

**GODAVARI BIOREFINERIES, INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

# Port, Kashdin & McSherry

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Godavari Biorefineries, Inc. (a New York corporation), which comprise the balance sheet as of March 31, 2020, and the related statements of income and 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 misstatements, whether due to error or fraud.

### **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, 2020, 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 Matters**

The financial statements of Godavari Biorefineries, Inc. for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on August 5, 2019.

  
Certified Public Accountants

Cortland, New York  
July 27, 2020

**GODAVARI BIOREFINERIES, INC.****BALANCE SHEET  
MARCH 31, 2020****ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$	63,428
Accounts receivable		145,367
Prepaid expenses		16,501
Deferred tax asset, current portion		-
<b>TOTAL CURRENT ASSETS</b>		<u>225,296</u>

**FURNITURE AND FIXTURES**

Furniture and fixtures		5,339
Less: accumulated depreciation		5,339
<b>TOTAL FURNITURE AND FIXTURES</b>		<u>-</u>

**SECURITY DEPOSITS**

1,240

**DEFERRED TAX ASSET, net of current portion**-**TOTAL ASSETS**\$ 226,536**LIABILITIES AND STOCKHOLDER'S EQUITY****CURRENT LIABILITIES**

Accounts payable	\$	2,550
State income taxes payable		75
Accrued payroll and payroll taxes		2,482
Accrued interest		-
Federal tax liability		-
Related note payable, current portion		-
<b>TOTAL LIABILITIES</b>		<u>5,107</u>

**STOCKHOLDER'S EQUITY**

Common stock		155,000
Accumulated equity		66,429
<b>TOTAL STOCKHOLDER'S EQUITY</b>		<u>221,429</u>

**TOTAL LIABILITIES AND  
STOCKHOLDER'S EQUITY**\$ 226,536

See independent auditor's report and accompanying notes to financial statements.

**GODAVARI BIOREFINERIES, INC.****STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED MARCH 31, 2020**

<b>INCOME FROM OPERATIONS</b>	\$	145,367
<b>OPERATING EXPENSES</b>		
Payroll, payroll taxes and employee benefits		54,413
Rent		7,845
Professional fees		14,308
Travel and entertainment		13,982
Insurance, other taxes and licenses		3,229
Repairs and maintenance		-
Bank service charges		30
Computer expenses		117
Dues and subscriptions		10,291
Education and conferences		3,130
Office supplies and postage		710
Telephone		90
Shipping costs		-
Miscellaneous expenses		1,486
<b>TOTAL OPERATING EXPENSES</b>		<u>109,631</u>
<b>INCOME FROM OPERATIONS</b>		35,736
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense		-
Other income		264
<b>TOTAL OTHER INCOME (EXPENSE)</b>		<u>264</u>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		36,000
<b>INCOME TAX EXPENSE (BENEFIT)</b>		<u>14,332</u>
<b>NET INCOME (LOSS)</b>		21,668
<b>RETAINED EARNINGS, beginning of year</b>		<u>44,761</u>
<b>RETAINED EARNINGS, end of year</b>	\$	<u><u>66,429</u></u>

See independent auditor's report and accompanying notes to financial statements.

**GODAVARI BIOREFINERIES, INC.****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2020****CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$	21,668
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable		(63,740)
(Increase) decrease in due from related party		-
(Increase) decrease in prepaid expenses		(10,435)
(Increase) decrease in deferred tax liability		(19,966)
Increase (decrease) in income taxes payable		-
Increase (decrease) in security deposits		-
Increase (decrease) in accounts payable		942
Increase (decrease) in accrued payroll and payroll taxes		1,091
Increase (decrease) in accrued interest		-
Net cash provided by (used in) operating activities		<u>(70,440)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on note		-
Net cash provided by (used in) financing activities		<u>-</u>
Net cash provided by (used in) financing activities		<u>-</u>

**NET INCREASE (DECREASE) IN CASH** (70,440)

**CASH AND CASH EQUIVALENTS, beginning of year** 133,868

**CASH AND CASH EQUIVALENTS, end of year** \$ 63,428

**SUPPLEMENTAL DISCLOSURE OF  
CASH FLOW INFORMATION**

Interest	\$	-
Income taxes		45,153

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**PROPERTY, PLANT AND EQUIPMENT**

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.

**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.

**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.

**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.

**ACCOUNTS RECEIVABLES**

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 the accounts receivable. At March 31, 2020 management believed that all accounts would be received and no allowance for doubtful accounts was required.

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020****NOTE 2 - INCOME TAXES**

The current tax expense for the year ended March 31 is as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current tax	\$ 4,431	\$ 9,901	\$ 14,332
Total expense	4,431	9,901	14,332

**NOTE 3 - RENTAL AGREEMENT**

The Company began a lease for operating space located at 103 Carnegie Center, Suite 300, Princeton, New Jersey in December 2017. The current lease term began on January 1, 2020 and expires on December 31, 2020. The monthly rent expense is \$655, plus an additional charge for kitchen amenities.

Total rent expense for the year ended March 31, 2020 was \$7,845.

**NOTE 4 - CONCENTRATIONS**

The Company's sales in 2019 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.

**NOTE 5 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through July 27, 2020, the date the financial were available to be issued.

The United States is presently in the midst of a national health emergency due to the Novel Coronavirus (COVID-19) outbreak. Although there is uncertainty regarding the magnitude and duration of the business or economic impacts from the unprecedented public health effort to contain and combat the spread of COVID-19, it has the potential to be significant. However, the impact of this situation on the Company and its future results is not presently determinable.