

# Tribal, LLC

## **Tribal, LLC**

*Unaudited Financial Statements for the Years Ended December 31, 2018 and 2017*

I have reviewed the accompanying financial statements of Akamai Basics, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, changes in stockholders' equity, 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, I 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.

***Accountant's Responsibility***

My responsibility is to conduct the review engagements 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

***Accountant's Conclusion***

Based on my reviews, I am 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.

As disclosed in Note 9 of the financial statements, the Company relies on outside sources to fund operations, and has incurred losses. Accordingly, substantial doubt is raised about the Company's ability to continue as a going concern.

A handwritten signature in black ink, appearing to read "Peter Stamborski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Peter Stamborski, CPA  
April 11, 2019  
Boulder, CO

# Tribal, LLC

Tribal, LLC  
Balance Sheet  
For the years ended December 31, 2018 and 2017  
*In Dollars*

	<u>As of December 31,</u> 2018	<u>As of December 31,</u> 2017
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash & Cash Equivalents	14,854	11,921
Inventory	40,921	18,144
<b>Total Current Assets</b>	<b>55,775</b>	<b>30,065</b>
<b><u>Non-Current Assets</u></b>		
Intangible Asset	9,437	2,608
<b>Total Assets</b>	<b>65,212</b>	<b>32,673</b>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable - Credit Cards	76,966	40,424
<b>Total Current Liabilities</b>	<b>76,966</b>	<b>40,424</b>
<b><u>Non-Current Liabilities</u></b>		
Accrued Salary to Owners	206,250	125,000
Note Payable	46,750	42,500
Other	475	165
<b>Total Non-Current Liabilities</b>	<b>253,475</b>	<b>167,665</b>
<b>Total Liabilities</b>	<b>330,441</b>	<b>208,089</b>
<b><u>Owner's Equity</u></b>		
Common Stock Equity	508,999	350,000
Retained Earnings	(525,416)	(299,087)
Current Year Net Loss	(248,812)	(226,329)
<b>Total Owner's Equity</b>	<b>(265,228)</b>	<b>(175,416)</b>
<b>Total Liabilities &amp; Owner's Equity</b>	<b>65,212</b>	<b>32,673</b>

Unaudited - See accompanying notes to financial statements and reviewer's report

# Tribal, LLC

Tribal, LLC,  
Consolidated Statement of Comprehensive Income  
For the years ended December 31, 2018 and 2017  
*In Dollars*

For the year-ending December 31,

	<u>2018</u>	<u>2017</u>
Revenue (net of discounts)	102,043	60,387
Cost of Goods Sold	64,406	55,697
Gross Profit	37,637	4,690
<b><i>Operating Expenses</i></b>		
Payroll & Benefits	158,637	156,542
Marketing	39,561	38,212
General & Administrative	16,276	11,578
Office Expenses	7,774	6,371
Interest Expense	4,250	
R&D Related Expense	8,180	5,139
Entertainment/Travel	13,342	5,587
Software/Website Expense	26,702	4,543
Amortization Expense	2,618	522
Utilities/Other	9,109	2,527
Total Operating Expenses	286,450	231,019
Income before Taxes	(248,812)	(226,329)
Provision for Income Taxes	-	-
Net Income	(248,812)	(226,329)
Common Stock Outstanding at Period-end (shares)	104,757	100,000
Loss per share of Common Stock	\$ (2.38)	\$ (2.26)

Unaudited - See accompanying notes to financial statements and reviewer's report

# Tribal, LLC

Tribal, LLC,  
Consolidated Statement of Cash Flows  
As of the year ended December 31, 2018 and 2017  
*In Dollars*

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash at Beginning of Period	11,921	27,975
<b>Cash Flows from Operating Activities</b>		
Net Loss	(248,812)	(226,329)
Interest Expense	4,250	
Depreciation Expense	2,618	522
(Increase)/Decrease in Inventory	(22,777)	12,320
Increase in accrued salaries	81,250	125,000
Increase in A/P	36,542	32,898
Other Increase in A/P	310	165
Net Cash Flows from Operating Activities	(146,620)	(55,424)
<b>Cash Flows from Investing Activities</b>		
Website Development Investment	(9,446)	(3,130)
Net Cash Flows from Investing Activities	(9,446)	(3,130)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Note Payable		42,500
Proceeds from Issuance of Common Stock	158,999	
Net Cash Flows from Financing Activities	158,999	42,500
Total change in Cash	2,933	(16,054)
Ending Cash Balance	14,854	11,921

Unaudited - See accompanying notes to financial statements and reviewers report

# Tribal, LLC

Tribal, LLC,  
Consolidated Statements of Changes in Shareholder's Equity  
For the years ended December 31, 2018 and 2017  
*In Dollars*

	<u>2018</u>	<u>2017</u>
Beginning Equity	(175,416)	50,913
Net Income/(Loss)	(248,812)	(226,329)
Additional stock Issurance at \$35/share	158,999	
Ending Equity	(265,229)	(175,416)

Unaudited - See accompanying notes to financial statements and reviewers report

# Tribal, LLC

## Accompanying Notes to the Financial Statements

### **Note 1 – General Business Description**

Tribal, LLC is a personal care products Company that believes clear and healthy teeth, skin, and hair can be achieved with far fewer products, chemicals, and complexity and has taken a radically simplified, back to basics, truly natural approach. The Company, registered as Tribal LLC but also known as Akamai Basics, was formed in 2015 as a registered limited liability corporation ("LLC") in the State of Colorado.

### **Note 2 – Summary of Significant Accounting Policies & Other General Financial Statement Considerations**

#### *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### *Use of Estimates, assumptions and judgment*

The preparation of these consolidated financial statements required management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates, assumptions, and judgments are based on historical experience and various factors that management believes to be reasonable under the circumstances. Management reviews estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates. Management uses judgment when applying accounting policies and when making estimates and assumptions as described above.

#### *Risks and Uncertainties*

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States which could affect the Company's financial condition and results of its operations.

#### *Cash and Cash Equivalents*

Cash and cash equivalents is comprised of cash on hand, cash balances with banks and similar institutions and term deposits redeemable within three months or less from date of acquisition with banks and similar institutions.

#### *Inventory*

Inventories are measured at the lower of cost or net realizable value and consists primarily of products waiting to be sold to customers. The Company does not consign any of its inventory. In 2018 and 2017, respectively, the Company wrote-off approximately \$1,200 and \$6,400 related to damaged inventory which was recorded as a charge to cost of goods sold.

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## *Revenue Recognition*

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue related to subscription services is recognized ratably over the subscription term. Revenue related to one-time product purchases is recognized as the related product is delivered.

## *Advertising Costs*

Costs for the annual period ending December 31, 2018 and 2017 primarily relate to the Company's digital advertising campaigns via social media as well as public relations and the Company's affiliate program. Advertising costs are expensed as incurred.

## *Research and Development Costs*

R&D-related costs relate primarily to new product development performed by the Company and in conjunction with its suppliers. In accordance with U.S. GAAP, all expenses are recognized as incurred.

## **Note 3 - Accrued Salary**

At December 31, 2018 and 2017, the Company had accrued on its balance sheet \$206,250 and 125,000 respectively, related to amounts that were both estimable and probable of payout to certain of the Company's owners for salary earned but not yet paid out.

## **Note 4 - Note Payable**

In late 2017, Company management entered into a note payable arrangement with the Company whereby the Company was loaned \$42,500. This note payable includes an interest rate of 10% per year and is due in full on August 1, 2022. The current loan balance outstanding is classified as a long term liability on the Company's balance sheet.

## **Note 5 - Income Taxes**

The Company is subject to tax filing requirements in the federal jurisdiction of the United States of America as well as the State of Colorado. The Company recorded a net operating loss (or "NOL") in both 2018 and 2017. Due to management's uncertainty as to the valuation or timing of benefits associated with the loss, no amounts have been recognized in the statements. The net operating loss carry forwards from 2017 and 2018 will expire in 2037 and 2038, respectively. The Company's federal tax filings will be subject to Internal Revenue Service review in accordance with the related statute of limitations provided by such taxing authority.

## **Note 6 - Stockholder's Equity**

As of December 31, 2017, 100,000 common shares were issued and outstanding, issued at \$3.50 per share. During 2018, the Company issued an additional 4,757 shares at \$35.00 per share as part of a secondary offering of common stock. Approximately 73% and 70% of such outstanding shares (and voting rights) at the end of 2017 and 2018, respectively, were owned by members of management with no other individual investor owning more than 15% of total shares issued and outstanding. No shares are reserved

# Tribal, LLC

at this time. Further, no dividends have been issued to shareholders since inception of the Company and no redemption features or repurchase rights exists related to this common stock. Further, subscribers to the common stock of the Company have no right to transfer his or her holdings and are not convertible to any other instrument, financial or otherwise.

## **Note 7 - Subsequent Events**

The Company expects to participate in a Crowdfunding Offering (the "Offering") as allowed for under the related SEC Regulation Crowdfunding rules in 2019.

Other than those events specified above in this note and other notes herein, no additional material events were identified by management through the issuance date of these financial statements that would necessitate disclosure herein.

## **Note 8 - Adoption of New U.S. GAAP Accounting Standards**

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 – Revenue from Contracts with Customers (ASC Topic 606) which has subsequently been amended via multiple ASUs and replaces existing guidance for revenue recognition. The guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017 for public companies. The Company adopted ASC Topic 606 on January 1, 2018.

No other recently issued standards by the FASB were applicable to the financial statements of the Company.

## **Note 9 - Going Concern**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses from inception which raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from either the issuance of equity or debt or its ultimate ability to commence profitable sales and positive cash flows from its product sales. There are no assurances that management will be able to raise a sufficient amount of capital on acceptable terms to the Company, and the inability to do so would require a reduction in the scope of the Company's planned development which would be detrimental to the Company's business, financial condition and operating results. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

## **Note 10 - Legal Matters**

We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with ASC 450, Contingencies.

# Tribal, LLC

## **Note 11 - Related Party Transactions**

In addition to those items included in the notes above that qualify as related party transactions, the Company has also noted the following related party transactions that occurred during the years ending 2018 and 2017.

Reimbursements related to Office Space – The Company reimbursed members of management for certain home-office related expenses equal to \$5,379 and \$4,250 in 2018 and 2017, respectively.

Reimbursement related to Health Benefits – The Company reimbursed members of management for certain health insurance expenses equal to \$6,939 and \$5,942 in 2018 and 2017, respectively.

## **Note 12 – Fair Value Measurement**

The Company's financial instruments consist primarily of cash and cash equivalents, accounts payable, and notes payable. ASC Topic 820, *Fair Value Measurements and Disclosures*, requires disclosures about how fair value is determined for assets and liabilities and establishes a hierarchy under which these assets and liabilities must be grouped, based on significant levels of observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumption. This hierarchy requires the use of observable market data when available.

All of the Company's financial instruments are measured on the basis of observable inputs in active markets (i.e., Level 1 within the ASC 820 framework). No financial instruments are measured on the basis of unobservable inputs, either Level 2 or 3.

## **Note 13 – Intangible Asset**

The Company has a single intangible asset related to costs incurred for the development of its website. Such costs were accounted for under ASC 350-50, *Intangibles-Goodwill & Other: Website Development Costs ("ASC 350-50")*. This intangible was placed into service on January 1, 2017 in conjunction with the go-live of the website and is being amortized over a useful life of three years. During 2018, and 2017, the Company recognized related amortization expense of approximately \$2,618 and \$522, respectively, with similar such amounts expected to be recognized in 2019 and 2020 as were in 2018. Any costs not meeting the capitalization requirements in accordance with ASC 350-50 were expensed as incurred. Any enhancements to the existing functionality are capitalized as appropriate.

# Tribal, LLC

## **Note 14 – General and Administrative Expenses**

Amounts expensed as general & administrative expenses for the years-ending December 31, 2018 and 2017 were of the following nature and amounts.

<b><u>Nature of Expenses</u></b>	For the year-ending	
	<u>2018</u>	<u>2017</u>
Dues & Subscriptions	3,586	2,000
Insurance	4,506	3,288
Legal & Professional Fees	3,386	1,229
Accounting & Finance	4,798	5,060
Total	16,276	11,577