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The Younique Foundation

Financial Statements

As of December 31, 2019 and 2018 and for the Years Then Ended
Together with Independent Auditors' Report

The Younique Foundation
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BUSINESS ADVISORS AND
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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, 2019 and 2018 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, 2019 and 2018, 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

May 28, 2020

The Younique Foundation
Statements of Financial Position
As of December 31,

	2019	2018
Assets		
Cash	$ 144,116	$ 883,645
Related party receivables	29,564	1,678,754
Other receivables, net	40,137	19,522
Inventory	164,520	191,645
Prepaid expenses	97,518	30,410
Other assets	31,387	19,066
Property and equipment, net	710,853	272,541
Trademarks	249,571	226,341
Operating lease right-of-use asset, net	284,221	-
Total assets	$ 1,751,887	$ 3,321,924
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 108,234	$ 109,958
Accrued salaries, wages and benefits	329,889	385,721
Operating lease liability	302,678	-
Total liabilities	740,801	495,679
Net assets:		
Net assets without donor restrictions	1,011,086	2,826,245
Total liabilities and net assets	$ 1,751,887	$ 3,321,924

See accompanying notes to the financial statements.

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

	2019	2018
Revenues, support, and interest:		
Contributions	$ 7,818,077	$ 9,157,595
In-kind donations	1,651,973	824,052
Sales of merchandise	208,285	125,465
Interest earned	5,601	3,619
Total revenues, support, and interest	9,683,936	10,110,731
Expenses:		
Healing services	5,158,597	3,893,233
Public dialogue	2,072,699	1,560,037
Education	1,835,702	1,156,596
Management and general	923,111	821,272
Fundraising	1,508,986	1,120,541
Total expenses	11,499,095	8,551,679
Change in net assets without donor restrictions	(1,815,159)	1,559,052
Net assets without donor restrictions at beginning of year	2,826,245	1,267,193
Net assets without donor restrictions at end of year	$ 1,011,086	$ 2,826,245

See accompanying notes to the financial statements.

The Younique Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2019

	Program Services				Supporting Services		
	Healing Services	Public Dialogue	Education	Total	Management and General	Fundraising	Total
Salaries and benefits	$ 3,474,630	$ 1,678,287	$ 1,465,217	$ 6,618,134	$ 346,886	$ 739,915	$ 7,704,935
Occupancy	811,037	73,321	70,380	954,738	123,590	24,531	1,102,859
Professional services	173,911	92,818	12,896	279,625	166,299	15,727	461,651
Advertising and promotion	1,340	127,628	67,568	196,536	1,345	234,629	432,510
Cost of sales	-	-	-	-	-	389,386	389,386
Materials and supplies	325,511	2,392	9,482	337,385	15,209	2,398	354,992
Travel and professional training	115,978	11,948	115,590	243,516	55,314	23,643	322,473
Depreciation and amortization	91,634	41,022	47,886	180,542	59,010	9,942	249,494
Information technology	68,810	21,486	30,352	120,648	101,371	18,552	240,571
Other	28,259	3,597	948	32,804	8,481	46,120	87,405
Insurance	29,857	14,085	13,490	57,432	16,571	4,143	78,146
Equipment	37,630	6,115	1,893	45,638	19,675	-	65,313
Interest expense	-	-	-	-	9,360	-	9,360
Total Expenses	$ 5,158,597	$ 2,072,699	$ 1,835,702	$ 9,066,998	$ 923,111	$ 1,508,986	$ 11,499,095

	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 and amortization	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	10,247	1,134	2,474	13,855	5,700	28,910	48,465
Insurance	23,166	-	-	23,166	19,078	199	42,443
Equipment	5,646	1,162	369	7,177	420	-	7,597
Total expenses	$ 3,893,233	$ 1,560,037	$ 1,156,596	$ 6,609,866	$ 821,272	$ 1,120,541	$ 8,551,679

	2019	2018
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (1,815,159)	$ 1,559,052
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	249,494	157,077
Write-off of inventory	134,167	-
Noncash lease expense	54,000	-
In-kind contribution of equipment	(299,250)	-
Decrease (increase) in:		
Related party receivables	1,649,190	(1,596,561)
Other receivables	(20,615)	(17,004)
Inventory	(107,042)	(76,422)
Prepaid expenses	(67,108)	(250)
Other assets	(12,321)	(15,066)
Increase (decrease) in:		
Accounts payable	(1,724)	19,693
Accrued salaries, wages, and benefits	(55,832)	124,888
Operating lease liability	(35,543)	-
Net cash (used in) provided by operating activities	(327,743)	155,407
Cash flows from investing activities:		
Purchase of property and equipment	(388,556)	(185,726)
Proceeds on sale of property and equipment	-	1,084
Cost to secure trademarks	(23,230)	(73,694)
Cash used in investing activities	(411,786)	(258,336)
Net change in cash	(739,529)	(102,929)
Cash at beginning of the year	883,645	986,574
Cash at end of the year	$ 144,116	$ 883,645
Supplemental schedule of non-cash investing and financing activities:		
Right-of-use asset and lease liability recorded upon adoption of ASU No. 2016-02, *Leases*	$ 338,221	$ -

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, support groups, and online resources. The Foundation also educates and empowers parents and caregivers to protect children from sexual abuse through community and online resources, and advocates for open discussions about 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 (FASB). 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

Recent Accounting Pronouncements
In 2019, the Foundation adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (*Topic 606*) (ASU 2014-09). ASU 2014-09 is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those good or services. As required, the ASU has been adopted following a modified retrospective approach and no change to net assets for the year ended December 31, 2018 was required.

In February 2016, the FASB issued ASU no. 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize assets and liabilities on the statement of financial position for all leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those year, beginning after December 15, 2021, and early adoption is permitted. Accordingly, ASU 2016-02 is effective for the Foundation on January 1, 2022 using a modified retrospective approach. The Foundation early adopted this ASU effective January 1, 2019. There was no retrospective adjustment made for the adoption of *Topic 842*. The Foundation has long-term operating leases for the Foundation's Alpharetta, Georgia office and a piece of equipment with a right-of-use asset balance of $284,221 and an operating lease liability of $302,678 as of December 31, 2019.

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, 2019 and 2018.

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

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, 2019 and 2018, the Foundation had $0 and $654,610 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.

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 $29,564 and $1,678,754, as of December 31, 2019 and 2018, respectively. The Foundation had receivables from related party A of $29,564 and $47,438, as of December 31, 2019 and 2018, 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 $0 and $1,631,316 as of December 31, 2019 and 2018, respectively, which represents 0% and 97.2% 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, 2019 and 2018.

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, 2019 and 2018. The Foundation wrote off inventory deemed to be obsolete of $134,167 and $0 in the years ending December 31, 2019 and 2018, respectively.

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 and amortization is recorded using the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years.

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

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. Management does not consider any of the Foundation's long-lived assets to be impaired as of December 31, 2019 and 2018.

Leases
The Foundation leases an office in Alpharetta, Georgia and also has a lease agreement for a piece of office equipment. The Foundation records a right-of-use asset and operating lease liability for the net present value of the future minimum lease payments with consideration given for rent escalation or rent concession provisions. The right-of-use asset is amortized on the straight-line basis over the term of the lease and the operating lease liability is reduced over the same period as payments are made to the lessors. For leases with 12 months or less, no right-of-use asset or operating lease liability is recorded in the accompanying statements of financial position.

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.

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, 2019 and 2018 with donor restrictions.

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

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 related to *Topic 606*, in relation to sales of merchandise, is recognized when the Foundation has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the entire transaction price to the single performance obligation and (5) recognized revenue when the performance obligation has been satisfied. In relation to the sale of merchandise, revenue is recognized at a point in time when the merchandise is sold and there is only one single performance obligation. All other revenue for the Foundation is contributions which are not included in the scope of *Topic 606.*

Advertising and Promotion

The Foundation expenses advertising and promotion costs as incurred. Total advertising and promotion expense was $432,510 and $546,792 for the years ended December 31, 2019 and 2018, 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 Organization 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, 2019 and 2018, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Reclassifications
Certain amounts in the 2018 financial statements were reclassified to conform with the 2019 presentation.

Subsequent Events
Management has evaluated subsequent events through May 28, 2020 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 $144,116, related party receivables of $29,564, and other receivables of $40,137 as of December 31, 2019. There are no amounts not available to be used within 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, 2019 and 2018, the cost of property and equipment was as follows:

	Depreciable Lives	2019	2018
Computer equipment	3 years	$ 637,400	$ 216,076
Vehicles	3 – 5 years	303,077	193,502
Software	3 years	215,768	107,695
Equipment	3 – 5 years	78,422	57,193
Furniture and fixtures	3 – 7 years	50,501	11,476
Leasehold improvements	3 years	25,060	-
Work-in-process		-	40,750
		1,310,228	626,692
Less accumulated depreciation and amortization		(599,375)	(354,151)
Property and equipment, net		$ 710,853	$ 272,541

Depreciation and amortization expense on property and equipment for the years ended December 31, 2019 and 2018 was $249,494 and $157,077, respectively. During 2019, the Foundation received In-kind contributions of equipment in the amount of $299,250.

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.

Operating leases

In November 2018, the Foundation entered into a non-cancelable lease for a piece of equipment. In June 2019, the Foundation entered into a non-cancelable lease for the Foundation's Alpharetta, Georgia location. As of July 1, 2019, the Foundation adopted ASU 2016-02, *Leases (Topic 842),* and recorded a right-of-use asset of $338,221 and associated operating lease liability of $338,221. As of December 31, 2019, the Foundation has a right-of-use asset of $284,221 and an operating lease liability of $302,678 ($123,710 of which is due within 12 months of the statement of financial position date). The lease term for the piece of equipment and the office space is 30 months of even payments and 38 months containing escalating payments, respectively. The Foundation determined its incremental borrowing rate at lease inception of 6.50% for both leases was the most accurate discount rate to use in calculating the right-of-use asset and operating lease liability as the rate implicit in the lease was not known. This makes the weighted average discount rate 6.50% with a weighted average remaining lease term of 2.64 years as of December 31, 2019.

Note 5 – Commitments and Contingencies – *Continued*

Operating leases – continued
Future minimum lease payments under the lease are shown below:

Years Ending December 31,	
2020	$ 123,710
2021	124,293
2022	82,695
Total future minimum lease payments	330,698
Less imputed interest	(28,020)
Total operating lease liability	$ 302,678

Rental expense under operating leases was $54,000 and $0 for the years ended December 31, 2019 and 2018, respectively. Interest expense related to amortization of the right-of-use asset was $9,360 and $0 for the years ended December 31, 2019 and 2018, respectively. Cash paid related to operating lease obligations in the years ended December 31, 2019 and 2018 was $43,636 and $0, respectively.

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, 2019 and 2018, the following contribution and in-kind donations came from related party donors, or activities associated with the related party donor:

		2019			2018			
Donors:		Contributions		In-Kind Donations		Contributions		In-Kind Donations
Donor A	7%	$ 409,401	32%	$ 392,178	20%	$ 1,241,612	49%	$ 372,500
Donor B	92%	5,134,214	68%	828,273	79%	4,971,316	51%	389,693
Donor C	1%	11,313	0%	-	1%	100,500	0%	-
Total related party contributions and in-kind donations		$ 5,554,928		$ 1,220,451		$ 6,313,428		$ 762,193

Note 7 – Subsequent Events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which could result in negative impact on contributions. Other financial impacts could also occur, although the nature and magnitude of these potential impacts is unknown at this time.

On April 5, 2020, the Foundation received $1,367,978 in Paycheck Protection Program (PPP) loan proceeds under the CARES Act. This loan bears interest at 0.98%, matures in 24 months with payment deferred for the first 6 months, and is forgivable if certain conditions are met by the Foundation.