

**OFFICER'S FINANCIAL CERTIFICATION**

I, Steven Conlin, certify that:

(1) the financial statements of Ogden's Own Distillery, Inc. included in this Form are true and complete in all material respects; and

(2) reviewed financial statements by a public accountant for the fiscal year ended December 31, 2018 are not yet available, but will be provided to investors should the Offering continue past the 120 day window as provided for in the rules related to Regulation Crowdfunding.

IN WITNESS WHEREOF, this Officer's Financial Certification has been executed as of the Date below.

**Company:** Ogden's Own Distillery, Inc.

**By:** *Steven Conlin*

**Printed:** Steven Conlin

**Title:** CEO/President

**Date:** 03-28-2019

**OGDEN'S OWN DISTILLERY, LLC**

**COMBINED FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

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CERTIFIED PUBLIC  
ACCOUNTANTS AND  
BUSINESS ADVISORS

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**To the Board of Directors  
Ogden's Own Distillery, LLC  
Ogden, Utah**

We have reviewed the accompanying combined financial statements of Ogden's Own Distillery, LLC (the Company), which comprise the combined balance sheets as of December 31, 2017 and 2016, and the related combined statements of operations and retained earnings 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, we 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are 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.

*WSRP, LLC*

Salt Lake City, Utah  
January 3, 2019

**OGDEN'S OWN DISTILLERY, LLC**  
**COMBINED BALANCE SHEETS**  
**December 31, 2017 and 2016**

|  | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                |                     |                     |
| <b>CURRENT ASSETS</b>                        |                     |                     |
| Cash and cash equivalents                    | \$ 138,344          | \$ 56,804           |
| Trade accounts receivable                    | 278,256             | 249,508             |
| Inventories                                  | 343,911             | 240,402             |
| <b>TOTAL CURRENT ASSETS</b>                  | 760,511             | 546,714             |
| <b>PROPERTY AND EQUIPMENT</b>                | 565,546             | 509,828             |
| <b>INTANGIBLES, NET</b>                      | 52,111              | 56,778              |
| <b>TOTAL ASSETS</b>                          | <b>\$ 1,378,168</b> | <b>\$ 1,113,320</b> |
| <br><b>LIABILITIES AND MEMBERS' EQUITY</b>   |                     |                     |
| <b>CURRENT LIABILITIES</b>                   |                     |                     |
| Accounts payable                             | \$ 13,590           | \$ 14,399           |
| Accrued expenses                             | 5,263               | 1,409               |
| Bank line of credit payable                  | 68,501              | 79,784              |
| Current portion of long term liabilities     | 70,960              | 20,134              |
| <b>TOTAL CURRENT LIABILITIES</b>             | 158,314             | 115,726             |
| <b>LONG-TERM LIABILITIES</b>                 | 269,309             | 340,381             |
| <b>TOTAL LIABILITIES</b>                     | 427,623             | 456,107             |
| <b>MEMBERS' EQUITY</b>                       | 950,545             | 657,213             |
| <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b> | <b>\$ 1,378,168</b> | <b>\$ 1,113,320</b> |

*The accompanying notes are an integral part of the financial statements.*

*See accountants' report.*

**OGDEN'S OWN DISTILLERY, LLC**  
**COMBINED STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**  
**Years ended December 31, 2017 and 2016**

|                                   | <b>2017</b>  | <b>2016</b>  |
|-----------------------------------|--------------|--------------|
| <b>INCOME</b>                     |              |              |
| Revenue                           | \$ 2,242,647 | \$ 1,690,594 |
| Cost of goods sold                | 964,339      | 758,245      |
| GROSS PROFIT                      | 1,278,308    | 932,349      |
| <br><b>EXPENSES</b>               |              |              |
| Selling expenses                  | 324,675      | 254,861      |
| General and administrative        | 547,869      | 425,688      |
| Depreciation and amortization     | 64,775       | 59,375       |
|                                   | 937,319      | 739,924      |
| OPERATING INCOME                  | 340,989      | 192,425      |
| <br><b>OTHER INCOME (EXPENSE)</b> |              |              |
| Interest expense                  | (28,322)     | (30,234)     |
| Other income                      | -            | 401          |
|                                   | (28,322)     | (29,833)     |
| NET INCOME                        | 312,667      | 162,592      |
| <br><b>MEMBERS' EQUITY</b>        |              |              |
| Balance - beginning of period     | 657,213      | 586,790      |
| Distributions to members          | (19,335)     | (92,169)     |
| Balance - end of period           | \$ 950,545   | \$ 657,213   |

*The accompanying notes are an integral part of the financial statements.*

*See accountants' report.*

**OGDEN'S OWN DISTILLERY, LLC**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2017 and 2016**

|  | <b>2017</b> | <b>2016</b> |
|--|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |             |             |
| Net income   | \$ 312,667  | \$ 162,592  |
| Adjustments to reconcile net income to net cash flows from operating activities: |             |             |
| Depreciation   | 60,108      | 54,708      |
| Amortization of intangible assets  | 4,667       | 4,667       |
| Changes in operating assets and liabilities:                                     |             |             |
| Trade accounts receivable  | (28,748)    | (189,401)   |
| Inventories  | (103,509)   | (74,300)    |
| Accounts payable   | (809)       | 66,848      |
| Accrued expenses   | 3,854       | 1,154       |
| Net cash flows from operating activities   | 248,230     | 26,268      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |             |             |
| Cash paid for purchases of equipment   | (115,826)   | (18,210)    |
| Net cash used by investing activities  | (115,826)   | (18,210)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |             |             |
| Distributions to members   | (19,335)    | (92,169)    |
| Change in bank line of credit  | (11,283)    | (10,710)    |
| Cash paid to reduce long-term liabilities  | (20,246)    | (21,444)    |
| Net cash used by financing activities  | (50,864)    | (124,323)   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                             | 81,540      | (116,265)   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR                                   | 56,804      | 173,069     |
| CASH AND CASH EQUIVALENTS AT END OF YEAR   | \$ 138,344  | \$ 56,804   |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>  |             |             |
| Cash paid for interest   | \$ 28,322   | \$ 30,234   |

*The accompanying notes are an integral part of the financial statements.*

*See accountants' report.*

**OGDEN'S OWN DISTILLERY, LLC**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Principles of Combination and Business Activity*

The accompanying combined financial statements include the accounts of Ogden's Own Distillery, LLC and Ogden's Own Holding, LLC, herein referred to as the Company. All significant intercompany balances and transactions have been eliminated in these combined financial statements.

Ogden's Own Distillery and Ogden's Own Holding were each formed as Utah limited liability companies. Ogden's Own Distillery manufactures and distributes alcoholic beverages in several states throughout the United States. Ogden's Own Holding, LLC leases warehouse facilities to Ogden's Own Distillery, LLC.

*Accounting Principles*

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

*Use of Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Concentrations of Credit Risk*

The Company's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable.

The Company maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

As of December 31, 2017 and December 31, 2016 two customers accounted for 86% and 82% of the Company's trade accounts receivable, respectively. However, concentrations of credit risk with respect to trade accounts receivable are limited because the Company routinely assesses the financial strength of its customers before extending credit.

*Revenue Concentrations*

Approximately 88% and 86% of the Company's revenue was from one customer during the years December 31, 2017 and 2016, respectively.



**OGDEN'S OWN DISTILLERY, LLC**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

Trade Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers having outstanding balances and the current relationship with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Inventories

Inventories, consisting primarily of alcoholic beverages and ingredients, are stated at the lower of cost or net realizable value. Cost is determined on an average cost basis.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation begins in the month of acquisition or when constructed or developed assets are ready for their intended use.

Intangible Assets

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets might not be recoverable. Impairment losses are recognized for the amount by which an asset's carrying value exceeds its future expected undiscounted cash flows. No impairment of long-lived assets occurred during the years ended December 31, 2017 and 2016.

Income Taxes

The Company has elected to be taxed as a partnership under the Internal Revenue Code and, accordingly, no provision for income taxes has been included in these financial statements.

Liability of Members

The members are not personally liable for any obligations of the Company, except as disclosed in Note 5, and have no obligation to make contributions to the Company in excess of their respective capital commitments as specified in the operating agreement.

Revenue Recognition

Revenue is recognized at the time that title and risk of loss passes to the customer.

**OGDEN'S OWN DISTILLERY, LLC**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Shipping and Handling Costs

Shipping and handling expenses for products shipped to customers are included in cost of goods sold.

Research and Development

Research and development costs are expensed in the year incurred.

Advertising and Promotion

All costs associated with advertising and promoting the Company's goods and services are expensed in the period incurred. Advertising expense totaled \$324,675 and \$254,861 for the years December 31, 2017 and 2016, respectively.

Subsequent Events

Management of the Company has evaluated subsequent events through January 3, 2019, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

NOTE 2 - INVENTORIES

Inventories consist of the following:

|                 | <b>2017</b> | <b>2016</b> |
|-----------------|-------------|-------------|
| Raw ingredients | \$ 196,838  | \$ 145,332  |
| Finished goods  | 147,073     | 95,070      |
|                 | \$ 343,911  | \$ 240,402  |

**OGDEN'S OWN DISTILLERY, LLC**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**December 31, 2017**

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

|                               | <b>2017</b> | <b>2016</b> |
|-------------------------------|-------------|-------------|
| Cost:                         |             |             |
| Machinery and equipment       | \$ 248,921  | \$ 184,161  |
| Office equipment              | 59,243      | 26,501      |
| Furniture and fixtures        | 440         | 440         |
| Leasehold improvements        | 80,815      | 62,491      |
| Vehicles                      | 42,156      | 42,156      |
| Buildings                     | 295,907     | 295,907     |
| Land                          | 30,000      | 30,000      |
|                               | 757,482     | 641,656     |
| Less accumulated depreciation | 191,936     | 131,828     |
| Net book value                | \$ 565,546  | \$ 509,828  |

Depreciation expense for the years ended December 31, 2017 and 2016 was \$60,108 and \$54,708, respectively.

NOTE 4 - INTANGIBLE ASSETS

Intangible assets consist of the following:

|                      | <b>2017</b> | <b>Cost</b> | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
|----------------------|-------------|-------------|-------------------------------------|---------------------------|
| Trademark and recipe | \$ 70,000   | \$ (17,889) | \$ 52,111                           |                           |
|                      |             |             |                                     |                           |
|                      | <b>2016</b> | <b>Cost</b> | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| Trademark and recipe | \$ 70,000   | \$ (13,222) | \$ 56,778                           |                           |

The trademark and recipe are amortized using the straight-line method over the estimated useful life of 15 years.

**OGDEN'S OWN DISTILLERY, LLC**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**December 31, 2017**

NOTE 4 - INTANGIBLE ASSETS (CONTINUED)

Future estimated amortization is as follows:

|            |           |               |
|------------|-----------|---------------|
| 2018       | \$        | 4,667         |
| 2019       |           | 4,667         |
| 2020       |           | 4,667         |
| 2021       |           | 4,667         |
| 2022       |           | 4,667         |
| Thereafter |           | <u>28,776</u> |
|            | <u>\$</u> | <u>52,111</u> |

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| Note to a private third party, interest at 6.25%, due in monthly installments of \$439 including interest, matures in July 2018, secured by trust deed  | \$ 52,351         | \$ 54,568         |
| Note to a bank, variable interest rate changes every 5 years to the current 5 year LIBOR/SWAP rate. Interest rate at 6.52% until June 2018, then 7.71% until June 2023, due in monthly installments of \$2,285 including interest, matures in June 2033, guaranteed by a member | 262,640           | 272,348           |
| Note to an equipment finance company, interest at 2.9%, due in monthly installments of \$754 including interest, matures in November 2020, secured by a vehicle   | <u>25,278</u>     | <u>33,599</u>     |
|   | 340,269           | 360,515           |
| Current portion of long-term liabilities  | <u>(70,960)</u>   | <u>(20,134)</u>   |
| Long-term liabilities, excluding current portion  | <u>\$ 269,309</u> | <u>\$ 340,381</u> |

Aggregate maturities of long-term liabilities in each of the next five years are as follows:

|            |           |                |
|------------|-----------|----------------|
| 2018       | \$        | 70,960         |
| 2019       |           | 19,550         |
| 2020       |           | 19,746         |
| 2021       |           | 12,404         |
| 2022       |           | 13,250         |
| Thereafter |           | <u>204,359</u> |
|            | <u>\$</u> | <u>340,269</u> |