

FYVE ELEMENTS LLC

FINANCIAL STATEMENTS

12/31/2019

SAMYCPA,LLC
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FYVE ELEMENTS LLC

INDEX

	<u>PAGE</u>
Independent Auditor's report	2
<u>Financial Statements</u>	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Retained Earnings	5
Statement of Cash Flow	6
Statement of Cost of Revenue & Administrative Exp	7
Disclosure to Financial Statements	8-12

SamyCPA, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of

FYVE Elements LLC

Jessup, MD 20794-9602

We have audited the accompanying financial statements of FYVE Elements, LLC a State of Maryland Limited Liability Corporation, which comprise the balance sheet as of December 31, 2019, and the related statements of income, retained earnings, and cash flows for the years 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 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 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 from material misstatements. 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 assessments of the risks of material misstatements of the financial statements, whether due to fraud or error.

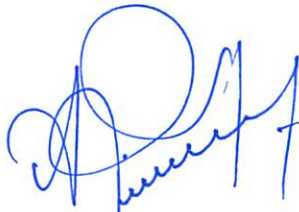
SamyCPA, LLC

In making those risk assessments, the auditor consider 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 for our audit opinion.

Opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FYVE Elements, LLC as of December 31, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Kandasamy Ayyappan, CPA

20th April, 2020

ИЮНЬ ВКОНСВАНКЪ №1 08005
233 GEORGE ROAD, SUITE #503
VANUATU, LLC
KONJUSANU, VANUATU



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STATEMENT OF ASSETS AND LIABILITIES
FOR THE PERIOD ENDED DECEMBER 31, 2019
(See Independent Accountants' Audit report)


ASSETS	Amount(\$)
<u>Current Assets :</u>	
Cash and Bank Balances	539,573.97
Accounts Receivable, net	1,489,446.14
Inventory, Net	2,039,212.25
Total Current Assets	\$ 4,068,232.36
 <u>Property and Equipment (Net of Accumulated)</u>	
	\$ 24,457.99
 <u>Other Assets :</u>	
Security Deposit	75,169.01
Prepaid Expenses	23,111.31
Loans and Advances	43,034.64
Total Other Assets	\$ 141,314.96
<u>Intangible Assets:</u>	
Amortization, net	\$ 80,527.01
 TOTAL ASSETS	 <u>\$ 4,314,532.32</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
<u>Current Liabilities :</u>	
Accounts Payable	2,750,555.95
Interest Payable	14,123.23
Others	3,294.12
Total Current Liabilities	\$ 2,767,973.30
 <u>Long Term Liabilities:</u>	
Responsibility Trade Fund	<u>\$ 1,200,000.00</u>
 <u>Stockholders' Equity :</u>	
Common Stock	200,000.00
Additional Paid in capital	440,000.00
Retained Earnings	(293,440.98)
Total Stockholders Equity	<u>\$ 346,559.02</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 4,314,532.32</u>

The accompanying disclosure are an integral part of these statements.

FYVE ELEMENTS LLC
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD FROM JAN 01,2019 TO DEC 31,2019
(See Independent Accountants' Audit report)

	(Amount \$)
Sales	\$ 9,358,370.78
Cost of Sales	
Labor & Overhead	\$ 7,945,606.72
Total Cost of Sales	\$ 7,945,606.72
Gross Profit	\$ 1,412,764.06
General, Sales, Administrative Expenses	\$ 1,049,202.76
Rent	308,087.19
Total Operating Expense	\$ 1,357,289.95
Net Income from Operations before Depreciation	\$ 55,474.11
Amortization	20,131.75
Depreciation	15,845.00
Interest	166,175.12
Total Other Expenses	\$ 202,151.87
Net Profit/(Loss) before Tax	\$ (146,677.76)
Tax Accrual	\$ -
Net Profit/(loss) after tax	\$ (146,677.76)

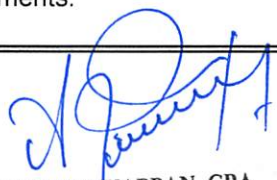
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FYVE ELEMENTS LLC
STATEMENT OF CHANGES IN RETAINED EARNINGS
FOR THE PERIOD FROM JAN 01,2019 TO DEC 31,2019
(See Independent Accountants' Audit report)

Retained Earnings-Beginning	\$ (146,763.22)
Net Income	(146,677.76)
Dividend Distribution	-
Retained Earnings-Ending	<u>\$ (293,440.98)</u>

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FYVE ELEMENTS LLC
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED DECEMBER 31, 2019
(See Independent Accountants' Audit report)

OPERATING ACTIVITIES

Net Income \$ (146,677.76)

Net Cash Provided by Operations:

Accounts Receivable	\$	(96,139.00)
Inventory	\$	(335,230.00)
Accounts Payable	\$	1,341,375.00
Interest Payable	\$	(3,229.26)
Accrued Expenses	\$	25,407.56
Security Deposit, other	\$	2,481.61
Others	\$	(5,962.39)
Net Cash Provided by Operating Activities	\$	928,703.52

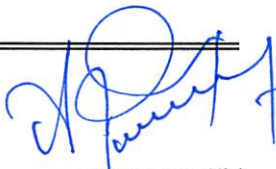
INVESTING ACTIVITIES

Accumulated Depreciation	\$	15,845.00
Equipment	\$	(1,678.00)
Amortization	\$	(100,658.76)
Accumulated Amortization	\$	20,132.00
Net Cash Provided by Investing Activities	\$	(66,359.76)

FINANCING ACTIVITIES

Responsibility Trade Fund	\$	(475,000.00)
Net Cash provided by Financing Activities	\$	(475,000.00)
Cash at beginning of Period	\$	299,776.00
Cash at end of Period	\$	540,442.00

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FYVE ELEMENTS LLC
STATEMENT OF COST OF SALES ,GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE PERIOD FROM JAN 01,2019 TO DEC 31,2019

(See Independent Accountants' Audit report)

Cost of Sales	Amount(\$)
Gross Payroll	897,257.33
Cost of Good sold	6,979,103.95
Payroll Taxes	69,245.44
	<u>\$ 7,945,606.72</u>
<u>General, Sales, Adminstrative Expenses</u>	
Advertisement	5,264.58
Automobile	67,385.59
Bad Debts write off	25,414.01
Bank Charges	7,797.32
Commissions	76,459.99
Detention Charges	73,093.29
Discounts	110,027.43
Handling and Shipping Charges	214,408.66
Insurance	50,136.74
Internet Charges	391.12
Custom Bond	550.00
Lab Charges	2,906.17
Legal and professional fee	88,573.72
Licence and fee	792.64
Marketing Expenses	23,262.56
Moving Expenses	10,077.44
Misc	915.55
Office Expenses	18,049.11
Office Supplies	13,961.40
Payroll Processing Fee	7,500.50
Postage	2,406.39
Printing and Stationary	618.27
Property Taxes	2,708.43
Repair and Maintenance	5,751.17
Retirement Benefit-IRA	12,244.38
Software Expenses	7,151.72
Telephone	11,567.75
Travel & Entertainment	43,046.58
Training Expenses	1,233.49
Utilities	21,598.96
Vehicle Expenses-Lease &Rental	108,172.77
Warehouse Supplies	35,735.03
	<u>\$ 1,049,202.76</u>

The accompanying disclosure are an integral part of these statements.


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FYVE ELEMENTS LLC

Notes to Financial Statements

December 31, 2019

Note 1- Nature of Business:

FYVE Elements LLC was incorporated on November 30, 2012 under the laws of the State of Maryland. (100% Wholly Owned subsidiary of Sresta Natural Bio products Private Ltd., India). Their main business is Whole-Sale retail distribution of Food products and related items, covering whole of USA

Note 2- Summary of Significant Accounting Policies

a) Accounting Policies

Accounting policies of the company confirm with U.S generally accepted accounting principles and reflect practices appropriate to the industry in which they operate. The significant policies are summarized in the Company's annual report to the Board of Directors. These policies have been consistently applied during the period presented in this report. The company's books are maintained on the accrual basis of accounting.


b) Revenue Recognition

Revenue is recognized when sales are made.

c) Accounts Receivable

Accounts receivable are stated at actual since the Company utilizes the direct write-off method for bad debts. The direct write-off method recognizes a bad debt expense only when a specific account is determined to be uncollectable. Management had determined that there were no uncollectable accounts receivable as of December 31, 2019

Page-8



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d) Cash

The company maintains its working capital in several financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The company had the amount of \$321,316.63 and \$51,101.63 uninsured cash in two bank accounts as of December 31,2019.

e) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

f) Concentration of credit risk

Financial instruments, which potentially subject the Company Concentrations of credit risk, include cash. The Company holds collateral for this financial instrument. The Company places its available funds into high creditworthy financial institution.

g) Fair value of financial instruments

The Company's financial instruments consist primarily of cash. The Company considers the book values of these instruments to be indicative of their respective fair values.

h) Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the Modified Accelerated Cost Recovery Systems for both financial reporting and federal income tax purposes at rates based on the following estimated useful lives.

	<u>Years</u>
Office Equipment and Computer Equipment	5.7
Transportation Equipment	5

Note 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h) Property and Equipment (Cont.)

Expenditures for major renewals and betterments that extend the Useful lives of the equipment are capitalized. Expenditure for maintenance and repairs are charged to expenses as incurred.

Cost of Property and equipment is summarized as follows:

	12/31/2019
Warehouse Equipment & others	\$140,225.32
Furniture & Fixtures	2,654.06
Computer and Office equipment	26,142.57
Transportation equipment	5959.04


Total Costs	174,980.99
Less: Accumulated Depreciation	\$150,523.00
Net Property and Equipment	\$24,457.99
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Depreciation expenses totaled \$15,845 for the period from 01/01/2019 to 12/31/2019.

Note 3- Intangible Assets

The company has incurred intangible cost in prior years. The company is amortizing costs over the period of 60 (Sixty) months.

Amortization costs	\$ 100,658.76
Less: Accumulated Amortization	\$20,131.75
Net Amortization Costs	\$80,527.01


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Note 4- Related Party Transactions:

Sresta Natural Bio Products Pvt Ltd, India had supplied goods to the tune of \$5,528,430 for the period from January 2019 to December 2019.

Note 5- Notes payable

There is a long-term loan payable to Responsibility trade fund for the amount of \$1,200,000/-

Note 6- Lease commitments:

The company entered an operating lease its office and warehouse space located at 8268 Preston Court, Suite # G and H Jessup, MD 20794 Company has leased 2 units .The future minimum lease payment under this lease are as follows:

Unit : 8268


Year ending December 31,

Year 1 (2020)	\$143,203.60
Year 2 (2021)	\$147,141.70
Year 3 (2022)	\$151,188.10
Year 4 (2023)	\$155,345.77
Year 5 (2024)	\$159,617.78
Year 6 (2025)	\$164,007.27
Year 7 (2026)	\$42,129.36 (Lease end

Branch office: 425 Meyer Road, Bensenville, IL 60106

Year ending December 31,

Year 1 (2019)	\$147,922.44
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Year 2 (2020) \$38,109.30

On 14th February 2020, the company entered an operating lease with Briet Industrial Canyon IL1003,LLC for premises located in 2075 Estate Avenue, Elk Grove Village, IL 60007 ,This is a Seven (7) years lease that expires on 30th June 2025. The future minimum lease payment under this lease are as follows

05/01/2020 -06/30/2020	0
07/01/2020 -04/30/2021	\$123,750
05/01/2021- 04/30/2022	\$131,250
05/01/2022- 04/30/2023	\$134,850
05/01/2023- 04/30/2024	\$ 138,600
05/01/2024-04/30/2025	\$142,350
05/01/2025-06/30/2025	\$ 146,250



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