



BILCARE GCS, INC.
FINANCIAL STATEMENTS
March 31, 2023 and 2022



BILCARE GCS, INC.
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1 - 2
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF INCOME AND RETAINED EARNINGS	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 9
SUPPLEMENTARY FINANCIAL INFORMATION	
EXHIBIT I - SCHEDULES OF OPERATING EXPENSES	10



Staff Ciampino & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

10 Colvin Avenue
Albany, New York 12206

518 459-9205 ♦ 800 724-6567
Facsimile: 518 459-1395

web: www.staffciampino.com
e-mail: info@staffciampino.com

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, 2023 and 2022, and the related statements of income and retained earnings 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.

We are required to be independent of Bilcare GCS, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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
April 24, 2023

Staff Ciarino & Company, P.C.

BILCARE GCS, INC.
BALANCE SHEETS
March 31, 2023 and 2022

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 239,203	\$ 173,749
Accounts receivable	1,838,722	1,367,746
Prepaid expenses	794	-
Advances to vendors, less allowances for advances to vendors of \$ 468,050 and \$ 468,050 for 2023 and 2022, respectively.	<u>37,173</u>	<u>16,185</u>
Total current assets	<u>2,115,892</u>	<u>1,557,680</u>
TOTAL ASSETS	<u>\$ 2,115,892</u>	<u>\$ 1,557,680</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,728,715	\$ 1,163,600
Accrued expenses	59,000	43,600
Customer deposits	5,809	54,757
Income taxes payable	<u>9,428</u>	<u>17,832</u>
Total current liabilities	<u>1,802,952</u>	<u>1,279,789</u>
STOCKHOLDERS' EQUITY		
Common stock- 200 shares no par value authorized, 200 shares issued and outstanding at \$1 stated value	200	200
Retained earnings	<u>312,740</u>	<u>277,691</u>
Total stockholders' equity	<u>312,940</u>	<u>277,891</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,115,892</u>	<u>\$ 1,557,680</u>

See accompanying notes and independent accountants' review report.



BILCARE GCS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>%</u>	<u>2022</u>	<u>%</u>
SALES	\$ 3,461,041	100.00	\$ 1,921,631	100.00
COST OF SALES				
Purchases	<u>3,190,180</u>	<u>92.18</u>	<u>1,684,223</u>	<u>87.65</u>
GROSS PROFIT	270,861	7.82	237,408	12.35
OPERATING EXPENSES	<u>226,384</u>	<u>6.54</u>	<u>154,872</u>	<u>8.06</u>
INCOME FROM OPERATIONS	<u>44,477</u>	<u>1.28</u>	<u>82,536</u>	<u>4.29</u>
OTHER INCOME				
Other income	-	0.00	2,113	0.11
Interest income	<u>-</u>	<u>0.00</u>	<u>266</u>	<u>0.02</u>
TOTAL OTHER INCOME	<u>-</u>	<u>0.00</u>	<u>2,379</u>	<u>0.13</u>
INCOME BEFORE INCOME TAXES	44,477	1.28	84,915	4.42
PROVISION FOR INCOME TAXES	<u>9,428</u>	<u>0.27</u>	<u>17,832</u>	<u>0.93</u>
NET INCOME	35,049	<u>1.01</u>	67,083	<u>3.49</u>
RETAINED EARNINGS - BEGINNING OF YEAR	<u>277,691</u>		<u>210,608</u>	
RETAINED EARNINGS - END OF YEAR	<u>\$ 312,740</u>		<u>\$ 277,691</u>	

See accompanying notes and independent accountants' review report.

BILCARE GCS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 35,049	\$ 67,083
Adjustments to reconcile net income to net cash provided by operations:		
(Increase) decrease in:		
Accounts receivable	(470,976)	(206,063)
Prepaid expenses	(794)	-
Advances to vendors	(20,988)	(8,374)
Federal income tax receivable	-	42,531
Related party receivable	-	200
Increase (decrease) in:		
Accounts payable	565,115	82,971
Accrued expenses	15,400	18,637
Customer deposits	(48,948)	(8,790)
Income taxes payable	(8,404)	17,832
Net cash provided by operating activities	65,454	6,027
NET INCREASE IN CASH	65,454	6,027
CASH AT BEGINNING OF PERIOD	173,749	167,722
CASH AT END OF PERIOD	\$ 239,203	\$ 173,749

SUPPLEMENTAL DISCLOSURES

INCOME TAXES PAID (REFUNDED)		
Provision for income taxes per statements of operations and retained earnings	\$ 9,428	\$ 17,832
Adjustments related to income tax receivable	-	(42,531)
Adjustments related to income taxes payable	8,404	(17,832)
TOTAL INCOME TAXES PAID (REFUNDED)	\$ 17,832	\$ (42,531)

See accompanying notes and independent accountants' review report.

BILCARE GCS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

(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, 2023 and 2022.

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 are all denominated in U.S. dollars. Expenses are translated at the exchange rates in effect at the date of the transaction. For the year ended March 31, 2023 the Company had realized translation gains of \$ 7,877 and losses of \$ 9,782. For the year ended March 31, 2022 the Company had realized translation gains of \$ 421 and losses of \$ 8,587. These translation gains and losses have been included in cost of goods sold.

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 \$ -0- and \$ -0- for the years ended March 31, 2023 and 2022, respectively.

BILCARE GCS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

(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, 2023 and 2022 the Company had advanced funds of \$ 505,224 and \$ 484,235, respectively. Management has established an allowance for advances to vendors in the amount of \$ 468,050 and \$ 468,050 as of March 31, 2023 and 2022, respectively (See Note (6)).

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, 2023 and 2022.

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, 2023 and 2022, the Company incurred sales incentive expense of \$ 33,028 and \$ 24,497, respectively, to Bilcare Limited. These amounts are based on business performance and are paid to the sales staff from Bilcare Limited.

BILCARE GCS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

(3) RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has a Cost Sharing Agreement with Bilcare Limited and Bilcare GCS Ltd., UK. In line with said agreement, for the years ended March 31, 2023 and 2022, the Company has reimbursed Bilcare Limited in the amounts of \$ 49,224 and \$ 81,833, respectively as management fees as well as \$ 21,380 and \$ -0- as logistics cost reimbursements, respectively.

Included in accounts payable at March 31, 2023 and 2022, were amounts owed to Bilcare Limited of \$ 34,390 and \$ 34,314, respectively.

Included in accounts payable at March 31, 2023 and 2022, were amounts owed to Bilcare GCS Limited, UK of \$ -0- and \$ 7,005, respectively.

(4) 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>2023</u>	<u>2022</u>
<u>Provision</u>		
Current		
Federal	\$ 9,428	\$ 17,832
<u>Deferred</u>		
Federal	<u>-0-</u>	<u>-0-</u>
Total provision for income taxes	<u>\$ 9,428</u>	<u>\$ 17,832</u>

(5) STOCKHOLDERS' EQUITY

On May 26, 2015, the Company issued 100 shares of common stock, to the parent company, Bilcare Limited, in exchange for \$ 1,000 receivable.

On January 4, 2021, the above common stock was cancelled and the Company issued 200 new shares of common stock at \$ 1 stated value to Bilcare Mauritius Limited.

(6) 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 the balance due may not be collectible. Therefore, management has established an allowance for the full amount as of March 31, 2021. As of March 31, 2023 the case against Spring Bio Solutions in the New York Courts is still ongoing.

BILCARE GCS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

(7) COMPARATIVE FIGURES

Certain 2022 figures have been reclassified to conform with the 2023 presentation. These changes had no effect on prior year results of operations, financial position or cash flows.

(8) SUBSEQUENT EVENTS

Management considered and evaluated the nature of any subsequent events through April 24, 2023, which is the date that the financial statements were available to be issued, and believes there is nothing of significance to report.

SUPPLEMENTARY FINANCIAL INFORMATION

BILCARE GCS, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
For the Years Ended March 31, 2023 and 2022

EXHIBIT I - SCHEDULES OF OPERATING EXPENSES

	2023	%	2022	%
Markup	\$ 78,983	2.28	\$ 12,500	0.65
Selling expenses	67,831	1.96	24,497	1.27
Management fees	49,224	1.42	81,833	4.26
Professional fees	21,174	0.61	26,853	1.40
Bank service charges	5,117	0.15	4,233	0.22
Insurance expense	3,635	0.11	4,956	0.26
Fines and penalties	420	0.01	-	0.00
TOTAL OPERATING EXPENSES	<u>\$ 226,384</u>	<u>6.54</u>	<u>\$ 154,872</u>	<u>8.06</u>

See independent accountants' review report.