

THE YOUNG LIVING FOUNDATION
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Young Living Foundation

Opinion

We have audited the accompanying financial statements of The Young Living Foundation (a Utah nonprofit organization) which comprise the statement of financial position as of December 31, 2021, the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Young Living Foundation as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Young Living Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Young Living Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Young Living Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Young Living Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Young Living Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Orem, Utah
August 18, 2022

THE YOUNG LIVING FOUNDATION
STATEMENT OF FINANCIAL POSITION

December 31, 2021 with Comparative Totals for 2020

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 8,966,072	\$ 8,986,886
Contributions receivable	798,903	342,602
Residence held for sale	-	385,533
Prepaid expenses	90,745	95,820
Investments	1,010	1,010
Total current assets	<u>\$ 9,856,730</u>	<u>\$ 9,811,851</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts and grants payable	\$ 4,371,400	\$ 74,000
Related party advance	-	440,000
Total current liabilities	4,371,400	514,000
Grants Payable , less current portion	<u>130,000</u>	<u>100,000</u>
Total liabilities	4,501,400	614,000
Net Assets:		
Without donor restrictions:		
Undesignated	1,808,796	7,472,601
Board designated	2,200,000	-
With donor restrictions	<u>1,346,534</u>	<u>1,725,250</u>
Total net assets	<u>5,355,330</u>	<u>9,197,851</u>
Total liabilities and net assets	<u>\$ 9,856,730</u>	<u>\$ 9,811,851</u>

The accompanying notes are an integral part of this financial statement.

THE YOUNG LIVING FOUNDATION
STATEMENT OF ACTIVITIES

Year Ended December 31, 2021 with Comparative Totals for 2020

	2021	2020
Net Assets Without Donor Restrictions:		
Revenues and support:		
Contributions	\$ 8,950,920	\$ 7,112,211
In-kind contributions	101,870	91,167
Gain on sale of residence held for sale	36,838	-
Net assets released from restrictions	<u>993,612</u>	<u>979,765</u>
Total revenues and support	10,083,240	8,183,143
Expenses:		
Program services:		
Direct assistance to other organizations	11,481,281	4,622,669
Service trips and other program services	1,224,075	978,693
Supporting services:		
Management and general	691,620	565,048
Fundraising	<u>150,069</u>	<u>176,711</u>
Total expenses	<u>13,547,045</u>	<u>6,343,121</u>
Change in net assets without donor restrictions	(3,463,805)	1,840,022
Net Assets With Donor Restrictions:		
Contributions	614,896	1,053,058
Net assets released from restrictions	<u>(993,612)</u>	<u>(979,765)</u>
Change in net assets with donor restrictions	<u>(378,716)</u>	<u>73,293</u>
Change in Net Assets	(3,842,521)	1,913,315
Net Assets at Beginning of Year	<u>9,197,851</u>	<u>7,284,536</u>
Net Assets at End of Year	<u><u>\$ 5,355,330</u></u>	<u><u>\$ 9,197,851</u></u>

The accompanying notes are an integral part of this financial statement.

THE YOUNG LIVING FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 with Comparative Totals for 2020

	Program Services		Supporting Services		Totals	
	Direct Assistance to Other Organizations	Service Trips and Other Program Services	Management and General	Fundraising	2021	2020
Salaries and benefits	\$ -	\$ 945,094	\$ 252,025	\$ 63,006	\$ 1,260,125	\$ 1,101,008
Awards and grants	11,481,281	-	-	-	11,481,281	4,622,669
Supplies and equipment	-	34,570	9,214	2,303	46,087	6,536
Office	-	182,721	48,726	12,181	243,628	93,739
Insurance	-	-	1,192	-	1,192	2,908
Occupancy	-	4,185	1,116	279	5,580	5,194
Professional fees	-	-	370,194	-	370,194	280,338
Travel	-	57,505	526	132	58,163	76,654
Promotion and marketing	-	-	8,627	72,168	80,795	154,075
Total expenses	<u>\$ 11,481,281</u>	<u>\$ 1,224,075</u>	<u>\$ 691,620</u>	<u>\$ 150,069</u>	<u>\$ 13,547,045</u>	<u>\$ 6,343,121</u>

The accompanying notes are an integral part of this financial statement.

THE YOUNG LIVING FOUNDATION
STATEMENT OF CASH FLOWS

Year Ended December 31, 2021 with Comparative Totals for 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ (3,842,521)	\$ 1,913,315
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of residence held for sale	(36,838)	-
Changes in operating assets and liabilities:		
Contributions receivable	(456,301)	33,268
Prepaid expenses	5,075	(89,405)
Accounts and grants payable	4,327,400	149,667
Net cash provided (used) by operating activities	(3,185)	2,006,845
Cash Flows for Investing Activities:		
Purchase of residence held for sale	(167,629)	(385,533)
Proceeds from sale of residence held for sale	590,000	-
Net cash provided (used) by investing activities	422,371	(385,533)
Cash Flows from Financing Activities:		
Proceeds from (repayment of) related party advance	(440,000)	440,000
Change in Cash	(20,814)	2,061,312
Cash at Beginning of Year	8,986,886	6,925,574
Cash at End of Year	<u>\$ 8,966,072</u>	<u>\$ 8,986,886</u>

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2021.

The accompanying notes are an integral part of this financial statement.

THE YOUNG LIVING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Young Living Foundation (the Foundation) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Young Living Foundation was incorporated in 2003 in the state of Utah. The mission of the Foundation is to empower individuals to achieve their potential and to defy limitations by providing wellness and education opportunities to underserved communities. The Foundation seeks to accomplish this mission primarily through assistance to other organizations around the world. The Foundation also collects and disburses donations to areas impacted by natural disaster.

Tax Status

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(a) and is classified as a Section 501(c)(3) public charity. Contributions to the Foundation are tax deductible to donors under Section 170 of the IRC. Also, the Foundation is exempt from state income taxes.

Grants Payable

Grants payable represent amounts owed to other organizations by the Foundation.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

The Foundation has designated a portion of its net assets without donor restrictions (\$2,200,000) to be used to support the Leadership Fund for Higher Education.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and support and expenses during the reporting period. Actual results could differ from those estimates.

THE YOUNG LIVING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services and indirect costs are allocated to programs based on personnel costs.

Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide for the overall support and direction of the Foundation. Fundraising expenses include those activities involved in soliciting contributions, conducting fundraising events, and other similar activities.

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events

The Foundation has evaluated subsequent events through August 18, 2022, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2021:

Financial assets at year end:	
Cash	\$ 8,966,072
Contributions receivable	<u>798,903</u>
Total financial assets	9,764,975
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(1,346,534)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 8,418,441</u></u>

The Foundation's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$2,250,000).

THE YOUNG LIVING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – RELATED PARTY TRANSACTIONS

The Foundation was created and is operated by Young Living Essential Oils, LC (YLEO). YLEO employees serve as Foundation board members. YLEO has committed to donate sufficient funds to cover the Foundation's general and administrative costs so that contributions received from YLEO members will be available for program services.

The Foundation received cash donations totaling \$1,974,614 and noncash donations totaling \$32,309 from YLEO during the year ended December 31, 2021. These contributions represented the amounts paid by YLEO on behalf of the Foundation (cash donations) and the value of office space and professional services provided by YLEO (noncash donations).

YLEO employees perform Foundation functions and the portion of their wages attributable to the Foundation are presented as Foundation expenses.

In addition to the amounts YLEO paid on the Foundation's behalf, YLEO contributed \$3,567,396 to the Foundation during the year ended December 31, 2021.

On December 21, 2020, the Foundation purchased a home with the intent to remodel and resell the home. YLEO advanced the Foundation \$440,000 to purchase and fund the remodeling costs. This advance had no repayment terms nor interest rate but was repaid from the sales proceeds when the home was sold in 2021.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restrictions consisted of the following at December 31, 2021:

Leadership for Higher Education	<u>\$ 1,346,534</u>
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A summary of net assets released from donor restrictions is as follows for the year ended December 31, 2021:

Leadership for Higher Education	\$ 136,995
Hope for Justice (Cambodia)	56,086
Service trips	47,159
Young Living Academy (Ecuador)	633,033
Disaster relief	107,611
Other	<u>12,728</u>
	<u>\$ 993,612</u>

NOTE 5 – CONCENTRATIONS

At December 31, 2021, the Foundation's carrying amount of cash was \$8,966,072 and the bank balance was \$8,932,874, of which \$250,000 was covered by federal depository insurance.

The Foundation received most of its contributions from YLEO or YLEO members.