund recorded a permanent book tax difference in its capital account of reclassifying net investment loss to paid-in-capital at December 31, 2009. This reclassification has no impact on the net asset value of the Funds and is designed generally to present undistributed income and net realized gains on a tax basis, which is considered to be more informative to shareholders. At December 31, 2009 the reclassification for each Fund is as follows:

Small Cap Fund - \$17,101 Fund of Funds - \$9,895 Select Portfolio of Funds - \$21,991

2. INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

MH Investment Management Incorporated, (the “Adviser”) furnishes the Funds with investment advice and, in general, supervises the management and investment program of the Funds. Harvey Merson and Jeff Holcombe each own 50 percent of the Adviser. Under the Investment Advisory Agreement, the Funds have agreed to pay the Investment Adviser an annual fee, payable monthly, a percentage of each of the Funds average daily net assets.

The expenses and fees that a shareholder of the Funds will incur are based on the Fund’s average daily net assets and are as follows:

	MH Elite Small Cap Fund of Funds	MH Elite Fund of Funds	MH Elite Select Portfolio of Funds
Management Fees	1.00%	1.00%	1.75%
Distribution (and/or Service) (12b-1) Fees	None	None	None
Other Expenses	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Total Annual Fund Operating Expenses	1.25%	1.25%	2.00%

Other expenses of .25% will be paid to MH Investment Management Inc. as per the administrative services agreement. Under the agreement, MH Investment Management Inc. has agreed to pay the expenses incurred for the conduct of business by the Funds. The expenses incurred by the Funds that exceed the total annual fund operating expenses will be paid by the Adviser. The management fees and expenses of the underlying funds in which the Funds invest are not reflected in the table above. Generally, the operating expenses of the underlying funds range from 0.24% to 2.71% of average net assets.

For the period ended December 31, 2009 the management fees for each Fund were:

MH Elite Small Cap Fund of Funds	\$ 28,518
MH Elite Fund of Funds	\$ 46,597
MH Elite Select Portfolio of Funds	\$ 56,203

For the period ended December 31, 2009 other expenses for each Fund were:

MH Elite Small Cap Fund of Funds	\$ 7,130
MH Elite Fund of Funds	\$ 11,649
MH Elite Select Portfolio of Funds	\$ 8,029

MH Elite Portfolio of Funds, Inc.
Notes to Financial Statements (Continued)
December 31, 2009

3. PURCHASES AND SALES OF SECURITIES

The cost of securities purchased and the proceeds from sale of securities for the year ended December 31, 2009 aggregated for each Fund was:

	Purchases	Sales
MH Elite Small Cap Fund of Funds	\$ 985,000	\$ 980,260
MH Elite Fund of Funds	\$ 675,000	\$ 290,305
MH Elite Select Portfolio of Funds	\$ 980,000	\$ 1,004,365

For federal income tax purposes, the tax basis of investments is the same as for financial reporting purposes. At December 31, 2009, on a tax basis, gross unrealized appreciation and depreciation on investments for each Fund was:

	Appreciation	Depreciation
MH Elite Small Cap Fund of Funds	\$ 282,047	\$ 342,802
MH Elite Fund of Funds	\$ 222,363	\$ 777,999
MH Elite Select Portfolio of Funds	\$ 304,367	\$ 164,717

4. INCOME TAXES

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States.

As of December 31, 2009, the components of distributable earnings on a tax basis for each Fund are as follows:

	MH Elite Small Cap Fund of Funds	MH Elite Fund of Funds	MH Elite Select Portfolio of Funds
Undistributed ordinary income	\$ -	\$ -	\$ -
Undistributed long-term capital gain	\$ -	\$ -	\$ -
Unrealized depreciation	\$ (60,755)	\$ (555,636)	\$ 139,650

The tax character of distributions paid by the Funds during the years ended December 31, 2009 and 2008 are as follows:

	MH Elite Small Cap Fund of Funds		MH Elite Fund of Funds		MH Elite Select Portfolio of Funds	
	2009	2008	2009	2008	2009	2008
Ordinary income	\$ -	\$ -	\$ -	\$ 3,577	\$ -	\$ -
Long-term capital gain	\$ -	\$ -	\$ -	\$ 12,621	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,013

MH Elite Portfolio of Funds, Inc.
Notes to Financial Statements (Continued)
December 31, 2009

5. CAPITAL SHARE TRANSACTIONS

As of December 31, 2009, 1,000,000,000 shares of no par value capital stock were authorized for all portfolios. Transactions in capital stock for each Fund are as follows:

	MH Elite Small Cap Fund of Funds			
	For the year ended December 31, 2009		For the year ended December 31, 2008	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares Sold	42,228	\$ 162,181	103,547	\$ 485,532
Shares issued in reinvestment of distributions	-	-	-	-
	42,228	162,181	103,547	485,532
Shares redeemed	(70,292)	(275,616)	(284,176)	(1,590,464)
Net Increase/(Decrease)	<u>(28,064)</u>	<u>\$ (113,435)</u>	<u>(180,629)</u>	<u>\$ (1,104,932)</u>

	MH Elite Fund of Funds			
	For the year ended December 31, 2009		For the year ended December 31, 2008	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares Sold	70,607	\$ 277,650	123,775	\$ 558,095
Shares issued in reinvestment of distributions	-	-	4,562	15,877
	70,607	277,650	128,337	573,972
Shares redeemed	(64,756)	(257,139)	(90,500)	(404,727)
Net Increase	<u>5,851</u>	<u>\$ 20,511</u>	<u>37,837</u>	<u>\$ 169,245</u>

	MH Elite Select Portfolio of Funds			
	For the period ended December 31, 2009		For the period ended December 31, 2008	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares Sold	41,633	\$ 156,859	227,480	\$ 1,059,885
Shares issued in reinvestment of distributions	-	-	856	3,013
	41,633	156,859	228,336	1,062,898
Shares redeemed	(22,407)	(92,504)	(135,298)	(579,435)
Net Increase/(Decrease)	<u>19,226</u>	<u>\$ 64,355</u>	<u>93,038</u>	<u>\$ 483,463</u>

MH Elite Portfolio of Funds, Inc.
Notes to Financial Statements (Continued)
December 31, 2009

6. FAIR VALUE

ASC 820 (formerly Statement of Financial Accounting Standards No. 157) establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The topic establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

All securities purchased by the Funds trade on national stock exchanges, are liquid and have closing prices that are readily available for use in pricing the Funds' securities on a daily basis. Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – Significant unobservable inputs (including Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Funds' net assets as of December 31, 2009:

Valuation Inputs	MH Elite Small Cap Fund of Funds	MH Elite Fund of Funds	MH Elite Select Portfolio of Funds
Level 1 – Quoted prices	\$ 3,344,151	\$ 5,507,851	\$ 3,727,666
Level 2 – Other significant observable inputs	-	-	-
Level 3 – Significant unobservable inputs	-	-	-
Total	\$ 3,344,151	\$ 5,507,851	\$ 3,727,666

7. NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the Financial Accounting Standards Board ("FASB") issued Codification Topic 815 (formerly Statement of Financial Accounting Standards No. 161), "Disclosures about Derivative Instruments and Hedging Activities". This topic is effective for fiscal years and interim periods beginning after November 15, 2008. It requires enhanced disclosures about the Funds' derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial position, performance and cash flows. Management of the Funds does not believe that any adjustments were necessary to the financial statements at adoption.

The Funds adopted the amending of ASC 820 (formerly Financial Accounting Standards Board Standard No. 157-4) – Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions that are Not Orderly on June 15, 2009.

At adoption the Funds evaluated the level and activity for the assets and liabilities of the Funds to ascertain that the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. Management of the Funds does not believe that any adjustments were necessary to the financial statements at adoption.

In May 2009, Codification Topic 855 (formerly Statement of Financial Accounting Standards No. 165, "Subsequent Events") was issued. This topic is effective for fiscal years and interim periods ending after June 15, 2009. ASC 855 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date – that is, whether that date represents the date the financial statements were issued or were available to be issued. In accordance with the adoption of ASC 855, and in preparing these financial statements, the Funds have evaluated events and transactions for potential recognition or disclosure through March 1, 2010, the date the financial statements were issued.

MH Elite Portfolio of Funds, Inc.

MH Elite Small Cap Fund of Funds Financial Highlights For a share of capital stock outstanding throughout the period

	For the Years Ended December 31,				
	2009	2008	2007	2006	2005
PER SHARE DATA:					
Net asset value, beginning of year	\$ 3.76	\$ 6.22	\$ 7.16	\$ 7.13	\$ 7.39
Income from Investment Operations:					
Net Investment Loss (a) (c)	(0.02)	(0.04)	(0.04)	(0.07)	(0.08)
Net Realized and Unrealized Gain/(Loss) on Investments	1.21	(2.42)	(0.09)	1.00	0.53
Total Income/(Loss) from Investment Operations	<u>1.19</u>	<u>(2.46)</u>	<u>(0.13)</u>	<u>0.93</u>	<u>0.45</u>
Distributions to shareholders from:					
Net investment income	-	-	-	(0.18)	(0.10)
Realized gains	-	-	(0.81)	(0.72)	(0.61)
Net asset value, end of year	\$ 4.95	\$ 3.76	\$ 6.22	\$ 7.16	\$ 7.13
Total Return (b)	31.65%	-39.55%	-1.88%	13.04%	6.09%
Ratios and Supplemental Data:					
Net assets, end of period (in 000's)	\$ 3,356	\$ 2,650	\$ 5,513	\$ 6,322	\$ 5,549
Ratio of Expenses to Average Net Assets (c)	1.26%	1.22%	1.26%	1.24%	1.24%
Ratio of Net Investment Loss to Average Net Assets (c)	-0.60%	-0.79%	-0.53%	-0.91%	-1.06%
Portfolio turnover rate (%)	35.73%	40.40%	42.48%	33.22%	29.67%

- (a) Per share net investment loss has been determined on the average number of shares outstanding during the period.
- (b) Total return assumes reinvestment of dividends.
- (c) Net investment income and expense ratios do not reflect the Fund of Funds' proportionate share of income and expense of the underlying funds.

The accompanying notes are an integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Fund of Funds Financial Highlights For a share of capital stock outstanding throughout the period

	For the Years Ended December 31,				
	2009	2008	2007	2006	2005
PER SHARE DATA:					
Net asset value, beginning of year	\$ 3.48	\$ 5.84	\$ 5.99	\$ 5.62	\$ 5.41
Income from Investment Operations:					
Net Investment Loss (a) (c)	(0.01)	(0.02)	(0.04)	(0.02)	(0.03)
Net Realized and Unrealized Gain/(Loss) on Investments	1.08	(2.33)	0.42	0.69	0.40
Total Income/(Loss) from Investment Operations	1.07	(2.35)	0.38	0.67	0.37
Distributions to shareholders from:					
Net investment income	-	(0.01)	(0.11)	(0.03)	(0.03)
Realized gains	-	-	(0.42)	(0.27)	(0.13)
Net asset value, end of year	\$ 4.55	\$ 3.48	\$ 5.84	\$ 5.99	\$ 5.62
Total Return (b)	30.75%	-40.18%	6.37%	11.92%	6.84%
Ratios and Supplement Data:					
Net assets, end of period (in 000's)	\$ 5,508	\$ 4,195	\$ 6,824	\$ 6,250	\$ 5,026
Ratio of Expenses to Average Net Assets (c)	1.26%	1.24%	1.25%	1.24%	1.25%
Ratio of Net Investment Loss to Average Net Assets (c)	-0.21%	-0.36%	-0.58%	-0.41%	-0.75%
Portfolio turnover rate (%)	6.60%	26.85%	28.51%	31.55%	32.90%

- (a) Per share net investment loss has been determined on the average number of shares outstanding during the period.
- (b) Total return assumes reinvestment of dividends.
- (c) Net investment income and expense ratios do not reflect the Fund of Funds' proportionate share of income and expense of the underlying funds.

The accompanying notes are an integral part of these financial statements.

MH Elite Portfolio of Funds, Inc.

MH Elite Select Portfolio of Funds Financial Highlights For a share of capital stock outstanding throughout the period

	For the Years Ending December 31,			For The Period
	2009	2008	2007	April 6, 2006 to December 31, 2006 (a)
PER SHARE DATA:				
Net asset value, beginning of period	\$ 3.52	\$ 5.39	\$ 4.84	\$ 5.00
Income from Investment Operations:				
Net Investment Gain/(Loss) (b) (e)	(0.03)	(0.03)	0.01	0.02
Net Realized and Unrealized Gain/(Loss) on Investments	1.10	(1.83)	0.56	(0.18)
Total Income/(Loss) from Investment Operations	1.07	(1.86)	0.57	(0.16)
Distributions to shareholders from:				
Net investment income	-	(0.01)	(0.02)	-
Realized gains	-	-	-	-
Net asset value, end of period	\$ 4.59	\$ 3.52	\$ 5.39	\$ 4.84
Total Return (c)	30.40%	-34.62%	11.78%	-3.20%
Ratios and Supplement Data:				
Net assets, end of period (in 000's)	\$ 3,768	\$ 2,822	\$ 3,821	\$ 4,181
Ratio of Expenses to Average Net Assets (e)	2.01%	1.99%	1.97%	1.95% (d)
Ratio of Net Investment Income/(Loss) to Average Net Assets (e)	-0.69%	-0.68%	0.08%	1.09% (d)
Portfolio turnover rate (%)	34.63%	35.90%	79.36%	120.49%

- (a) Commencement of operations began on April 6, 2006.
- (b) Per share net investment income/(loss) has been determined on the average number of shares outstanding during the period.
- (c) Total return assumes reinvestment of dividends.
- (d) Annualized.
- (e) Net investment income and expense ratios do not reflect the Fund of Funds' proportionate share of income and expense of the underlying funds.

The accompanying notes are an integral part of these financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of MH Elite Portfolio of Funds, Inc.

We have audited the accompanying statements of assets and liabilities of MH Elite Small Cap Fund of Funds (“Small Cap”), MH Elite Fund of Funds (“Fund of Funds”) and MH Elite Select Portfolio of Funds (“Select”), (collectively the “Funds”), (each a series of MH Elite Portfolio of Funds, Inc.) including the schedules of investments, as of December 31, 2009 and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended for the Small Cap and Fund of Funds and the three years in the period then ended and the period April 6, 2006 (commencement of operations) to December 31, 2006 for the Select Fund. These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2009, verified by examination through correspondence with brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of the Funds as of December 31, 2009, the results of their operations for the year then ended, the changes in their net assets and the financial highlights for the periods indicated therein, in conformity with accounting principles generally accepted in the United States of America.

Sanville + Company

Abington, Pennsylvania
March 1, 2010

MH Elite Portfolio of Funds, Inc.
ADDITIONAL INFORMATION
December 31, 2009
(Unaudited)

PROXY VOTING GUIDELINES

MH Elite Portfolio of Funds, Inc. has adopted the policy of always voting in line with management recommendations. If, at any time, we feel the fund management of an underlying fund within one of our portfolios is not working in the best interests of our shareholders we will liquidate our position in that fund. It is not our intent to change or alter the management or policies of the underlying funds. The most effective way to voice our concerns or displeasure with the management of a fund company is to simply not invest in their fund(s). We will only invest in fund companies that we feel will help us to meet our investment objectives and, in turn, serve the needs of our shareholders.

SCHEDULE OF INVESTMENTS (FORM N-Q)

The SEC has adopted the requirement that all funds file a complete schedule of investments with the SEC for their first and third fiscal quarters on Form N-Q for fiscal quarters ending after July 9, 2004. **For the MH Elite Small Cap Fund of Funds, MH Elite Fund of Funds, and MH Elite Select Portfolio of Funds this would be for the fiscal quarters ending March 31 and September 30.** The Form N-Q filing must be made within 60 days of the end of the quarter. The MH Elite Small Cap Fund of Funds, MH Elite Fund of Funds, and MH Elite Select Portfolio of Funds Forms N-Q will be available on the SEC's website at <http://www.sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-800-318-7969.

BOARD APPROVAL OF INVESTMENT ADVISORY AGREEMENT

On December 14, 2009, the non-interested Board of Directors of the Funds approved the continuation of the advisory agreement for an additional year with MH Investment Management Inc. Materials provided to and discussed with the Board contained information, including comparative fund information relating to performance, advisory fees and other expenses, with respect to numerous factors, including the following:

- The background, education and experience of the Advisor's personnel
- Investment strategies and decision making processes
- The nature, extent and quality of the services to be provided by the investment adviser
- Investment performance of the Funds
- Compensation to the adviser and analysis of the adviser's profitability with respect to the Funds
- Financial condition and stability of the adviser
- Possible conflicts of interest between the adviser and the Funds
- Overall fund expenses and expense ratios of the Funds

The Board considered the scope and quality of services provided by the Advisor. Services provided by the Advisor include all operations of the Funds including portfolio management, transfer and shareholder services. Only accounting, auditing and legal services are outsourced by the adviser. Based on the fees available and paid to the adviser, the Board concluded that management fees are fair and reasonable with respect to the quality of service provided and in light of other factors that the Board deemed relevant to the structure of the Funds. The Board, to factor in economies of scale as the Funds grow, will reexamine the current fee structure when the Funds' assets reach at least \$35 million. Based on their review, the Board concluded that the Advisor had the capabilities, resources and personnel necessary to manage the Funds.

The Board compared the performance of the Funds to benchmark indices over various periods of time and concluded the performance of the Funds warranted the continuation of the advisory agreement.

The Board was advised the Funds have no soft dollar arrangements with any third parties and transaction fees, when applicable in the buying and selling of underlying funds, are paid by the adviser.

MH Elite Portfolio of Funds, Inc.
ADDITIONAL INFORMATION
December 31, 2009
(Unaudited)

EXPENSE EXAMPLE

As a shareholder of the MH Elite Small Cap Fund of Funds, MH Elite Fund of Funds, and/or MH Elite Select Portfolio of Funds you incur two types of costs: (1) management fees and (2) other Fund operating expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, July 1, 2009 through December 31, 2009.

ACTUAL EXPENSES

The first three lines of the table below provide information about actual account values and actual expenses. You may use the information in these lines, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first, second, and/or third line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The fourth and fifth lines of the table below provide information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

	Beginning Account Value July 1, 2009	Ending Account Value December 31, 2009	Expenses Paid During the Period July 1, 2009 to December 31, 2009 ^(a)
Actual – MH Elite Small Cap Fund of Funds	\$1,000	\$1,222	\$7.00 ^(b)
Actual – MH Elite Fund of Funds	\$1,000	\$1,207	\$6.95 ^(b)
Actual – MH Elite Select Portfolio of Funds	\$1,000	\$1,195	\$11.07 ^(c)
Hypothetical with expense ratio of 1.25% (5% return before expenses)	\$1,000	\$1,025	\$6.36
Hypothetical with expense ratio of 2.0% (5% return before expenses)	\$1,000	\$1,025	\$10.18

- (a) The management fees and expenses of the underlying funds in which the Funds invest are not reflected in the table above. Generally, the operating expenses of the underlying funds range from 0.24% to 2.71% of average net assets.
- (b) Expenses are equal to the Fund's annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 184 / 365 (to reflect the one-half year period).
- (c) Expenses are equal to the Fund's annualized expense ratio of 2.00%, multiplied by the average account value over the period, multiplied by 184 / 365 (to reflect the one-half year period).

BOARD OF DIRECTORS INFORMATION
MH Elite Small Cap Fund of Funds, MH Elite Fund of Funds, and
MH Elite Select Portfolio of Funds
December 31, 2009
(Unaudited)

The business and affairs of the Funds are managed under the direction of the Funds' Board of Directors. Information pertaining to the Directors of the Funds is set forth below. The Statement of Additional Information includes additional information about the Funds' Directors and is available, without charge, by calling 1-800-318-7969. Each director may be contacted by writing to the director c/o MH Elite Portfolio of Funds, Inc., 220 Russell Avenue, Rahway, NJ 07065.

All independent and interested directors serve on the Board of Directors of each Fund.

Name, Address, and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Number of Portfolios Overseen Within the Fund Complex	Other Directorships Held Outside of the Fund Complex
Vincent Farinaro 565 Fallbrook Drive Venice, FL 34292 81	Independent Director	One Year, Since 7-31-1998	Retired	3	None
Howard Samms 4 Surrey Lane Lambertville, NJ 08530 64	Independent Director, Chairman of the Board	One Year, Since 7-31-1998 Since 1-1-2005	Retired from Johnson and Johnson Healthcare Systems, Director of Finance	3	None
Jerome Stern 44 Dexter Drive North Basking Ridge, NJ 07920 81	Independent Director	One Year, Since 8-6-1999	Retired	3	None
Tice Walker 52 Oak Avenue Metuchen, NJ 08840 41	Independent Director	One Year, Since 9-1-2003	Actuary	3	None
Jeff Holcombe ^(a) 8 Guildford Court Annandale, NJ 08801 54	Interested Director, Vice-President	One Year, Since 7-31-1998	Telcordia Technologies, Director of Software Development	3	None
Vincent Rettino ^(b) 235 Russell Avenue Rahway, NJ 07065 34	Interested Director	One Year, Since 10-31-2008	Teacher Union, NJ School District, MH Investment Management Research Assistant	3	None

(a) Mr. Holcombe is an "interested person" (as defined in the Investment Company Act of 1940) by virtue of his position as co-owner of the Fund's Investment Adviser.

(b) Mr. Rettino is an "interested person" (as defined in the Investment Company Act of 1940) by performing research and analysis for the Fund's Investment Adviser.

Director Compensation

Each director, if any, who is not an "interested director" as defined in the Investment Company Act of 1940 is paid \$500 annually for each fund he/she oversees. Additionally, the Chairman of the Board is paid \$125 annually per Fund. The Directors periodically review their fees to ensure that such fees continue to be appropriate in light of their responsibilities as well as in relation to fees paid to trustees of other mutual fund complexes. Neither the interested Director nor any officer of the Funds receives any compensation from the Funds.

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This report is submitted for the general information of the shareholders of the Funds. It is not authorized for distribution to prospective investors in the Funds unless preceded or accompanied by an effective prospectus, which includes information regarding the Funds' objectives and policies, experience of its management, marketability of shares, and other information.

MH Elite Portfolio of Funds, Inc.

**220 Russell Avenue
Rahway, New Jersey 07065
1-800-318-7969
www.mhelite.com**

Mutual funds composed of a diversified group of underlying funds for long-term capital appreciation.

MH Elite Portfolio of Funds, Inc.

220 Russell Avenue
Rahway, New Jersey 07065

Investment Adviser

MH Investment Management, Inc.
220 Russell Avenue
Rahway, New Jersey 07065



**Annual Report
to
Shareholders
December 31, 2009**

