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the younique FOUNDATION

The Younique Foundation

Financial Statements

As of December 31, 2018 and 2017 and for the Years Then Ended

Together with Independent Auditors' Report

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TANNER
BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

Member of Allinial GLOBAL

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Younique Foundation

We have audited the accompanying financial statements of The Younique Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017 the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to 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 the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors 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 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 The Younique Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tanner LLC

June 13, 2019

	2018	2017
Assets		
Cash	$ 883,645	$ 986,574
Related party receivables	1,678,754	82,193
Other receivables, net	19,522	2,518
Inventory	191,645	115,223
Prepaid expenses	30,410	30,160
Other assets	19,066	4,000
Property and equipment, net	272,541	244,976
Trademarks	226,341	152,647
Total assets	$ 3,321,924	$ 1,618,291
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 109,958	$ 90,265
Accrued salaries, wages and benefits	385,721	260,833
Total liabilities	495,679	351,098
Net assets:		
Net assets without donor restrictions	2,826,245	1,267,193
Total liabilities and net assets	$ 3,321,924	$ 1,618,291

See notes to the financial statements.

The Younique Foundation
Statements of Activities
For the Years Ended December 31,

	2018	2017
Revenues, support, and interest:		
Contributions	$ 9,157,595	$ 6,750,131
In-kind donations	824,052	348,296
Sales of merchandise	125,465	85,443
Interest earned	3,619	-
Total revenues, support, and interest	10,110,731	7,183,870
Expenses:		
Healing services	3,893,233	3,153,631
Public dialogue	1,560,037	1,146,791
Education	1,156,596	596,803
Management and general	821,272	632,725
Fundraising	1,120,541	863,825
Total expenses	8,551,679	6,393,775
Change in net assets without donor restrictions	1,559,052	790,095
Net assets without donor restrictions at beginning of year	1,267,193	477,098
Net assets without donor restrictions at end of year	$ 2,826,245	$ 1,267,193

See notes to the financial statements.

The Younique Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Supporting Services		
	Healing Services	**Public Dialogue**	**Education**	**Total**	**Management and General**	**Fundraising**	**Total**
Salaries and benefits	$ 2,652,103	$ 1,255,763	$ 846,439	$ 4,754,305	$ 386,052	$ 599,877	$ 5,740,234
Occupancy	600,196	60,498	63,628	724,322	59,080	58,333	841,735
Advertising and promotion	561	130,330	93,011	223,902	2,111	320,779	546,792
Materials and supplies	322,809	6,110	18,662	347,581	23,451	18,963	389,995
Professional services	146,825	42,272	11,456	200,553	135,136	10,269	345,958
Travel and professional training	23,240	9,310	85,860	118,410	87,462	5,711	211,583
Depreciation	77,323	43,171	21,264	141,758	10,608	4,711	157,077
Information technology	31,117	9,397	13,220	53,734	92,174	7,284	153,192
Cost of sales	-	890	213	1,103	-	65,505	66,608
Other	15,893	2,296	2,843	21,032	6,120	28,910	56,062
Insurance	23,166	-	-	23,166	19,078	199	42,443
Total Expenses	$ 3,893,233	$ 1,560,037	$ 1,156,596	$ 6,609,866	$ 821,272	$ 1,120,541	$ 8,551,679

See notes to the financial statements.

	Program Services				Supporting Services		
	Healing Services	Public Dialogue	Education	Total	Management and General	Fundraising	Total
Salaries and benefits	$ 2,178,907	$ 811,610	$ 476,123	$ 3,466,640	$ 374,553	$ 520,033	$ 4,361,226
Occupancy	437,883	51,888	51,924	541,695	51,834	52,663	646,192
Professional services	136,334	38,135	23,143	197,612	56,645	74,131	328,388
Materials and supplies	252,943	28,891	3,403	285,237	12,115	10,034	307,386
Advertising and promotion	205	141,216	7,649	149,070	3,015	62,543	214,628
Travel and professional training	20,835	33,574	4,459	58,868	83,352	8,112	150,332
Depreciation	73,956	16,028	7,943	97,927	7,334	4,504	109,765
Cost of sales	-	89	-	89	-	97,557	97,646
Information technology	17,800	17,816	19,977	55,593	11,951	21,926	89,470
Other	14,258	3,908	728	18,894	26,109	10,868	55,871
Insurance	20,510	3,636	1,454	25,600	5,817	1,454	32,871
Total expenses	$ 3,153,631	$ 1,146,791	$ 596,803	$ 4,897,225	$ 632,725	$ 863,825	$ 6,393,775

See notes to the financial statements.

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 1,559,052	$ 790,095
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	157,077	109,765
Decrease (increase) in:		
Related party receivables	(1,596,561)	(24,855)
Other receivables	(17,004)	11,568
Inventory	(76,422)	63,869
Prepaid expenses	(250)	22,850
Other assets	(15,066)	(500)
Increase (decrease) in:		
Accounts payable	19,693	(16,571)
Accrued salaries, wages, and benefits	124,888	57,665
Net cash provided by operating activities	155,407	1,013,886
Cash flows from investing activities:		
Purchase of property and equipment	(185,726)	(102,374)
Proceeds on sale of property and equipment	1,084	-
Cost to secure trademarks	(73,694)	(152,647)
Cash used investing activities	(258,336)	(255,021)
Net change in cash	(102,929)	758,865
Cash at beginning of the year	986,574	227,709
Cash at end of the year	$ 883,645	$ 986,574

See notes to the financial statements.

Note 1 - Organization

The Younique Foundation (the Foundation), a nonprofit corporation, was incorporated on December 5, 2014. The Foundation's mission is to inspire hope in women who were sexually abused as children or adolescents by providing healing services through retreats, survivor communities, and online resources. The Foundation also empowers parents and caregivers to protect children from sexual abuse through education and online resources, and makes it safe to openly discuss sexual abuse through community dialogue and social awareness.

The Foundation is governed by an independent, volunteer Board of Directors who oversees the Foundation's operations. Revenues to support the Foundation are primarily received from contributions of cash, materials, and services.

The Foundation is primarily dependent upon contributions to be able to fund its operations, therefore, in order to provide future services, the Foundation will need to continue to receive contributions.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit foundations adopted by the Financial Accounting Standards Board. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, contributions are recorded when notice is received, and grant revenues are recorded when earned.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation
The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. There were no net assets with donor restrictions as of December 31, 2018 and 2017.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash
From time to time during the year, the Foundation's cash balance in financial institutions has exceeded the Federal Deposit Insurance Corporation (FDIC) coverage limits. As of December 31, 2018 and 2017, the Foundation had $654,610 and $706,995 in bank deposit accounts that exceeded FDIC coverage limits.

To date, the Foundation has not experienced a material loss or lack of access to its cash; however, no assurance can be provided that access to the Foundation's cash will not be impacted by adverse conditions in the financial markets.

Note 2 – Summary of Significant Accounting Policies - ***Continued***

Related Party Receivables
Related party receivables consist of receivables from two related parties. Related party A is a for-profit entity of which certain board members and/or officers of the Foundation are owners. Related party B is an entity owned by certain board members and/or officers of the Foundation. Total related party receivables are $1,678,754 and $82,193, as of December 31, 2018 and 2017, respectively. The Foundation had receivables from related party A of $47,438 and $82,193, as of December 31, 2018 and 2017, respectively. Those amounts include commissions donations, payroll deductions, and round-up donations. The Foundation receives a monthly statement from the related party indemnifying what those amounts are (prior to payment being made). The Foundation had pledge receivables from related party B of $1,631,316 and $0 as of December 31, 2018 and 2017, respectively, which represents 97.2% and 0% of the total related party receivable balance on the statement of financial position. All other amounts are recorded when a pledge is received. Management has determined that an allowance for doubtful accounts is not necessary as of December 31, 2018 and 2017.

Inventory
Inventory consists mainly of online store merchandise and is stated at the lower of cost or net realizable value, based upon the average cost method. The Foundation periodically reviews inventory for obsolescence. Management determined that an allowance for obsolete inventory was not necessary as of December 31, 2018 and 2017.

Property and Equipment
Property and equipment is recorded at cost for purchased assets or fair value at the date of donation for donated assets. The Foundation capitalizes all acquisitions greater than $500. Minor replacements, maintenance and repairs, which do not increase the useful lives of the property and equipment, are expensed as incurred. Depreciation is recorded using the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years.

Trademarks
Capitalized trademarks relate to the Foundation's branding of their programs and initiatives and are recognized at cost. Trademarks are not amortized until their useful lives are no longer determined to be indefinite.

Impairment of Long-Lived Assets
The Foundation reviews its long-lived assets and trademarks for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through undiscounted future cash flows. If it is determined an impairment loss has occurred based on expected cash flows, such loss is recognized in the statements of activities.

Contributions and Donor Restrictions
Contributions received are classified depending on the existence and/or nature of any donor restrictions. Contributions are classified as either "contributions with donor restrictions" or "contributions without donor restrictions" depending on donor imposed restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Note 2 – Summary of Significant Accounting Policies - ***Continued***

Contributions and Donor Restrictions - continued
Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated assets are acquired or placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restriction at that time. There were no assets contributed as of December 31, 2018 and 2017 with donor restrictions.

In-Kind Donations
Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and assignments; however, those services do not meet the above criteria. The Foundation receives donations from a variety of sources for services and materials in the furtherance of its objectives. The in-kind donations reported in the financial statements consists primarily of the value of leased office space contributed by Younique LLC, the value of the donated Executive Director, and the donated use of property used for retreats.

Revenue Recognition
Revenue in relation to sales of merchandise is recognized at the time an arrangement exits, goods are provided, the price is fixed or determinable, and collection is reasonably assured.

Advertising and Promotion
The Foundation expenses advertising and promotion costs as incurred. Total advertising and promotion expense was $546,792 and $328,388 for the years ended December 31, 2018 and 2017, respectively.

Program Services
Healing Services: Include activities associated with hosting adult female survivors of childhood sexual abuse at a retreat, where they are uplifted by each other and learn skills that can help them find individual healing. In addition, outpatient services are provided to some local clients for long-term care.

Public Dialogue: Involves operations associated with leading the public dialogue to bring the epidemic of sexual abuse to light.

Education: Includes education activities designed to empower parents and caregivers to protect children from sexual abuse.

Supporting Services
Management and General: Includes the general operation expenses of the Foundation which include expenses relating to finance & accounting, data administration, IT services, project management, and office administration.

Fundraising: Includes costs of the philanthropy department to raise money for operations of the Foundation. Fundraising activities include cultivating donor relationships, hosting galas and other events, and providing online and social media channels for generating resources.

Note 2 – Summary of Significant Accounting Policies ***- Continued***

Allocated Administrative Expenses
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include salaries and benefits, occupancy, advertising and promotion, materials and supplies, professional services, travel and professional training, depreciation, and information technology. All of the expenses are allocated based on estimates of time and effort utilized for each category.

Income Taxes
The Foundation is organized as a state of Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as being exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a foundation described in section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under sections 509(a)(1). The Foundation is required to file a return of Foundation Exempt from Income Tax (Form 990) with the IRS. The Foundation is subject to taxation on unrelated business income, if any.

As of December 31, 2018 and 2017, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Reclassifications
Certain amounts in the 2017 financial statements were reclassified to conform with the 2018 presentation.

Subsequent Events
Management has evaluated subsequent events through June 13, 2019 which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise of cash of $883,645, related party receivables of $1,678,754, and other receivables of $19,522 as of December 31, 2018. There are no amounts not available to be used with one year as there are no restrictions on the receivables. The Foundation relies on contributions from related parties. The Foundation's management monitors its liquidity and cash flow needs through the use of a budget and projections to help ensure that projected cash inflows are sufficient to cover projected cash outflows.

Note 4 – Property and Equipment

As of December 31, 2018 and 2017, the cost of property and equipment was as follows:

	Depreciable Lives	2018	2017
Computer equipment	3 years	$ 216,076	$ 160,770
Vehicles	3 – 5 years	193,502	193,502
Software	3 years	107,695	-
Equipment	3 – 5 years	57,193	50,847
Furniture & fixtures	3 – 7 years	11,476	3,088
Work-in-process		40,750	36,307
Total Cost		626,692	444,514
Less accumulated depreciation		(354,151)	(199,538)
Property and equipment, net		$ 272,541	$ 244,976

Depreciation expense on property and equipment for the years ended December 31, 2018 and 2017 was $157,077 and $109,765, respectively.

Note 5 – Commitments and Contingencies

In the normal course of operations, the Foundation may become party to lawsuits or other claims. Management is not aware of any such claims for which the uninsured amount would be material to the Foundation's financial position.

Note 6 – Related Party Contributions and In-Kind Donations

The Foundation receives a significant portion of its support from two related parties as noted in the Related Party Receivables disclosure in Note 2. Donor A is a for-profit entity of which certain board members and/or officers of the Foundation are owners. Donor B is an entity owned by certain board members and/or officers of the Foundation. Donor C represents other board members of the Foundation not included in Donors A and B. For the years ended December 31, 2018 and 2017, the following contribution and in-kind donations came from related party donors, or activities associated with the related party donor:

		2018				2017		
Donors:		Contributions		In-Kind Donations		Contributions		In-Kind Donations
Donor A	20%	$ 1,241,612	49%	$ 372,500	22%	$ 1,072,561	100%	$ 259,097
Donor B	79%	4,971,316	51%	389,693	75%	3,661,199	0%	-
Donor C	1%	100,500	0%	-	3%	144,500	0%	-
Total related party contributions and in-kind donations		$ 6,313,428		$ 762,193		$ 4,878,260		$ 259,097

Note 7 – Subsequent Events

The Foundation entered into a lease subsequent to year-end for office space in Alpharetta, Georgia. The lease term commences on July 1, 2019 and expires on August 31, 2022. The Foundation is required to pay rent in the amount of $9,789 per month. The landlord has agreed to provide the first 2 months rent for free. After each 12-month period, there is a rent escalation of 3%