



BILCARE GCS, INC.  
FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019





BILCARE GCS, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Bilcare GCS, Inc.  
Dover, Delaware

We have reviewed the accompanying financial statements of Bilcare GCS, Inc. (a Delaware corporation), which comprise the balance sheets as of March 31, 2020 and 2019, and the related statements of operations and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Supplementary Information

The accompanying supplementary information included in Exhibit I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Albany, New York  
May 11, 2020



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New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants





BILCARE GCS, INC.  
BALANCE SHEETS  
March 31, 2020 and 2019

	<u>ASSETS</u>	
	2020	2019
CURRENT ASSETS		
Cash	\$ 343,757	\$ 64,493
Accounts receivable	358,023	594,334
Advances to vendors, less allowances for advances to vendors of \$ 234,025 and \$ -0- for 2020 and 2019, respectively.	259,837	532,436
Deferred income tax	29,144	-
Total current assets	990,761	1,191,263
OTHER ASSETS		
Related party receivable - parent company	1,000	1,000
Related party receivable - affiliates	59,000	59,000
Total other assets	60,000	60,000
TOTAL ASSETS	\$ 1,050,761	\$ 1,251,263

See accompanying notes and independent accountants' review report.



BILCARE GCS, INC.  
BALANCE SHEETS  
March 31, 2020 and 2019

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable	\$ 462,976	\$ 732,335
Accrued expenses	8,500	7,500
Customer deposits	223,615	21,683
Income taxes payable	<u>-</u>	<u>24,230</u>
Total current liabilities	<u>695,091</u>	<u>785,748</u>
STOCKHOLDERS' EQUITY		
Common stock- 200 shares no par value authorized, 100 shares issued and outstanding	1,000	1,000
Retained earnings	<u>354,670</u>	<u>464,515</u>
Total stockholders' equity	<u>355,670</u>	<u>465,515</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 1,050,761</u></u>	<u><u>\$ 1,251,263</u></u>

See accompanying notes and independent accountants' review report.



BILCARE GCS, INC.  
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
For the Years Ended March 31, 2020 and 2019

	2020	%	2019	%
SALES	\$ 1,967,141	100.00	\$ 3,117,853	100.00
COST OF SALES				
Purchases	2,028,039	103.10	2,903,209	93.12
GROSS PROFIT	(60,898)	(3.10)	214,644	6.88
OPERATING EXPENSES	77,881	3.96	107,631	3.45
INCOME (LOSS) FROM OPERATIONS	(138,779)	(7.06)	107,013	3.43
OTHER INCOME (EXPENSE)				
Penalties	(210)	-	-	-
TOTAL OTHER EXPENSE	(210)	-	-	-
INCOME (LOSS) BEFORE INCOME TAXES	(138,989)	(7.06)	107,013	3.43
PROVISION FOR (BENEFIT FROM) INCOME TAXES	(29,144)	(1.48)	24,230	0.77
NET INCOME (LOSS)	(109,845)	(5.58)	82,783	2.66
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Foreign currency translation adjustments, net	-	-	7,073	0.23
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ (109,845)	(5.58)	\$ 89,856	2.89

See accompanying notes and independent accountants' review report.



BILCARE GCS, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Years Ended March 31, 2020 and 2019

	Common Stock	Retained Earnings	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, March 31, 2018	\$ -	\$ 381,732	\$ (7,073)	\$ 374,659
Issuance of common stock	1,000	-	-	1,000
Net income	-	82,783	-	82,783
Other comprehensive income	-	-	7,073	7,073
Balance, March 31, 2019	<u>\$ 1,000</u>	<u>\$ 464,515</u>	<u>\$ -</u>	<u>\$ 465,515</u>
	Common Stock	Retained Earnings	Other Comprehensive Loss	Total Stockholders' Equity
Balance, March 31, 2019	\$ 1,000	\$ 464,515	\$ -	\$ 465,515
Net income (loss)	-	(109,845)	-	(109,845)
Other comprehensive income	-	-	-	-
Balance, March 31, 2020	<u>\$ 1,000</u>	<u>\$ 354,670</u>	<u>\$ -</u>	<u>\$ 355,670</u>

See accompanying notes and independent accountants' review report.



BILCARE GCS, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended March 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (109,845)	\$ 82,783
Foreign currency translation adjustments, net	-	7,073
Adjustments to reconcile net income to net cash provided by operations:		
Deferred income tax	(29,144)	-
(Increase) decrease in:		
Accounts receivable	236,311	(503,070)
Advances to vendors	272,599	(52,175)
Increase (decrease) in:		
Accounts payable	(269,359)	456,384
Accrued expenses	1,000	-
Customer deposits	201,932	13,238
Income taxes payable	(24,230)	19,981
Net cash provided by operating activities	<u>279,264</u>	<u>24,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from (to) related party	-	(1,000)
Issuance of common stock	<u>-</u>	<u>1,000</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	279,264	24,214
CASH AT BEGINNING OF PERIOD	<u>64,493</u>	<u>40,279</u>
CASH AT END OF PERIOD	<u><u>\$ 343,757</u></u>	<u><u>\$ 64,493</u></u>

SUPPLEMENTAL DISCLOSURES

INCOME TAXES PAID		
Provision for (benefit from) income taxes per statements of operations and comprehensive income	\$ (29,144)	\$ 24,230
Adjustments related to deferred income tax	29,144	-
Adjustments related to income taxes payable	<u>24,230</u>	<u>(19,981)</u>
TOTAL INCOME TAXES PAID	<u><u>\$ 24,230</u></u>	<u><u>\$ 4,249</u></u>

See accompanying notes and independent accountants' review report.





BILCARE GCS, INC.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020 and 2019

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Bilcare GCS, Inc. (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**NATURE OF OPERATIONS**

Bilcare GCS, Inc. offers a full spectrum of services across the supply chain, from pre-formulation to global logistics and distribution, comparator procurement, depot management, clinical packaging and labeling. Regulatory and analytical services are some of the Company’s critical areas of expertise. Bilcare GCS, Inc. partners with over 25 strategic GMP Compliant Depots across the globe. Bilcare GCS, Inc. implements some of the best storage and distribution practices in the Clinical Supply industry. The Company is a corporation that was organized and began business in Dover, Delaware on May 26, 2015.

**USE OF ESTIMATES**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the recorded amounts of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**CASH AND CASH EQUIVALENTS**

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of March 31, 2020 and 2019.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**FOREIGN CURRENCY TRANSLATION**

The functional currency of the Company is in U.S. dollars. Monetary assets and liabilities denominated in the currencies other than U.S. dollars are translated using the exchange rate in effect at the balance sheet date. Expenses are translated at the exchange rates in effect at the date of the transaction. Translation gains and losses are included in other comprehensive income or loss in the statements of income and comprehensive income in the period in which they arise.

**ACCOUNTS RECEIVABLE**

The balance in accounts receivable is considered by management to be fully collectible, and accordingly, no allowance for doubtful accounts is required. If in the future, management determines that amounts may be uncollectible, an allowance will be established and operations will be charged when that determination is made. Bad debt expense totaled \$ 25,350 and \$ 29,146 for the years ended March 31, 2020 and 2019, respectively.



BILCARE GCS, INC.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020 and 2019

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**ADVANCES TO VENDORS**

The Company advances funds to certain vendors in the normal course of business for prepayment of goods. As of March 31, 2020 and 2019 the Company had advanced funds of \$ 493,862 and \$ 532,436, respectively. Management has established an allowance for advances to vendors in the amount of \$ 234,025 and \$ -0- as of March 31, 2020 and 2019, respectively. (See Note (7)).

**INVENTORY**

The Company's inventories are recorded at the lower of cost or net realizable value. There were no inventories on hand at March 31, 2020 and 2019.

**INCOME TAXES**

The provision for income taxes includes the tax effects of transactions reported in the financial statements and consists of taxes currently due or refundable plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. These differences related primarily to operating loss tax benefits. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

**REVENUE RECOGNITION**

Sales are recognized when revenue is realized or becomes realizable and has been earned. In general, revenue is recognized when the earnings process is complete, which is upon shipment of products.

The Company's management has reviewed the requirements of FASB Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers" (Topic 606), and, following the five-step approach delineated in ASC 606, has determined that no adjustments are required for adoption of the new Revenue Recognition Standard. By recognizing revenues from sales when goods have been delivered to, or when services have been completed and accepted by the customer, the Company is recognizing revenue when it satisfies its performance obligation by transferring promised goods or services to a customer.

(2) UNCERTAIN TAX POSITIONS

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its shareholders will not be subject to additional tax, penalties, and interest as result of such a challenge. Generally, the Company's tax returns remain open for three years for the federal income tax examination and various years for state taxing authorities.

(3) RELATED PARTY TRANSACTIONS

During the years ended March 31, 2020 and 2019, the Company is owed \$ 1,000 and \$ 1,000, respectively, from the parent company, Bilcare Limited (See Note 6).

The Company advanced funds to a related party, Bilcare Technologies Singapore Pte. Ltd. in the amount of \$ 59,000. As of March 31, 2020, and 2019, the amount is still outstanding. The amounts are non-interest bearing and due on demand. It is not the Company's intent to demand repayment within the next year.



BILCARE GCS, INC.  
NOTES TO FINANCIAL STATEMENTS  
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(3) RELATED PARTY TRANSACTIONS (CONTINUED)

During the years ended March 31, 2020 and 2019, the Company made sales of \$ -0- and \$ 851 and made purchases of \$ 8,279 and \$ -0-, respectively, from Bilcare Limited, a related party.

During the years ended March 31, 2020 and 2019, the Company incurred sales incentive expense of \$ 22,979 and -0-, respectively, to Bilcare Limited. These amounts are based on business performance and are paid to the sales staff from Bilcare Limited.

Included in accounts payable at March 31, 2020 and 2019, were amounts owed to Bilcare Limited of \$ 210,480 and \$ 232,369, respectively.

(4) COMPREHENSIVE INCOME

Comprehensive income is the total of (1) net income plus (2) all other changes in net assets arising from non-owner sources, which are referred to as items of other comprehensive income. The Company has presented a single continuous statement of net income and other comprehensive income. An analysis of changes in components of accumulated other comprehensive income is presented in the statements of stockholders' equity.

(5) INCOME TAXES

Federal and state income taxes are accrued at the end of each year in accordance with applicable income tax laws.

A summary of the income taxes reported in this statement is as follows:

<u>Liability</u>	<u>2020</u>	<u>2019</u>
Federal	\$ -0-	\$ 22,005
Connecticut	<u>-0-</u>	<u>2,225</u>
Total Current	<u>\$ -0-</u>	<u>\$ 24,230</u>
<u>Deferred taxes:</u>		
Deferred tax asset		
Net operating loss carryforward	<u>\$ 29,144</u>	<u>\$ -0-</u>
Total	<u>\$ 29,144</u>	<u>\$ -0-</u>
<u>Provision (Benefit)</u>		
Current		
Federal	\$ -0-	\$ 22,005
Connecticut	<u>-0-</u>	<u>2,225</u>
Total current	<u>\$ -0-</u>	<u>\$ 24,230</u>
<u>Deferred</u>		
Federal	<u>\$ (29,144)</u>	<u>\$ -0-</u>
Total provision for (benefit from) income taxes	<u>\$ (29,144)</u>	<u>\$ 24,230</u>



BILCARE GCS, INC.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020 and 2019

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(5) INCOME TAXES (CONTINUED)

At March 31, 2020 and 2019, the Company had \$ 138,779 and \$ -0- unused net operating losses, respectively, which will expire in the year 2040.

(6) STOCKHOLDERS' EQUITY

During the year ended March 31, 2019, the Company issued 100 shares of common stock, to the parent company, Bilcare Limited, for \$ 1,000.

(7) CONTINGENCIES

During the year ended March 31, 2017, the Company advanced funds to Spring Bio Solutions in the amount of \$ 468,050. The Company is currently in litigation with Spring Bio Solutions due to the failure of Spring Bio Solutions to deliver the goods as promised. It is management's belief, after consulting with their attorney, that 50% of the balance due will not be collectible. Therefore, management has established an allowance in the amount of \$ 234,025 as of March 31, 2020.

(8) SUBSEQUENT EVENTS

Management considered and evaluated the nature of any subsequent events through May 11, 2020, which is the date that the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared a pandemic related to the rapidly spreading Coronavirus (COVID-19) outbreak, which has led to a global health emergency. The public-health impact of the outbreak is currently unknown and rapidly evolving, and the related health crisis could adversely affect the global economy, resulting in an economic downturn that could impact demand and supply. There is significant uncertainty around the breadth of business disruption related to COVID-19 and, as such, the Company is unable to determine if it will have a material impact to its operations and cash flow.



## SUPPLEMENTARY FINANCIAL INFORMATION



BILCARE GCS, INC.  
SUPPLEMENTARY FINANCIAL INFORMATION  
For the Years Ended March 31, 2020 and 2019

EXHIBIT I - SCHEDULE OF OPERATING EXPENSES

	2020	%	2019	%
Bad debt expense	\$ 25,350	1.29	\$ 29,146	0.93
Selling expenses	24,959	1.27	20,133	0.65
Professional fees	23,247	1.18	52,618	1.69
Bank service charges	4,325	0.22	5,680	0.18
Travel	-	-	54	-
TOTAL OPERATING EXPENSES	<u>\$ 77,881</u>	<u>3.96</u>	<u>\$ 107,631</u>	<u>3.45</u>

See independent accountants' review report.