

**THE YOUNG LIVING FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
Year Ended December 31, 2023

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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 nonprofit organization), which comprise the statement of financial position as of December 31, 2023, the related statements 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, 2023 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 audit. 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Squire & Company, PC*

Orem, Utah  
September 19, 2024

**THE YOUNG LIVING FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 3,283,891	\$ 7,312,866
Investments	3,860,771	-
Contributions receivable	248,706	516,845
Prepaid expenses	<u>2,449</u>	<u>89,510</u>
Total current assets	<u>\$ 7,395,817</u>	<u>\$ 7,919,221</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts and grants payable	\$ 55,900	\$ 106,088
<b>Grants Payable</b> , less current portion	<u>-</u>	<u>50,000</u>
Total liabilities	55,900	156,088
<b>Net Assets:</b>		
Without donor restrictions	5,980,200	5,441,258
With donor restrictions	<u>1,359,717</u>	<u>2,321,875</u>
Total net assets	<u>7,339,917</u>	<u>7,763,133</u>
Total liabilities and net assets	<u>\$ 7,395,817</u>	<u>\$ 7,919,221</u>

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

**THE YOUNG LIVING FOUNDATION**  
**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
<b>Net Assets Without Donor Restrictions:</b>		
Revenues and support:		
Contributions	\$ 4,221,791	\$ 4,352,062
In-kind contributions	32,008	32,135
Investment income	360,770	-
Net assets released from restrictions	<u>1,069,107</u>	<u>83,079</u>
Total revenues and support	5,683,676	4,467,276
Expenses:		
Program services:		
Direct assistance to other organizations	4,027,224	1,623,450
Service trips and other program services	760,931	824,975
Supporting services:		
Management and general	274,263	501,606
Fundraising	<u>82,316</u>	<u>84,783</u>
Total expenses	<u>5,144,734</u>	<u>3,034,814</u>
Change in net assets without donor restrictions	538,942	1,432,462
<b>Net Assets With Donor Restrictions:</b>		
Contributions	106,949	1,058,420
Net assets released from restrictions	<u>(1,069,107)</u>	<u>(83,079)</u>
Change in net assets with donor restrictions	<u>(962,158)</u>	<u>975,341</u>
<b>Change in Net Assets</b>	(423,216)	2,407,803
<b>Net Assets at Beginning of Year</b>	<u>7,763,133</u>	<u>5,355,330</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 7,339,917</u></u>	<u><u>\$ 7,763,133</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, 2023 with Summarized Comparative Totals for 2022

	Program Services		Supporting Services		Totals	
	Direct Assistance to Other Organizations	Service Trips and Other Program Services	Management and General	Fundraising	2023	2022
Salaries and benefits	\$ -	\$ 535,018	\$ 142,671	\$ 35,668	\$ 713,357	\$ 927,208
Awards and grants	4,027,224	-	-	-	4,027,224	1,623,450
Supplies and equipment	-	23,240	51	14	23,305	21,417
Office	-	133,481	35,595	8,898	177,974	74,342
Insurance	-	-	1,192	-	1,192	1,192
Occupancy	-	3,416	911	228	4,555	5,159
Professional fees	-	-	86,287	-	86,287	286,132
Travel	-	65,776	56	14	65,846	54,548
Promotion and marketing	-	-	7,500	37,494	44,994	41,366
Total expenses	<u>\$ 4,027,224</u>	<u>\$ 760,931</u>	<u>\$ 274,263</u>	<u>\$ 82,316</u>	<u>\$ 5,144,734</u>	<u>\$ 3,034,814</u>

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

**THE YOUNG LIVING FOUNDATION**  
**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (423,216)	\$ 2,407,803
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Gain on investments	(297,281)	-
Loss on disposal of investments	-	1,010
Changes in operating assets and liabilities:		
Contributions receivable	268,139	282,058
Prepaid expenses	87,061	1,235
Accounts and grants payable	(100,188)	(4,345,312)
Net cash used by operating activities	(465,485)	(1,653,206)
<b>Cash Flows for Investing Activities:</b>		
Net purchases of investments	(3,563,490)	-
<b>Change in Cash</b>	(4,028,975)	(1,653,206)
<b>Cash at Beginning of Year</b>	7,312,866	8,966,072
<b>Cash at End of Year</b>	<u>\$ 3,283,891</u>	<u>\$ 7,312,866</u>

**Supplementary Data:**

The Organization paid no interest or income taxes during the year ended December 31, 2023.

The Organization had no noncash investing or financing activities during the year ended December 31, 2023.

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



## **THE YOUNG LIVING FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **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 as a nonprofit corporation. 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.

*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**

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#### **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.

#### **Investments**

Investments are reported at their fair values in the statement of financial position. Net investment income (loss) in the statement of activities includes interest, dividends, and realized and unrealized gains and losses net of investment management fees. Investments consisted of stocks, mutual funds, limited liability companies and promissory notes (see Note 6).

#### **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, 2022, 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 September 19, 2024, 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, 2023:

Financial assets at year end:	
Cash	\$ 3,283,891
Investments	3,860,771
Contributions receivable	<u>248,706</u>
Total financial assets	7,393,368
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(1,359,717)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 6,033,651</u>

The Foundation's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$850,000).

## **THE YOUNG LIVING FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 3 – INVESTMENTS**

Investments consisted of the following at December 31, 2023:

Equity securities	\$ 2,024,250
Mutual funds	1,357,739
Limited liability companies	170,421
Promissory notes	120,000
Cash and accrued dividends	188,361
	<u>\$ 3,860,771</u>

#### **NOTE 4 – 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 \$933,910 and noncash donations totaling \$32,008 from YLEO during the year ended December 31, 2023. 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 \$375,508 to the Foundation during the year ended December 31, 2023.

#### **NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

A summary of net assets with donor restrictions consisted of the following at December 31, 2023:

Leadership for Higher Education	\$ 1,359,717
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A summary of net assets released from donor restrictions is as follows for the year ended December 31, 2023:

Leadership for Higher Education	\$ 118,858
Ending exploitation	273,509
Student sponsorships	676,740
	<u>\$ 1,069,107</u>

#### **NOTE 6 – CONCENTRATIONS**

At December 31, 2023, the Foundation's carrying amount of cash was \$3,283,891 and the bank balance was \$3,269,471, of which \$250,000 was covered by federal depository insurance.

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

## THE YOUNG LIVING FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 7– FAIR VALUE MEASUREMENTS

The Foundation uses various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of valuation techniques applied to the Foundation’s major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

*Mutual funds* – Valued at the net asset value of shares held by the Foundation at year end.

*Equity securities* – Valued based on the quoted price of the shares held by the Foundation at year end.

*Limited liability companies* – Valued at the net asset value of shares held by the Foundation at year end.

*Promissory notes* – Valued at the stated principal amount of the promissory note at year end.

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 2,024,250	\$ 2,024,250	\$ -	\$ -
Mutual funds	1,357,739	1,357,739	-	-
Limited liability companies	170,421	-	170,421	-
Promissory notes	120,000	-	120,000	-
Total	<u>\$ 3,672,410</u>	<u>\$ 3,381,989</u>	<u>\$ 290,421</u>	<u>\$ -</u>