GEORGE M. BERINGER, Inc.

MANUFACTURING PHARMACEUTICAL CHEMISTS

1251-53 SYCAMORE STREET
CAMDEN, N.J.

TELEPHONE
CAMDEN 3959

STATEMENT OF PROFIT AND LOSS
Year ended Dec. 31, 1935

Sales		13,478.87
COST OF GOODS SOLD:		
Inventory 9-1-34	10,605.47	
Materials purchased	2,229.92	
	12,835.39	
Inventory 12-31-35	9,750.45	
Cost of Mdse sold....	3,084.94	
Wholesale and Laboratory Wages	3,517.50	
Insurance	221.66	
Light, Heat & Power	392.83	
Rent	2,060.00	
Freight, Express & Parcel post	642.98	
Taxes and Water Rent	111.45	10,031.36
Gross Profit		3,447.51
OPERATING EXPENSES:		
Salesmen's Salaries and Commissions.....	1,121.70	
Administrative and Office Salaries	6,288.00	
Miscellaneous Expense	605.34	
Postage	149.61	
Telephone & Telegraph	266.29	
Advertising	62.03	
Legal and Collection Expense	202.26	
Bad Debts	208.26	8,903.49
Operating Loss		5,455.98
OTHER COSTS		
Overages & Shortages	1.91	
Moving Expense	981.55	
Discount on Sales	192.86	
Adjustment of Accounts Receivable	.22	1,176.54
		6,632.52
OTHER INCOME		
Interest & Discount	7.43	
Discount on Purchases	.90	
Bad Debts Recovered	13.25	
Adjustment of Accts. Payable	35.18	56.76
NET LOSS		6,575.76

GEORGE M. BERINGER, *Inc.*

MANUFACTURING PHARMACEUTICAL CHEMISTS

1251-53 SYCAMORE STREET
CAMDEN, N.J.

TELEPHONE
CAMDEN 3959

FINANCIAL CONDITION AT DEC. 31, 1935

ASSETS

CURRENT ASSETS:

Cash on deposit and on hand		8.14	
Accounts Receivable	3187.06		
Suspense Accounts	4669.95		
	7857.01		
Less: Reserve for Bad Debts	7036.78	820.23	
Inventory 12-31-35		9,750.45	10,578.82

FIXED ASSETS

Laboratory Equipment	34,411.28		
Less: Reserve for Deprec.	30,764.20	3,64708	3,647.08
Formulae, Trademarks, etc.			1.00
			14,226.90

LIABILITIES

Accounts Payable		7,394.90	
Accrued Salaries		4,349.43	
Loan (P.H.Lemen)		53.34	11,797.67
Capital Stock, Authorized	500,000.00		
Less: Capital Stock Uniss.	316,500.00		
Capital Stock Issued	183,500.00		
Less: Treasury Stock	122,500.00		
Capital Stock Outstanding		61,000.00	
Capital Surplus		67,757.53	
		128,757.53	
Deficit Aug. 31, 1934	119,752.54		
Net Loss 9-1-34 to 12-31-35	6,575.76		
Deficit Dec. 31, 1935		126,328.30	2,429.23
			14,226.90

GEORGE M. BERINGER, *Inc.*

MANUFACTURING PHARMACEUTICAL

CHEMISTS

TELEPHONE
CAMDEN 3959

1251-53 SYCAMORE STREET
CAMDEN, N.J.

March 9, 1936

To the Stockholders of George M. Beringer, Inc:-

Your President submits the following report, part of which will be given over to a recital of conditions and facts having to do with various changes in the management of the Corporation during the past year and a half.

Your Treasurer's report will show that the net operating loss for the year was $6,575.76. The net investment of capital after deduction of liabilities totals slightly over $3400. This would make the net book value of the outstanding stock representing 1230 shares, a trifle less than $3.00 per share.

In July 1934, the outstanding liabilities of the Corporation had reached such a point that, taking into consideration the sharply decreased volume of sales due to depression conditions, made it impossible to continue further without some re-organization and accession of capital. Your president was, at that time, in control of approximately 80% of the outstanding stock. He was approached by three gentlemen with an offer to take over his interest, being lead to understand that one of these gentlemen had sufficient capital to put the organization on its feet financially. He made an agreement with these gentlemen, assigning his interest in the corporation and agreeing to buy from the corporation the retail portion of its business. He figured that this would turn back liquid funds to the treasury of the corporation in sufficient amount to cancel a good portion of its outstanding liabilities. Those who purchased his interest, however, saw fit to so arrange matters as to obtain the consent of the stockholders at a special meeting held on July 26, 1934, to allow the transfer of the retail department by assigning a portion of the shares transferred by George M. Beringer, Jr. Furthermore, at this same meeting, authorization was given to the officers then in charge to place a chattel mortgage upon the assets of the Corporation. The chattel mortgage was so executed, representing approximately $9600. Small amounts were paid off on this from time to time from sale of certain assets and, at the beginning of this year, the balance due on this chattel mortgage was approximately $8000.

In the meantime, the person who was to have furnished cash both for purchase of the interest of George M. Beringer, Jr. and operation of the Corporation, lost all his capital through depreciation of investments. For this reason he withdrew his support and personal connection with the Corporation. This left those in charge without any funds for carrying on the business; a debt approximately as great as when they took it over; sales that were almost nothing because no salesmen were regularly employed and the whole enterprise in danger from foreclosure of the existing chattel mortgage.

Since the agreement made with George M. Beringer, Jr. could not be carried out under these circumstances, it was necessary for him to repossess the remaining stock which he had originally transferred to Messrs. D. M. Olmstead, P. H. Lemen and J. B. Keenan. This stock was re-assigned and he was placed in charge of the Corporation at a meeting of the Directors on February 4th, 1936.

Furthermore, in making transfer of the retail business to George M. Beringer, Jr., the creditors insisted that he become a party to the chattel mortgage. As a result, he also was in danger of having his business interest entirely wiped out through the above mentioned foreclosure.

In view of these conditions, it became necessary for me to find someone who would advance sufficient funds to satisfy the creditors of George M. Beringer, Inc. and thus prevent the foreclosure on the chattel mortgage. After great difficulty and protracted negotiations, I managed to obtain the advancement of certain funds. These are being used to satisfy the creditors and to finance necessary purchases for carrying on the business. The chattel mortgage is being held as security for the advancement of these funds.

Those who advanced the money were, at first, insistent that the business of George M. Beringer, Inc. be sold out to meet the chattel mortgage, in order that the loss of these advanced funds be held to a definite minimum. To this I refused to assent, since I felt that, while the actual value of the stockholders investment was almost nil, it would create an impression that I was taking advantage of the situation as it existed to wipe out the interest of the stockholders entirely.

For this reason, I desire to make it perfectly clear to the stockholders that I have assumed a responsibility for the safety and return of the funds advanced to me and for that reason, I am inclined to place a limit upon the further operation of the Corporation with these funds. By this I mean, it is my thought to carry on

GEORGE M. BERINGER, *Inc.*

MANUFACTURING PHARMACEUTICAL CHEMISTS

1251-53 SYCAMORE STREET
CAMDEN, N.J.

TELEPHONE
CAMDEN 3959

the operation with a very limited overhead for a period of several months in order to determine if it is not possible to operate on that scale without loss or at least with a small profit. If at the end of five or six months, it appears that there is no possibility of achieving this, I feel that I should withdraw my support and permit those to whom the chattel mortgage is assigned to foreclose the same in order to recover such part of the advanced funds as it is possible so to do.

Respectfully Submitted

(Signed) George M. Beringer, Jr.

President