

GODAVARI BIOREFINERIES, INC.

FINANCIAL STATEMENTS

March 31, 2019 and 2018



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
Godavari Biorefineries, Inc.
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Godavari Biorefineries, Inc., which comprise the balance sheet as of March 31, 2019, and the related statements of income and accumulated deficit, 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 of 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 Godavari Biorefineries, Inc. as of March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Godavari Biorefineries, Inc. for the year ended March 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on May 22, 2018.

Grossman St Amour CPAs

Syracuse, New York
August 5, 2019

GODAVARI BIOREFINERIES, INC.
BALANCE SHEETS
March 31,

ASSETS

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 133,868	\$ 58,391
Accounts receivable	81,627	33,623
Prepaid expenses	6,066	4,231
Deferred tax asset, current portion	-	1,223
TOTAL CURRENT ASSETS	221,561	97,468
FURNITURE AND FIXTURES:		
Furniture and fixtures	5,339	5,339
Less: accumulated depreciation	5,339	5,339
TOTAL FURNITURE AND FIXTURES	-	-
SECURITY DEPOSITS	1,240	400
DEFERRED TAX ASSET, net of current portion	-	19,834
TOTAL ASSETS	\$ 222,801	\$ 117,702

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Accounts payable	\$ 1,608	\$ 1,211
State income taxes payable	75	75
Accrued payroll and payroll taxes	1,393	5,583
Accrued interest	-	166
Federal tax liability	19,966	-
Related party note payable, current portion	-	75,000
TOTAL CURRENT LIABILITIES	23,042	82,035
STOCKHOLDERS' EQUITY:		
Common stock	155,000	155,000
Accumulated equity (deficit)	44,759	(119,333)
TOTAL STOCKHOLDERS' EQUITY	199,759	35,667
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 222,801	\$ 117,702

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

GODAVARI BIOREFINERIES, INC.
STATEMENTS OF INCOME AND ACCUMULATED DEFICIT
Years Ended March 31,

	<u>2019</u>	<u>2018</u>
INCOME FROM OPERATIONS	\$ 312,966	\$ 245,415
OPERATING EXPENSES:		
Payroll, payroll taxes and employee benefits	45,981	42,129
Rent	5,464	6,053
Professional fees	17,756	17,614
Travel and entertainment	15,123	5,427
Insurance, other taxes and licenses	4,062	3,323
Repairs and maintenance	275	100
Bank service charges	455	658
Computer expenses	1,160	2,601
Dues and subscriptions	12,140	11,284
Education and conferences	995	835
Office supplies and postage	1,629	738
Telephone	45	250
Shipping costs	236	106
Miscellaneous expenses	1,384	986
TOTAL OPERATING EXPENSES	<u>106,705</u>	<u>92,104</u>
INCOME FROM OPERATIONS	206,261	153,311
OTHER EXPENSE:		
Interest expense	1,071	4,955
TOTAL OTHER EXPENSE	<u>1,071</u>	<u>4,955</u>
INCOME BEFORE INCOME TAX		
EXPENSE	205,190	148,356
INCOME TAX EXPENSE	<u>41,098</u>	<u>30,947</u>
NET INCOME	164,092	117,409
ACCUMULATED DEFICIT, beginning of year	(119,333)	(236,742)
RETAINED EARNINGS (ACCUMULATED DEFICIT), end of year	<u><u>\$ 44,759</u></u>	<u><u>\$ (119,333)</u></u>

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

GODAVARI BIOREFINERIES, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 164,092	\$ 117,409
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in accounts receivable	(48,004)	(14,446)
Changes in due from related parties	-	1,000
Changes in prepaid expenses	(1,835)	310
Changes in deferred tax asset	21,057	30,872
Changes in income taxes payable	19,966	-
Changes in security deposits	(840)	500
Changes in accounts payable	397	591
Changes in accrued payroll and payroll taxes	(4,190)	5,080
Changes in accrued interest	(166)	(132)
NET CASH PROVIDED BY OPERATING ACTIVITIES:	150,477	141,184
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note	(75,000)	(88,293)
NET CASH USED IN FINANCING ACTIVITIES	(75,000)	(88,293)
 NET CHANGE IN CASH	75,477	52,891
CASH AND CASH EQUIVALENTS, beginning of year	58,391	5,500
CASH AND CASH EQUIVALENTS, end of year	\$ 133,868	\$ 58,391
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE YEAR FOR:		
Interest	\$ 1,237	\$ 5,087
Income taxes	75	75

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

GODAVARI BIOREFINERIES, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2019 and 2018

A. Summary of Significant Accounting Policies:

1. Organization - Godavari Biorefineries, Inc. (the Company) is a bulk and specialty chemical manufacturer subsidiary located in Ithaca, New York. The Company grants unsecured credit to its customers located throughout the United States on a limited basis.
2. Furniture and Fixtures - Furniture and fixtures are recorded at cost. Depreciation is computed on the straight-line method based on the expected useful lives of the assets which range from three to seven years. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major betterments are capitalized.
3. Cash and Cash Equivalents - For purposes of the statements of cash flows, the Company considers all cash in financial institutions and cash on hand to be cash. All highly liquid investments with a maturity of 3 months or less when purchased are considered to be cash equivalents.
4. Income Taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to net operating loss carryforwards. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The Company accounts for uncertainty in income taxes in accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. The guidance prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

5. Use of Estimates - Management of the Company uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.
6. Accounts Receivable - Accounts receivable are unsecured customer obligations due under normal trade terms ordinarily requiring payment in compliance with the invoice. Accounts receivable are stated at the amount billed to the customer. The Company does not accrue interest on accounts receivable. At March 31, 2019 and 2018 management believed that all accounts would be received and no allowance for doubtful accounts was required.

B. Income Taxes:

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740) for balance sheet classification of deferred taxes. This update requires all deferred tax assets and liabilities to be classified as non-current. For non-public entities, the update was effective for fiscal years beginning after December 15, 2017. The Company adopted the standard in the year ended March 31, 2019. Prior year amounts were not retrospectively adjusted.

The deferred tax asset at March 31 is as follows:

	2019	2018
Total of all deferred tax assets	\$ -	\$ 21,057
Total of all deferred tax liabilities	-	-
Net deferred tax asset	<u>\$ -</u>	<u>\$ 21,057</u>

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to net operating loss carry forwards. The current tax expense for the years ended March 31 is as follows:

	2019		
	Federal	New York	Total
Current tax	\$ (19,966)	\$ (75)	\$ (20,041)
Deferred asset	(20,395)	(662)	(21,057)
Total expense	<u>\$ (40,361)</u>	<u>\$ (737)</u>	<u>\$ (41,098)</u>

	2018		
	Federal	New York	Total
Current tax	\$ -	\$ (75)	\$ (75)
Deferred asset	(29,894)	(978)	(30,872)
Total expense	<u>\$ (29,894)</u>	<u>\$ (1,053)</u>	<u>\$ (30,947)</u>

C. Note Payable - Related Party:

The Company had the following note payable at March 31,

	2019	2018
Eighty-four month note with sole shareholder. Monthly payments were expected to be \$6,000 consisting of principal and interest (4.75%) beginning January 9, 2012. Payments fluctuated depending upon commissions earned by the Company.	<u>\$ -</u>	<u>\$ 75,000</u>
	-	75,000
Less: current portion	-	75,000
	<u>\$ -</u>	<u>\$ -</u>

D. Rental Agreements:

The Company began a lease for operating space located at 200 Centennial Avenue, Suite 200, Piscataway, New Jersey in September of 2016. The lease term began on September 1, 2016 and expired on August 31, 2017. The monthly rent expense was \$600.

The Company began a new lease for operating space located at 95 Brown Road, Suite 1020 Ithaca, New York in August of 2017. The lease term began on August 12, 2017 and expired on August 31, 2018. The monthly rent expense was \$400. The lease agreement was renewed until December 31, 2018.

The Company began a new lease for operating space located at 103 Carnegie Center, Suite 300, Princeton, New Jersey in December 2018. The current lease term began on December 17, 2018 and expires on December 31, 2019. The monthly rent expense is \$620, plus an additional charge for kitchen amenities.

Total rent expenses for the years ended March 31, 2019 and 2018 was \$5,464 and \$6,053, respectively.

E. Concentrations:

The Company's sales in 2019 and 2018 were from one type of revenue: commissions. There was only one customer associated with these services, Godavari Biorefineries, Ltd., comprising 100% of total Company revenues.

F. Subsequent Events:

Subsequent events were evaluated through August 5, 2019, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure.