UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X]

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015

OR

[ ]

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934
For the transition period from______________________ to____________________________

Commission file number 000-54900

YOUNGEVITY INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**90-0890517**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2400 Boswell Road, **Chula Vista, CA**	**91914**
(Address of principal executive offices)	(Zip Code)

(619) 934-3980
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:	**Name of each exchange on which registered**
None	

Securities registered pursuant to Section 12(g) of the Act:
Common stock $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Act). Yes [ ] No [X]

The aggregate market value of all of the Common Stock held by non-affiliates of the registrant as of June 30, 2015, the last business day of the registrant’s recently completed second quarter, was approximately $38,229,702 based upon the closing stock price reported on the OTCQX Market on June 30, 2015 on that date.

The number of shares of registrant's Common Stock outstanding on March 18, 2016 was 392,606,265.

Documents incorporated by reference: None.

YOUNGEVITY INTERNATIONAL, INC.
FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2015

Special Note Regarding Forward Looking Statements

This report contains "forward-looking" statements. We intend to identify forward-looking statements in this report by using words such as "believes," "intends," "expects," "may," "will," "should," "plan," "projected," "contemplates," "anticipates," "estimates," "predicts," "potential," "continue," or similar terminology. These statements are based on our beliefs as well as assumptions we made using information currently available to us. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Because these statements reflect our current views concerning future events, these statements involve risks, uncertainties, and assumptions. Actual future results may differ significantly from the results discussed in the forward-looking statements. These risks include changes in demand for our products, changes in the level of operating expenses, our ability to expand our network of customers, changes in general economic conditions that impact consumer behavior and spending, product supply, the availability, amount, and cost of capital to us and our use of such capital, and other risks discussed in this report. Additional risks that may affect our performance are discussed below under "Risk Factors."

YOUNGEVITY INTERNATIONAL, INC.
Annual Report (Form 10-K)
For Year Ended December 31, 2015

PART I

Item 1. Business

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this "Annual Report") contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. The forward-looking statements are contained principally in Part I, Item 1. "Business," Part I, Item 1A. "Risk Factors," and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," but are also contained elsewhere in this Annual Report. In some cases you can identify forward-looking statements by terminology such as "may," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions. These statements are based on our current beliefs, expectations, and assumptions and are subject to a number of risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements.

You should refer to Item 1A. "Risk Factors."" section of this Annual Report for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake any obligation to update any forward-looking statements.

Unless the context requires otherwise, references to "we," "us," "our," and "Youngevity," refer to Youngevity International, Inc. and its subsidiaries.

Item 1. Business

We operate in two segments: the direct selling segment where products are offered through a global distribution network of preferred customers and distributors and the commercial coffee segment where products are sold directly to businesses. During the year ended December 31, 2015, we derived approximately 89% of our revenue from our direct sales and approximately 11% of our revenue from our commercial coffee sales.

Direct Selling Segment - In the direct selling segment we sell health and wellness, beauty product and skin care, scrap booking and story booking items and packaged food products on a global basis and offer a wide range of products through an international direct selling network. Our direct sales are made through our network, which is a web-based global network of customers and distributors. Our multiple independent sales force markets a variety of products to an array of customers, through friend-to-friend marketing and social networking. We consider our company to be an e-commerce company whereby personal interaction is provided to customers by our Youngevity(R) Essential Life Sciences independent sales network. Initially, our focus was solely on the sale of products in the health, beauty and home care market through our marketing network; however, we have since expanded our selling efforts to include a variety of other products in other markets. Our direct selling segment offers more than 2,500 products to support a healthy lifestyle including:

- Nutritional products
- Sports and energy drinks
- Health and wellness-related services
- Lifestyle products (spa, bath, garden, and pet related products)
- Digital products including Scrap books and Memory books
- Apparel and fashion accessories
- Gourmet coffee
- Skincare and cosmetics
- Weight loss
- Pharmacy discount cards
- Packaged foods

Since 2010, we have expanded our operations through a series of acquisitions of other direct selling companies and their product lines, we have substantially expanded our distributor base by merging the companies that we have acquired under our web-based independent distributor network, as well as providing our distributors with additional new products to add to their product offerings.

On July 1, 2015 we acquired certain assets of Paws Group, LLC, a pet supply company and provider of treats for cats and dogs as well as grooming and bath products. On June 1, 2015, we acquired certain assets of Mialisia & Co., LLC, a jewelry sales company that specializes in interchangeable jewelry. On March 4, 2015, we acquired certain assets and assumed certain liabilities of JD Premium, LLC, a dietary supplement company and provider of vitamins, minerals and supplements. On February 23, 2015, we acquired certain assets and assumed certain liabilities of Sta-Natural, LLC, a dietary supplement company and provider of vitamins, minerals and supplements for families and their pets.

On October 1, 2014, we acquired certain assets and assumed certain liabilities of Restart Your Life, LLC, a dietary supplement company and provider of immune system support products and therapeutic skin lotions. In May 2014, we acquired certain assets and certain liabilities of Beyond Organics, LLC, a vertically integrated organic food and beverage company marketing its organic products through a network of independent sales distributors. In April 2014, we acquired certain assets and certain liabilities of Good Herbs, Inc., a traditional herbal company with pure, unaltered, chemical-free natural herbal supplements marketing its organic products through a network of independent sales distributors.

In November of 2013, we acquired certain assets and certain liabilities of Biometics International, Inc., a developer and distributor of a line of liquid supplements marketed through a network of independent sales distributors. In October 2013, we acquired certain assets and liabilities of GoFoods Global, LLC, a developer and distributor of a complete line of packaged foods including breads and desserts, soups and entrees. In August 2013, we acquired certain assets and certain liabilities of Heritage Markers, LLC, a developer and distributor of a line of digital products including scrap books, memory books and greeting cards marketed through a network of independent sales distributors and the product line is sold through an e-commerce platform. In July 2012, we acquired certain assets of Livinity, Inc., a developer and distributor of nutritional products through a network of distributors. In April 2012, we acquired certain assets of GLIE, LLC, a developer and distributor of nutritional supplements, including vitamins and mineral supplements. In October 2011, we acquired all of the equity of Financial Destination, Inc. ("FDI"), a seller of financial and health and wellness-related services and FDI became our wholly-owned subsidiary. In August 2011, we acquired the distributor base and product line of Adaptogenix International, a Salt Lake City based direct seller of botanical derived products, including a health line, wellness beverages and energy drinks. In July 2011, we acquired the distributors and product line of R-Garden, Inc., ("R-Garden") a Washington State based designer of nutritional supplements, including vitamin, mineral and unique plant enzyme supplements. In June 2011, we acquired the distributor base and product line of Bellamora, a Tampa, Florida- based marketer of skin care products. In September 2010, we acquired the distributor base and product line of Preferred Price Plus, Inc., a direct seller of health supplement products. In June 2010, we acquired the distributor base and product line of MLM Holdings, Inc., a direct seller of health brand supplements and facial products.

Coffee Segment - We engage in the commercial sale of one of our products, our coffee through our subsidiary CLR Roasters, LLC ("CLR") and its subsidiary. We own a traditional coffee roasting business that produces coffee under its own Café La Rica brand, Josie's Java House Brand and Javalution brands. CLR produces a variety of private labels through major national sales outlets and to major customers including cruise lines and office coffee service operators, as well as through our distributor network. Our coffee manufacturing division, CLR, was established in 2003 and is a wholly-owned subsidiary. CLR produces and markets a unique line of coffees with health benefits under the JavaFit(R) brand which is sold directly to consumers.

In March 2014, we expanded our coffee segment and started our new green coffee business with CLR's acquisition of Siles Plantation Family Group, which is now a wholly-owned subsidiary of CLR. Siles Plantation Family Group acquired in May 2014: (i) La Pita," a dry-processing facility on approximately 26 acres of land in Matagalpa, Nicaragua; (ii) "El Paraiso," a coffee plantation located in Matagalpa, Nicaragua consisting of approximately 450 acres of land and thousands of coffee plants; and (iii) we have paid a deposit to purchase "El Paraisito," an approximate 450 acre plantation located adjacent to El Paraiso. Each plantation is roughly 450 acres and produces 100 percent Arabica coffee beans that are shade grown, Rainforest Alliance Certified(TM) and Fair Trade Certified(TM). The 50,000 square foot drying facility is SQF Level 2 certified, which is a stringent food safety auditing process that verifies the coffee bean processing plant and distribution facility is in compliance with Certified HACCP (Hazard Analysis, Critical Control Points) food safety plans.

The two plantations are located on adjacent plots of land and when coupled with our recently acquired dry-processing facility and existing U.S. based coffee roaster facilities allows CLR to control the coffee production process from field to cup. The dry-processing plant allows CLR to produce and sell green coffee to major coffee suppliers in the United States and around the world. CLR has engaged a husband and wife team to operate the Siles Plantation Family Group by way of an operating agreement. The agreement provides for the sharing of profits and losses generated by the Siles Plantation Family Group after certain conditions are met. CLR has made substantial improvements to the land and facilities since 2014 and plans to continue improvements through 2016. The 2016 harvest season started in November 2015 and will continue through April of 2016.

Set forth below is information regarding each of our 2014 and 2015 acquisitions.

Paws Group, LLC

Effective July 1, 2015, we acquired certain assets of Paws Group, LLC, ("PAWS") a direct-sales company for pet lovers that offers an exclusive pet boutique carrying treats for dogs and cats as well as grooming and bath products. The purchase price consisted of a maximum aggregate purchase price of $150,000. We agreed to pay initial cash payment of approximately $61,000, for which we received certain inventories, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

Mialisia & Co., LLC

On June 1, 2015, we acquired certain assets of Mialisia & Co., LLC, ("Mialisia") a direct-sales jewelry company that specializes in interchangeable jewelry. As a result of this business combination, our distributors and customers have access to the unique line of Mialisia's patent-pending "VersaStyle(TM)" jewelry and Mialisia's distributors and customers will gain access to products offered by us. The purchase price consisted of a maximum aggregate purchase price of $1,900,000. We agreed to pay initial cash payment of $118,988, for which we received certain inventories, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

JD Premium LLC

On March 4, 2015, we acquired certain assets of JD Premium, LLC ("JD Premium") a dietary supplement company. As a result of this business combination, our distributors and customers obtained access to JD Premium's unique line of products and JD Premium's distributors and clients gain access to products offered by us. The purchase price consisted of a maximum aggregate purchase price of $500,000. We made an initial cash payment of $50,000 for the purchase of certain inventories, which has been applied against and reduce the maximum aggregate purchase price.

Sta-Natural, LLC

On February 23, 2015, we acquired certain assets and assumed certain liabilities of Sta-Natural, LLC, ("Sta-Natural") a dietary supplement company and provider of vitamins, minerals and supplements for families and their pets. As a result of this business combination, our distributors and customers have access to Sta-Natural's unique line of products and Sta-Natural's distributors and clients gain access to products offered by us. The purchase price consisted of a maximum aggregate purchase price of $500,000. We made an initial cash payment of $25,000 of which we also received certain inventories valued at $25,000, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

Restart Your Life

On October 1, 2014, we acquired certain assets and assumed certain liabilities of Restart Your Life, LLC, a dietary supplement company and provider of immune system support products and therapeutic skin lotions. The maximum cash consideration payable by us is $1,492,000 and we agreed to assume certain liabilities with a maximum payable amount of $258,000.

Beyond Organic, LLC

On May 1, 2014, we acquired certain assets and assumed certain liabilities of Beyond Organic, LLC, a vertically integrated organic food and beverage company. The maximum consideration payable by us is $6,200,000, subject to adjustment. For the first ten months, we are obligated to pay a monthly fixed amount of $92,500, followed by monthly payments based on percentage of Beyond Organic distributor revenues and royalty revenues until the earlier of the date that is seven years from the closing date or such time as we have paid to Beyond Organic aggregate cash payments of Beyond Organic distributor revenue and royalty revenue equal to the maximum aggregate purchase price.

Good Herbs, Inc.

On April 28, 2014, we acquired certain assets and assumed certain liabilities of Good Herbs, Inc., a traditional herbal company with pure, unaltered, chemical-free, natural herbal supplements. The maximum consideration payable by us is $1,900,000, subject to adjustments. We are obligated to make monthly payments based on a percentage of Good Herbs distributor revenue and royalty revenue until the earlier of the date that is 10 years from the closing date or such time as we have paid to Good Herbs aggregate cash payments of Good Herbs distributor revenue and royalty revenue equal to the maximum aggregate purchase price.

Products

Direct Selling Segment - Youngevity (R)

We offer more than 2,500 products to support a healthy lifestyle. All of these products, which are sold through our direct selling network, can be categorized into eleven sub-product lines. (Nutritional Supplements, Sports and Energy Drinks, Health and Wellness, Weight Loss, Gourmet Coffee, Skincare and Cosmetics, Lifestyle Services, digital products including Scrap books and Memory books, Packaged Foods, Pharmacy Discount Cards, Clothing and Jewelry line.)

Our flagship Nutritional Supplements include our Healthy Start Pak(TM), which includes Beyond Tangy Tangerine (R) (a multivitamin/mineral/amino acid supplement), EFA Plus(TM) (an essential fatty acid supplement), and Osteo-fx Plus(TM) (a bone and joint health supplement). This product category is continually evaluated, updated where and when necessary. New products are introduced to take advantage of new opportunities that may become available based on scientific research and or marketing trends. Beyond Tangy Tangerine (R) 2.0 was added to the line offering a second flavor option and a non GMO option our number one selling product. The Beyond Tangy Tangerine line, Osteo-fx line, Ultimate EFA line of products are the Company’s top selling products averaging 50% of our Direct Selling segment sales.

Our Sports and Energy Drinks include Rebound FX(TM), formulated for quick, sustained energy and endorsed by former All Star Basketball player Theo Ratliff. Our flagship Weight Management program is marketed as the Healthy Body Challenge which is a program that involves three phases including detoxification, transformation and the healthy lifestyle phase. Each phase includes recommended products. During the transformation phase we recommend the Slender FX(TM) Weight Management System, consisting of a meal replacement shake plus supplements to support healthy weight loss. Our Gourmet Coffee includes JavaFit(R), a line of gourmet coffees blended with nutrients to support various health aspects. Our Personal Care products include Youngevity(R) Mineral Makeup(TM) and Youngevity(R) Botanical Spa(TM), Ancient Legacy(TM) Essential Oils, and Isola Luce(TM) Palm Oil Candles. Our Home and Garden products include Arthrydex(TM), a joint health supplement for pets; Hydrowash(TM), an environmentally safe cleaner; and Bloomin Minerals(TM), a line of plant and soil revitalizers.

In 2014 we introduced our MK Collaboration line of fashion and jewelry accessories to complement our nutritional and makeup products and with the acquisition of Mialisia in 2015 and the licensing agreement we entered into with South Hill Designs which was effective January 13, 2016 (a proprietary jewelry company that sells customized lockets and charms), we have further expanded our jewelry line that our distributors have access to offering more variety and appealing to a broader consumer base.

Our acquisition of Heritage Makers in August of 2013 allows customers and distributors to create and publish a number of products utilizing their personal photos. A Heritage Makers account provides ongoing access to Studio, a user friendly, online program, where a person can make one-of-a-kind keepsakes, storybooks, photo gifts and more, using Heritage Makers rich library of digital art and product templates. Products available include Storybooks, Digital Scrapbooking, Cards, and Photo Gifts. The full offering can be viewed at www.heritagemakers.com. Information contained on our websites are not incorporated by reference, and do not form any part of, this Annual Report on Form 10-K. We have included the website address as a factual reference and do not intend it to be an active link to the website.

Coffee Segment - CLR Roasters, LLC ("CLR")

Our coffee line initially began in 2003 with the formation of Javalution. Javalution, through its JavaFit Brand, develops products in the relatively new category of fortified coffee. JavaFit fortified coffee is a blend of roasted ground coffee and various nutrients and supplements. On July 11, 2011, our AL Global Corporation, a privately held California corporation ("AL Global"), merged with and into a wholly-owned subsidiary of Javalution Coffee Company, a publicly traded Florida corporation ("Javalution"). After the merger, Javalution reincorporated in Delaware and changed its name to Youngevity International, Inc., effective July 23, 2013. In connection with this merger, CLR, which had been a wholly-owned subsidiary of Javalution prior to the merger, continued to be a wholly-owned subsidiary of the Company. CLR operates a traditional coffee roasting business, and through the merger we were provided access to additional distributors, as well as added the JavaFit® product line to our network of direct marketers.

Our JavaFit line of coffee is only sold through our direct selling network. CLR produces coffee under its own brands, as well as under a variety of private labels through major national retailers, various office coffee and convenience store distributors, to wellness and retirement centers, to a number of cruise lines and cruise line distributors, and direct to the consumer through sales of the JavaFit Brand to our direct selling division.

In addition, CLR produces coffee under several company owned brands including: Café La Rica, Café Alma, Josie's Java House, Javalution Urban Grind, Javalution Daily Grind, and Javalution Royal Roast. These brands are sold to various internet and traditional brick and mortar retailers including Wal-Mart, Winn-Dixie, Jetro, American Grocers, Publix, Home Goods, Marshalls and TJ Maxx.

During 2015 CLR invested in the K-Cup coffee equipment and capabilities and began the production of the K-Cup line of single-serve coffee products. In addition, we registered our own Y-Cup® trademark for Youngevity identification to expand the business brand name.

CLR's green coffee business provides for the sale of green coffee beans to other roasters and distributors, primarily from the distribution of coffee beans from Nicaragua.

Our products offered by CLR include:

- 100% Colombian Premium Blend;
- House Blend;
- Dark Roast;
- Donut Shop;
- Flavored Coffees;
- Espresso;
- Italian Espresso;
- Decaffeinated Coffee;
- Half Caff Espresso;
- Green Coffee Beans;
- Organic Coffees; and
- Select Water Decaffeinated.

The commercial coffee segment's revenues were 11% of total revenues for the year ended December 31, 2015.

Distribution

Direct Selling Segment - We presently sell products in 70 countries and territories, including all 50 states in the U.S., with operations in the U.S. and currently six international distribution centers. For the year ended December 31, 2015 approximately 7% of our sales were derived from sales outside the U.S. We primarily sell our products to the ultimate consumer through the direct selling channel. Our distributors are required to pay a one-time enrollment fee and receive a welcome kit specific to that country region that consists of forms, policy and procedures, selling aids, and access to our distributor website, prior to commencing services for us as a distributor. Distributors are independent contractors and not our employees. Distributors earn a profit by purchasing products directly from us at a discount from a published brochure price and selling them to their customers, the ultimate consumer of our products. We generally have no arrangements with end users of our products beyond the distributors, except as described below. No single distributor accounts for more than 2% of our net sales.

A distributor contacts customers directly, selling primarily through our online or printed brochures, which highlight new products and special promotions for each of our sales campaigns. In this sense, the distributor, together with the brochure, is the "store" through which our products are sold. A brochure introducing new sales campaigns is frequently produced and our websites and social networking activity take place on a continuous basis. Generally, distributors and customer's forward orders using the internet, mail, telephone, or fax and payments are processed via credit card or other acceptable forms of payment at the time an order is placed. Orders are processed and the products are assembled primarily at our distribution center in Chula Vista, California and delivered to distributors, distribution centers and customers through a variety of local, national and international delivery companies.

We employ certain web enabled systems to increase distributor support, which allow distributors to run their business more efficiently and also allow us to improve our order-processing accuracy. In many countries, distributors can utilize the internet to manage their business electronically, including order submission, order tracking, payment and two-way communications. In addition, distributors can further build their own business through personalized web pages provided by us, enabling them to sell a complete line of our products online. Self-paced online training is also available in certain markets, as well as up-to-the-minute news, about us.

In the U.S. and selected other markets, we also market our products through the following consumer websites:

- www.youngevity.com
- www.ygyi.com
- www.90forlife.com
- www.clrroasters.com
- www.cafelarica.com
- www.heritagemakers.com
- www.mkcollab.com

Information contained on our websites are not incorporated by reference into, and do not form any part of, this Annual Report on Form 10-K. We have included the website address as a factual reference and do not intend it to be an active link to the website.

The recruiting of new distributors and the training are the primary responsibilities of key independent distributors supported by our marketing staff. The independent distributors are independent contractors compensated exclusively based on total sales of products achieved by their down-line distributors and customers. Although the independent distributors are not paid a fee for recruiting additional distributors, they have the incentive to recruit additional distributors to increase their opportunities for increasing their total sales and related sales commissions. Acquisitions of other direct selling businesses and personal contacts, including recommendations from current distributors, and local market advertising constitute the primary means of obtaining new distributors and customers. Distributors also have the opportunity to earn bonuses based on the net sales of products made by distributors they have recruited and trained in addition to discounts earned on their own sales of our products. This program can be unlimited based on the level achieved in accordance with the compensation plan that can change from time to time at our discretion. The primary responsibilities of sales leaders are the prospecting, appointing, training and development of their down-line distributors while maintaining a certain level of their own sales.

Coffee Segment – The coffee segment is operated by CLR. The segment operates a coffee roasting plant and distribution facility located in Miami, Florida. The 39,500 square foot plant contains two commercial grade roasters and four commercial grade grinders capable of roasting 10 million pounds of coffee annually. The plant contains a variety of packaging equipment capable of producing two ounce fractional packs, vacuum sealed brick packaging for espresso, various bag packaging configurations ranging from eight ounces up to a five pound bag package, as well as Super Sack packaging that holds bulk coffee up to 1,100 pounds.

The versatility of the plant supports a diverse customer base. The coffee segment is a large supplier to the hospitality market with a great focus on serving the cruise line industry. A major revenue producing area is the private label market where the company produces coffee for various retailer owned private brands. The segment supplies coffee and equipment to retirement communities, services the office coffee service segment, and markets through distributors to the convenient store market; CLR also markets its own brands of coffee to various retailers. Company owned brands that are currently on retail shelves are Café La Rica, Josie's Java House, and the Javalution stable of brands.

The coffee segment also includes our green coffee business. CLR sources green coffee from Nicaragua in Central America and sells procured coffee to other coffee distributors. In addition, with the recent acquisition of the Nicaragua plantation and dry-processing facility we are able to further expand our coffee segment with the ability to process green coffee not only for our own use but also expand this service to other coffee growers.

Seasonality and Back Orders

Our business in both the direct selling and coffee segment can experience weaker sales during the summer months; however, based on recent experience, seasonality has not been material to our operation results. We have not experienced significant back orders.

Promotion and Marketing

Direct Selling Segment - Sales promotion and sales development activities are directed at assisting distributors through sales aids such as brochures, product samples and demonstration products. In order to support the efforts of distributors to reach new customers, specially designed sales aids, promotional pieces, customer flyers, radio and print advertising are used. In addition, we seek to motivate our distributors through the use of special incentive programs that reward superior sales performance. Periodic sales meetings with our independent distributors are conducted by the Company's marketing staff. The meetings are designed to keep distributors abreast of product line changes, explain sales techniques and provide recognition for sales performance.

A number of merchandising techniques are used, including the introduction of new products, the use of combination offers, the use of trial sizes and samples, and the promotion of products packaged as gift items. In general, for each sales campaign, a distinctive brochure is published, in which new products are introduced and selected items are offered as special promotions or are given particular prominence in the brochure. A key current priority for our merchandising is to continue the use of pricing and promotional models to enable a deeper, fact-based understanding of the role and impact of pricing within our product portfolio.

Coffee Segment – Sales promotion and sales development primarily take place via CLR in-house team, however, we utilize commission only outside manufacturers' representatives for a number of specialty accounts. CLR works diligently to be sure that the Company is invited to participate in the request for proposal ("RFP") process that comes up each year on major coffee contracts. CLR Roasters in-house sales team consists of five people that devote the majority of their time to obtaining new business. CLR has established a direct store distribution ("DSD") route that it utilizes to market, promote and ship its Café La Rica and Josie's Java House brands. Various promotion strategies and advertisements in retail circulars are utilized to support the brands being marketed through DSD.

Suppliers

Direct Selling Segment - We purchase raw materials from numerous domestic and international suppliers. Other than the coffee products produced through CLR, all of our products are manufactured by independent suppliers. To achieve certain economies of scale, best pricing and uniform quality, we rely primarily on a few principal suppliers, namely: Global Health Labs, Inc., Pacific Nutritional, Inc. and Nutritional Engineering, Inc.

Sufficient raw materials were available during the year ended December 31, 2015 and we believe they will continue to be. We monitor the financial condition of certain suppliers, their ability to supply our needs, and the market conditions for these raw materials. We believe we will be able to negotiate similar market terms with alternative suppliers if needed.

Coffee Segment - We currently source green coffee from Nicaragua. For large contracts, CLR from time to time locks in a price with its suppliers to protect CLR and its customers from price fluctuations that take place in the commodities market.

We purchase our inventory from multiple third-party suppliers at competitive prices. For the year ended December 31, 2015 we made purchases from three vendors that individually comprised more than 10% of total purchases and in aggregate approximated 61% of total purchases for the two segments. We will also be able to produce green coffee from CLR's own plantation it acquired in Nicaragua in 2014. We do not believe that CLR is substantially dependent upon nor exposed to any significant concentration risk related to purchases from any single vendor, given the availability of alternative sources from which we may purchase inventory.

Intellectual Property

We have developed and we use registered trademarks in our business, particularly relating to our corporate and product names. We own several trademarks that are registered with the U.S. Patent and Trademark Office and we also own trademarks in Canada, Australia, New Zealand, Singapore, Mexico, and Russia. Registration of a trademark enables the registered owner of the mark to bar the unauthorized use of the registered trademark in connection with a similar product in the same channels of trade by any third-party in the respective country of registration, regardless of whether the registered owner has ever used the trademark in the area where the unauthorized use occurs.

We also claim ownership and protection of certain product names, unregistered trademarks, and service marks under common law. Common law trademark rights do not provide the same level of protection that is afforded by the registration of a trademark. In addition, common law trademark rights are limited to the geographic area in which the trademark is actually used. We believe these trademarks, whether registered or claimed under common law, constitute valuable assets, adding to recognition of our brands and the effective marketing of our products. We intend to maintain and keep current all of our trademark registrations and to pay all applicable renewal fees as they become due. The right of a trademark owner to use its trademarks, however, is based on a number of factors, including their first use in commerce, and trademark owners can lose trademark rights despite trademark registration and payment of renewal fees. We therefore believe that these proprietary rights have been and will continue to be important in enabling us to compete, and if for any reason we were unable to maintain our trademarks, our sales of the related products bearing such trademarks could be materially and negatively affected. See "Risk Factors".

We own certain intellectual property, including trade secrets that we seek to protect, in part, through confidentiality agreements with employees and other parties. Most of our products are not protected by patents and therefore such agreements are often our only form of protection. Even where these agreements exist, there can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known to or independently developed by competitors. Our proprietary product formulations are generally considered trade secrets, but are not otherwise protected under intellectual property laws.

We intend to protect our legal rights concerning intellectual property by all appropriate legal action. Consequently, we may become involved from time to time in litigation to determine the enforceability, scope, and validity of any of the foregoing proprietary rights. Any patent litigation could result in substantial cost and divert the efforts of management and technical personnel.

Industry Overview

We are engaged in two industries, the direct selling industry and the sale of coffee industry.

Direct Selling Industry

Direct selling is a business distribution model that allows a company to market its products directly to consumers by means of independent contractors and relationship referrals. Independent, unsalaried salespeople, referred to as distributors, represent us and are awarded a commission based upon the volume of product sold through each of their independent business operations.

According to the World Federation of Direct Selling Association 2015 annual report, it is estimated that 2014 retail sales for the direct selling channel increased 5.5% to $34.7 billion from $32.7 billion in 2013. The direct selling channel in the US has seen a compounded annual growth rate between 2011 and 2014 of 4.9%. Driving industry growth is the increase in the number of people involved in direct selling, which increased 8% to nearly 18.2 million in 2014 from 16.8 million in 2013. In 2014, the number of people active in direct selling reached 18.2 million stemming from the recession of 2009 reflecting people losing their jobs, thus seeking to earn money as a direct selling organization. The World Federation of Direct Selling Association 2015 annual report reports that the top product categories continue to gain market share: nutrition, beauty, home care, jewelry, clothing, home décor, energy, telecommunications products, legal and services. Wellness products include weight-loss products and dietary supplements.

Coffee Selling Industry

According to IBIS *World* industry March 2016 reports 51121c. “Coffee Production and Demand in the U.S.”, during the past five years, the coffee production industry fared well, exhibiting revenue growth due to increases in input commodity prices that were passed on to customers. Moreover, in the next five years, the industry is expected to benefit from consumer demand for premium-coffee products. As the world price of coffee is expected to grow, coffee producers are expected to benefit from less volatile input commodity prices, compared with the previous period. As a result, we anticipate that coffee producers will be able to efficiently reflect input commodity pricing in their coffee prices. The strong demand projection comes at a time of squeezed global coffee supplies, which pushed prices to multiyear highs last year following a historic drought in Brazil, the world’s largest grower.

Competition

Direct Selling Segment – The diet fitness and health food industries, as well as the food and drink industries in general, are highly competitive, rapidly evolving and subject to constant change. The number of competitors in the overall diet, fitness, health food, and nutraceutical industries is virtually endless. We believe that existing industry competitors are likely to continue to expand their product offerings. Moreover, because there are few, if any, substantial barriers to entry, we expect that new competitors are likely to enter the “functional foods” and nutraceutical markets and attempt to market “functional food” or nutraceutical coffee products similar to our products, which would result in greater competition. We cannot be certain that we will be able to compete successfully in this extremely competitive market.

We face competition from competing products in each of our lines of business, in both the domestic and international markets. Worldwide, we compete against products sold to consumers by other direct selling and direct-sales companies and through the Internet, and against products sold through the mass market and prestige retail channels. We also face increasing competition in our developing and emerging markets.

Within the direct selling channel, we compete on a regional and often country-by-country basis, with our direct selling competitors. There are also a number of direct selling companies that sell product lines similar to ours, some of which also have worldwide operations and compete with us globally. We compete against large and well-known companies that manufacture and sell broad product lines through various types of retail establishments such as General Foods and Nestle. In addition, we compete against many other companies that manufacture and sell in narrower product lines sold through retail establishments. This industry is highly competitive, and some of our principal competitors in the industry are larger than we are and have greater resources than we do. Competitive activities on their part could cause our sales to suffer. We have many competitors in the highly competitive energy drink, skin care and cosmetic, coffee, pet line and pharmacy card industries globally, including retail establishments, principally department stores, and specialty retailers, and direct-mail companies specializing in these products. Our largest direct sales competitors are Herbalife, Amway, USANA and NuSkin. In the energy drink market we compete with companies such as Red Bull, Gatorade and Rock Star. Our beauty, skin care and cosmetic products compete with Avon and Bare Essentials. From time to time, we need to reduce the prices for some of our products to respond to competitive and customer pressures or to maintain our position in the marketplace. Such pressures also may restrict our ability to increase prices in response to raw material and other cost increases. Any reduction in prices as a result of competitive pressures, or any failure to increase prices when raw material costs increase, would harm profit margins and, if our sales volumes fail to grow sufficiently to offset any reduction in margins, our results of operations would suffer.

We are also subject to significant competition from other network marketing organizations for the time, attention, and commitment of new and existing distributors. Our ability to remain competitive depends, in significant part, on our success in recruiting and retaining distributors. There can be no assurance that our programs for recruiting and retaining distributors will be successful. The pool of individuals who may be interested in network marketing is limited in each market and it is reduced to the extent other network marketing companies successfully recruit these individuals into their businesses. Although we believe we offer an attractive opportunity for distributors, there can be no assurance that other network marketing companies will not be able to recruit our existing distributors or deplete the pool of potential distributors in a given market.

Coffee Segment – With respect to our coffee products, we compete not only with other widely advertised branded products, but also with private label or generic products that generally are sold at lower prices. Consumers' willingness to purchase our products will depend upon our ability to maintain consumer confidence that our products are of a higher quality and provide greater value than less expensive alternatives. If the difference in quality between our brands and private label products narrows, or if there is a perception of such a narrowing, then consumers may choose not to buy our products at prices that are profitable for us. If we do not succeed in effectively differentiating ourselves from our competitors in specialty coffee, including by developing and maintaining our brands, or our competitors adopt our strategies, then our competitive position may be weakened and our sales of specialty coffee, and accordingly our profitability, may be materially adversely affected.

Government Regulations

The processing, formulation, manufacturing, packaging, labeling, advertising, and distribution of our products are subject to federal laws and regulation by one or more federal agencies, including the FDA, the FTC, the Consumer Product Safety Commission, the U.S. Department of Agriculture, and the Environmental Protection Agency. These activities are also regulated by various state, local, and international laws and agencies of the states and localities in which our products are sold. Government regulations may prevent or delay the introduction or require the reformulation, of our products, which could result in lost revenues and increased costs to us. For instance, the FDA regulates, among other things, the composition, safety, labeling, and marketing of dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use). The FDA may not accept the evidence of safety for any new dietary ingredient that we may wish to market, may determine that a particular dietary supplement or ingredient presents an unacceptable health risk, and may determine that a particular claim or statement of nutritional value that we use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a “health claim.” Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements of nutritional support for them. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenues from any additional products that we are required to remove from the market, any of which could be material. Any product recalls or removals could also lead to liability, substantial costs, and reduced growth prospects. With respect to FTC matters, if the FTC has reason to believe the law is being violated (e.g. failure to possess adequate substantiation for product claims), it can initiate an enforcement action. The FTC has a variety of processes and remedies available to it for enforcement, both administratively and judicially, including compulsory process authority, cease and desist orders, and injunctions. FTC enforcement could result in orders requiring, among other things, limits on advertising, consumer redress, divestiture of assets, rescission of contracts, or such other relief as may be deemed necessary. Violation of these orders could result in substantial financial or other penalties. Any action against us by the FTC could materially and adversely affect our ability to successfully market our products.

Additional or more stringent regulations of dietary supplements and other products have been considered from time to time. These developments could require reformulation of some products to meet new standards, recalls or discontinuance of some products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of some products, additional or different labeling, additional scientific substantiation, adverse event reporting, or other new requirements. Any of these developments could increase our costs significantly. For example, the Dietary Supplement and Nonprescription Drug Consumer Protection Act (S3546), which was passed by Congress in December 2006, impose significant regulatory requirements on dietary supplements including reporting of “serious adverse events” to FDA and recordkeeping requirements. This legislation could raise our costs and negatively impact our business. In June 2007, the FDA adopted final regulations on GMPs in manufacturing, packaging, or holding dietary ingredients and dietary supplements, which apply to the products we manufacture and sell.

These regulations require dietary supplements to be prepared, packaged, and held in compliance with certain rules. These regulations could raise our costs and negatively impact our business. Additionally, our third-party suppliers or vendors may not be able to comply with these rules without incurring substantial expenses. If our third-party suppliers or vendors are not able to timely comply with these new rules, we may experience increased cost or delays in obtaining certain raw materials and third-party products. Also, the FDA has announced that it plans to publish guidance governing the notification of new dietary ingredients. Although FDA guidance is not mandatory, it is a strong indication of the FDA’s current views on the topic discussed in the guidance, including its position on enforcement.

In addition, there are an increasing number of laws and regulations being promulgated by the U.S. government, governments of individual states and governments overseas that pertain to the Internet and doing business online. In addition, a number of legislative and regulatory proposals are under consideration by federal, state, local, and foreign governments and agencies. Laws or regulations have been or may be adopted with respect to the Internet relating to:

- liability for information retrieved from or transmitted over the Internet;
- online content regulation;
- commercial e-mail;
- visitor privacy; and
- taxation and quality of products and services.

Moreover, the applicability to the Internet of existing laws governing issues such as:

- intellectual property ownership and infringement;
- consumer protection;
- obscenity;
- defamation;
- employment and labor;
- the protection of minors;
- health information; and
- personal privacy and the use of personally identifiable information.

This area is uncertain and developing. Any new legislation or regulation or the application or interpretation of existing laws may have an adverse effect on our business. Even if our activities are not restricted by any new legislation, the cost of compliance may become burdensome, especially as different jurisdictions adopt different approaches to regulation.

We are also subject to laws and regulations, both in the U.S. and internationally, that are directed at ensuring that product sales are made to consumers of the products and that compensation, recognition, and advancement within the marketing organization are based on the sale of products rather than on investment in the sponsoring company. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as “pyramid” schemes, which compensate participants for recruiting additional participants irrespective of product sales, use high pressure recruiting methods and or do not involve legitimate products. Complying with these rules and regulations can be difficult and requires the devotion of significant resources on our part.

Management Information, Internet and Telecommunication Systems

The ability to efficiently manage distribution, compensation, inventory control, and communication functions through the use of sophisticated and dependable information processing systems is critical to our success.

We continue to upgrade systems and introduce new technologies to facilitate our continued growth and support of independent distributor activities. These systems include: (1) an internal network server that manages user accounts, print and file sharing, firewall management, and wide area network connectivity; (2) a leading brand database server to manage sensitive transactional data, corporate accounting and sales information; (3) a centralized host computer supporting our customized order processing, fulfillment, and independent distributor management software; (4) a standardized telecommunication switch and system; (5) a hosted independent distributor website system designed specifically for network marketing and direct selling companies; and (6) procedures to perform daily and weekly backups with both onsite and offsite storage of backups.

Our technology systems provide key financial and operating data for management, timely and accurate product ordering, commission payment processing, inventory management and detailed independent distributor records. Additionally, these systems deliver real-time business management, reporting and communications tools to assist in retaining and developing our sales leaders and independent distributors. We intend to continue to invest in our technology systems in order to strengthen our operating platform.

Product Returns

Our return policy in the direct selling segment provides that customers and distributors may return to us any products purchased within 30 days of their initial order for a full refund. Product damaged during shipment is replaced. Product returns as a percentage of our net sales have been approximately 1% of our monthly net sales over the last two years. Commercial coffee segment sales are only returnable if defective.

Employees

As of March 18, 2016, we had 382 employees worldwide. We believe that our current personnel are capable of meeting our operating requirements in the near term. We expect that as our business grows we may hire additional personnel to handle the increased demands on our operations and to handle some of the services that are currently being outsourced, such as brand management and sales efforts.

Our Corporate History

Youngevity International, Inc., formerly AL International, Inc., founded in 1996, operates through the following domestic wholly-owned subsidiaries: AL Global Corporation, which operates our direct selling networks, CLR, our commercial coffee business, Financial Destinations, Inc., FDI Management, Inc., and MoneyTrax, LLC; (collectively referred to as "FDI"), MK Collaborative LLC, Youngevity Global, LLC and the wholly-owned foreign subsidiaries Youngevity Australia Pty. Ltd. and Youngevity NZ, Ltd. In addition the Company formed seven international business subsidiaries in 2015 and 2014: Siles Plantation Family Group S.A. located in Nicaragua (subsidiary of CLR), Youngevity Mexico S.A. de CV, Youngevity Israel, Ltd., Youngevity Russia, LLC, Youngevity Colombia S.A.S, Singapore PTE LTD and Mialisia Canada, Inc.

Effective July 23, 2013, we changed our name from AL International, Inc. to Youngevity International, Inc.

On July 11, 2011, AL Global Corporation, a privately held California corporation ("AL Global"), merged with and into a wholly-owned subsidiary of Javalution Coffee Company, a publicly traded Florida corporation ("Javalution"). After the merger, Javalution reincorporated in Delaware and changed its name to Youngevity International, Inc., effective July 23, 2013. In connection with this merger, CLR, which had been a wholly-owned subsidiary of Javalution prior to the merger, continued to be a wholly-owned subsidiary of the Company. CLR operates a traditional coffee roasting business, and through the merger we were provided access to additional distributors, as well as added the JavaFit® product line to our network of direct marketers.

Emerging Growth Company

We are an emerging growth company under the Jumpstart Our Business Startups Act (the "JOBS Act"), which was enacted in April 2012. We shall continue to be deemed an emerging growth company until the earliest of:

(a) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more;
(b) the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement;
(c) the date on which we have issued more than $1 billion in non-convertible debt, during the previous 3-year period, issued; or.
(d) the date on which we are deemed to be a large accelerated filer.

As an emerging growth company we will be subject to reduced public company reporting requirements. As an emerging growth company we are exempt from Section 404(b) of Sarbanes Oxley. Section 404(a) requires issuers to publish information in their annual reports concerning the scope and adequacy of the internal control structure and procedures for financial reporting. This statement shall also assess the effectiveness of such internal controls and procedures. Section 404(b) requires that the registered accounting firm shall, in the same report, attest to and report on the assessment on the effectiveness of the internal control structure and procedures for financial reporting.

As an emerging growth company we are also exempt from Section 14A (a) and (b) of the Securities Exchange Act of 1934 which require the shareholder approval, on an advisory basis, of executive compensation and golden parachutes.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the Jobs Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Our Corporate Headquarters

Our corporate headquarters are located at 2400 Boswell Road, Chula Vista, California 91914. This is also the location of our operations and distribution center**.** The facility consists of a 59,000 square foot Class A single use building that is comprised 40% of office space and the balance is used for distribution.

Our telephone number is (619) 934-3980 and our facsimile number is (619) 934-3205.

Available Information

Our common stock is traded on the OTCQX Marketplace, operated by the OTC Markets Group, under the symbol “YGYI”.

Additional information about our company is contained at our website, http://www.youngevity.com. Information contained on our website is not incorporated by reference into, and does not form any part of, this Annual Report on Form 10-K. We make have included our website address as a factual reference and do not intend it to be an active link to our website. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through the investor relations page of our internet website as soon as reasonably practicable after those reports are electronically filed with, or furnish it to, the SEC. The following Corporate Governance documents are also posted on our website: Code of Business Conduct and Ethics and the Charters for the Audit Committee and Compensation Committee Our phone number is (619)934-3980 and our facsimile number is (619)934-5009.

RISK FACTORS

Investing in our common stock involves a high degree of risk, and you should be able to bear the complete loss of your investment. You should carefully consider the risks described below and, the other information in the documents incorporated by reference herein when evaluating our company and our business. If any of the following risks actually occur, our business could be harmed. In such case, the trading price of our common stock could decline and investors could lose all or a part of the money paid to buy our common stock.

RISKS RELATING TO OUR BUSINESS

Because we have recently acquired several businesses and significantly increased our investment in our green coffee business, it is difficult to predict to what extent we will be able to maintain or improve our current level of revenues and profitability

No assurances can be given as to the amount of future revenue or profits that we may generate. Until recently, our business was comprised primarily of the direct sales of Youngevity(R) health products. In the last four years, we completed 15 business acquisitions of companies in the direct selling line of business, substantially increasing our Youngevity health product lines. It is too early to predict whether consumers will accept, and continue to use on a regular basis, the products we added from these new acquisitions since we have had limited recent operating history as a combined entity. In addition, we have recently acquired a dry-processing plant and a coffee plantation in Nicaragua and are in the process of expanding our product line with the purchase of K-Cup manufacturing capabilities which we launched in May 2015. It is too early to predict the results of our capital investment in the green coffee business.

Our business is difficult to evaluate because we have recently expanded our product offering and customer base.

We have recently expanded our operations, engaging in the sale of new products through new distributors. There is a risk that we will be unable to successfully integrate the newly acquired businesses with our current management and structure. Although we are based in California, several of the businesses we acquired are based in other places such as Utah and Florida, making the integration of our newly acquired businesses difficult. In addition, our dry-processing plant and coffee plantation is located overseas in the country of Nicaragua. Our estimates of capital, personnel and equipment required for our newly acquired businesses are based on the historical experience of management and businesses they are familiar with. Our management has limited direct experience in operating a business of our current size as well as one that is publicly traded.

Our ability to generate profit will be impacted by payments we are required to make under the terms of our acquisition agreements, the extent of which is uncertain.

Since many of our acquisition agreements are based on future consideration, we could be obligated to make payments that exceed expectations. Many of our acquisition agreements require us to make future payments to the sellers based upon a percentage of sales of products. The carrying value of the contingent acquisition debt, which requires re-measurement each reporting period, is based on our estimates of future sales and therefore is difficult to accurately predict. Profits could be adversely impacted in future periods if adjustment of the carrying value of the contingent acquisition debt is required.

We may have difficulty managing our future growth.

Since we initiated our network marketing sales channel in fiscal 1997, our business has grown significantly. This growth has placed substantial strain on our management, operational, financial and other resources. If we are able to continue to expand our operations, we may experience periods of rapid growth, including increased resource requirements. Any such growth could place increased strain on our management, operational, financial and other resources, and we may need to train, motivate, and manage employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with our business objectives could have a material adverse effect on our business and results of operations. In addition, the financing for any of future acquisitions could dilute the interests of our stockholders; resulting in an increase in our indebtedness or both. Future acquisitions may entail numerous risks, including:

- difficulties in assimilating acquired operations or products, including the loss of key employees from acquired businesses and disruption to our direct selling channel;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with suppliers and customers; and
- risks of entering markets in which we have limited or no prior experience.

Our failure to successfully complete the integration of any acquired business could have a material adverse effect on our business, financial condition, and operating results. In addition, there can be no assurance that we will be able to identify suitable acquisition candidates or consummate acquisitions on favorable terms.

The failure to comply with the terms of our outstanding Notes could result in a default under the terms of the notes and, if uncured, it could potentially result in action against the pledged assets of CLR.

We have issued $7,187,500 of convertible notes (the “November 2015 Notes) to investors in November 2015 (the “November 2015 Offering”) that are secured by certain of our assets and those of CLR other than its inventory and accounts receivable. We have also issued an additional $4,750,000 in principal amount of notes (the “September 2014 Notes”) in September 2014 Offering (the “September 2014 Offering”) secured by CLR’s pledge of the Nicaragua green coffee beans acquired with the proceeds, the contract rights under a letter of intent and all proceeds of the foregoing (which lien is junior to CLR’s factoring agreement and equipment lease but senior to all of its other obligations), Stephan Wallach, our Chief Executive Officer, has also personally guaranteed the repayment of the notes, and has agreed not to sell, transfer or pledge 30 million shares of our common stock that he owns so long as his personal guaranty is in effect. The November 2015 Notes mature in 2018, and the September 2014 Notes mature in 2019 and require us, among other things, to maintain the security interest given by CLR for the notes, make quarterly installments of interest, reserve a sufficient number of our shares of common stock for conversion requests and honor any conversion requests made by the investors to convert their notes into shares of our common stock. If we fail to comply with the terms of the notes, the note holders could declare a default under the notes and if the default were to remain uncured, as secured creditors they would have the right to proceed against the collateral secured by the loans. Any action by secured creditors to proceed against CLR assets or our assets would likely have a serious disruptive effect on our coffee and direct selling operations.

We generate a substantial portion of our revenue from the sale of The Beyond Tangy Tangerine line, Osteo-fx line and, Ultimate EFA line of products. A decrease in sales of these products could seriously harm our business.

A significant portion of our revenue during the year ended December 31, 2015, approximately 50%, was derived from sales of our Beyond Tangy Tangerine line, Osteo-fx line and Ultimate EFA line of products. Any disruption in the supply of the raw materials used for these problems, any negative press associated with these products or manufacture and sale of competitive products, could have a material adverse effect on our business.

Our business is subject to strict government regulations.

The processing, formulation, manufacturing, packaging, labeling, advertising, and distribution of our products are subject to federal laws and regulation by one or more federal agencies, including the FDA, the FTC, the Consumer Product Safety Commission, the U.S. Department of Agriculture, and the Environmental Protection Agency. These activities are also regulated by various state, local, and international laws and agencies of the states and localities in which our products are sold. Government regulations may prevent or delay the introduction, or require the reformulation, of our products, which could result in lost revenues and increased costs to us. For instance, the FDA regulates, among other things, the composition, safety, labeling, and marketing of dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use). The FDA may not accept the evidence of safety for any new dietary ingredient that we may wish to market, may determine that a particular dietary supplement or ingredient presents an unacceptable health risk, and may determine that a particular claim or statement of nutritional value that we use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a “health claim.”

Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements of nutritional support for them. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenues from any additional products that we are required to remove from the market, any of which could be material. Any product recalls or removals could also lead to liability, substantial costs, and reduced growth prospects. With respect to FTC matters, if the FTC has reason to believe the law is being violated (e.g. failure to possess adequate substantiation for product claims), it can initiate an enforcement action. The FTC has a variety of processes and remedies available to it for enforcement, both administratively and judicially, including compulsory process authority, cease and desist orders, and injunctions. FTC enforcement could result in orders requiring, among other things, limits on advertising, consumer redress, and divestiture of assets, rescission of contracts, or such other relief as may be deemed necessary. Violation of these orders could result in substantial financial or other penalties. Any action against us by the FTC could materially and adversely affect our ability to successfully market our products.

Additional or more stringent regulations of dietary supplements and other products have been considered from time to time. These developments could require reformulation of some products to meet new standards, recalls or discontinuance of some products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of some products, additional or different labeling, additional scientific substantiation, adverse event reporting, or other new requirements. Any of these developments could increase our costs significantly. For example, the Dietary Supplement and Nonprescription Drug Consumer Protection Act (S.3546), which was passed by Congress in December 2006, imposes significant regulatory requirements on dietary supplements including reporting of “serious adverse events” to FDA and recordkeeping requirements. This legislation could raise our costs and negatively impact our business. In June 2007, the FDA adopted final regulations on GMPs in manufacturing, packaging, or holding dietary ingredients and dietary supplements, which apply to the products we manufacture and sell. These regulations require dietary supplements to be prepared, packaged, and held in compliance with certain rules. These regulations could raise our costs and negatively impact our business. Additionally, our third-party suppliers or vendors may not be able to comply with these rules without incurring substantial expenses. If our third-party suppliers or vendors are not able to timely comply with these new rules, we may experience increased cost or delays in obtaining certain raw materials and third-party products. Also, the FDA has announced that it plans to publish guidance governing the notification of new dietary ingredients. Although FDA guidance is not mandatory, it is a strong indication of the FDA’s current views on the topic discussed in the guidance, including its position on enforcement.

Unfavorable publicity could materially hurt our business.

We are highly dependent upon consumers’ perceptions of the safety, quality, and efficacy of our products, as well as products distributed by other companies. Future scientific research or publicity may not be favorable to our industry or any particular product. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the consumption of our product or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the adverse effects associated with such products resulted from failure to consume such products as directed. Adverse publicity could also increase our product liability exposure, result in increased regulatory scrutiny and lead to the initiation of private lawsuits.

Product returns may adversely affect our business.

We are subject to regulation by a variety of regulatory authorities, including the Consumer Product Safety Commission and the Food and Drug Administration. The failure of our third party manufacturers to produce merchandise that adheres to our quality control standards could damage our reputation and brands and lead to customer litigation against us. If our manufacturers are unable or unwilling to recall products failing to meet our quality standards, we may be required to remove merchandise or issue voluntary or mandatory recalls of those products at a substantial cost to us. We may be unable to recover costs related to product recalls. We also may incur various expenses related to product recalls, including product warranty costs, sales returns, and product liability costs, which may have a material adverse impact on our results of operations. While we maintain a reserve for our product warranty costs based on certain estimates and our knowledge of current events and actions, our actual warranty costs may exceed our reserve, resulting in a need to increase our accruals for warranty costs in the future.

In addition, selling products for human consumption such as coffee and energy drinks involve a number of risks. We may need to recall some of our products if they become contaminated, are tampered with or are mislabeled. A widespread product recall could result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our products, which could have a material adverse effect on our business results and the value of our brands. We also may incur significant liability if our products or operations violate applicable laws or regulations, or in the event our products cause injury, illness or death. In addition, we could be the target of claims that our advertising is false or deceptive under U.S. federal and state laws as well as foreign laws, including consumer protection statutes of some states. Even if a product liability or consumer fraud claim is unsuccessful or without merit, the negative publicity surrounding such assertions regarding our products could adversely affect our reputation and brand image.

Returns are part of our business. Our return rate since the inception of selling activities has been minimal. We replace returned products damaged during shipment wholly at our cost, which historically has been negligible. Future return rates or costs associated with returns may increase. In addition, to date, product expiration dates have not played any role in product returns; however, it is possible they will increase in the future.

A general economic downturn, a recession globally or in one or more of our geographic regions or sudden disruption in business conditions or other challenges may adversely affect our business and our access to liquidity and capital.

A downturn in the economies in which we sell our products, including any recession in one or more of our geographic regions, or the current global macro-economic pressures, could adversely affect our business and our access to liquidity and capital. Recent global economic events over the past few years, including job losses, the tightening of credit markets and failures of financial institutions and other entities, have resulted in challenges to our business and a heightened concern regarding further deterioration globally. We could experience declines in revenues, profitability and cash flow due to reduced orders, payment delays, supply chain disruptions or other factors caused by economic or operational challenges. Any or all of these factors could potentially have a material adverse effect on our liquidity and capital resources, including our ability to issue commercial paper, raise additional capital and maintain credit lines and offshore cash balances. An adverse change in our credit ratings could result in an increase in our borrowing costs and have an adverse impact on our ability to access certain debt markets, including the commercial paper market.

Consumer spending is also generally affected by a number of factors, including general economic conditions, inflation, interest rates, energy costs, gasoline prices and consumer confidence generally, all of which are beyond our control. Consumer purchases of discretionary items, such as beauty and related products, tend to decline during recessionary periods, when disposable income is lower, and may impact sales of our products. We face continued economic challenges in fiscal 2016 because customers may continue to have less money for discretionary purchases as a result of job losses, foreclosures, bankruptcies, reduced access to credit and sharply falling home prices, among other things.

In addition, sudden disruptions in business conditions as a result of a terrorist attack similar to the events of September 11, 2001, including further attacks, retaliation and the threat of further attacks or retaliation, war, adverse weather conditions and climate changes or other natural disasters, such as Hurricane Katrina, pandemic situations or large scale power outages can have a short or, sometimes, long-term impact on consumer spending.

We face significant competition.

We face competition from competing products in each of our lines of business, in both the domestic and international markets. Worldwide, we compete against products sold to consumers by other direct selling and direct-sales companies and through the Internet, and against products sold through the mass market and prestige retail channels. We also face increasing competition in our developing and emerging markets.

Within the direct selling channel, we compete on a regional and often country-by-country basis, with our direct selling competitors. There are also a number of direct selling companies that sell product lines similar to ours, some of which also have worldwide operations and compete with us globally. We compete against large and well-known companies that manufacture and sell broad product lines through various types of retail establishments. Our largest direct sales competitors are Herbalife, Amway, USANA and NuSkin. In the energy drink market we compete with companies such as Red Bull, Gatorade and Rock Star. Our beauty, skin care and cosmetic products compete with Avon and Bare Escentuals. In addition, we compete against many other companies that manufacture and sell in narrower product lines sold through retail establishments. This industry is highly competitive and some of our principal competitors in the industry are larger than we are and have greater resources than we do. Competitive activities on their part could cause our sales to suffer. From time to time, we need to reduce the prices for some of our products to respond to competitive and customer pressures or to maintain our position in the marketplace. Such pressures also may restrict our ability to increase prices in response to raw material and other cost increases. Any reduction in prices as a result of competitive pressures, or any failure to increase prices when raw material costs increase, would harm profit margins and, if our sales volumes fail to grow sufficiently to offset any reduction in margins, our results of operations would suffer.

If our advertising, promotional, merchandising, or other marketing strategies are not successful, if we are unable to deliver new products that represent technological breakthroughs, if we do not successfully manage the timing of new product introductions or the profitability of these efforts, or if for other reasons our end customers perceive competitors' products as having greater appeal, then our sales and financial results may suffer.

If we do not succeed in effectively differentiating ourselves from our competitors’ products, including by developing and maintaining our brands or our competitors adopt our strategies, then our competitive position may be weakened and our sales, and accordingly our profitability, may be materially adversely affected.

We are also subject to significant competition from other network marketing organizations for the time, attention, and commitment of new and existing distributors. Our ability to remain competitive depends, in significant part, on our success in recruiting and retaining distributors. There can be no assurance that our programs for recruiting and retaining distributors will be successful. The pool of individuals who may be interested in network marketing is limited in each market, and it is reduced to the extent other network marketing companies successfully recruit these individuals into their businesses. Although we believe we offer an attractive opportunity for distributors, there can be no assurance that other network marketing companies will not be able to recruit our existing distributors or deplete the pool of potential distributors in a given market.

Our coffee segment also faces strong competition. The coffee industry is highly competitive and coffee is widely distributed and readily available. Our competition will seek to create advantages in many areas including better prices, more attractive packaging, stronger marketing, more efficient production processes, speed to market, and better quality verses value opportunities. Many of our competitors have stronger brand recognition and will reduce prices to keep our brands out of the market. Our competitors may have more automation built into their production lines allowing for more efficient production at lower costs. We compete not only with other widely advertised branded products, but also with private label or generic products that generally are sold at lower prices. Consumers’ willingness to purchase our products will depend upon our ability to maintain consumer confidence that our products are of a higher quality and provide greater value than less expensive alternatives. If the difference in quality between our brands and private label products narrows, or if there is a perception of such a narrowing, then consumers may choose not to buy our products at prices that are profitable for us.

Our success depends, in part, on the quality and safety of our products.

Our success depends, in part, on the quality and safety of our products, including the procedures we employ to detect the likelihood of hazard, manufacturing issues, and unforeseen product misuse. If our products are found to be, or are perceived to be, defective or unsafe, or if they otherwise fail to meet our distributors' or end customers' standards, our relationship with our distributors or end customers could suffer, we could need to recall some of our products, our reputation or the appeal of our brand could be diminished, and we could lose market share and or become subject to liability claims, any of which could result in a material adverse effect on our business, results of operations, and financial condition.

Our ability to anticipate and respond to market trends and changes in consumer preferences could affect our financial results.

Our continued success depends on our ability to anticipate, gauge, and react in a timely and effective manner to changes in consumer spending patterns and preferences. We must continually work to discover and market new products, maintain and enhance the recognition of our brands, achieve a favorable mix of products, and refine our approach as to how and where we market and sell our products. While we devote considerable effort and resources to shape, analyze, and respond to consumer preferences, consumer spending patterns and preferences cannot be predicted with certainty and can change rapidly. If we are unable to anticipate and respond to trends in the market for beauty and related products and changing consumer demands, our financial results will suffer.

Furthermore, material shifts or decreases in market demand for our products, including as a result of changes in consumer spending patterns and preferences or incorrect forecasting of market demand, could result in us carrying inventory that cannot be sold at anticipated prices or increased product returns. Failure to maintain proper inventory levels or increased product returns could result in a material adverse effect on our business, results of operations and financial condition.

If we are unable to protect our intellectual property rights, specifically patents and trademarks, our ability to compete could be negatively impacted.

Most of our products are not protected by patents. The labeling regulations governing our nutritional supplements require that the ingredients of such products be precisely and accurately indicated on product containers. Accordingly, patent protection for nutritional supplements often is impractical given the large number of manufacturers who produce nutritional supplements having many active ingredients in common. Additionally, the nutritional supplement industry is characterized by rapid change and frequent reformulations of products, as the body of scientific research and literature refines current understanding of the application and efficacy of certain substances and the interactions among various substances. In this respect, we maintain an active research and development program that is devoted to developing better, purer, and more effective formulations of our products. We protect our investment in research, as well as the techniques we use to improve the purity and effectiveness of our products, by relying on trade secret laws. Notwithstanding our efforts, there can be no assurance that our efforts to protect our trade secrets and trademarks will be successful. We intend to maintain and keep current all of our trademark registrations and to pay all applicable renewal fees as they become due. The right of a trademark owner to use its trademarks, however, is based on a number of factors, including their first use in commerce, and trademark owners can lose trademark rights despite trademark registration and payment of renewal fees. We therefore believe that these proprietary rights have been and will continue to be important in enabling us to compete and if for any reason we were unable to maintain our trademarks, our sales of the related products bearing such trademarks could be materially and negatively affected. Nor can there be any assurance that third-parties will not assert claims against us for infringement of their intellectual proprietary rights. If an infringement claim is asserted, we may be required to obtain a license of such rights, pay royalties on a retrospective or prospective basis, or terminate our manufacturing and marketing of our infringing products. Litigation with respect to such matters could result in substantial costs and diversion of management and other resources and could have a material adverse effect on our business, financial condition, or operating results.

We consider our roasting methods essential to the flavor and richness of our coffee and, therefore, essential to our various brands. Because our roasting methods cannot be patented, we would be unable to prevent competitors from copying our roasting methods, if such methods became known. If our competitors copy our roasting methods, the value of our brands could be diminished and we could lose customers to our competitors. In addition, competitors could develop roasting methods that are more advanced than ours, which could also harm our competitive position.

We may become involved in the future in legal proceedings that, if adversely adjudicated or settled, could adversely affect our financial results.

We may, in the future, become party to litigation. In general, litigation claims can be expensive and time consuming to bring or defend against and could result in settlements or damages that could significantly affect financial results. However, it is not possible to predict the final resolution of the litigation to which we may in the future become party to, and the impact of certain of these matters on our business, results of operations, and financial condition could be material.

Government reviews, inquiries, investigations, and actions could harm our business or reputation.

As we operate in various locations around the world, our operations in certain countries are subject to significant governmental scrutiny and may be harmed by the results of such scrutiny. The regulatory environment with regard to direct selling in emerging and developing markets where we do business is evolving and officials in such locations often exercise broad discretion in deciding how to interpret and apply applicable regulations. From time to time, we may receive formal and informal inquiries from various government regulatory authorities about our business and compliance with local laws and regulations. Any determination that our operations or activities or the activities of our distributors, are not in compliance with existing laws or regulations could result in the imposition of substantial fines, interruptions of business, loss of supplier, vendor or other third party relationships, termination of necessary licenses and permits, or similar results, all of which could potentially harm our business and or reputation. Even if an inquiry does not result in these types of determinations, it potentially could create negative publicity which could harm our business and or reputation.

The loss of key management personnel could adversely affect our business.

Our founder, Dr. Joel Wallach, is a highly visible spokesman for our products and our business, and our message is based in large part on his vision and reputation, which helps distinguish us from our competitors. Any loss or limitation on Dr. Wallach as a lead spokesman for our mission, business, and products could have a material adverse effect upon our business, financial condition, or results of operations. In addition, our executive officers, including Stephan Wallach and David Briskie, are primarily responsible for our day-to-day operations, and we believe our success depends in part on our ability to retain our executive officers, to compensate our executive officers at attractive levels, and to continue to attract additional qualified individuals to our management team. We cannot guarantee continued service by our key executive officers. We do not maintain key man life insurance on any of our executive officers. The loss or limitation of the services of any of our executive officers or the inability to attract additional qualified management personnel could have a material adverse effect on our business, financial condition, or results of operations.

The inability to obtain adequate supplies of raw materials for products at favorable prices, or at all, or the inability to obtain certain products from third-party suppliers or from our manufacturers, could have a material adverse effect on our business, financial condition, or results of operations.

We contract with third-party manufacturers and suppliers for the production of some of our products, including most of our powdered drink mixes and nutrition bars, and certain of our personal care products. These third-party suppliers and manufacturers produce and, in most cases, package these products according to formulations that have been developed by, or in conjunction with, our in-house product development team. There is a risk that any of our suppliers or manufacturers could discontinue manufacturing our products or selling their products to us. Although we believe that we could establish alternate sources for most of our products, any delay in locating and establishing relationships with other sources could result in product shortages or back orders for products, with a resulting loss of net sales. In certain situations, we may be required to alter our products or to substitute different products from another source. We have, in the past, discontinued or temporarily stopped sales of certain products that were manufactured by third parties while those products were on back order. There can be no assurance that suppliers will provide the raw materials or manufactured products that are needed by us in the quantities that we request or at the prices that we are willing to pay. Because we do not control the actual production of certain raw materials and products, we are also subject to delays caused by any interruption in the production of these materials, based on conditions not within our control, including weather, crop conditions, transportation interruptions, strikes by supplier employees, and natural disasters or other catastrophic events.

Shortages of raw materials may temporarily adversely affect our margins or our profitability related to the sale of those products.

We may experience temporary shortages of the raw materials used in certain of our nutritional products. While we periodically experience price increases due to unexpected raw material shortages and other unanticipated events, this has historically not resulted in a material effect on our overall cost of goods sold. However, there is no assurance that our raw materials will not be significantly adversely affected in the future, causing our profitability to be reduced. A deterioration of our relationship with any of our suppliers, or problems experienced by these suppliers, could lead to inventory shortages. In such case, we may not be able to fulfill the demand of existing customers, supply new customers, or expand other channels of distribution. A raw material shortage could result in decreased revenue or could impair our ability to maintain or expand our business.

A failure of our information technology systems would harm our business.

The global nature of our business and our seamless global compensation plan requires the development and implementation of robust and efficiently functioning information technology systems. Such systems are vulnerable to a variety of potential risks, including damage or interruption resulting from natural disasters, telecommunication failures, and human error or intentional acts of sabotage, vandalism, break-ins and similar acts. Although we have adopted and implemented a business continuity and disaster recovery plan, which includes routine back-up, off-site archiving and storage, and certain redundancies, the occurrence of any of these events could result in costly interruptions or failures adversely affecting our business and the results of our operations.

We are dependent upon access to external sources of capital to grow our business.

Our business strategy contemplates future access to debt and equity financing to fund the expansion of our business. The inability to obtain sufficient capital to fund the expansion of our business could have a material adverse effect on us.

Our business is subject to online security risks, including security breaches.

Our businesses involve the storage and transmission of users' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation, and potential liability. An increasing number of websites, including several large companies, have recently disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their sites. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems, change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. A party that is able to circumvent our security measures could misappropriate our or our customers' proprietary information, cause interruption in our operations, damage our computers or those of our customers, or otherwise damage our reputation and business. Any compromise of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, and a loss of confidence in our security measures, which could harm our business.

Currently, a significant number of our customers authorize us to bill their credit card accounts directly for all transaction fees charged by us. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer credit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the technology used by us to protect transaction data being breached or compromised. Non-technical means, for example, actions by a suborned employee, can also result in a data breach.

Under payment card rules and our contracts with our card processors, if there is a breach of payment card information that we store, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses. In addition, if we fail to follow payment card industry security standards, even if there is no compromise of customer information, we could incur significant fines or lose our ability to give customers the option of using payment cards to fund their payments or pay their fees. If we were unable to accept payment cards, our business would be seriously damaged.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, "denial-of-service" type attacks and similar disruptions that could, in certain instances, make all or portions of our websites unavailable for periods of time. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. These issues are likely to become more difficult as we expand the number of places where we operate. Security breaches, including any breach by us or by parties with which we have commercial relationships that result in the unauthorized release of our users' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies carry coverage limits, which may not be adequate to reimburse us for losses caused by security breaches.

Our web customers, as well as those of other prominent companies, may be targeted by parties using fraudulent "spoof" and "phishing" emails to misappropriate passwords, credit card numbers, or other personal information or to introduce viruses or other malware programs to our customers' computers. These emails appear to be legitimate emails sent by our company, but they may direct recipients to fake websites operated by the sender of the email or request that the recipient send a password or other confidential information via email or download a program. Despite our efforts to mitigate "spoof" and "phishing" emails through product improvements and user education, "spoof" and "phishing" remain a serious problem that may damage our brands, discourage use of our websites, and increase our costs.

Our ability to conduct business in international markets may be affected by political, legal, tax and regulatory risks.

Our green coffee business in based in Nicaragua. We own one plantation and intend to purchase another in Nicaragua. Our ability to capitalize on growth in new international markets and to maintain the current level of operations in our existing international markets is exposed to the risks associated with international operations, including:

- the possibility that local civil unrest, political instability or changes in diplomatic or trade relationships might disrupt our operations in an international market;
- the lack of well-established or reliable legal systems in certain areas;
- the presence of high inflation in the economies of international markets;
- the possibility that a foreign government authority might impose legal, tax or other financial burdens on us or our coffee operations, or sales force, due, for example, to the structure of our operations in various markets;
- the possibility that a government authority might challenge the status of our sales force as independent contractors or impose employment or social taxes on our sales force; and
- the possibility that governments may impose currency remittance restrictions limiting our ability to repatriate cash.

Currency exchange rate fluctuations could reduce our overall profits.

For the year ended December 31, 2015, approximately 7% of our sales were derived from sales outside the United States. In preparing our consolidated financial statements, certain financial information is required to be translated from foreign currencies to the U.S. dollar using either the spot rate or the weighted-average exchange rate. If the U.S. dollar changes relative to applicable local currencies, there is a risk our reported sales, operating expenses, and net income could significantly fluctuate. We are not able to predict the degree of exchange rate fluctuations, nor can we estimate the effect any future fluctuations may have upon our future operations. To date, we have not entered into any hedging contracts or participated in any hedging or derivative activities.

Taxation and transfer pricing affect our operations and we could be subjected to additional taxes, duties, interest, and penalties in material amounts, which could harm our business.

As a multinational corporation, in several countries, including the United States, we are subject to transfer pricing and other tax regulations designed to ensure that our intercompany transactions are consummated at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned by the local entities, and that we are taxed appropriately on such transactions. Regulators closely monitor our corporate structure, intercompany transactions, and how we effectuate intercompany fund transfers. If regulators challenge our corporate structure, transfer pricing methodologies or intercompany transfers, our operations may be harmed and our effective tax rate may increase.

A change in applicable tax laws or regulations or their interpretation could result in a higher effective tax rate on our worldwide earnings and such change could be significant to our financial results. In the event any audit or assessments are concluded adversely to us, these matters could have a material impact on our financial condition.

Non-compliance with anti-corruption laws could harm our business.

Our international operations are subject to anti-corruption laws, including the Foreign Corrupt Practices Act (the "FCPA"). Any allegations that we are not in compliance with anti-corruption laws may require us to dedicate time and resources to an internal investigation of the allegations or may result in a government investigation. Any determination that our operations or activities are not in compliance with existing anti-corruption laws or regulations could result in the imposition of substantial fines, and other penalties. Although we have implemented anti-corruption policies, controls and training globally to protect against violation of these laws, we cannot be certain that these efforts will be effective. We are aware that one of our direct marketing competitors is under investigation in the United States for allegations that its employees violated the FCPA in China and other markets. If this investigation causes adverse publicity or increased scrutiny of our industry, our business could be harmed.

RISKS RELATED TO OUR DIRECT SELLING BUSINESS

Independent distributor activities that violate laws could result in governmental actions against us and could otherwise harm our business.

Our independent distributors are independent contractors. They are not employees and they act independently of us. The network marketing industry is subject to governmental regulation. We implement strict policies and procedures to try to ensure that our independent distributors comply with laws. Any determination by the Federal Trade Commission or other governmental agency that we or our distributors are not in compliance with laws could potentially harm our business. Even if governmental actions do not result in rulings or orders against us, they could create negative publicity that could detrimentally affect our efforts to recruit or motivate independent distributors and attract customers.

Network marketing is heavily regulated and subject to government scrutiny and regulation, which adds to the expense of doing business and the possibility that changes in the law might adversely affect our ability to sell some of our products in certain markets.

Network marketing systems, such as ours, are frequently subject to laws and regulations, both in the United States and internationally, that are directed at ensuring that product sales are made to consumers of the products and that compensation, recognition, and advancement within the marketing organization are based on the sale of products rather than on investment in the sponsoring company. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" schemes, which compensate participants for recruiting additional participants irrespective of product sales, use high pressure recruiting methods and or do not involve legitimate products. Complying with these rules and regulations can be difficult and requires the devotion of significant resources on our part. Regulatory authorities, in one or more of our present or future markets, could determine that our network marketing system does not comply with these laws and regulations or that it is prohibited. Failure to comply with these laws and regulations or such a prohibition could have a material adverse effect on our business, financial condition, or results of operations. Further, we may simply be prohibited from distributing products through a network-marketing channel in some countries, or we may be forced to alter our compensation plan.

We are also subject to the risk that new laws or regulations might be implemented or that current laws or regulations might change, which could require us to change or modify the way we conduct our business in certain markets. This could be particularly detrimental to us if we had to change or modify the way we conduct business in markets that represent a significant percentage of our net sales. For example, the FTC released a proposed New Business Opportunity Rule in April 2006. As initially drafted, the proposed rule would have required pre-sale disclosures for all business opportunities, which may have included network marketing compensation plans such as ours. However, in March 2008 the FTC issued a revised notice of proposed rulemaking, which indicates that the New Business Opportunity Rule as drafted will not apply to multi-level marketing companies.

Our principal business segment is conducted worldwide in one channel, direct selling and therefore any negative perceptive of direct selling would greatly impact our sales.

Our principal business segment is conducted worldwide in the direct selling channel. Sales are made to the ultimate consumer principally through independent distributors and customers worldwide. There is a high rate of turnover among distributors, which is a common characteristic of the direct selling business. As a result, in order to maintain our business and grow our business in the future, we need to recruit, retain and service distributors on a continuing basis and continue to innovate the direct selling model. Consumer purchasing habits, including reducing purchases of products generally, or reducing purchases from distributors or buying products in channels other than in direct selling, such as retail, could reduce our sales, impact our ability to execute our global business strategy or have a material adverse effect on our business, financial condition and results of operations. If our competitors establish greater market share in the direct selling channel, our business, financial condition and operating results may be adversely affected. Furthermore, if any government bans or severely restricts our business method of direct selling, our business, financial condition and operating results may be adversely affected.

Our ability to attract and retain distributors and to sustain and enhance sales through our distributors can be affected by adverse publicity or negative public perception regarding our industry, our competition, or our business generally. Negative public perception may include negative publicity regarding the sales structure of significant, pure network marketing companies which has been the case recently with large network marketing companies, the quality or efficacy of nutritional supplement products or ingredients in general or our products or ingredients specifically, and regulatory investigations, regardless of whether those investigations involve us or our distributors or the business practices or products of our competitors or other network marketing companies. Any adverse publicity may also adversely impact the market price of our stock and cause insecurity among our distributors. There can be no assurance that we will not be subject to adverse publicity or negative public perception in the future or that such adverse publicity will not have a material adverse effect on our business, financial condition, or results of operations.

As a network marketing company, we are dependent upon an independent sales force and we do not have direct control over the marketing of our products.

We rely on non-employee, independent distributors to market and sell our products and to generate our sales. Distributors typically market and sell our products on a part-time basis and likely will engage in other business activities, some of which may compete with us. We have a large number of distributors and a relatively small corporate staff to implement our marketing programs and to provide motivational support to our distributors. We rely primarily upon our distributors to attract, train and motivate new distributors. Our sales are directly dependent upon the efforts of our distributors. Our ability to maintain and increase sales in the future will depend in large part upon our success in increasing the number of new distributors, retaining and motivating our existing distributors, and in improving the productivity of our distributors.

We can provide no assurances that the number of distributors will increase or remain constant or that their productivity will increase. Our distributors may terminate their services at any time, and, like most direct selling companies, we experience a high turnover among new distributors from year-to-year. We cannot accurately predict any fluctuation in the number and productivity of distributors because we primarily rely upon existing distributors to sponsor and train new distributors and to motivate new and existing distributors. Our operating results in other markets could also be adversely affected if we and our existing distributors do not generate sufficient interest in our business to successfully retain existing distributors and attract new distributors.

The loss of a significant Youngevity distributor could adversely affect our business.

We rely on the successful efforts of our distributors that become leaders. If these downline distributors in turn sponsor new distributors, additional business centers are created, with the new downline distributors becoming part of the original sponsoring distributor’s downline network. As a result of this network marketing system, distributors develop business relationships with other distributors. The loss of a key distributor or group of distributors, large turnover or decreases in the size of the key distributors force, seasonal or other decreases in purchase volume, sales volume reduction, the costs associated with training new distributors, and other related expenses may adversely affect our business, financial condition, or results of operations. Moreover, our ability to continue to attract and retain distributors can be affected by a number of factors, some of which are beyond our control, including:

- General business and economic conditions;
- Adverse publicity or negative misinformation about us or our products;
- Public perceptions about network marketing programs;
- High-visibility investigations or legal proceedings against network marketing companies by federal or state authorities or private citizens;
- Public perceptions about the value and efficacy of nutritional, personal care, or weight management products generally;
- Other competing network marketing organizations entering into the marketplace that may recruit our existing distributors or reduce the potential pool of new distributors; and
- Changes to our compensation plan required by law or implemented for business reasons that make attracting and retaining distributors more difficult.

There can be no assurance that we will be able to continue to attract and retain distributors in sufficient numbers to sustain future growth or to maintain our present growth levels, which could have a material adverse effect on our business, financial condition, or results of operations.

Nutritional supplement products may be supported by only limited availability of conclusive clinical studies.

Some of our products include nutritional supplements that are made from vitamins, minerals, herbs, and other substances for which there is a long history of human consumption. Other products contain innovative ingredients or combinations of ingredients. Although we believe that all of our products are safe when taken as directed, there is little long-term experience with human consumption of certain of these product ingredients or combinations of ingredients in concentrated form. We conduct research and test the formulation and production of our products, but we have performed or sponsored only limited clinical studies. Furthermore, because we are highly dependent on consumers' perception of the efficacy, safety, and quality of our products, as well as similar products distributed by other companies, we could be adversely affected in the event that those products prove or are asserted to be ineffective or harmful to consumers or in the event of adverse publicity associated with any illness or other adverse effects resulting from consumers' use or misuse of our products or similar products of our competitors.

Our manufacturers are subject to certain risks.

We are dependent upon the uninterrupted and efficient operation of our manufacturers and suppliers of products. Those operations are subject to power failures, the breakdown, failure, or substandard performance of equipment, the improper installation or operation of equipment, natural or other disasters, and the need to comply with the requirements or directives of government agencies, including the FDA. There can be no assurance that the occurrence of these or any other operational problems at our facilities would not have a material adverse effect on our business, financial condition, or results of operations.

Challenges by private parties to the direct selling system could harm our business.

Direct selling companies have historically been subject to legal challenges regarding their method of operation or other elements of their business by private parties, including their own representatives, in individual lawsuits and through class actions, including lawsuits claiming the operation of illegal pyramid schemes that reward recruiting over sales. We can provide no assurance that we would not be harmed if any such actions were brought against any of our current subsidiaries or any other direct selling company we may acquire in the future.

RISKS RELATED TO OUR COFFEE BUSINESS

Increases in the cost of high-quality arabica coffee beans or other commodities or decreases in the availability of high-quality arabica coffee beans or other commodities could have an adverse impact on our business and financial results.

We purchase, roast, and sell high-quality whole bean arabica coffee beans and related coffee products. The price of coffee is subject to significant volatility. The high-quality arabica coffee of the quality we seek tends to trade on a negotiated basis at a premium above the “C” price. This premium depends upon the supply and demand at the time of purchase and the amount of the premium can vary significantly. Increases in the “C” coffee commodity price do increase the price of high-quality arabica coffee and also impact our ability to enter into fixed-price purchase commitments. We frequently enter into supply contracts whereby the quality, quantity, delivery period, and other negotiated terms are agreed upon, but the date, and therefore price, at which the base “C” coffee commodity price component will be fixed has not yet been established.

These are known as price-to-be-fixed contracts. We also enter into supply contracts whereby the quality, quantity, delivery period, and price are fixed. The supply and price of coffee we purchase can also be affected by multiple factors in the producing countries, including weather, natural disasters, crop disease, general increase in farm inputs and costs of production, inventory levels, and political and economic conditions, as well as the actions of certain organizations and associations that have historically attempted to influence prices of green coffee through agreements establishing export quotas or by restricting coffee supplies. Speculative trading in coffee commodities can also influence coffee prices. Because of the significance of coffee beans to our operations, combined with our ability to only partially mitigate future price risk through purchasing practices, increases in the cost of high-quality arabica coffee beans could have an adverse impact on our profitability. In addition, if we are not able to purchase sufficient quantities of green coffee due to any of the above factors or to a worldwide or regional shortage, we may not be able to fulfill the demand for our coffee, which could have an adverse impact on our profitability.

Adverse public or medical opinions about the health effects of consuming our products, as well as reports of incidents involving food-borne illnesses, food tampering, or food contamination, whether or not accurate, could harm our business.

Some of our products contain caffeine and other active compounds, the health effects of which are the subject of public scrutiny, including the suggestion that excessive consumption of caffeine and other active compounds can lead to a variety of adverse health effects. In the United States, there is increasing consumer awareness of health risks, including obesity, due in part to increased publicity and attention from health organizations, as well as increased consumer litigation based on alleged adverse health impacts of consumption of various food products, frequently including caffeine. An unfavorable report on the health effects of caffeine or other compounds present in our products, or negative publicity or litigation arising from certain health risks could significantly reduce the demand for our products.

Similarly, instances or reports, whether true or not, of food-borne illnesses, food tampering and food contamination, either during manufacturing, packaging or preparation, have in the past severely injured the reputations of companies in the food processing, grocery and quick-service restaurant sectors and could affect us as well. Any report linking us to the use of food tampering or food contamination could damage our brand value, severely hurt sales of our products, and possibly lead to product liability claims, litigation (including class actions) or damages. If consumers become ill from food-borne illnesses, tampering or contamination, we could also be forced to temporarily stop selling our products and consequently could materially harm our business and results of operations.

RISKS ASSOCIATED WITH INVESTING IN OUR COMMON STOCK

We are controlled by one principal stockholder who is also our Chief Executive Officer and Chairman.

Through his voting power, Mr. Stephan Wallach, our Chief Executive Officer and Chairman, has the ability to elect a majority of our directors and to control all other matters requiring the approval of our stockholders, including the election of all of our directors. Mr. Wallach owns and beneficially owns approximately 72% of our total equity securities (assuming exercise of the options to purchase common stock held by Mr. Wallach and Michelle Wallach, his wife and Chief Operating Officer and Director). As our Chief Executive Officer, Mr. Wallach has the ability to control our business affairs.

We are an "emerging growth company," and any decision on our part to comply with certain reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act enacted in April 2012, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, not being required to comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, not being required to comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could remain an emerging growth company until the earliest of: (i) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of our first sale of common equity securities pursuant to an effective registration statement; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer. We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the Jobs Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile. Further, as a result of these scaled regulatory requirements, our disclosure may be more limited than that of other public companies and you may not have the same protections afforded to shareholders of such companies.

Our financial statements may not be comparable to companies that comply with public company effective dates.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Our stock has historically had a limited market. If an active trading market for our common stock does develop, trading prices may be volatile.

In the event that an active trading market develops, the market price of our shares of common stock may be based on factors that may not be indicative of future market performance. Consequently, the market price of our common stock may vary greatly. If an active market for our common stock develops, there is a significant risk that our stock price may fluctuate dramatically in the future in response to any of the following factors, some of which are beyond our control:

- variations in our quarterly operating results;
- announcements that our revenue or income/loss levels are below analysts' expectations;
- general economic slowdowns;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts; or
- acquisitions, strategic partnerships, joint ventures or capital commitments.

Because our shares are deemed "penny stocks," an investor may have difficulty selling them in the secondary trading market.

The SEC has adopted regulations which generally define a "penny stock" to be any equity security that has a market price, as therein defined, of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. Additionally, if the equity security is not registered or authorized on a national securities exchange that makes certain reports available, the equity security may also constitute a "penny stock." As our common stock comes within the definition of penny stock, these regulations require the delivery by the broker-dealer, prior to any transaction involving our common stock, of a risk disclosure schedule explaining the penny stock market and the risks associated with it. The broker-dealer also must provide the customer with bid and offer quotations for the penny stock, the compensation of the broker-dealer and any salesperson in the transaction, and monthly account statements indicating the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock. The ability of broker-dealers to sell our common stock and the ability of shareholders to sell our common stock in the secondary market would be limited. As a result, the market liquidity for our common stock would be severely and adversely affected. We can provide no assurance that trading in our common stock will not be subject to these or other regulations in the future, which would negatively affect the market for our common stock.

We are subject to the reporting requirements of Federal Securities Laws, which can be expensive.

We are subject to the information and reporting requirements under the Securities Exchange Act of 1934 and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports and other information with the SEC has and will continue to cause our expenses to be higher than they would be if we were a privately-held company.

Sales by our shareholders of a substantial number of shares of our common stock in the public market could adversely affect the market price of our common stock.

A large number of outstanding shares of our common stock are held by several of our principal shareholders. If any of these principal shareholders were to decide to sell large amounts of stock over a short period of time such sales could cause the market price of our common stock to decline.

Our stock price has been volatile and subject to various market conditions.

There can be no assurance that an active market in our stock will be sustained. The trading price of our common stock has been subject to wide fluctuations. The price of our common stock may fluctuate in the future in response to quarter-to-quarter variations in operating results, material announcements by us or our competitors, governmental regulatory action, conditions in the nutritional supplement industry, negative publicity, or other events or factors, many of which are beyond our control. In addition, the stock market has historically experienced significant price and volume fluctuations, which have particularly affected the market prices of many dietary and nutritional supplement companies and which have, in certain cases, not had a strong correlation to the operating performance of these companies. Our operating results in future quarters may be below the expectations of securities analysts and investors. If that were to occur, the price of our common stock would likely decline, perhaps substantially.

We may issue preferred stock with rights senior to the common stock, which we may issue in order to consummate a merger or other transaction necessary to raise capital.

Our certificate of incorporation authorizes the issuance of up to 100 million shares of preferred stock, par value $0.001 per share (the "Preferred Stock") without shareholder approval and on terms established by our directors. We may issue shares of preferred stock in order to consummate a financing or other transaction, in lieu of the issuance of common stock. The rights and preferences of any such class or series of preferred stock would be established by our board of directors in its sole discretion and may have dividend, voting, liquidation and other rights and preferences that are senior to the rights of the common stock.

You should not rely on an investment in our common stock for the payment of cash dividends.

We intend to retain future profits, if any, to expand our business. We have never paid cash dividends on our stock and do not anticipate paying any cash dividends in the foreseeable future. You should not make an investment in our common stock if you require dividend income. Any return on investment in our common stock would only come from an increase in the market price of our stock, which is uncertain and unpredictable.

Our failure to fulfill all of our registration requirements may cause us to suffer liquidated damages, which may be very costly.

Pursuant to the terms of the registration rights agreement that we entered into with investors in the November 2015 Offering and September 2014 Offering, we were required to file a registration statement with respect to securities issued to them within a certain time period and maintain the effectiveness of such registration statement. The failure to do so could result in the payment of damages by us. There can be no assurance that we will be able to maintain the effectiveness of any registration statement, and therefore there can be no assurance that we will not incur damages with respect to such agreements.

There is no public market for the notes or warrants to purchase shares of our common stock that were issued to investors in our Private Placements.

There is no established public trading market for the warrants that were issued in the September 2014 Offering and the November 2015 Offering and we do not expect a market to develop. In addition, we do not intend to apply to list the warrants on any national securities exchange or other nationally recognized trading system. Without an active market, the liquidity of the warrants will be limited.

Due to the speculative nature of warrants, there is no guarantee that it will ever be profitable for investors who received warrants in our private placements to exercise their warrants.

The warrants issued in the September 2014 Offering and the November 2015 Offering do not confer any rights of share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire our common stock at a fixed price for a limited period of time. Investors in the September 2014 Offering and the November 2015 Offering may exercise their right to acquire the shares of Common Stock underlying their warrants at any time after the date of issuance by paying the respective exercise price per share, prior to their expiration, after which date any unexercised warrants will expire and have no further value. There can be no assurance that the market price of the Common Stock will ever equal or exceed the exercise price of the warrants, and, consequently, whether it will ever be profitable for investors to exercise their warrants.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Operation Properties

Our corporate headquarters are located at 2400 Boswell, Road, Chula Vista, California 91914. This is also the location of Youngevity's main operations and distribution center. The facility consists of a 59,000 square foot Class A single use building that is comprised 40% of office space and the balance is used for distribution. The building is owned by our subsidiary 2400 Boswell, LLC, a limited liability company that we acquired from the step parent of Mr. Wallach, our Chief Executive Officer. On March 15, 2013, we acquired 2400 Boswell, LLC for $248,000 in cash, $334,000 of debt forgiveness and accrued interest, and a promissory note of approximately $393,000, payable in equal payments over five years and bears interest at 5.00%. Additionally, we assumed a long-term mortgage of $3,625,000, payable over 25 years and has an initial interest rate of 5.75%. As of December 31, 2015 the balance on the long-term mortgage was $3,431,000 and the balance on the promissory note was $189,000. The rent expense for the year ended December 31, 2015 was approximately 72,000.

Roasting, distribution and operations for our CLR division are handled in our Miami, Florida based facility, which consists of 39,500 square feet. Our lease for this space expires in May 2023. The rent expense for the year ended December 31, 2015 was approximately $299,000.

The Siles Plantation Family Group ("Siles"), is a wholly owned subsidiary of CLR, which owns a 450 acre coffee plantation and a dry-processing facility located on 26 acres both located in Matagalpa, Nicaragua.

In December 2015 we relocated our marketing operations from Windham, New Hampshire, to our corporate headquarters in Chula Vista, California. The Windham building is owned by FDI Realty and Mr. William Andreoli, our Former President is the single member of FDI Realty. The building consists of 12,750 square feet of office rental space. We are presently a co-guarantor of FDI Realty's mortgages on the building. The rent expense for the year ended December 31, 2015 was approximately $204,000.

Heritage Makers is located in a 9,300 square foot facility in Provo, Utah. The rent expense for the year ended December 31, 2015 was approximately $118,000.

Our New Zealand operations are located in a 3,570 square foot facility in Auckland. The rent expense for the year ended December 31, 2015 was approximately $57,000. Our Russia operations are located in a 1,668 square foot facility in Moscow. The rent expense for the year ended December 31, 2015 was approximately $139,000. Our Singapore operations are located in a 3,222 square foot facility and the rent expense for the year ended December 31, 2015 was approximately $68,000. Our Mexico operations are located in a 1,500 square foot facility in Guadalajara. The rent expense for the year ended December 31, 2015 was approximately $21,000.

As of December 31, 2015 we are considering other space needs for operations as our needs grow.

Item 3. Legal Proceedings

We are, from time to time, the subject of claims and suits arising out of matters occurring during the operation of our business. We believe that we have adequate space for our anticipated needs and that suitable additional space will be available at commercially reasonable prices as needed.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Since June 2013, our common stock has been traded on the QX tier of the OTC Market under the symbol "YGYI". Previously, our common stock was quoted on the OTC Markets OTC Pink Market system under the symbol "JCOF". On March 18, 2016, the closing price of our common stock on the OTCQX was $0.29. The range of high and low bid or sales prices for each of the quarters of the fiscal years ended December 31, 2015 and 2014 is presented below:

	2015		2014	
	High	Low	High	Low
First Quarter	$ 0.27	$ 0.22	$ 0.26	$ 0.14
Second Quarter	$ 0.41	$ 0.24	$ 0.29	$ 0.16
Third Quarter	$ 0.39	$ 0.23	$ 0.34	$ 0.21
Fourth Quarter	$ 0.35	$ 0.26	$ 0.28	$ 0.18

Holders

As of the close of business on March 18, 2016, there were 489 holders of record of our common stock. The number of holders of record is based on the actual number of holders registered on the books of our transfer agent and does not reflect holders of shares in "street name" or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depository trust companies.

Dividends

We did not pay any dividends in fiscal years ended 2015 or 2014. We intend to retain future profits, if any, to expand its business. We do not anticipate paying any cash dividends in the foreseeable future.

Sales of Unregistered Securities

We did not sell any unregistered shares of our common stock during the year ended December 31, 2015 in transactions that were not registered under the Securities Act, other than as previously disclosed in our filings with the Securities and Exchange Commission.

Repurchases of Equity Securities

On December 11, 2012, we authorized a share repurchase program to repurchase up to 15 million of our issued and outstanding common shares from time to time on the open market or via private transactions through block trades. Under this program, we repurchased a total of 1,344,222 shares at a weighted-average cost of $0.31 per share in 2015 and 1,445,547 shares at a weighted-average cost of $0.23 per share in 2014.

Share repurchases activity during the three months ended December 31, 2015 was as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period ending December 31, 2015	Total Number of Shares Purchased (*)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 to October 31	74,413	0.30	74,413	11,263,928
November 1 to November 30	66,500	0.29	66,500	11,197,428
December 1 to December 31	3,600	0.30	3,600	11,193,828
Total	144,513	0.30	144,513	11,193,828

(*) On December 11, 2012, we authorized a share repurchase program to repurchase up to 15 million of our issued and outstanding common shares from time to time on the open market or via private transactions through block trades. The initial expiration date for the stock repurchase program was December 31, 2013. On October 7, 2013, the Board voted to extend the stock repurchase program until a date is set to revoke the program.

Equity Compensation Plan Information

Plan category	Number of securities issued under equity compensation plan	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	-	$ -	-
Equity compensation plans not approved by security holders	23,521,600	$ 0.22	16,111,725

Table of Contents

Item 6. Selected Financial Data

The following table sets forth historical financial data and should be read in conjunction with the Company's consolidated financial statements and related notes set forth in Item 8 below and previous filings. We have derived the selected historical financial data for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 from our audited financial statements and the related notes.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Statements of Operations Data:					
Revenues	$ 156,597	$ 134,043	$ 85,627	$ 75,004	$ 40,670
Cost of revenues	63,628	57,718	34,326	31,179	15,962
Gross profit	92,969	76,325	51,301	43,825	24,708
Distributor compensation	63,276	52,646	32,985	30,526	16,986
Selling and marketing, general and administrative expense	24,287	20,310	13,964	13,580	7,446
Impairment of goodwill (1)	-	-	-	-	151,798
Operating income (loss)	5,406	3,369	4,352	(281)	(151,522)
Interest expense, net	(4,491)	(2,356)	(1,249)	(90)	(427)
Extinguishment loss on debt	(1,198)	-	-	-	-
Change in fair value of warrant derivative liability	(39)	(15)	-	-	-
Income (loss) before income taxes	(322)	998	3,103	(368)	(151,949)
Income tax (benefit) provision	1,384	(4,371)	452	196	246
Net income (loss)	$ (1,706)	$ 5,369	$ 2,651	$ (564)	$ (152,195)
Other Financial Data					
Depreciation and amortization	$ 3,354	$ 2,686	$ 2,079	$ 1,905	$ 1,064
Stock based compensation	455	534	848	629	-
Change in fair value of warrant derivative liability	39	15	-	-	-
Extinguishment loss on debt	1,198	-	-	-	-
Adjusted EBITDA (1)	9,215	6,589	7,279	3,170	1,340
Balance Sheet Data					
Cash and cash equivalents	$ 3,875	$ 2,997	$ 4,320	$ 3,025	$ 1,390
Inventory	17,977	11,783	5,973	4,675	4,981
Total assets	62,785	55,732	34,853	24,907	24,367
Stockholders' Equity	18,881	18,589	11,499	9,879	9,078
Weighted average shares outstanding, diluted	392,075,608	389,795,108	391,953,473	387,392,118	329,229,717

(1) Impairment of Goodwill in 2011 was as a result of the reverse acquisition of Javalution. This was excluded from Adjusted EBITDA calculations. Adjusted EBITDA is a non-GAAP financial measure. We calculate Adjusted EBITDA by taking net income, and adding back the expenses related to interest, taxes, depreciation, amortization, stock based compensation expense, change in the fair value of warrant derivative and non-cash impairment loss and debt extinguishment gain or loss, as each of those elements are calculated in accordance with GAAP. Adjusted EBITDA should not be construed as a substitute for net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position, as Adjusted EBITDA is not defined by GAAP. Management believes that Adjusted EBITDA, when viewed with our results under GAAP, provides useful information about our period-over-period growth. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operation should be read in conjunction with the audited consolidated financial statements and related notes, which are included elsewhere in this Annual Report on Form 10-K. In addition to historical information, the following discussion contains certain forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward looking statements by using words such as “anticipate,” “believe,” “intends,” or similar expressions. Our actual results could differ materially from those anticipated expressed or implied by the forward-looking statements due to important factors and risks including, but not limited to, those set forth under “Risk Factors” in Part I, Item 1A of this Annual Report.

Overview

We operate in two segments: the direct selling segment where products are offered through a global distribution network of preferred customers and distributors and the commercial coffee segment where products are sold directly to businesses. During the year ended December 31, 2015, we derived approximately 89% of our revenue from direct sales and approximately 11% of our revenue from our commercial coffee sales. During the year ended December 31, 2014, we derived approximately 87% of our revenue from our direct sales and approximately 13% of our revenue from our commercial coffee sales.

In the direct selling segment we sell health and wellness products on a global basis and offer a wide range of products through an international direct selling network of independent distributors. Our multiple independent selling forces sell a variety of products through friend-to-friend marketing and social networking.

We also engage in the commercial sale of coffee. We own a traditional coffee roasting business, CLR that sells roasted and unroasted coffee and produces coffee under its own Café La Rica brand, Josie's Java House brand and Javalution brands. CLR produces coffee under a variety of private labels through major national sales outlets and major customers including cruise lines and office coffee service operators. During fiscal 2014 CLR acquired the Siles Plantation Family Group, a coffee plantation and dry-processing facility located in Matagalpa, Nicaragua, an ideal coffee growing region that is historically known for high quality coffee production. The dry-processing facility is approximately 26 acres and the plantation is roughly 450 acres and produces 100 percent Arabica coffee beans that are shade grown, Rainforest Alliance Certified™ and Fair Trade Certified™. The plantation, dry-processing facility and existing U.S. based coffee roaster facilities allows CLR to control the coffee production process from field to cup.

During the year ended December 31, 2015, we derived approximately 93% of our revenues from sales within the United States.

2014 and 2015 Debt Offerings

On November 25, 2015, we closed the final round of the November 2015 Offering pursuant to which we raised cash proceeds of $3,187,500 and converted $4,000,000 of debt from a previous private placement. We issued to three (3) investors three (3) year senior secured November 2015 Notes in the aggregate principal amount of $7,187,500 convertible into 20,535,714 shares of Common Stock at a conversion price of $0.35 per share and warrants exercisable to purchase an aggregate of 9,583,333 shares of Common Stock from us at a price per share of $0.45. We also issued 3,011,904 warrants to the placement agent and its designees, of which 2,053,571 have an exercise price of $0.35 per share and 958,333 have an exercise price of $0.45 per share.

The November 2015 Notes bear interest at a rate of eight percent (8%) per annum. We have the right to prepay the November 2015 Notes at any time after the one year anniversary date of the issuance of the November 2015 Notes at a rate equal to 110% of the then outstanding principal balance and accrued interest. The November 2015 Notes rank senior to all of our debt other than certain debt owed to Wells Fargo Bank, Crestmark Bank, the investors in our prior private placements, a mortgage on property, and any refinancings thereof. We and CLR, have provided collateral to secure the repayment of the November 2015 Notes and have pledged our assets (which liens are junior to CLR's line of credit and equipment lease and junior to the rights of note holders in our prior financings but senior to all of their other obligations), all subject to the terms and conditions of a security agreement among us, CLR and the investors. Stephan Wallach, our Chief Executive Officer, has also personally guaranteed the repayment of the November 2015 Notes, subject to the terms of a Guaranty executed by him with the investors. In addition, Mr. Wallach has agreed not to sell, transfer or pledge the 30 million shares of the Common Stock that are currently pledged as collateral to a previous financing so long as his personal guaranty is in effect.

The November 2015 Warrants contain cashless exercise provisions in the event a registration statement registering the Common Stock underlying the November 2015 Warrants has not been declared effective by the Securities and Exchange Commission by specified dates and customary anti-dilution protection and registration rights. The November 2015 Warrants issued to investors expire sixty (60) months from the date of issuance and have an exercise price of $0.45 per share. The November 2015 Warrants issued to the placement agent and its designees exercisable for 958,333 shares of Common Stock that expire in sixty (60) months from the date of issuance have an exercise price of $0.45 per share and 2,053,571 shares of Common Stock that expire in thirty-six (36) months from issuance and have an exercise price of $0.35 per share.

We intend to invest the net offering proceeds in our wholly owned subsidiary, CLR to fund working capital for its Nicaragua plantation and for the purchase of green coffee to accelerate the growth on its green coffee division. For twelve (12) months following the closing of the November 2015 Offering, the investors in the November 2015 Offering have the right to participate in any future equity financings by us up to their ***pro rata*** share of the aggregate maximum offering amount.

In connection with the November 2015 Offering, we also entered into the “Registration Rights Agreement” with the investors in the November 2015 Offering. The Registration Rights Agreement requires that we file a registration statement (the “Initial Registration Statement”) with the Securities and Exchange Commission within sixty (60) days of the final closing date of the November 2015 Offering (the “Filing Date”) for the resale by the investors of all of the shares Common Stock underlying the November 2015 Notes and the November 2015 Warrants and all shares of Common Stock issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect thereto (the “Registrable Securities”). Upon the occurrence of certain events (each an “Event”), we will be required to pay to the investors liquidated damages of 1.0% of their respective aggregate purchase price upon the date of the Event and then monthly thereafter until the Event is cured. In no event may the aggregate amount of liquidated damages payable to each of the investors exceed in the aggregate 10% of the aggregate purchase price paid by such investor for the Registrable Securities. On February 12, 2016 we received notice from the SEC that our registration statement was effective.

In January 2015, we raised aggregate gross proceeds of $5,250,000 (the “January 2015 Offering”) when we entered into note purchase agreements with three (3) accredited investors pursuant to which we sold 52.5 units, each unit consisting of a one (1) year secured note (the “January 2015 Note”)in the aggregate principal amount of $100,000 and 30,000 shares of Common Stock. We used the net offering proceeds from the January 2015 Offering for CLR to fund the purchase of Nicaragua green coffee to be sold under the terms of a letter of intent for sourcing and supply. The January 2015 Notes bear interest at a rate of eight percent (8%) per annum. We have the right to prepay the January 2015 Notes at any time at a rate equal to 100% of the then outstanding principal balance and accrued interest. The January 2015 Notes rank *pari passu* to all other notes of ours other than certain outstanding senior debt. CLR has provided collateral to secure the repayment of the January 2015 Notes and has pledged the Nicaragua green coffee beans acquired with the proceeds, the contract rights under the letter of intent and all proceeds of the foregoing (which lien is junior to CLR’s line of credit and equipment lease but senior to all of its other obligations), all subject to the terms and conditions of a security agreement among us, CLR and the investors. Stephan Wallach, our Chief Executive Officer, has also personally guaranteed the repayment of the January 2015 Notes, subject to the terms of a Guaranty executed by him with the investors. In addition, Mr. Wallach has agreed not to sell, transfer or pledge 30 million shares of the Common Stock that he owns so long as his personal guaranty is in effect. One holder of a January 2015 Note in the principal amount of $5,000,000 was prepaid on October 26, 2015 through a cash payment from us to the investor of $1,000,000 and the remaining $4,000,000 owed was applied to the investor’s purchase of a $4,000,000 November 2015 Note in the November 2015 Offering and a November 2015 Warrant exercisable to purchase 5,333,333 shares of Common Stock. The remaining balance of the January 2015 Notes as December 31, 2015 was $250,000 and was paid in January 2016.

Between July 31, 2014 and September 10, 2014, we entered into Note Purchase Agreements (the "2014 Note" by way of completing a private placement offering ("2014 Private Offering") with seven accredited investors pursuant to which the Company raised aggregate gross proceeds of $4,750,000 and sold units consisting of five (5) year senior secured convertible 2014 Notes in the aggregate principal amount of $4,750,000, that are convertible into 13,571,429 shares of our common stock, at a conversion price of $0.35 per share, and warrants to purchase 18,586,956 shares of common stock at an exercise price of $0.23 per share, subject to adjustment as provided therein. As of December 31, 2016 the principal amount of $4,750,000 remains outstanding. The outstanding 2014 Notes are secured by certain of our pledged assets, bear interest at a rate of eight percent (8%) per annum and paid quarterly in arrears with all principal and unpaid interest due between July and September 2019.

Recent Event

On March 23, 2016, we filed a lawsuit against Wakaya Perfection, LLC and several of its executives, including our former president William Andreoli, or agents in the United States District Court for the Southern District of California. The lawsuit is captioned *Youngevity International Corp. v. Todd Smith, et al.*, No. 16-cv-0704-W-JLB (S.D. Cal. 2016).

The lawsuit alleges, inter alia, that executives and investors in Wakaya Perfection unlawfully breached their contractual agreements with Youngevity, including non-compete clauses, and intentionally interfered with our existing distributor relationships through unlawful conduct. The defendants include individuals who held positions within Youngevity, but departed to begin a competing direct networking business. Our lawsuit seeks damages and injunctive relief restraining the defendants from misappropriating proprietary Youngevity information.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based upon financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates; including those related to collection of receivables, inventory obsolescence, sales returns and non-monetary transactions such as stock and stock options issued for services, deferred taxes and related valuation allowances, fair value of assets and liabilities acquired in business combinations, asset impairments, useful lives of property, equipment and intangible assets and value of contingent acquisition debt. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Emerging Growth Company

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the Jobs Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Revenue Recognition

We recognize revenue from product sales when the following four criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectability is reasonably assured. We ship the majority of the direct selling segment products directly to the distributors and customers via UPS, USPS or Fedex and receive substantially all payments for these sales in the form of credit card transactions. We regularly monitor the use of credit card or merchant services to ensure that the financial risk related to credit quality and credit concentrations is actively managed. Revenue is recognized upon passage of title and risk of loss to customers when product is shipped from the fulfillment facility. We ship the majority of the coffee segment products via common carrier and invoice our customers for the products. Revenue is recognized when the title and risk of loss is passed to the customer under the terms of the shipping arrangement, typically, FOB shipping point.

Sales revenue and a reserve for estimated returns are recorded net of sales tax when product is shipped.

Fair Value of Financial Instruments

Certain of our financial instruments including cash and cash equivalents, accounts receivable, inventories, prepaid expenses, accounts payable, accrued liabilities and deferred revenue are carried at cost, which is considered to be representative of their respective fair values because of the short-term nature of these instruments. Our notes payable and derivative liability are carried at estimated fair value (see Note 7, to the consolidated financial statements.)

Derivative Financial Instruments

We do not use derivative instruments to hedge exposures to cash flow, market or foreign currency.

We review the terms of convertible debt and equity instruments we issue to determine whether there are derivative instruments, including an embedded conversion option that is required to be bifurcated and accounted for separately as a derivative financial instrument. In circumstances where a host instrument contains more than one embedded derivative instrument, including a conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. Also, in connection with the sale of convertible debt and equity instruments, we may issue freestanding warrants that may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity.

Derivative instruments are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the convertible debt or equity instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds allocated to the convertible host instruments are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the convertible instruments themselves, usually resulting in those instruments being recorded at a discount from their face value (see Note 6, to the consolidated financial statements.)

The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense, using the effective interest method.

Inventory and Cost of Sales

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. We record an inventory reserve for estimated excess and obsolete inventory based upon historical turnover, market conditions and assumptions about future demand for its products. When applicable, expiration dates of certain inventory items with a definite life are taken into consideration.

Business Combinations

We account for business combinations under the acquisition method and allocate the total purchase price for acquired businesses to the tangible and identified intangible assets acquired and liabilities assumed, based on their estimated fair values. When a business combination includes the exchange of our common stock, the value of the common stock is determined using the closing market price as of the date such shares were tendered to the selling parties. The fair values assigned to tangible and identified intangible assets acquired and liabilities assumed are based on management or third party estimates and assumptions that utilize established valuation techniques appropriate for our industry and each acquired business. Goodwill is recorded as the excess, if any, of the aggregate fair value of consideration exchanged for an acquired business over the fair value (measured as of the acquisition date) of total net tangible and identified intangible assets acquired. A liability for contingent consideration, if applicable, is recorded at fair value as of the acquisition date. In determining the fair value of such contingent consideration, management estimates the amount to be paid based on probable outcomes and expectations on financial performance of the related acquired business. The fair value of contingent consideration is reassessed quarterly, with any change in the estimated value charged to operations in the period of the change. Increases or decreases in the fair value of the contingent consideration obligations can result from changes in actual or estimated revenue streams, discount periods, discount rates, and probabilities that contingencies will be met.

Long-Lived Assets

Long-lived assets, including property and equipment and definite lived intangible assets are carried at cost less accumulated amortization. Costs incurred to renew or extend the life of a long lived asset are reviewed for capitalization. All finite-lived intangible assets are amortized on a straight-line basis, which approximates the pattern in which the estimated economic benefits of the assets are realized, over their estimated useful lives. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate their net book value may not be recoverable. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made.

Goodwill

Goodwill is recorded as the excess, if any, of the aggregate fair value of consideration exchanged for an acquired business over the fair value (measured as of the acquisition date) of total net tangible and identified intangible assets acquired. Goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Stock Based Compensation

We account for stock based compensation in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Board ("ASC") Topic 718, *Compensation – Stock Compensation*, which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the vesting period of the equity grant. We account for equity instruments issued to non-employees in accordance with authoritative guidance for equity based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

Income Taxes

We account for income taxes under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial statement and tax bases of our assets and liabilities, and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

Results of Operations

The comparative financials discussed below show the consolidated financial statements of Youngevity International, Inc. as of and for the years ended December 31, 2015 and 2014.

Year ended December 31, 2015 compared to year ended December 31, 2014

Revenues

For the year ended December 31, 2015, our revenue increased 16.8% to $156,597,000 as compared to $134,043,000 for the year ended December 31, 2014. During the year ended December 31, 2015, we derived approximately 89% of our revenue from our direct sales and approximately 11% of our revenue from our commercial coffee sales. Direct selling revenues increased 19.4% and were primarily attributed to the increase in our product offerings, the increase in the number of distributors selling our product, price increases on certain products and the increase in the number of customers consuming our products as well as $10,321,000 in additional revenues derived from our 2015 and 2014 acquisitions compared to the prior period. The commercial coffee segment revenue remained flat reporting minimal change primarily due to a decrease in the green coffee distribution business which was negatively impacted by the lower commodity prices for green coffee. The following table summarizes our revenue in thousands by segment:

Segment Revenues	For the years ended December 31, 2015	For the years ended December 31, 2014	Percentage change
Direct selling	$ 138,927	$ 116,365	19.4%
Commercial coffee	17,670	17,678	(0.0)%
Total	$ 156,597	$ 134,043	16.8%

Cost of Revenues and Gross Profit

For the year ended December 31, 2015, overall cost of revenues increased approximately 10.2% to $63,628,000 as compared to $57,718,000 for the year ended December 31, 2014. The increase in cost of revenues is primarily attributable to the increase in cost of revenue of the direct selling segment of 13.8% as a result of cost related to the increase in sales. The commercial coffee cost of revenues increased 2.4%. Cost of revenues includes the cost of inventory including green coffee, shipping and handling costs incurred by us in connection with shipments to customers, royalties associated with certain products, transaction banking costs and depreciation on certain assets.

For the year ended December 31, 2015, gross profit increased approximately 21.8% to $92,969,000 as compared to $76,325,000 for the year ended December 31, 2014. Gross profit as a percentage of revenues increased to 59.4%, compared to 56.9% in the prior year. Below is a table of the gross margin percentages by segment:

Segment Gross Profit	Gross Profit % For the years ended December 31, 2015	Gross Profit % For the years ended December 31, 2014
Direct selling	67.4%	65.8%
Commercial coffee	(3.6)%	(1.2)%
Consolidated	59.4%	56.9%

Gross profit as a percentage of revenues in the direct selling segment increased by approximately 1.6% for the year ended December 31, 2015, compared with the same period last year. This increase was primarily due to price increases on certain products that became effective as of the second quarter of the current year. The decrease in gross margin in the commercial coffee segment of approximately 2.4% was primarily due to the lower margins in green coffee business as a result of the lower commodity prices for green coffee and the impact of certain fixed costs at the roaster related to the single serve coffee business that is expected to operate at full capacity in 2016.

Operating Expenses

For the year ended December 31, 2015, our operating expenses increased approximately 20.0% to $87,563,000 as compared to $72,956,000 for the year ended December 31, 2014. Included in operating expense is distributor compensation paid to our independent distributors in the direct selling segment. For the year ended December 31, 2015, distributor compensation increased 20.2% to $63,276,000 from $52,646,000 for the year ended December 31, 2014. This increase was primarily attributable to the increase in revenues. Distributor compensation as a percentage of direct selling revenues increased to 45.5% as compared to 45.2% for the year ended December 31, 2014.

For the year ended December 31, 2015, the sales and marketing expense increased 11.5% to $8,212,000 from $7,363,000 for the year ended December 31, 2014 primarily due to increased compensation costs related to sales and customer service.

For the year ended December 31, 2015, the general and administrative expense increased 24.2% to $16,075,000 from $12,947,000 for the year ended December 31, 2014 primarily due to increases in consulting costs related to international expansion, travel expenses, non-capitalized website maintenance costs, insurance, bank fees, employee compensation costs, charitable contributions and accounting fees. In addition, we recorded a decrease to the contingent acquisition liability of $446,000 during 2015, compared to an increase of $179,000 in the prior year. We also recorded $253,000 in 2015 to recognize other stock based expense related to warrant modifications compared to zero in the prior year. Increases in the commercial coffee segment were due to rent expense and employee wages.

Operating Income

For the year ended December 31, 2015, operating income increased approximately 60.5% to $5,406,000 as compared to $3,369,000 for the year ended December 31, 2014. This was primarily due to the increase in revenues and gross margins discussed above. Operating income as a percentage of revenues increased to 3.5%, compared to 2.5% in the prior year.

Total Other Expense

For the year ended December 31, 2015, total other expense increased by $3,357,000 to $5,728,000 as compared to $2,371,000 for the year ended December 31, 2014. Total other expense is primarily interest expense of $4,510,000 off-set by interest income of approximately $17,000 and the non-cash expenses from the extinguishment loss on debt of $1,198,000 and the change in fair value of warrant derivative of $39,000. Non-cash interest expense increased by approximately $1,797,000 as a result of interest expense from the accretion of debt discount and amortization of deferred financing costs related to the 2015 and 2014 Private Placement transactions. Other increase to interest expense of approximately $525,000 is primarily attributable to the interest payments to investors associated with the 2015 and 2014 Private Placement transactions Notes and other operating notes payable offset by a decrease of interest expense of approximately $186,000 related to contingent acquisition debt.

The Company recorded a non-cash extinguishment loss on debt of $1,198,000 in the current year as a result of the repayment of $5,000,000 in Notes Payable to one of the investors from the January 2015 Private Placement through issuance of a new November 2015 Note Payable. This loss represents the difference between the reacquisition value of the new debt to the holder of the note and the carrying amount of the holder’s extinguished debt (see Note 5, to the consolidated financial statements.)

Change in Fair Value of Warrant Derivative Liability. Various factors are considered in the pricing models we use to value the warrants, including our current stock price, the remaining life of the warrants, the volatility of our stock price, and the risk free interest rate. Future changes in these factors may have a significant impact on the computed fair value of the warrant liability. As such, we expect future changes in the fair value of the warrants to continue and may vary significantly from year to year (see Note 7, to the consolidated financial statements.)

The extinguishment loss on debt and warrant liability revaluations have not had a cash impact on our working capital, liquidity or business operations.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the effective date of the change. The Company has determined through consideration of all positive and negative evidence that the US deferred tax assets are more likely than not to be realized. The Company does not have a valuation allowance in the US Federal tax jurisdiction. A valuation allowance remains on the state and foreign tax attributes that are likely to expire before realization. The change in valuation allowance increased approximately $161,000 for the year ended December 31, 2015 and decreased approximately $4,213,000 for the year ended December 31, 2014.We have recognized income tax expense of $1,384,000, which is our estimated federal, state and foreign income tax liability for the year ended December 31, 2015. The difference between the current effective rate and the Federal statutory rate of 35.0% is primarily due to undistributed foreign earnings and expenses that are not deductible for tax purposes, such as amortization of debt discount, stock based compensation, warrant modification expense, interest expense on warrants, change in valuation allowance, extinguishment loss on debt, and meals and entertainment expense.

Net Income (loss)

For the year ended December 31, 2015, the Company reported a net loss of $1,706,000 as compared to a net income of $5,369,000 for the year ended December 31, 2014. The primary reason for the decrease is due to the income tax benefit of $4,371,000 in 2014 compared to income tax expense of $1,384,000 in 2015. The income tax benefit in 2014 was primarily due to the decrease in valuation allowance of $4,213,000 that the Company recognized in 2014. The net loss in 2015 was also impacted by the increase in total other expense of $3,357,000, primarily due to the non-cash extinguishment loss on debt of $1,198,000 and the increase in interest expense.

Adjusted EBITDA

EBITDA (earnings before interest, income taxes, depreciation and amortization) as adjusted to remove the effect of stock based compensation expense and the non-cash loss on extinguishment of debt and the change in the fair value of the warrant derivative or "Adjusted EBITDA," increased 39.8% to $9,215,000 for the year ended December 31, 2015 compared to $6,589,000 in the same period for the prior year.

Management believes that Adjusted EBITDA, when viewed with our results under GAAP and the accompanying reconciliations, provides useful information about our period-over-period growth. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team.

Adjusted EBITDA is a non-GAAP financial measure. We calculate adjusted EBITDA by taking net income, and adding back the expenses related to interest, income taxes, depreciation, amortization, stock based compensation expense, change in the fair value of the warrant derivative, non-cash impairment loss and debt extinguishment gain or loss, as each of those elements are calculated in accordance with GAAP. Adjusted EBITDA should not be construed as a substitute for net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position, as Adjusted EBITDA is not defined by GAAP.

A reconciliation of our adjusted EBITDA to net income (loss) for the years ended December 31, 2015 and 2014 is included in the table below (in thousands):

	Years Ended December 31,	
	2015	2014
Net (loss) Income	$ (1,706)	$ 5,369
Add		
Interest, net	4,491	2,356
Income taxes	1,384	(4,371)
Depreciation	1,242	753
Amortization	2,112	1,933
EBITDA	7,523	6,040
Add		
Stock based compensation	455	534
Change in the fair value of warrant derivative	39	15
Extinguishment loss on debt	1,198	-
Adjusted EBITDA	$ 9,215	$ 6,589

Liquidity and Capital Resources

Sources of Liquidity

At December 31, 2015 we had cash and cash equivalents of approximately $3,875,000 as compared to cash and cash equivalents of $2,997,000 as of December 31, 2014. The increase in cash was primarily due our recent Private Placements offset by inventory purchases and cash used for capital expenditures.

Cash Flows

Cash used in operating activities. Net cash provided by operating activities for the year ended December 31, 2015 was $1,367,000, as compared to net cash provided by operating activities of $1,902,000 for the year ended December 31, 2014. Net cash provided by operating activities consisted of net loss of a $1,706,000 offset by an increase of $7,641,000 in net non-cash operating activity expenses, and reduced by $4,568,000 in changes in operating assets and liabilities.

Net non-cash operating expenses included $39,000 related to the change in the fair value of warrant derivative liability, $3,354,000 in depreciation and amortization, $455,000 in stock based compensation expense, $253,000 related to warrant modification expense, $899,000 related to the amortization of deferred costs associated with our Private Placements, $1,409,000 related to deferred income taxes, $967,000 related to the amortization of debt discounts, $1,198,000 from the extinguishment of debt, offset by $933,000 in other non-cash items.

Changes in operating assets and liabilities were attributable to decreases in working capital primarily related to changes in inventory of $6,194,000 and deferred revenues of $2,495,000. Increases in working capital primarily related to changes in accounts receivable of $168,000 net of which $271,000 related to an increase in our factoring receivable and an increase of $103,000 from trade related receivables, accrued expenses and other liabilities of $1,278,000, accounts payable of $1,608,000, prepaid expenses and other current assets of $491,000 (net of non-cash deferred costs), $136,000 related to income tax receivable, and accrued distributor compensation of $46,000.

Cash used in investing activities. Net cash used in investing activities for the year ended December 31, 2015 was $3,230,000, as compared to net cash used in investing activities of $5,137,000 for the year ended December 31, 2014. Net cash used in investing activities consisted of $32,000 in initial cash payments related to the purchase of our business acquisitions and $3,198,000 in purchases of property and equipment and leasehold improvements.

Cash provided by financing activities. Net cash provided by financing activities was $2,792,000 for the year ended December 31, 2015 as compared to net cash provided by financing activities of $2,022,000 for the year ended December 31, 2014. The increase in cash provided by financing activities was primarily due to the net proceeds related to the January 2015 Private Placement of approximately $5,080,000, net proceeds related to the Convertible Note Payable associated with our November 2015 Private Placement of approximately $2,383,000, proceeds from exercise of stock options and warrants of $272,000, proceeds of $82,000 for the CLR factoring agreement, $1,214,000 in payments to reduce notes payable, $3,338,000 in payments related to contingent acquisition debt, $47,000 in payments to reduce capital lease obligations and $426,000 in payments related to the Company's share repurchase program.

Payments Due by Period

The following table summarizes our expected contractual obligations and commitments subsequent to December 31, 2015 (in thousands):

		Current	Long-Term				
Contractual Obligations*	**Total**	**2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**
Operating Leases	$ 4,445	$ 1,199	$ 973	$ 723	$ 371	$ 345	$ 834
Capital Leases	405	111	117	114	39	24	-
Purchase Obligations	1,327	1,327	-	-	-	-	-
Convertible Notes Payable, "July 2014 Private Placement"(*)	4,750	-	-	-	4,750	-	-
Notes Payable, January 2015 Private Placement	250	250	-	-	-	-	-
Convertible Notes Payable, "November 2015 Private Placement" (*)	7,188	-	-	7,188	-	-	-
Notes Payable, Operating	4,853	206	167	235	155	155	3,935
Contingent Acquisition Debt	7,438	264	344	333	149	312	6,036
Total	$ 30,656	$ 3,357	$ 1,601	$ 8,593	$ 5,464	$ 836	$ 10,805

(*) The notes issued in the November 2015 and July 2014 Private Placements mature in three and five years, respectively, after their date of issuance unless they are converted into shares of Common Stock prior to maturity.

"Operating leases" generally provide that property taxes, insurance, and maintenance expenses are our responsibility. Such expenses are not included in the operating lease amounts that are outlined in the table above.

During the third quarter of fiscal year ended December 31, 2014, we completed a private placement and entered into Note Purchase Agreements with seven (7) accredited investors pursuant to which we sold units consisting of five (5) year senior secured convertible Notes in the aggregate principal amount of $4,750,000, that are convertible into shares of our common stock. The Notes are due in September 2019 if the option to convert has not been exercised.

In January 2015, we completed a private placement and entered into Note Purchase Agreements with three (3) accredited investors pursuant to which we sold units consisting of one (1) year senior secured notes in the aggregate principal amount of $5,250,000. One holder of a January 2015 Note in the principal amount of $5,000,000 was prepaid on October 26, 2015 through a cash payment from us to the investor of $1,000,000 and the remaining $4,000,000 owed was applied to the investor's purchase of a $4,000,000 November 2015 Note in the November 2015 Offering and a November 2015 Warrant exercisable to purchase 5,333,333 shares of Common Stock. The remaining balance of the January 2015 Notes as of December 31, 2015 was $250,000 and was paid in January 2016 (see Note 5, to the consolidated financial statements.)

In November 2015, we completed a private placement and entered into Note Purchase Agreements with three (3) accredited investors pursuant to which we sold senior secured convertible notes in the aggregate principal amount of $7,187,500, that are convertible into shares of Common Stock. The Notes are due in October 2018 if the option to convert has not been exercised (see Note 5, to the consolidated financial statements.)

The "Notes Payable, Operating" relates primarily to our note and mortgage on our corporate office property 2400 Boswell building. On March 15, 2013, we acquired 2400 Boswell for approximately $4.6 million dollars. 2400 Boswell LLC is the owner and lessor of the building occupied by us for our corporate office and warehouse in Chula Vista, CA. The purchase was from an immediate family member of our Chief Executive Officer and consisted of approximately $248,000 in cash, $334,000 of debt forgiveness and accrued interest, and a promissory note of approximately $393,000, payable in equal payments over 5 years and bears interest at 5.00%. Additionally, we assumed a long-term mortgage of $3,625,000, payable over 25 years and have an initial interest rate of 5.75%. The interest rate is the prime rate plus 2.50%. The lender will adjust the interest rate on the first calendar day of each change period. As of December 31, 2015 the balance on the long-term mortgage was $3,431,000 and the balance on the promissory note was $189,000, both of which are included in notes payable.

The "Contingent acquisition debt" relates to contingent liabilities related to business acquisitions. Generally, these liabilities are payments to be made in the future based on a level of revenue derived from the sale of products. These numbers are estimates and actual numbers could be higher or lower because many of our contingent liabilities relate to payments on sales that have no maximum payment amount. In many of those transactions, we have recorded a liability for contingent consideration as part of the purchase price. All contingent consideration amounts are based on management's best estimates utilizing all known information at the time of the calculation.

In connection with our acquisition of FDI, we assumed mortgage guarantee obligations made by FDI on the building previously housing our New Hampshire operations. The balance of the mortgages is approximately $1,900,000 as of December 31, 2015.

Factoring Agreement

We have a factoring agreement ("Factoring Agreement") with Crestmark Bank ("Crestmark") related to our accounts receivable resulting from sales of certain products within its commercial coffee segment. The Factoring Agreement provides for us to receive advances against the purchase price of our receivables at the rate of 85% of the aggregate purchase price of the receivable outstanding at any time less: receivables that are in dispute, receivables that are not credit approved within the terms of the Factoring Agreement, and any fees or estimated fees related to the Factoring Agreement. Interest is accrued on all outstanding advances at the greater of 5.25% per annum or the Prime Rate (as identified by the Wall Street Journal) plus an applicable margin. The margin is based on the magnitude of the total outstanding advances and ranges from 2.50% to 5.00%. In addition to the interest accrued on the outstanding balance, the factor charges a factoring commission for each invoice factored, which is calculated as the greater of $5.00 or 0.875% to 1.00% of the gross invoice amount and is recorded as interest expense. The minimum factoring commission payable to the bank is $90,000 during each consecutive 12-month period.

Accounts receivable due from factoring, as of December 31, 2015 and December 31, 2014, of approximately $556,000 and $827,000 respectively reflects the related collateralized accounts. Our outstanding liability related to the Factoring Agreement was approximately $457,000 and $538,000 as of December 31, 2015 and December 31, 2014, respectively.

Future Liquidity Needs

We believe that current cash balances, future cash provided by operations, and available amounts under our accounts receivable factoring agreement will be sufficient to cover our operating and capital needs in the ordinary course of business for at least the next 12 months. During 2014 and 2015 we raised an aggregate of $9,187,500 in cash from the sale of notes in three private placement transactions and converted $4,000,000 of debt from the January 2015 Private Placement to the November 2015 Private Placement. Though our operations are currently meeting our working capital requirements, on November 9, 2015 we completed one of the three private placement offerings, the "November 2015 Private Placement, pursuant to which we had offered for sale as units up to a maximum of $10,000,000 principal amount of notes convertible at the initial conversion price of $0.35 into 28,571,428 shares of our common stock and 13,333,334 warrants. We raised cash proceeds of $3,187,500 in the November 2015 Private Placement and converted $4,000,000 of debt from our January 2015 Private Placement to the November 2015 Private Placement and sold aggregate units consisting of the Notes in the aggregate principal amount of $7,187,500, convertible into 20,535,714 shares of our common stock, par value $0.001 per share, at a conversion price of $0.35 per share, subject to adjustment as provided therein; and Warrants exercisable to purchase 9,583,333 shares of common stock from us at a price per share of $0.45. The Notes bear interest at a rate of eight percent (8%) per annum. We invested the net offering proceeds in our wholly owned subsidiary, CLR, to fund working capital for its Nicaragua plantation and for the purchase of green coffee to accelerate the growth in our green coffee division.

On October 10, 2014, we entered into a revolving line of credit agreement ("Line of Credit"), with Wells Fargo Bank National Association ("Bank"), our principal banking partner. The Line of Credit provided us with a $2.5 million revolving credit line. The outstanding principal balance of the Line of Credit bear interest at a fluctuating rate per annum determined by the Bank to be two and three-quarter percent (2.75%) above Daily One Month LIBOR as in effect from time to time. The bank charged an unused commitment fee equal to five tenths percent (.5%) per annum on the daily unused amount of the Line of Credit and was payable quarterly. We did not draw against this credit facility. The agreement expired in October 2015 and was not renewed.

If we experience an adverse operating environment or unusual capital expenditure requirements, additional financing may be required. No assurance can be given, however, that additional financing, if required, would be available on favorable terms. We might also require or seek additional financing for the purpose of expanding into new markets, growing our existing markets, or for other reasons. Such financing may include the use of additional debt or the sale of additional equity securities. Any financing which involves the sale of equity securities or instruments that are convertible into equity securities could result in immediate and possibly significant dilution to our existing shareholders.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as of December 31, 2015.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a Smaller Reporting Company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item.

Item 8. Consolidated Financial Statements

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Youngevity International, Inc.
Chula Vista, California

We have audited the accompanying consolidated balance sheets of **Youngevity International, Inc. and Subsidiaries** (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years then ended. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Youngevity International, Inc. and Subsidiaries** as of December 31, 2015 and 2014, and the consolidated results of its operations and cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Mayer Hoffman McCann P.C.

San Diego, California
March 29, 2016

Youngevity International, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

	As of December 31, 2015	As of December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,875	$ 2,997
Accounts receivable, due from factoring company	556	827
Accounts receivable, trade	1,068	965
Income tax receivable	173	308
Deferred tax assets, net current	711	801
Inventory	17,977	11,783
Prepaid expenses and other current assets	3,868	3,753
Total current assets	28,228	21,434
Property and equipment, net	12,699	10,319
Deferred tax assets, long-term	1,821	3,140
Intangible assets, net	13,714	14,516
Goodwill	6,323	6,323
Total assets	**$ 62,785**	**$ 55,732**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 7,015	$ 5,407
Accrued distributor compensation	4,223	4,177
Accrued expenses	3,605	2,332
Deferred revenues	2,580	5,075
Other current liabilities	577	477
Capital lease payable, current portion	111	24
Notes payable, current portion	456	228
Warrant derivative liability	4,716	3,712
Contingent acquisition debt, current portion	264	2,765
Total current liabilities	23,547	24,197
Capital lease payable, net of current portion	294	4
Notes payable, net of current portion	4,647	4,839
Convertible notes payable, net of debt discount	8,242	396
Contingent acquisition debt, net of current portion	7,174	7,707
Total liabilities	43,904	37,143
Commitments and contingencies		
Stockholders’ Equity		
Convertible Preferred Stock, $0.001 par value: 100,000,000 shares authorized; 161,135 shares issued and outstanding at December 31, 2015 and December 31, 2014	-	-
Common Stock, $0.001 par value: 600,000,000 shares authorized; 392,583,015 and 390,301,312 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	393	390
Additional paid-in capital	169,432	167,386
Accumulated deficit	(150,618)	(148,912)
Accumulated other comprehensive loss	(326)	(275)
Total stockholders’ equity	18,881	18,589
Total Liabilities and Stockholders’ Equity	**$ 62,785**	**$ 55,732**

See accompanying notes.

Youngevity International, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Years Ended December 31, 2015	Years Ended December 31, 2014
Revenues	$ 156,597	$ 134,043
Cost of revenues	63,628	57,718
Gross profit	92,969	76,325
Operating expenses		
Distributor compensation	63,276	52,646
Sales and marketing	8,212	7,363
General and administrative	16,075	12,947
Total operating expenses	87,563	72,956
Operating income	5,406	3,369
Interest expense, net	(4,491)	(2,356)
Extinguishment loss on debt	(1,198)	-
Change in fair value of warrant derivative liability	(39)	(15)
Total other expense	(5,728)	(2,371)
Net (loss) income before income taxes	(322)	998
Income tax provision (benefit)	1,384	(4,371)
Net (loss) income	(1,706)	5,369
Preferred stock dividends	(12)	(15)
Net (loss) income available to common stockholders	**$ (1,718)**	**$ 5,354**
Net (loss) income per share, basic	$ 0.00	$ 0.01
Net (loss) income per share, diluted	$ 0.00	$ 0.01
Weighted average shares outstanding, basic	392,075,608	389,427,336
Weighted average shares outstanding, diluted	392,075,608	389,795,108

See accompanying notes.

Youngevity International, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Years Ended December 31,	
	2015	**2014**
Net (loss) income	$ (1,706)	$ 5,369
Foreign currency translation	(51)	(110)
Total other comprehensive loss	(51)	(110)
Comprehensive (loss) income	**$ (1,757)**	**$ 5,259**

See accompanying notes.

Youngevity International, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(In thousands, except shares)

	Preferred Stock		Common Stock		Note Receivable for Stock Purchase	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
Beginning Balance at December 31, 2013	**211,135**	**$ -**	**388,686,445**	**$ 389**	**$ -**	**$ 165,759**	**$ (165)**	**$ (154,281)**	**$ 11,702**	**$ (203)**	**$ 11,499**
Net income	-	-	-	-	-	-	-	5,369	5,369		5,369
Deconsolidation of non-controlling interest	-	-	-	-	-	-	-	-	-	203	203
Foreign currency translation adjustment	-	-	-	-	-	-	(110)	-	(110)	-	(110)
Beneficial conversion feature of convertible notes payable	-	-	-	-	-	1,053	-	-	1,053	-	1,053
Issuance of common stock pursuant to the exercise of warrants	-	-	2,750,000	1	-	369	-	-	370	-	370
Issuance of common stock pursuant to the exercise of stock options	-	-	10,250	-	-	5	-	-	5	-	5
Issuance of common stock pursuant to the conversion of preferred stock	(50,000)	-	300,164	-	-	25	-	-	25	-	25
Repurchase of common stock	-	-	(1,445,547)	-	-	(344)	-	-	(344)	-	(344)
Dividends on preferred stock	-	-	-	-	-	(15)	-	-	(15)	-	(15)
Stock based compensation expense	-	-	-	-	-	534	-	-	534	-	534
Balance at December 31, 2014	**161,135**	**$ -**	**390,301,312**	**$ 390**	**$ -**	**$ 167,386**	**$ (275)**	**$ (148,912)**	**$ 18,589**	**$ -**	**$ 18,589**
Net loss	-	-	-	-	-	-	-	(1,706)	(1,706)	-	(1,706)
Foreign currency translation adjustment	-	-	-	-	-	-	(51)	-	(51)	-	(51)
Beneficial conversion feature of convertible notes payable, net of tax	-	-	-	-	-	10	-	-	10	-	10
Issuance of common stock pursuant to Notes Payable	-	-	2,450,000	2	-	585	-	-	587	-	587
Issuance of warrants pursuant to Convertible Notes Payable debt financing	-	-	-	-	-	384	-	-	384	-	384

Issuance of common stock pursuant to the exercise of warrants	-	-	806,250	1	-	201	-	-	202	-	202
Issuance of common stock pursuant to the exercise of stock options	-	-	369,675	-	-	70	-	-	70	-	70
Repurchase of common stock	-	-	(1,344,222)	-	-	(426)	-	-	(426)	-	(426)
Dividends on preferred stock	-	-	-	-	-	(12)	-	-	(12)	-	(12)
Warrant modification expense	-	-	-	-	-	253	-	-	253	-	253
Warranty liability reclassified to equity	-	-	-	-	-	526	-	-	526		526
Stock based compensation expense	-	-	-	-	-	455	-	-	455	-	455
Balance at December 31, 2015	**161,135**	**$ -**	**392,583,015**	**$ 393**	**$ -**	**$ 169,432**	**$ (326)**	**$ (150,618)**	**$ 18,881**	**$ -**	**$18,881**

See accompanying notes.

Youngevity International, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands, except share amounts)

	Years Ended December 31, 2015	2014
Cash Flows from Operating Activities:		
Net (loss) income	$ (1,706)	$ 5,369
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	3,354	2,686
Stock based compensation expense	455	534
Warrant modification expense	253	-
Amortization of deferred financing costs	899	41
Amortization of prepaid advisory fees	20	-
Change in fair value of warrant derivative liability	39	15
Amortization of debt discount	967	428
Amortization of warrant issuance costs	21	-
Expenses allocated in profit sharing agreement	(528)	(211)
Change in fair value of contingent acquisition debt	(446)	179
Extinguishment loss on debt	1,198	-
Gain on disposal of assets	-	(1)
Deconsolidation of non-controlling interest	-	203
Deferred income taxes	1,409	(4,664)
Changes in operating assets and liabilities, net of effect from business combinations:		
Accounts receivable	168	(665)
Inventory	(6,194)	(5,810)
Prepaid expenses and other current assets	885	(2,095)
Accounts payable	1,608	2,643
Accrued distributor compensation	46	1,466
Deferred revenues	(2,495)	1,767
Accrued expenses and other liabilities	1,278	325
Income taxes receivable	136	(308)
Net Cash Provided by Operating Activities	**1,367**	**1,902**
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(32)	(2,100)
Purchases of property and equipment	(3,198)	(3,037)
Net Cash Used in Investing Activities	**(3,230)**	**(5,137)**
Cash Flows from Financing Activities:		
Proceeds from issuance of secured promissory notes and common stock, net of offering costs	5,080	-
Proceeds from issuance of convertible notes payable, net	2,383	4,260
Proceeds from the exercise of stock options and warrants, net	272	375
Proceeds from factoring company, net	82	538
Payments of notes payable, net	(1,214)	(225)
Payments of contingent acquisition debt	(3,338)	(2,488)
Payments of capital leases	(47)	(94)
Repurchase of common stock	(426)	(344)
Net Cash Provided by Financing Activities	**2,792**	**2,022**
Foreign Currency Effect on Cash	(51)	(110)
Net increase (decrease) in cash and cash equivalents	**878**	**(1,323)**
Cash and Cash Equivalents, Beginning of Period	2,997	4,320
Cash and Cash Equivalents, End of Period	**$ 3,875**	**$ 2,997**
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$ 2,127	$ 2,387
Income taxes	$ -	$ 698
Supplemental Disclosures of Noncash Investing and Financing Activities		
Acquisitions of net assets in exchange for contingent acquisition debt (see Note 2 for non-cash activity)	$ 1,136	$ 5,912
Common stock issued in connection with financing	$ 587	$ -
Common stock issued for the conversion of preferred stock and accrued dividends	$ -	$ 25
Capital lease and accounts payable agreements for manufacturing equipment	$ 429	$ -

During 2015, the Company issued certain convertible notes payable that included warrants. The related beneficial conversion feature, valued at approximately $15,000 was classified as an equity instrument and recorded as a discount to the carrying value of the related debt. The warrants, valued at approximately $1,491,000, were recognized as a derivative liability. In addition, the Company issued warrants to the placement agent, valued at approximately $384,000 was classified as an equity instrument and recorded as issuance costs.

During 2014, the Company issued certain convertible notes payable that included warrants. The related beneficial conversion feature, valued at approximately $1,053,000 was classified as an equity instrument and recorded as a discount to the carrying value of the related debt. The warrants, valued at approximately $3,697,000, were recognized as a derivative liability.

See accompanying notes.

Youngevity International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Note 1. Basis of Presentation and Description of Business

Nature of Business

Youngevity International, Inc. (the "Company"), founded in 1996, develops and distributes health and nutrition related products through its global independent direct selling network, also known as multi-level marketing, and sells coffee products to commercial customers. The Company operates in two business segments, its direct selling segment where products are offered through a global distribution network of preferred customers and distributors and its commercial coffee segment where products are sold directly to businesses. In the following text, the terms "we," "our," and "us" may refer, as the context requires, to the Company or collectively to the Company and its subsidiaries.

The Company operates through the following domestic wholly-owned subsidiaries: AL Global Corporation, which operates our direct selling networks, CLR Roasters, LLC ("CLR"), our commercial coffee business, Financial Destination, Inc., FDI Management, Inc., and MoneyTrax LLC (collectively referred to as "FDI"), 2400 Boswell LLC, MK Collaborative LLC, Youngevity Global LLC and the wholly-owned foreign subsidiaries Youngevity Australia Pty. Ltd., Youngevity NZ, Ltd., Siles Plantation Family Group S.A. located in Nicaragua, Youngevity Mexico S.A. de CV, Youngevity Israel, Ltd., Youngevity Russia, LLC, Youngevity Colombia S.A.S and Youngevity International Singapore Pte. Ltd.

Summary of Significant Accounting Policies

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

The Company consolidates all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities where we have been determined to be the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to conform to the current year presentation. These reclassifications had no effect on reported results of operations or stockholders' equity.

Segment Information

The Company has two reporting segments: direct selling and commercial coffee. The direct selling segment develops and distributes health and wellness products through its global independent direct selling network also known as multi-level marketing. The commercial coffee segment is a coffee roasting and distribution company specializing in gourmet coffee. The determination that the Company has two reportable segments is based upon the guidance set forth in Accounting Standards Codification ("ASC") Topic 280, *"Segment Reporting."* During the twelve months ended December 31, 2015, we derived approximately 89% of our revenue from our direct sales segment and approximately 11% of our revenue from our commercial coffee sales segment. Approximately 87% of our revenue was from our direct sales segment and approximately 13% of our revenue was from our commercial coffee sales segment in 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires us 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 expense for each reporting period. Estimates are used in accounting for, among other things, allowances for doubtful accounts, deferred taxes, and related valuation allowances, fair value of derivative liabilities, uncertain tax positions, loss contingencies, fair value of options granted under our stock based compensation plan, fair value of assets and liabilities acquired in business combinations, capital leases, asset impairments, estimates of future cash flows used to evaluate impairments, useful lives of property, equipment and intangible assets, value of contingent acquisition debt, inventory obsolescence, and sales returns.

Actual results may differ from previously estimated amounts and such differences may be material to the consolidated financial statements. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected prospectively in the period they occur.

Cash and Cash Equivalents

The Company considers only its monetary liquid assets with original maturities of three months or less as cash and cash equivalents.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency.

The Company reviews the terms of convertible debt and equity instruments it issues to determine whether there are derivative instruments, including an embedded conversion option that is required to be bifurcated and accounted for separately as a derivative financial instrument. In circumstances where a host instrument contains more than one embedded derivative instrument, including a conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. Also, in connection with the sale of convertible debt and equity instruments, the Company may issue freestanding warrants that may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity.

Derivative instruments are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the convertible debt or equity instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds allocated to the convertible host instruments are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the convertible instruments themselves, usually resulting in those instruments being recorded at a discount from their face value.

The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense, using the effective interest method.

Accounts Receivable

Accounts receivable are recorded net of an allowance for doubtful accounts. Accounts receivable are considered delinquent when the due date on the invoice has passed. The Company records its allowance for doubtful accounts based upon its assessment of various factors including past experience, the age of the accounts receivable balances, the credit quality of its customers, current economic conditions and other factors that may affect customers' ability to pay. Accounts receivable are written off against the allowance for doubtful accounts when all collection efforts by the Company have been unsuccessful. Certain accounts receivable are financed as part of a factoring agreement. There was no allowance for doubtful accounts recorded as of December 31, 2015 or 2014.

Inventory and Cost of Revenues

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. The Company records an inventory reserve for estimated excess and obsolete inventory based upon historical turnover, market conditions and assumptions about future demand for its products. When applicable, expiration dates of certain inventory items with a definite life are taken into consideration.

Inventories consist of the following (in thousands):

	December 31, 2015	December 31, 2014
Finished goods	$ 9,893	$ 7,817
Raw materials	8,970	4,444
	18,863	12,261
Reserve for excess and obsolete	(886)	(478)
Inventory, net	$ 17,977	$ 11,783

A summary of the reserve for obsolete and excess inventory is as follows (in thousands):

	December 31, 2015	December 31, 2014
Balance as of January 1,	$ (478)	$ (336)
Addition to provision	(1,114)	(245)
Write-off of inventory	706	103
Balance as of December 31,	$ (886)	$ (478)

Cost of revenues includes the cost of inventory, shipping and handling costs, royalties associated with certain products, transaction banking costs, warehouse labor costs and depreciation on certain assets.

Deferred Financing Costs

As of December 31, 2015 and 2014, deferred financing costs consisted of approximately $1,094,000 and $449,000, respectively, associated with our 2015 and 2014 Private Placement transactions, and is included with prepaid expenses and other current assets on the Company's balance sheets. Deferred financing costs related to our offerings are amortized over the life of the notes and are amortized as issuance costs to interest expense.

Warrant Issuance Costs

As of December 31, 2015, warrant issuance costs associated with our November 2015 Private Placement include the fair value of the warrants issues of approximately $384,000, and is included with prepaid expenses and other current assets on the Company's balance sheets. The warrant issuance costs related to this offering are being amortized over the life of the convertible notes and are amortized as issuance costs to interest expense. There were no warrant issuance costs in 2014.

Plantation Costs

The Company’s commercial coffee segment CLR includes the results of the Siles Plantation Family Group (“Siles”), which is a 450 acre coffee plantation and a dry-processing facility located on 26 acres both located in Matagalpa, Nicaragua. Siles is a wholly-owned subsidiary of CLR, and the results of CLR include the depreciation and amortization of capitalized costs, development and maintenance and harvesting costs of Siles. In accordance with US generally accepted accounting principles (“GAAP”), plantation maintenance and harvesting costs for commercially producing coffee farms are charged against earnings when sold. Deferred harvest costs accumulate throughout the year, and are expensed over the remainder of the year as the coffee is sold. The difference between actual harvest costs incurred and the amount of harvest costs recognized as expense is recorded as either an increase or decrease in deferred harvest costs, which is reported as an asset and included with prepaid expenses and other current assets in the consolidated balance sheets. Once the harvest is complete, the harvest cost is then recognized as the inventory value.

In April 2015, the Company completed the 2015 coffee harvest in Nicaragua and approximately $723,000 of deferred harvest costs were reclassified as inventory during the quarter ended June 30, 2015. The remaining inventory as of December 31, 2015 is $192,000.

Costs associated with the 2016 harvest as of December 31, 2015 total approximately $350,000 and are included in prepaid expenses and other current assets as deferred harvest costs on the Company’s consolidated balance sheet.

Property and Equipment

Property and equipment are recorded at historical cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated useful lives of the related assets. The straight-line method of depreciation and amortization is followed for financial statement purposes. Leasehold improvements are amortized over the shorter of the life of the respective lease or the useful life of the improvements. Estimated service lives range from 3 to 39 years. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations in the period of disposal. The cost of normal maintenance and repairs is charged to expense as incurred. Significant expenditures that increase the useful life of an asset are capitalized and depreciated over the estimated useful life of the asset.

Coffee trees, land improvements and equipment specifically related to the plantations are stated at cost, net of accumulated depreciation. Depreciation of coffee trees and other equipment is reported on a straight-line basis over the estimated useful lives of the assets (25 years for coffee trees, between 5 and 15 years for equipment and land improvements, respectively).

Property and equipment are considered long-lived assets and are evaluated for impairment whenever events or changes in circumstances indicate their net book value may not be recoverable. Management has determined that no impairment of its property and equipment occurred as of December 31, 2015 or 2014.

Property and equipment consist of the following (in thousands):

	December 31,	
	2015	2014
Building	$ 3,503	$ 2,948
Leasehold improvements	2,349	1,701
Land	2,544	2,544
Land improvements	726	255
Producing coffee trees	553	553
Manufacturing equipment	4,399	3,272
Furniture and other equipment	1,417	1,080
Computer software	1,100	901
Computer equipment	663	378
Vehicles	103	103
	17,357	13,735
Accumulated depreciation	(4,658)	(3,416)
Total property and equipment	$ 12,699	$ 10,319

Depreciation expense totaled approximately $1,242,000 and $753,000 for the years ended December 31, 2015 and 2014, respectively.

Business Combinations

The Company accounts for business combinations under the acquisition method and allocates the total purchase price for acquired businesses to the tangible and identified intangible assets acquired and liabilities assumed, based on their estimated fair values. When a business combination includes the exchange of the Company’s common stock, the value of the common stock is determined using the closing market price as of the date such shares were tendered to the selling parties. The fair values assigned to tangible and identified intangible assets acquired and liabilities assumed are based on management or third-party estimates and assumptions that utilize established valuation techniques appropriate for the Company’s industry and each acquired business. Goodwill is recorded as the excess, if any, of the aggregate fair value of consideration exchanged for an acquired business over the fair value (measured as of the acquisition date) of total net tangible and identified intangible assets acquired. A liability for contingent consideration, if applicable, is recorded at fair value as of the acquisition date. In determining the fair value of such contingent consideration, management estimates the amount to be paid based on probable outcomes and expectations on financial performance of the related acquired business. The fair value of contingent consideration is reassessed quarterly, with any change in the estimated value charged to operations in the period of the change. Increases or decreases in the fair value of the contingent consideration obligations can result from changes in actual or estimated revenue streams, discount periods, discount rates and probabilities that contingencies will be met.

Intangible Assets

Intangible assets are comprised of distributor organizations, trademarks and tradenames, customer relationships and internally developed software. The Company's acquired intangible assets, which are subject to amortization over their estimated useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its fair value.

Intangible assets consist of the following (in thousands):

	December 31, 2015			December 31, 2014		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Distributor organizations	$ 11,173	$ 6,086	$ 5,087	$ 10,475	$ 5,126	$ 5,349
Trademarks and trade names	4,666	537	4,129	4,441	304	4,137
Customer relationships	6,787	2,751	4,036	6,400	1,932	4,468
Internally developed software	720	258	462	720	158	562
Intangible assets	$ 23,346	$ 9,632	$ 13,714	$ 22,036	$ 7,520	$ 14,516

Amortization expense related to intangible assets was approximately $2,112,000 and $1,933,000 for the years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, future expected amortization expense related to definite lived intangible assets for the next five years is as follows (in thousands):

Years ending December 31,	
2016	$ 2,149
2017	2,101
2018	1,746
2019	1,152
2020	1,063

As of December 31, 2015, the weighted-average remaining amortization period for intangibles assets was approximately 5.29 years.

Trade names, which do not have legal, regulatory, contractual, competitive, economic, or other factors that limit the useful lives are considered indefinite lived assets and are not amortized but are tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Approximately $2,267,000 in trademarks from business combinations have been identified as having indefinite lives. The Company has determined that no impairment occurred for the years ended December 31, 2015 and 2014.

Goodwill

Goodwill is recorded as the excess, if any, of the aggregate fair value of consideration exchanged for an acquired business over the fair value (measured as of the acquisition date) of total net tangible and identified intangible assets acquired. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, "*Intangibles — Goodwill and Other*", goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company conducts annual reviews for goodwill and indefinite-lived intangible assets in the fourth quarter or whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable.

The Company first assesses qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that goodwill is impaired. After considering the totality of events and circumstances, the Company determines whether it is more likely than not that goodwill is not impaired. If impairment is indicated, then the Company conducts the two-step impairment testing process. The first step compares the Company's fair value to its net book value. If the fair value is less than the net book value, the second step of the test compares the implied fair value of the Company's goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, the Company would recognize an impairment loss equal to that excess amount. The testing is generally performed at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment (referred to as a component) if discrete financial information is prepared and regularly reviewed by management at the component level. The Company has determined that its reporting units for goodwill impairment testing are the Company's reportable segments. As such, the Company analyzed its goodwill balances separately for the commercial coffee reporting unit and the direct selling reporting unit. The goodwill balance as of December 31, 2015 and December 31, 2014 was $6,323,000.

The Company has determined that no impairment of its goodwill occurred for the years ended December 31, 2015 and 2014.

Goodwill activity for the years ended December 31, 2015 and 2014 by reportable segment consists of the following (in thousands):

	Direct selling	Commercial coffee	Total
Balance at December 31, 2013	$ 2,709	$ 3,314	$ 6,023
Goodwill recognized	300	-	300
Goodwill impaired	-	-	-
Balance at December 31, 2014	$ 3,009	$ 3,314	$ 6,323
Goodwill recognized	-	-	-
Goodwill impaired	-	-	-
Balance at December 31, 2015	$ 3,009	$ 3,314	$ 6,323

Revenue Recognition

The Company recognizes revenue from product sales when the following four criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectability is reasonably assured. The Company ships the majority of its direct selling segment products directly to the distributors via UPS or USPS and receives substantially all payments for these sales in the form of credit card transactions. The Company regularly monitors its use of credit card or merchant services to ensure that its financial risk related to credit quality and credit concentrations is actively managed. Revenue is recognized upon passage of title and risk of loss to customers when product is shipped from the fulfillment facility. The Company ships the majority of its coffee segment products via common carrier and invoices its customer for the products. Revenue is recognized when the title and risk of loss is passed to the customer under the terms of the shipping arrangement, typically, FOB shipping point.

The Company also charges fees to become a distributor, and earn a position in the network genealogy, which are recognized as revenue in the period received. Our distributors are required to pay a one-time enrollment fee and receive a welcome kit specific to that country region that consists of forms, policy and procedures, selling aids, and access to our distributor website and a genealogy position with no down line distributors. The Company recognized related revenue of $583,000 and $425,000 for the years ended December 31, 2015 and 2014, respectively.

Sales revenue and a reserve for estimated returns are recorded net of sales tax when product is shipped.

Deferred Revenues and Costs

Deferred revenues relate primarily to the Heritage Makers product line and represent the Company's obligation for points purchased by customers that have not yet been redeemed for product. Cash received for points sold is recorded as deferred revenue. Revenue is recognized when customers redeem the points and the product is shipped. As of December 31, 2015 and 2014, the balance in deferred revenues was approximately $2,580,000 and $5,075,000 respectively, attributable to Heritage Makers was approximately $2,485,000 and $4,918,000 respectively. The remaining balance of approximately $95,000 and $157,000 as of December 31, 2015 and 2014, relates primarily to the Company's 2016 and 2015 conventions, respectively.

Deferred costs relate to Heritage Makers prepaid commissions that are recognized in expense at the time the related revenue is recognized. As of December 31, 2015 and 2014, the balance in deferred costs was approximately $967,000 and $1,695,000, respectively and was included in prepaid expenses and current assets.

Product Return Policy

All products, except food products and commercial coffee products are subject to a full refund within the first 30 days of receipt by the customer, subject to an advance return authorization procedure. Returned product must be in unopened resalable condition. Product returns as a percentage of our net sales have been approximately 1% of our monthly net sales over the last two years. Commercial coffee products are returnable only if defective.

Shipping and Handling

Shipping and handling costs associated with inbound freight and freight to customers, including independent distributors, are included in cost of sales. Shipping and handling fees charged to all customers are included in sales. Shipping expense was approximately $10,394,000 and $9,206,000 for the years ended December 31, 2015 and 2014, respectively.

Distributor Compensation

In the direct selling segment, the Company utilizes a network of independent distributors, each of whom has signed an agreement with the Company, enabling them to purchase products at wholesale prices, market products to customers, enroll new distributors for their down-line and earn compensation on product purchases made by those down-line distributors and customers.

The payments made and stock options issued under the compensation plans are the only form of compensation paid to the distributors. Each product has a point value, which may or may not correlate to the wholesale selling price of a product. A distributor must qualify each month to participate in the compensation plan by making a specified amount of product purchases, achieving specified point levels. Once qualified, the distributor will receive payments based on a percentage of the point value of products sold by the distributor's down-line. The payment percentage varies depending on the qualification level of the distributor and the number of levels of down-line distributors. There are also additional incentives paid upon achieving predefined activity and or down-line point value levels. There can be multiple levels of independent distributors earning incentives from the sales efforts of a single distributor. Due to the multi-layer independent sales approach, distributor incentives are a significant component of the Company's cost structure. The Company accrues all distributor compensation expense in the month earned and pays the compensation the following month.

Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common stockholders by the sum of the weighted-average number of common shares outstanding during the period and the weighted-average number of dilutive common share equivalents outstanding during the period, using the treasury stock method. Dilutive common share equivalents are comprised of in-the-money stock options, warrants and convertible preferred stock, based on the average stock price for each period using the treasury stock method. Since the Company incurred a loss for the year ended December 31, 2015, 17,243,734 common share equivalents were not included in the weighted-average calculations since their effect would have been anti-dilutive. The incremental dilutive common share equivalents were 367,772 for the year ended December 31, 2014.

Foreign Currency Translation

The financial position and results of operations of the Company’s foreign subsidiaries are measured using the foreign subsidiary’s local currency as the functional currency. Revenues and expenses of such subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders’ equity, unless there is a sale or complete liquidation of the underlying foreign investments. Translation gains or losses resulting from transactions in currencies other than the respective entities functional currency are included in the determination of income and are not considered significant to the Company for 2015 and 2014.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net gains and losses affecting stockholders’ equity that, under generally accepted accounting principles are excluded from net income (loss). For the Company, the only items are the cumulative foreign currency translation and net income (loss).

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *"Income Taxes,"* under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial statement and tax basis of assets and liabilities, and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

The Company is subject to income taxes in the United States and certain foreign jurisdictions. The calculation of the Company’s tax provision involves the application of complex tax laws and requires significant judgment and estimates. The Company evaluates the realizability of its deferred tax assets for each jurisdiction in which it operates at each reporting date and establishes a valuation allowance when it is more likely than not that all or a portion of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. The Company considers all available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. In circumstances where there is sufficient negative evidence indicating that deferred tax assets are not more likely than not realizable, the Company will establish a valuation allowance.

The Company applies ASC Topic 740 *"Accounting for Uncertainty in Income Taxes"* recognized in its financial statements. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Differences between tax positions taken in a tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred taxes, or both. The Company believes that its accruals for uncertain tax positions are adequate for all open audit years based on its assessment of many factors including past experience and interpretation of tax law. To the extent that new information becomes available, which causes the Company to change its judgment about the adequacy of its accruals for uncertain tax positions, such changes will impact income tax expense in the period such determination is made. The Company's policy is to include interest and penalties related to unrecognized income tax benefits as a component of income tax expense.

Stock Based Compensation

The Company accounts for stock based compensation in accordance with ASC Topic 718, "*Compensation – Stock Compensation,"* which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the vesting period of the equity grant.

The Company accounts for equity instruments issued to non-employees in accordance with authoritative guidance for equity based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value, determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

Other Income (Expense)

We record interest income, interest expense, and change in derivative liabilities, as well as other non-operating transactions, as other income (expense) on our consolidated statements of operations.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases ASC (Topic 842):* which sets out the principles for the recognition, (measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASC 842 supersedes the previous leases standard, ASC 840. The standard is effective on January 1, 2019, with early adoption permitted. The Company is in the process of evaluating the impact of this new guidance.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date.* The amendments in ASU 2015-14 defer the effective date of ASU 2014-09 for all entities by one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently in the process of evaluating the impact of the adoption on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* to simplify the presentation of debt issuance costs. The amendments in the update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction of the carrying amount of the debt. Recognition and measurement of debt issuance costs were not affected by this amendment. In August 2015, FASB issued ASU 2015-15,"Presentation and Subsequent Measurement of Debt Issuance Costs Associated With Line-of-Credit Arrangements-Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting" which clarified that the SEC would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015. The Company is in the process of evaluating the impact of this new guidance.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). ASU 2015-02 is effective for periods beginning after December 15, 2015. The adoption of ASU 2015-02 is not expected to have a material effect on the Company's consolidated financial statements. Early adoption is permitted.

In August 2014, the FASB issued ASU 2014-15 *Preparation of Financial Statements – Going Concern (Subtopic 205-40), Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-05"). ASU 2014-05 requires management to assess each annual and interim period if there is substantial doubt about the entity's ability to continue as a going concern; provides principles for considering the mitigating effect of management's plans; requires certain disclosures when substantial doubt is alleviated as a result of management's plans, and requires an express statement and other disclosures when substantial doubt is not alleviated. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter with early application permitted. The Company is evaluating the new guidance to determine the impact on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for annual periods beginning after December 15, 2016 and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. On July 9, 2015 the FASB approved a one year delay in the effective date with an early adoption up to the original effective date for public companies. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

Note 2. Acquisitions and Business Combinations

During 2015 and 2014, the Company entered into eight acquisitions, which are detailed below. The acquisitions were conducted in an effort to expand the Company's distributor network, enhance and expand its product portfolio, and diversify its product mix. As such, the major purpose for all of the business combinations was to increase revenue and profitability. The acquisitions were structured as asset purchases which resulted in the recognition of certain intangible assets.

2015 Acquisitions

Paws Group, LLC

On July 1, 2015, the Company acquired certain assets of Paws Group, LLC, ("PAWS") a direct-sales company for pet lovers that offers an exclusive pet boutique carrying treats for dogs and cats as well as grooming and bath products. The purchase price consisted of a maximum aggregate purchase price of $150,000. The Company agreed to pay initial cash payment of approximately $61,000, for which the Company received certain inventories, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

The contingent consideration's estimated fair value at the date of acquisition was $125,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The Company recorded a preliminary fair value of a customer relations intangible asset of $125,000 and is being amortized over its estimated useful life of ten (10) years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The revenue impact from the PAWS acquisition, included in the consolidated statement of operations for the year ended December 2015 was approximately $98,000.

The pro-forma effect assuming the business combination with PAWS discussed above had occurred at the beginning of the Company's fiscal year for 2015 are not presented as the information was not available.

Mialisia & Co., LLC

On June 1, 2015, the Company acquired certain assets of Mialisia & Co., LLC, ("Mialisia") a direct-sales jewelry company that specializes in interchangeable jewelry. As a result of this business combination, the Company's distributors and customers have access to the unique line of Mialisia's patent-pending "VersaStyle™" jewelry and Mialisia's distributors and customers will gain access to products offered by the Company. The purchase price consisted of a maximum aggregate purchase price of $1,900,000. The Company agreed to pay an initial cash payment of $118,988, for which the Company received certain inventories, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

The Company has agreed to pay Mialisia a monthly payment equal to seven (7%) of all gross sales revenue generated by the Mialisia distributor organization in accordance with the asset purchase agreement, regardless of products being sold and pay five (5%) royalty on Mialisia product revenue until the earlier of the date that is fifteen (15) years from the closing date or such time as the Company has paid aggregate cash payment equal to $1,781,012. All payments of Mialisia distributor revenue will be applied against and reduce the maximum aggregate purchase price; however if the aggregate gross sales revenue generated by the Mialisia distributor organization, for a twelve (12) months period following the closing date does not equal or exceed $1,900,000 then the maximum aggregate purchase price will be reduced by the difference of the $1,900,000 and the average distributor revenue for a twelve (12) month period: provided, however, that in no event will the maximum aggregate purchase price be reduced below $1,650,000.

The contingent consideration's estimated fair value at the date of acquisition was $700,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The assets acquired were recorded at estimated fair values as of the date of the acquisition. The fair values of the acquired assets have not been finalized pending further information that may impact the valuation of certain assets or liabilities. The preliminary purchase price allocation for Mialisia is as follows (in thousands):

Distributor organization	$	350
Customer-related intangible		200
Trademarks and trade name		150
Total purchase price	$	700

The preliminary fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The trademarks and trade name, customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of ten (10) years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The Company expects to finalize the valuation within one (1) year from the acquisition date.

The revenue impact from the Mialisia acquisition, included in the consolidated statement of operations for the year ended December 2015 was approximately $754,000.

The pro-forma effect assuming the business combination with Mialisia discussed above had occurred at the beginning of the Company's fiscal year for 2015 are not presented as the information was not available.

JD Premium LLC

On March 4, 2015, the Company acquired certain assets of JD Premium, LLC ("JD Premium") a dietary supplement company. As a result of this business combination, the Company's distributors and customers have access to JD Premium's unique line of products and JD Premium's distributors and clients gain access to products offered by the Company. The purchase price consisted of a maximum aggregate purchase price of $500,000. The Company made an initial cash payment of $50,000 for the purchase of certain inventories, which has been applied against and reduce the maximum aggregate purchase price.

The Company has agreed to pay JD Premium a monthly payment equal to seven (7%) of all gross sales revenue generated by the JD Premium distributor organization in accordance with the asset purchase agreement, regardless of products being sold and pay five (5%) royalty on JD Premium product revenue until the earlier of the date that is fifteen (15) years from the closing date or such time as the Company has paid aggregate cash payment equal to $450,000. All payments of JD Premium distributor revenue will be applied against and reduce the maximum aggregate purchase price; however if the aggregate gross sales revenue generated by the JD Premium distributor organization, effective April 4, 2015 for a twenty-four (24) months period does not equal or exceed $500,000 then the maximum aggregate purchase price will be reduced by the difference of the $500,000 and the average annual distributor revenue; provided, however, that in no event will the maximum aggregate purchase price be reduced below $300,000.

The contingent consideration's estimated fair value at the date of acquisition was $195,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

During the fourth quarter ended December 31, 2015 the purchase accounting was finalized and the Company determined that the initial purchase price should be reduced from $195,000 by approximately $75,000. The final purchase price allocation for JD Premium is as follows (in thousands):

Distributor organization	$	68
Customer-related intangible		52
Total purchase price	$	120

The fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of ten (10) years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The revenue impact from the JD Premium acquisition, included in the consolidated statement of operations for the year ended December 2015 was approximately $102,000.

The pro-forma effect assuming the business combination with JD Premium discussed above had occurred at the beginning of 2015 is not presented as the information would not be significant to a user of the consolidated financial statements.

Sta-Natural, LLC

On February 23, 2015, the Company acquired certain assets and assumed certain liabilities of Sta-Natural, LLC, ("Sta-Natural") a dietary supplement company and provider of vitamins, minerals and supplements for families and their pets. As a result of this business combination, the Company's distributors and customers have access to Sta-Natural's unique line of products and Sta-Natural's distributors and clients gain access to products offered by the Company. The purchase price consisted of a maximum aggregate purchase price of $500,000. The Company made an initial cash payment of $25,000. The Company also received certain inventories valued at $25,000, the initial cash payment was applied against and reduce the maximum aggregate purchase price.

The Company has agreed to pay Sta-Natural a monthly payment equal to eight (8%) of all gross sales revenue generated by the Sta-Natural distributor organization in accordance with the asset purchase agreement, regardless of products being sold and pay five (5%) royalty on Sta-Natural product revenue until the earlier of the date that is fifteen (15) years from the closing date or such time as the Company has paid aggregate cash payment equal to $450,000. All payments of Sta-Natural distributor revenue will be applied against and reduce the maximum aggregate purchase price; however if the aggregate gross sales revenue generated by the Sta-Natural distributor organization, for a twelve (12) months period following the closing date does not equal or exceed $500,000 then the maximum aggregate purchase price will be reduced by the difference of the $500,000 and the average distributor revenue for a twelve (12) month period: provided, however, that in no event will the maximum aggregate purchase price be reduced below $300,000.

The contingent consideration's estimated fair value at the date of acquisition was $285,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The final purchase price allocation for Sta-Natural is as follows (in thousands):

Distributor organization	$	140
Customer-related intangible		110
Trademarks and trade name		60
Initial cash payment		(25)
Total purchase price	$	285

The fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The trademarks and trade name, customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of ten (10) years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The revenue impact from the Sta-Natural acquisition, included in the consolidated statement of operations for the year ended December 2015 was approximately $691,000.

The pro-forma effect assuming the business combination with Sta-Natural discussed above had occurred at the beginning of the current period is not presented as the information was not available.

2014 Acquisitions

Restart Your Life, LLC

On October 1, 2014, the Company acquired certain assets and assumed certain liabilities of Restart Your Life, LLC, (“Restart Your Life”) a dietary supplement company and provider of immune system support products and therapeutic skin lotions. As a result of this business combination, the Company’s distributors and customers will have access to Restart Your Life’s unique line of products and Restart Your Life’s distributors and clients will gain access to products offered by the Company. The purchase price consisted of a maximum aggregate purchase price of $1,492,000, of which the Company has agreed to assume liabilities of approximately $250,000. The Company has agreed to pay Restart Your Life a monthly payment equal to ten (10%) of all gross sales revenue generated by the Restart Your Life distributor organization, regardless of products being sold and pay five (5%) royalty on Restart Your Life product revenue until the earlier of the date that is ten (10) years from the closing date or such time as the Company has paid aggregate cash payment equal to $1,242,000. All payments of Restart Your Life distributor revenue will be applied against and reduce the maximum aggregate purchase price; however if the aggregate gross sales revenue generated by the Restart Your Life distributor organization, for a thirteen (13) months period following the closing date does not equal or exceed $1,492,000 then the maximum aggregate purchase price will be reduced by the difference of the $1,492,000 and the thirteen months revenue; provided that in no event will the maximum aggregate purchase price be reduced below $892,441.

The contingent consideration’s estimated fair value at the date of acquisition was $650,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The Company finalized the purchase accounting in 2015 and determined that the initial purchase price should be increased from $650,000 by approximately $75,000.

The final purchase price allocation for Restart Your Life (in thousands) is as follows:

Trademarks and trade name	$	165
Customer-related intangible		375
Distributor organization		435
Accrued expenses		(250)
Total purchase price	$	725

The fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The trademarks and trade name, customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of (10) ten years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The revenue impact from the Restart Your Life acquisition, included in the consolidated statements of operations for the years ended December 2015 and 2014 was approximately $1,505,000 and $413,000, respectively.

The pro-forma effect assuming the business combination with Restart Your Life discussed above had occurred at the beginning of the Company’s fiscal year for 2014 are not presented as the information was not available.

Good Herbs, Inc.

On April 28, 2014, the Company acquired certain assets and assumed certain liabilities of Good Herbs, Inc., ("Good Herbs") a traditional natural herbal supplements company, whose primary sales channel has been targeted toward certified natural health professionals. As a result of this business combination, the Company's distributors and customers have access to Good Herbs' unique line of products and Good Herbs' distributors and clients gained access to products offered by the Company. The purchase price consisted of a maximum purchase price of $1,900,000 of which approximately $120,000 was related to assumed liabilities. The Company has agreed to pay Good Herbs a monthly payment equal to five (5%) of all gross sales revenue generated by the Good Herbs' distributor organization, regardless of products being sold within the Good Herbs' distributor organization; provided, however, for the first six (6) months effective May 12, 2014 Good Herbs is to receive a minimum guaranteed payment of $20,000 per month which is to be applied to the maximum purchase price. In addition, the Company agreed to pay Good Herbs five percent (5%) of Good Herbs' product sales generated outside the Good Herbs' distributor organization. Payments are to be made monthly until the earlier of the date that is ten (10) years from the closing or until such time the Company has paid aggregate cash payments equal to $1,780,000; however if the aggregate gross sales revenue generated by the Good Herbs' distributor organization, regardless of the products being sold, received by the Company for the fifteen (15) months period following the Closing Date does not equal or exceed $1,900,000 then the maximum aggregate purchase price will be reduced by the difference between $1,900,000 and the fifteen month revenue; provided that in no event will the maximum aggregate purchase price be reduced below $1,000,000. The contingent consideration's preliminary fair value at the date of acquisition was $800,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The assets acquired and liabilities assumed were recorded at estimated fair values as of the date of the acquisition.

During the fourth quarter ended December 31, 2014 the purchase accounting was finalized and the Company determined that the initial purchase price should be reduced from $800,000, by approximately $270,000. The final purchase price allocation for Good Herbs (in thousands) is as follows:

Trademarks and trade name	$	150
Customer-related intangible		250
Distributor organization		250
Accrued expenses		(120)
Total purchase price	$	530

The fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The trademarks and trade name, customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of (10) ten years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

The revenue impact from the Good Herbs' acquisition, included in the consolidated statements of operations for the years ended December 2015 and 2014 was approximately $1,410,000 and $333,000, respectively.

The pro-forma effect assuming the business combination with Good Herbs discussed above had occurred at the beginning of the Company's fiscal year for 2014 are not presented as the information was not available.

Beyond Organic, LLC

On May 1, 2014, the Company acquired certain assets and assumed certain liabilities of Beyond Organic, LLC, ("Beyond Organic") a vertically integrated organic food and beverage company. The purchase price consisted of a maximum purchase price of $6,200,000 of which approximately $200,000 was related to assumed liabilities. The Company has agreed to pay Beyond Organic a monthly payment equal to ten (10%) of all gross sales revenue generated by the Beyond Organic distributor organization, regardless of products being sold within the Beyond Organic distributor organization; provided, however, for the first ten (10) months effective May 12, 2014 Beyond Organic is to receive a minimum guaranteed payment of $92,500 per month which is to be applied to the maximum purchase price. In addition, the Company agreed to pay Beyond Organic five percent (5%) of Beyond Organic product sales generated outside the Beyond Organic distributor organization. Payments are to be made monthly until the earlier of the date that is seven (7) years from the closing or until such time the Company has paid aggregate cash payments equal to $6,000,000. The contingent consideration's estimated fair value at the date of acquisition was $3,100,000 as determined by management using a discounted cash flow methodology. The acquisition related costs, such as legal costs and other professional fees were minimal and expensed as incurred.

The assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of the acquisition. The purchase price allocation for Beyond Organic (in thousands) is as follows:

Goodwill	$	300
Trademarks and trade name		300
Customer-related intangible		1,300
Distributor organization		1,400
Accrued expenses		(200)
Total purchase price	$	3,100

The fair value of intangible assets acquired was determined through the use of a discounted cash flow methodology. The trademarks and trade name, customer-related intangible and distributor organization intangible are being amortized over their estimated useful life of (10) ten years using the straight-line method which is believed to approximate the time-line within which the economic benefit of the underlying intangible asset will be realized.

Goodwill of $300,000 was recognized as the excess of the purchase price over the acquisition-date fair value of net assets acquired. Goodwill is estimated to represent the synergistic values expected to be realized from the combination of the two businesses. The goodwill is expected to be deductible for tax purposes.

The revenue impact from the Beyond Organic acquisition, included in the consolidated statements of operations for the years ended December 2015 and 2014 was approximately $5,760,000 and $3,129,000, respectively.

The pro-forma effect assuming the business combination with Beyond Organic discussed above had occurred at the beginning of the Company's fiscal year for 2014 are not presented as the information was not available.

Siles Plantation Family Group S.A. (Sociedad Anonima)

On May 13, 2014, the Company, through its wholly-owned subsidiary CLR Roasters, LLC ("CLR"), acquired the stock in the Siles Plantation Family Group S.A., a Nicaraguan entity. The results of Siles are included in the consolidated financial statements of the Company from the date of acquisition. The transaction is being accounted for as a business combination.

The Siles Plantation Family Group S.A. is operated and managed by a husband and wife team who are also employees of Siles. The husband and wife team are Marisol Del Carmen Siles Orozco ("Orozco") and Alain Piedra Hernandez ("Hernandez") both Nicaraguan nationals and U.S. citizens. Orozco and Hernandez independently own and operate a coffee export company and maintain an export license; Hernandez, Hernandez Export Y Company ("H&H"). CLR has been associated with H&H through sourcing arrangements to procure Nicaraguan coffee.

Concurrent with the acquisition of Siles, Siles acquired the assets of a dry-processing plant "La Pita", a coffee plantation "El Paraiso" and has paid a deposit to purchase a second coffee plantation "El Paraisito" as follows:

1) "La Pita", a dry-processing plant sitting on approximately 26 acres of land is located in Matagalpa, Nicaragua. The property includes buildings, structures, machinery and equipment, and furnishings and fixtures. The total purchase price was $1,904,840, of which CLR paid $1,050,000 and H&H paid $854,840. The purchase price allocation for La Pita (in thousands) is as follows:

Buildings and structures	$	832
Machinery and equipment		417
Customer relationships, intangible		367
Land		289
Total purchase price	$	1,905

2) "El Paraiso", a coffee plantation located in Matagalpa, Nicaragua, consisting of approximately 450 acres of land. The total purchase price was $1,400,000 of which CLR paid $1,050,000 and H&H paid $350,000. The purchase price allocation for El Paraiso (in thousands) is as follows:

Land	$	1,400
Total purchase price	$	1,400

3) Additionally, Siles has the desire to purchase "El Paraisito", an approximate 450 acre plantation located adjacent to El Paraiso. The Company is currently in the process of completing final settlement of the purchase agreement. CLR and H&H has a deposit towards this purchase of $284,000. CLR paid $200,000 and H&H paid $84,000 and is recorded in prepaid expenses and other current assets on the Company's consolidated balance sheets for the years ended December 31, 2015 and 2014.

In connection with the acquisition of Siles (La Pita and El Paraiso), the Company recognized a contingent liability of approximately $1,632,000 which is payable to H&H after certain working capital conditions are met and after CLR's cash contributions for the acquisitions are fully paid.

As an inducement to harvest the plantations and operate the dry-processing plant profitably, CLR and H&H entered into an Operating and Profit Sharing Agreement ("Agreement"). In accordance with the Agreement, H&H shares equally (50%) in all profits and losses generated by Siles, and profits from any subsequent sale of the plantation, after profits are first distributed to CLR equal to the amount of CLR's cash contributions for the acquisitions, then after profits are distributed to H&H in an amount equal to their cash contributions, and after certain other conditions are met. During the years ended December 31, 2015 and 2014 the Company recorded expenses allocated to the profit sharing Agreement of $528,000 and $211,000, respectively.

As of December 31, 2015 and 2014 the balance of contingent acquisition debt payable to H&H after the reduction of $528,000 and $211,000 from the allocation of 50% losses recognized in 2015 and 2014 is $894,000 and $1,421,000, respectively.

Revenue from the Siles Plantation includes service fees related to dry-processing and sales of plantation coffee were approximately $942,000 and $115,000 and is included in the consolidated statements of operations for the years ended December 31, 2015 and 2014, respectively.

Siles Family Plantation is a newly formed entity in 2014 and does not have historical financial statements related to 2014; therefore pro-forma disclosures have not been presented for 2014.

Financial Destination, Inc., FDI Management, Inc., and MoneyTrax, LLC (collectively referred to as "FDI")

During the Company's third quarter ended September 30, 2014, the Company entered into an amendment agreement related to our FDI business acquisition that was consummated in a prior year, which reduces the maximum amount that will be paid to the seller. This resulted in a reduction in the estimated fair value of the related contingent acquisition debt.

Note 3. Arrangements with Variable Interest Entities and Related Party Transactions

The Company consolidates all variable interest entities in which it holds a variable interest and is the primary beneficiary of the entity. Generally, a variable interest entity ("VIE") is a legal entity with one or more of the following characteristics: (a) the total at risk equity investment is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; (b) as a group the holders of the equity investment at risk lack any one of the following characteristics: (i) the power, through voting or similar rights, to direct the activities of the entity that most significantly impact its economic performance, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) some equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is required to consolidate the VIE and is the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

In determining whether it is the primary beneficiary of a VIE, the Company considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party has the power to direct such activities; the amount and characteristics of Company's interests and other involvements in the VIE; the obligation or likelihood for the Company or other investors to provide financial support to the VIE; and the similarity with and significance to the business activities of Company and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of these VIEs and general market conditions.

FDI Realty, LLC

FDI Realty is the owner and lessor of the building we previously occupied by the Company for its sales and marketing office in Windham, NH. In December 2015 the Company relocated our operations from the Windham office, to our corporate headquarters in Chula Vista, California. A former officer of the Company is the single member of FDI Realty. The Company is a co-guarantor of FDI Realty's mortgages on the building. The Company determined that the fair value of the guarantees is not significant and therefore did not record a related liability. The first mortgage is due on August 13, 2018 and the second mortgage is due on August 13, 2028. The Company's maximum exposure to loss as a result of its involvement with the unconsolidated VIE is approximately $1,900,000 and $1,986,000 as of December 31, 2015 and 2014, respectively. The Company may be subject to additional losses to the extent of any financial support that it voluntarily provides in the future.

At December 31, 2015, the Company held a variable interest in FDI Realty, for which the Company is not deemed to be the primary beneficiary. The Company has concluded, based on its qualitative consideration of the lease agreement, and the role of the single member of FDI Realty, that the single member is the primary beneficiary of FDI Realty. In making these determinations, the Company considered that the single member conducts and manages the business of FDI Realty, is authorized to borrow funds on behalf of FDI Realty, is the sole person authorized and responsible for conducting the business of FDI Realty, and is obligated to fund the obligations of FDI Realty. As a result of this determination, the financial position and results of operations of FDI Realty have not been included in the consolidated financial statements of the Company.

AL Corporation Holding Pte. Ltd. and DrinkAct Southeast Asia, Inc.

The Company concluded that it held variable interests in AL Corporation Holding Pte. Ltd. ("DrinkACT Singapore") and DrinkACT Southeast Asia, Inc. ("DrinkACT Philippines"), entities established during the year ended December 31, 2011. The VIE's served to exclusively market and distribute the Company's product. Although the Company did not have any legal ownership of the businesses themselves, it did exert a level of control over the activities undertaken by each business and bore the risk of loss and the benefit of profits. The Company determined that it was the primary beneficiary in the relationship and, therefore, the results of operations and non-controlling interests were included in the consolidated financial statements.

As a result of the Company's ultimate inability to control the processes and procedures of the two entities in accordance with the Company's objectives, management ended its relationship with DrinkACT Singapore during the fourth quarter of 2012 and ended its relationship with DrinkACT Philippines during the fourth quarter of 2013. The Company failed to write-down the associated remaining non-controlling interest amounts in the appropriate periods. Due to the immateriality of these amounts a restatement of the respective period financial statements is not appropriate. There are no other assets or liabilities associated with either entity.

At December 31, 2014 the Company recorded the net effect of the remaining amount from the non-controlling interest of the two entities as approximately $62,000 accumulated net income related to DrinkACT Singapore carried over from 2012 and a deficit of approximately $265,000 related to the DrinkACT Philippines carried over from 2013. The net effect of approximately $203,000 has been reported in the Company's consolidated financial statements in general and administrative expenses.

The following table summarizes the amounts included in the consolidated financial statements related to the operations of DrinkACT Singapore and DrinkACT Philippines (in thousands):

	Years ended December 31,	
	2015	**2014**
Revenues	$ -	$ -
Operating loss, net	$ -	$ (203)

Related Party Transactions

A member of the Board of Directors owns and operates Northwest Nutraceuticals, Inc., a supplier of certain inventory items. The Company made purchases of approximately $93,000 and $72,000 from this supplier for the years ended December 31, 2015 and 2014, respectively.

Our coffee segment CLR is associated with H&H through sourcing arrangements to procure Nicaraguan green coffee and in March 2014 as part of the Siles acquisition, CLR engaged H&H as employees to manage Siles. The Company made purchases of approximately $10,499,000 and $11,766,000 from this supplier for the years ended December 31, 2015 and 2014, respectively. See Note 2 above.

Mr. Carl Grover the beneficial owner of in excess of five percent (5%) of our outstanding common shares is the sole beneficial owner of 43,001,690 shares of our common stock. Mr. Grover owns a September 2014 Note in the principal amount of $4,000,000 convertible into 11,428,571 shares of common stock convertible at $0.35 per share, and a September 2014 Warrant exercisable for 15,652,174 shares of common stock at an exercise price of $0.23 per share. Mr. Grover also owns a November 2015 Note in the principal amount of $7,000,000 convertible into 20,000,000 shares of common stock convertible at $0.35 per share, and a November 2015 Warrant exercisable for 9,333,333 shares of common stock at an exercise price of $0.45 per share. He also owns 5,171,240 shares of common stock that includes 1,500,000 shares of common stock issued as part of the January 2015 Note Purchase Agreement and 3,671,240 shares of common stock held prior to our 2014 and 2015 private placements and warrants exercisable for 5,142,857 shares of common stock acquired prior to our 2014 and 2015 private placements.

On March 15, 2013, the Company acquired 2400 Boswell LLC ("2400 Boswell") for approximately $4.6 million. 2400 Boswell is the owner and lessor of the building occupied by the Company for its corporate office and warehouse in Chula Vista, California. The purchase was from an immediate family member of our Chief Executive Officer and consisted of approximately $248,000 in cash, $334,000 of debt forgiveness and accrued interest, and a promissory note of approximately $393,000, payable in equal payments over 5 years and bears interest at 5.0%. Additionally, the Company assumed a long-term mortgage of $3,625,000, payable over 25 years and has an initial interest rate of 5.75%. The interest rate is the prime rate plus 2.5%. The lender will adjust the interest rate on the first calendar day of each change period. As of December 31, 2015 the balance on the long-term mortgage is approximately $3,431,000 and the balance on the promissory note is approximately $189,000. The Company and our Chief Executive Officer are both are co-guarantors of the mortgage.

Note 4. Notes Payable and Other Debt

On March 15, 2013, the Company acquired 2400 Boswell for approximately $4.6 million. 2400 Boswell is the owner and lessor of the building occupied by the Company for its corporate office and warehouse in Chula Vista, California. The purchase was from an immediate family member of our Chief Executive Officer and consisted of approximately $248,000 in cash, $334,000 of debt forgiveness and accrued interest, and a promissory note of approximately $393,000, payable in equal payments over 5 years and bears interest at 5.0%. Additionally, the Company assumed a long-term mortgage of $3,625,000, payable over 25 years and has an initial interest rate of 5.75%. The interest rate is the prime rate plus 2.5%. The lender will adjust the interest rate on the first calendar day of each change period. As of December 31, 2015 the balance on the long-term mortgage is approximately $3,431,000 and the balance on the promissory note is approximately $189,000. The Company and our Chief Executive Officer are both co-guarantors of the mortgage.

In March 2007, the Company entered into an agreement to purchase certain assets of M2C Global, Inc., a Nevada corporation, for $4,500,000. The agreement required payments totaling $500,000 in three installments during 2007, followed by monthly payments in the amount of 10% of the sales related to the acquired assets until the entire note balance is paid. The Company has imputed interest at the rate of 7% per annum. As of December 31, 2015 and 2014, the carrying value of the liability was approximately $1,204,000 and $1,258,000, respectively. Imputed interest recorded on the note was approximately $29,000 and $63,000 for the years ended December 31, 2015 and 2014, respectively.

In November 2015, the Company completed a private placement and entered into Note Purchase Agreements with three (3) accredited investors pursuant to which we sold senior secured convertible notes in the aggregate principal amount of $7,187,500, that are convertible into shares of Common Stock. The Notes are due in October 2018 if the option to convert has not been exercised (see Note 5, below.)

In January 2015, the Company completed a private placement and entered into Note Purchase Agreements with three (3) accredited investors pursuant to which we sold units consisting of one (1) year senior secured notes in the aggregate principal amount of $5,250,000. One holder of a January 2015 Note in the principal amount of $5,000,000 was prepaid on October 26, 2015 through a cash payment from us to the investor of $1,000,000, and the remaining $4,000,000 owed was applied to the investor's purchase of a $4,000,000 November 2015 Note in the November 2015 Offering and a November 2015 Warrant exercisable to purchase 5,333,333 shares of Common Stock. The remaining balance of the January 2015 Notes as of December 31, 2015 was $250,000 and was paid in January 2016 (see Note 5, below.)

During the third quarter of the year ended December 31, 2014, the Company completed a private placement and entered into Note Purchase Agreements with seven (7) accredited investors pursuant to which we sold units consisting of five (5) year senior secured convertible Notes in the aggregate principal amount of $4,750,000, that are convertible into shares of our common stock. The Notes are due in September 2019 if the option to convert has not been exercised (see Note 5, below.)

The Company has two other notes payable in the total amount of $29,000 as of December 31, 2015 which expire in 2018 and 2019.

The following summarizes the maturities of notes payable (in thousands):

Years ending December 31,		
2016	$	456
2017		167
2018		7,423
2019		4,905
2020		155
Thereafter		3,934
Total	$	17,040

Capital Lease

The Company leases certain manufacturing and phone equipment under non-cancelable capital leases. The total outstanding balance under the capital leases as of December 31, 2015 excluding interest was approximately $405,000, of which $111,000 will be paid in 2016 and the remaining balance of $294,000 will be paid through 2020.

Depreciation expense related to the capitalized lease obligations was approximately $27,000 and $40,000 for the years ended December 31, 2015 and 2014, respectively.

Factoring Agreement

The Company has a factoring agreement ("Factoring Agreement") with Crestmark Bank ("Crestmark") related to the Company's accounts receivable resulting from sales of certain products within its commercial coffee segment. Under the terms of the Factoring Agreement, the Company effectively sold those identified accounts receivable to Crestmark with non-credit related recourse. The Company continues to be responsible for the servicing and administration of the receivables. During November 2015, the Company extended its Factoring Agreement though February 1, 2017. There were no other modifications to the terms under the Factoring Agreement.

The Factoring Agreement provides for the Company to receive advances against the purchase price of its receivables at the rate of 85% of the aggregate purchase price of the receivable outstanding at any time less: receivables that are in dispute, receivables that are not credit approved within the terms of the Factoring Agreement, and any fees or estimated fees related to the Factoring Agreement. Interest is accrued on all outstanding advances at the greater of 5.25% per annum or the Prime Rate (as identified by the Wall Street Journal) plus an applicable margin. The margin is based on the magnitude of the total outstanding advances and ranges from 2.50% to 5.00%. In addition to the interest accrued on the outstanding balance, Crestmark charges a factoring commission for each invoice factored, which is calculated as the greater of $5.00 or 0.875% to 1.00% of the gross invoice amount and is recorded as interest expense. The minimum factoring commission payable to the bank is $90,000 during each consecutive 12-month period. Fees and interest paid pursuant to this agreement were approximately $155,000 and $135,000 for the years ended December 31, 2015 and 2014, respectively, which were recorded as interest expense.

The Company accounts for the sale of receivables under the Factoring Agreement as secured borrowings with a pledge of the subject receivables as well as all bank deposits as collateral, in accordance with the authoritative guidance for accounting for transfers and servicing of financial assets and extinguishments of liabilities. The caption "Accounts receivable, due from factoring company" on the accompanying consolidated balance sheets in the amount of approximately $556,000 and $827,000 as of December 31, 2015 and December 31, 2014, respectively, reflects the related collateralized accounts.

The Company's outstanding liability related to the Factoring Agreement was approximately $457,000 and $538,000 as of December 31, 2015 and December 31, 2014, respectively, and is included in other current liabilities on the consolidated balance sheets.

Contingent Acquisition Debt

The Company has contingent acquisition debt associated with its business combinations. The Company accounts for business combinations under the acquisition method and allocates the total purchase price for acquired businesses to the tangible and identified intangible assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. A liability for contingent consideration, if applicable, is recorded at fair value as of the acquisition date and, evaluated each period for changes in the fair value and adjusted as appropriate (see Note 7 below.) The Company's contingent acquisition debt as of December 31, 2015 is $7,438,000 and is primarily attributable to debt associated with the Company's direct selling segment which is $6,544,000 and $894,000 is debt associated with the Company's coffee segment.

Line of Credit

On October 10, 2014, the Company entered into a revolving line of credit agreement ("Line of Credit"), with Wells Fargo Bank National Association ("Bank"), the Company's principal banking partner. The Line of Credit provided the Company with a $2.5 million revolving credit line. The outstanding principal balance of the Line of Credit bear interest at a fluctuating rate per annum determined by the Bank to be two and three-quarter percent (2.75%) above Daily One Month LIBOR as in effect from time to time. The bank charged an unused commitment fee equal to five tenths percent (.5%) per annum on the daily unused amount of the Line of Credit and was payable quarterly. The Company did not draw against this credit facility. The agreement expired in October 2015 and was not renewed.

Note 5. Debt

January 2015 Private Placement

On January 29, 2015, the Company completed its January 2015 Private Placement and entered into Note Purchase Agreements (the "Note" or "Notes") with three accredited investors. The Company raised aggregate gross proceeds of $5,250,000 in the offering and sold aggregate units consisting of the Notes in the aggregate principal amount of $5,250,000 and 1,575,000 shares of our common stock, par value $0.001 per share.

The Notes bear interest at a rate of eight percent (8%) per annum to be paid quarterly in arrears starting March 31, 2015, with all principal and unpaid interest due at maturity on January 5, 2016 and January 28, 2016 in accordance with the respective Notes. The Company has the right to prepay the Notes at any time at a rate equal to 100% of the then outstanding principal balance and accrued interest. The Notes rank *pari passu* to all other notes of the Company other than certain outstanding senior debt. The Company's wholly-owned subsidiary, CLR, has provided collateral to secure the repayment of the Notes and has pledged the Nicaragua green coffee beans acquired with the proceeds, that are to be sold under the terms of our contracts with our customers, Sourcing and Supply Agreements, the contract rights under the letter of intent and all proceeds of the foregoing (which lien is junior to CLR's line of credit and equipment lease but senior to all of its other obligations), all subject to the terms and conditions of a security agreement among the Company, CLR and the investors. Additionally, Stephan Wallach, the Company's Chief Executive Officer, has also personally guaranteed the repayment of the Notes, subject to the terms of a Guaranty Agreement executed by him with the investors. With respect to the aggregate offering, the Company used one placement agent and paid a placement fee of $157,500, in addition to the payment of certain legal expenses of the placement agent, and the Company issued to the placement agent an aggregate of 875,000 shares of common stock, par value $0.001 per share.

One holder of a January 2015 Note in the principal amount of $5,000,000 was prepaid on October 26, 2015 through a cash payment from us to the investor of $1,000,000 and the remaining $4,000,000 owed was applied to the investor's purchase of a $4,000,000 November 2015 Note and warrant exercisable to purchase 5,333,333 shares of Common Stock. The remaining balance of $250,000 from the January 2015 Notes was outstanding as of December 31, 2015, and paid in January 2016.

The Company recorded a non-cash extinguishment loss on debt of $1,198,000 in the current year as a result of the repayment of $5,000,000 from the January 2015 Note to one of the investors from the January 2015 Private Placement through issuance of a new November 2015 Note Payable. This loss represents the difference between the reacquisition value of the new debt to the holder of the note and the carrying amount of the holder's extinguished debt. (See November 2015 Private Placement below.)

Issuance costs related to the Notes and the common stock were approximately $170,000 and $587,000 in cash and non-cash costs, respectively, which were recorded as deferred financing costs and were amortized over the term of the Notes. As of December 31, 2015 the deferred financing costs is fully amortized and was recorded as interest expense.

The net proceeds were used primarily for the purchase of green coffee to accelerate the growth of the coffee segment green coffee business.

Convertible Notes Payable

November 2015 Private Placement

Between October 13, 2015 and November 25, 2015 the Company entered into Note Purchase Agreements (the "Note" or "Notes") by way of completing a private placement offering ("November 2015 Private Placement") with three (3) accredited investors to which the Company raised cash proceeds of $3,187,500 in the offering and converted $4,000,000 of debt from the January 2015 Private Placement to this offering and sold aggregate units consisting of three (3) year senior secured convertible Notes in the aggregate principal amount of $7,187,500, convertible into 20,535,714 shares of common stock, par value $0.001 per share, at a conversion price of $0.35 per share, subject to adjustment as provided therein; and five (5) year Warrants exercisable to purchase 9,583,333 shares of the Company's common stock at a price per share of $0.45. As of December 31, 2015 the principal amount of $7,187,500 remains outstanding.

The Notes bear interest at a rate of eight percent (8%) per annum to be paid quarterly in arrears starting December 31, 2015, with all principal and unpaid interest due at maturity on October 12, 2018. The Company has the right to prepay the Notes at any time after the one year anniversary date of the issuance of the Notes at a rate equal to 110% of the then outstanding principal balance and accrued interest. The Notes rank senior to all debt of the Company other than certain debt owed to Crestmark Bank, the investors in the Company's prior private placements, a mortgage on property, and any refinancing's thereof. The amounts owed under this Note are secured by a Deed of Trust as of October 13, 2015 executed by the Company's affiliate 2400 Boswell LLC, a California limited liability company, and encumbering the Company's headquarters at 2400 Boswell Rd., Chula Vista, CA 91914 (the "Deed of Trust.")

Stephan Wallach, the Company's Chief Executive Officer, has also personally guaranteed the repayment of the Notes, subject to the terms of a Guaranty executed by him with the investors. In addition, Mr. Wallach has agreed not to sell, transfer or pledge the 30 million shares of the common stock that are currently pledged as collateral to a previous financing so long as his personal guaranty is in effect.

With respect to the aggregate offering, the Company used one placement agent and paid a placement fee of approximately $719,000, in addition the payment of certain legal expenses and other issuance costs were approximately $67,000, which were recorded as deferred financing costs and are included under prepaid expenses and other current assets on the consolidated balance sheets and are being amortized over the term of the Notes. As of December 31, 2015 the remaining balance in deferred financing costs is approximately $742,000. The quarterly amortization of the deferred financing costs is approximately $66,000 and is recorded as interest expense.

The Company analyzed the nature of the warrants that were issued in the transaction and determined when the exercise price of the warrants is protected against down-round financing throughout the term of the warrant agreement, the warrants require derivative liability classification in accordance with authoritative guidance ASC Topic 815, *"Derivatives and Hedging."* The Company determined that the warrants issued to the investors represent a derivative liability. The estimated fair value of the warrants issued in connection with the Notes totaled $1,491,000 at issuance, and has been recorded as a derivative liability with a corresponding debt discount and an extinguishment loss on debt. The debt discount will be amortized over the term of the Convertible Notes to interest expense, whereas the Company recognized the extinguishment loss on debt with the initial valuation. We revalue the derivative liability on each balance sheet date until the securities to which the derivatives liabilities relate are exercised or expire, in accordance with the Convertible Notes (see Note 7, below.)

The Company recorded the discount for the beneficial conversion feature of $15,000. The beneficial conversion feature was recorded to equity and the debt discount associated with the beneficial conversion feature will be amortized to interest expense over the life of the Notes.

The Company recorded approximately $17,000 of interest expense for the amortization of the debt discounts related to the November 2015 Notes during the year ended December 31, 2015.

The Company also issued the placement agent five (5) year warrants exercisable for an aggregate amount of 958,333 shares of common stock, par value $0.001 per share at an exercise price of $0.45 per share and three (3) year warrants exercisable in the aggregate amount of 2,053,571 shares of common stock, par value $0.001 per share at an exercise price of $0.35 per share, subject to adjustment as provided therein. The estimated fair value of the warrants issued to the placement agent in connection with the Notes totaled approximately $384,000. These warrants were not protected against down-round financing and accordingly, were classified as equity issuance and with a corresponding deferred issuance costs that will be amortized over the term of the Note to interest expense.

July 2014 Private Placement

Between July 31, 2014 and September 10, 2014, the Company, entered into Note Purchase Agreements (the "Note" or "Notes") by way of completing a private placement offering ("2014 Private Placement") with seven accredited investors pursuant to which the Company raised aggregate gross proceeds of $4,750,000 and sold units consisting of five (5) year senior secured convertible Notes in the aggregate principal amount of $4,750,000, that are convertible into 13,571,429 shares of our common stock, at a conversion price of $0.35 per share, and warrants to purchase 18,586,956 shares of common stock at an exercise price of $0.23 per share, subject to adjustment as provided therein. As of December 31, 2015 the principal amount of $4,750,000 remains outstanding.

The outstanding convertible notes payable ("Convertible Notes") of the Company are secured by certain pledged Company assets, bear interest at a rate of eight percent (8%) per annum and paid quarterly in arrears with all principal and unpaid interest due between July and September 2019. The Company has the right to prepay the Notes at any time after the one year anniversary date of the issuance of the Notes at a rate equal to 110% of the then outstanding principal balance and any unpaid accrued interest. The notes are secured by Company pledged assets and rank senior to all debt of the Company other than certain senior debt that has been previously identified as senior to the convertible notes debt. Additionally, Stephan Wallach, the Company's Chief Executive Officer, has also personally guaranteed the repayment of the Notes, subject to the terms of a Guaranty Agreement executed by him with the investors. In addition, Mr. Wallach has agreed not to sell, transfer or pledge 30 million shares of the Common Stock that he owns so long as his personal guaranty is in effect.

The net proceeds were used primarily for the purchase of green coffee to accelerate the growth of the coffee segment green coffee business.

In connection with the issuance of these Convertible Notes, the Company issued warrants that require derivative liability classification in accordance with authoritative guidance ASC Topic 815, *"Derivatives and Hedging."* The estimated fair value of the warrants issued in connection with the Convertible Notes totaled $3,697,000 at issuance, and has been recorded as a derivative liability with a corresponding debt discount that will be amortized over the term of the Convertible Notes to interest expense. We revalue the derivative liability on each balance sheet date until the securities to which the derivatives liabilities relate are exercised or expire, in accordance with the Convertible Notes (see Note 7, below.)

Additionally, upon issuance of the Convertible Notes, the Company recorded the discount for the beneficial conversion feature of $1,053,000. The debt discount associated with the beneficial conversion feature is amortized to interest expense over the life of the Convertible Notes. The Company recorded approximately $950,000 and $396,000 of interest expense for the amortization of the debt discounts during the years ended December 31, 2015 and 2014, respectively.

Paid in cash issuance costs related to the Convertible Notes were approximately $490,000 and were recorded as deferred financing costs and are included in prepaid expenses and other current assets on the consolidated balance sheets and are being amortized over the term of the Convertible Notes. As of December 31, 2015 and December 31, 2014 the remaining balance in deferred financing costs is approximately $351,000 and $449,000, respectively. The quarterly amortization of the deferred financing costs is approximately $25,000 and is recorded as interest expense.

The following table summarizes information relative to the convertible note(s) outstanding:

	December 31, 2015	December 31, 2014
Convertible notes	$ 11,938	$ 4,750
Less: detachable warrants discount	(3,991)	(3,697)
Less: conversion feature discount	(1,068)	(1,053)
Amortization of debt discounts	1,363	396
Convertible notes, net of discounts	$ 8,242	$ 396

Registration Rights Agreements

The Company entered into a registration rights agreements (“Registration Rights Agreement”) with the investors in the November 2015 and July 2014 Private Placements. Under the terms of the Registration Rights Agreement, the Company agreed to file a registration statement covering the resale of the common stock underlying the units and the common stock that is issuable on exercise of the warrants within 90 days from the final closing date of the Private Placements (the “Filing Deadline”).

The Company has agreed to use reasonable efforts to maintain the effectiveness of the registration statement through the one year anniversary of the date the registration statement is declared effective by the Securities and Exchange Commission (the “SEC”), or until Rule 144 of the 1933 Act is available to investors in the Private Placements with respect to all of their shares, whichever is earlier. If the Company does not meet the Filing Deadline or Effectiveness Deadline, as defined in the Registration Rights Agreement, the Company will be liable for monetary penalties equal to one percent (1.0%) of each investor’s investment at the end of every 30 day period following such Filing Deadline or Effectiveness Deadline failure until such failure is cured.

The payment amount shall be prorated for partial 30 day periods. The maximum aggregate amount of payments to be made by the Company as the result of such shall be an amount equal to ten (10%) of each investor’s investment amount. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the investor’s registrable securities may be sold by such investor under Rule 144 or pursuant to another exemption from registration.

November 2015 Private Placement: The Company filed a registration statement on December 29, 2015 and an amended registration statement on February 9, 2016 that was declared effective by the SEC on February 12, 2016.

July 2014 Private Placement: The Company filed a registration statement on October 3, 2014 and an amended statement on October 17, 2014 and it was declared effective by the SEC on November 4, 2014.

Note 6. Derivative Liability

In October and November of 2015, the Company issued 9,583,333 three-year warrants in connection with Convertible Notes associated with our November 2015 Private Placement. The exercise price of the warrants is protected against down-round financing throughout the term of the warrant. Pursuant to ASC Topic 815, the fair value of the warrants of approximately $1,491,000 was recorded as a derivative liability on the issuance dates. The estimated fair values of the warrants were computed at issuance using a Monte Carlo option pricing models, with the following assumptions: stock price volatility 70%, risk-free rate 1.66%, annual dividend yield 0% and expected life 5.0 years.

In July and August of 2014, the Company issued 21,802,793 five-year warrants in connection with Convertible Notes associated with our July 2014 Private Placement. The exercise price of the warrants is protected against down-round financing throughout the term of the warrant. Pursuant to ASC Topic 815, the fair value of the warrants of approximately $3,697,000 was recorded as a derivative liability on the issuance dates. The estimated fair values of the warrants were computed at issuance using a Monte Carlo option pricing models, with the following assumptions: stock price volatility 90%, risk-free rates 1.58%-1.79%, annual dividend yield 0% and expected life 5.0 years.

During the fourth quarter of fiscal 2015 the Company entered into amendment agreements with certain warrant holders from the July 2014 Private Placement, which removed the down-round pricing protection provision, resulting in 3,215,837 of these warrants being reclassified from liability instruments to equity instruments. The Company also recognized a reduction in the warrant liability based on the fair value as of the modification date for the warrants that were amended, with a corresponding increase in additional paid-in capital.

The Company revalued the warrants as of the end of each reporting period, and the estimated fair value of the outstanding warrant liabilities was $4,716,000 and $3,712,000 as of December 31, 2015 and December 31, 2014, respectively.

Increases or decreases in fair value of the derivative liability are included as a component of other income (expense) in the accompanying consolidated statements of operations for the respective period. The changes to the derivative liability for warrants were approximately $39,000 and $15,000 for the years ended December 31, 2015 and 2014, respectively.

Various factors are considered in the pricing models we use to value the warrants, including our current stock price, the remaining life of the warrants, the volatility of our stock price, and the risk free interest rate. Future changes in these factors may have a significant impact on the computed fair value of the warrant liability. As such, we expect future changes in the fair value of the warrants to continue and may vary significantly from year to year. The warrant liability and revaluations have not had a cash impact on our working capital, liquidity or business operations.

Warrants classified as derivative liabilities are recorded at their estimated fair value (see Note 7, below) at the issuance date and are revalued at each subsequent reporting date. We will continue to revalue the derivative liability on each subsequent balance sheet date until the securities to which the derivative liabilities relate are exercised or expire.

The estimated fair value of the warrants were computed as of December 31, 2015 and as of December 31, 2014 using Black-Scholes and Monte Carlo option pricing models, using the following assumptions:

	December 31, 2015	**December 31, 2014**
Stock price volatility	70%	90%
Risk-free interest rates	1.76%	1.65%
Annual dividend yield	0%	0%
Expected life	3.6-4.9 years	4.7 years

In addition, Management assessed the probabilities of future financing assumptions in the valuation models.

Note 7. Fair Value of Financial Instruments

Fair value measurements are performed in accordance with the guidance provided by ASC Topic 820, "*Fair Value Measurements and Disclosures.*" ASC Topic 820 defines fair value as the price that would be received from selling an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

ASC Topic 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities recorded at fair value in the financial statements are categorized based upon the hierarchy of levels of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability.

The carrying amounts of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, capital lease obligations and deferred revenue approximate their fair values based on their short-term nature. The carrying amount of the Company’s long term notes payable approximates its fair value based on interest rates available to the Company for similar debt instruments and similar remaining maturities.

The estimated fair value of the contingent consideration related to the Company's business combinations is recorded using significant unobservable measures and other fair value inputs and is therefore classified as a Level 3 financial instrument.

In connection with the 2015 and 2014 Private Placements, we issued warrants to purchase shares of our common stock which are accounted for as derivative liabilities (see Note 6 above.) The estimated fair value of the warrants is recorded using significant unobservable measures and other fair value inputs and is therefore classified as a Level 3 financial instrument.

We used Level 3 inputs for the valuation methodology of the derivative liabilities. Our derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to the fair value of the derivative liabilities.

The following table details the fair value measurement within the three levels of the value hierarchy of the Company’s financial instruments, which includes the Level 3 liabilities (in thousands):

	Fair Value at December 31, 2015			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Contingent acquisition debt, current portion	$ 264	$ -	$ -	$ 264
Contingent acquisition debt, less current portion	7,174	-	-	7,174
Warrant derivative liability	4,716	-	-	4,716
Total liabilities	$ 12,154	$ -	$ -	$ 12,154

	Fair Value at December 31, 2014			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Contingent acquisition debt, current portion	$ 2,765	$ -	$ -	$ 2,765
Contingent acquisition debt, less current portion	7,707	-	-	7,707
Warrant derivative liability	3,712	-	-	3,712
Total liabilities	$ 14,184	$ -	$ -	$ 14,184

The following table reflects the activity for the Company's warrant derivative liability associated with our 2015 and 2014 Private Placements convertible notes payable measured at fair value using Level 3 inputs (in thousands):

	Warrant Derivative Liability
Balance at December 31, 2013	$ -
Issuance	3,697
Adjustments to estimated fair value	15
Balance at December 31, 2014	3,712
Issuance	1,491
Adjustments to estimated fair value	39
Warrant liability reclassified to equity	(526)
Balance at December 31, 2015	$ 4,716

The following table reflects the activity for the Company's contingent acquisition liabilities measured at fair value using Level 3 inputs (in thousands):

	Contingent Consideration
Balance at December 31, 2013	$ 7,080
Level 3 liabilities acquired	5,912
Level 3 liabilities settled	(2,488)
Adjustments to liabilities included in earnings	179
Expenses allocated to profit sharing agreement	(211)
Balance at December 31, 2014	10,472
Level 3 liabilities acquired	1,353
Level 3 liabilities settled	(3,338)
Adjustments to liabilities included in earnings	(446)
Expenses allocated to profit sharing agreement	(528)
Adjustment to purchase price allocation	(75)
Balance at December 31, 2015	$ 7,438

The fair value of the contingent acquisition liabilities are evaluated each reporting period using projected revenues, discount rates, and projected timing of revenues. Projected contingent payment amounts are discounted back to the current period using a discount rate. Projected revenues are based on the Company's most recent internal operational budgets and long-range strategic plans. In some cases, there is no maximum amount of contingent consideration that can be earned by the sellers. Increases in projected revenues will result in higher fair value measurements. Increases in discount rates and the time to payment will result in lower fair value measurements. Increases (decreases) in any of those inputs in isolation may result in a significantly lower (higher) fair value measurement. During the years ended December 31, 2015 and 2014, the net adjustment to the fair value of the contingent acquisition debt was a decrease of $446,000 and an increase of $179,000, respectively.

The weighted-average of the discount rates used was 17.6% and 15.4% as of December 31, 2015 and 2014, respectively. The projected year of payment ranges from 2016 to 2030.

Note 8. Stockholders' Equity

The Company's Articles of Incorporation, as amended, authorize the issuance of two classes of stock to be designated "Common Stock" and "Preferred Stock".

Convertible Preferred Stock

The Company had 161,135 shares of Series A Convertible Preferred Stock ("Series A Preferred") outstanding as of December 31, 2015 and December 31, 2014, and accrued dividends of approximately $98,000 and $86,000, respectively. The holders of the Series A Preferred Stock are entitled to receive a cumulative dividend at a rate of 8.0% per year, payable annually either in cash or shares of the Company's Common Stock at the Company's election. Shares of Common Stock paid as accrued dividends are valued at $0.50 per share. Each share of Series A Preferred is convertible into two shares of the Company's Common Stock. The holders of Series A Preferred are entitled to receive payments upon liquidation, dissolution or winding up of the Company before any amount is paid to the holders of Common Stock. The holders of Series A Preferred shall have no voting rights, except as required by law.

During 2014, there were 50,000 shares of Series A Preferred outstanding and accrued dividends of approximately $25,000 converted into 300,164 shares of common stock.

Common Stock

The Company had 392,583,015 common shares outstanding as of December 31, 2015. The holders of Common Stock are entitled to one vote per share on matters brought before the shareholders.

Warrant Modification Agreements

In December 2015, the Company modified the terms of certain investor warrants that were classified as derivative liabilities by removing the down-round pricing protection provision in the event of a dilutive issuance, resulting in 3,215,837 of these warrants being reclassified from a liability instrument to equity instruments, removing the warrant liability and reclassifying it to additional paid in capital. The Company revalued the warrants as of the date of modification and reduced the derivate liability by approximately $526,000. The warrants were revalued as of December 31, 2015 using the Black-Scholes valuation method and using a risk-free rate of 1.5%, stock price of $0.30, exercise prices ranging from $0.23 to $0.35, expected life of 3.6 to 3.7 years and stock price volatility of 70.0%.

In July 2015, the Company entered into agreements which extended the life of 2,418,750 warrants by two years after certain conditions were met. The Company recorded a warrant modification expense, as a result of the extension of the expiration dates of approximately $253,000, which is included in general and administrative expense in the Company's consolidated statements of operations. The expense was calculated using the Black-Scholes valuation method and using a risk-free rate of 0.67%, stock price of $0.31, exercise prices ranging from $0.30 to $0.40, expected life of 2.0 years and stock price volatility of 67.8%.

The warrants are exercisable into the Company's common stock.

There were no warrant modification expense adjustments during 2014.

Repurchase of Common Stock

On December 11, 2012, the Company authorized a share repurchase program to repurchase up to 15 million of the Company's issued and outstanding common shares from time to time on the open market or via private transactions through block trades. Under this program, for the year ended December 31, 2015, the Company repurchased a total of 1,344,222 shares at a weighted-average cost of $0.31. A total of 3,806,172 shares have been repurchased to-date at a weighted-average cost of $0.26. The remaining number of shares authorized for repurchase under the plan as of December 31, 2015 is 11,193,828.

Warrants to Purchase Preferred Stock and Common Stock

As of December 31, 2015, warrants to purchase 41,674,796 shares of the Company's common stock at prices ranging from $0.10 to $0.50 were outstanding. All warrants are exercisable as of December 31, 2015 and expire at various dates through December 2020 and have a weighted average remaining term of approximately 3.47 years and are included in the table below as of December 31, 2015.

During the fourth quarter of fiscal year ended December 31, 2015, the Company issued warrants through a Private Placement, to purchase 10,541,666 and 2,053,571 shares of its common stock, exercisable at $0.45 and $0.35 per share, respectively, and expire in October 2020 and October 2018, respectively. (See Note 5, above.)

During the third quarter of fiscal year ended December 31, 2014, the Company issued warrants through a Private Placement, to purchase 20,445,650 and 1,357,143 shares of its common stock, exercisable at $0.23 and $0.35 per share, respectively and expire in August 2019. (See Note 5, above.)

The following table summarizes warrant activity for the following periods:

Balance at December 31, 2013	17,226,146
Granted	21,802,793
Expired / cancelled	(1,057,309)
Exercised	(2,750,000)
Balance at December 31, 2014	35,221,630
Granted	12,595,237
Expired / cancelled	(5,335,821)
Exercised	(806,250)
Balance at December 31, 2015	41,674,796

Advisory agreements

PCG Advisory Group. On September 1, 2015, the Company entered into an agreement with PCG Advisory Group (“PCG”), pursuant to which PCG agreed to provide investor relations services for six (6) months in exchange for fees paid in cash of $6,000 per month and 100,000 shares of restricted common stock issued in accordance with the agreement. In connection with this agreement, the Company has accrued for the estimated per share value of issuance at $0.32 per share, the price of Company’s common stock at September 1, 2015 for a total of $32,000 due to PCG. The fair values of the shares was recorded as prepaid advisory fees and are included in prepaid expenses and other current assets on the Company’s balance sheet and will be amortized on a pro-rate basis over the term of the contract.

During the year ended December 31, 2015, we recorded expense of approximately $20,000, in connection with amortization of the stock issuance. As of December 31, 2015, the total remaining balance of the prepaid investor relation services is approximately $12,000.

Shares Issued in Private Placement

On January 29, 2015, we completed our January 2015 Private Placement pursuant to which we entered into Notes Payable Agreements (see Note 5, above) and issued 2,450,000 shares of our common stock. The shares of common stock issued under the January 2015 Private Placement were offered and issued without registration under the Securities Act of 1933, as amended, (the “1933 Act”). The securities may not be sold, transferred or assigned in the absence of an effective registration statement for the securities under the 1933 Act, or an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transaction, that registration in required under the 1933 Act or unless sold pursuant to Rule 144 under the 1933 Act.

Stock Options

On May 16, 2012, the Company established the 2012 Stock Option Plan ("Plan") authorizing the granting of options for up to 40,000,000 shares of Common Stock. The purpose of the Plan is to promote the long-term growth and profitability of the Company by (i) providing key people and consultants with incentives to improve stockholder value and to contribute to the growth and financial success of the Company and (ii) enabling the Company to attract, retain and reward the best available persons for positions of substantial responsibility. The Plan permits the granting of stock options, including non-qualified stock options and incentive stock options qualifying under Section 422 of the Code, in any combination (collectively, "Options"). At December 31, 2015, the Company had 16,111,725 shares of Common Stock available for issuance under the Plan.

A summary of the Plan Options for the year ended December 31, 2015 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding December 31, 2013	17,572,500	$ 0.22	$ 478
Issued	11,517,250	0.22	
Canceled/expired	(161,000)	0.19	
Exercised	(10,250)	0.23	-
Outstanding December 31, 2014	28,918,500	0.21	786
Issued	1,124,250	0.31	
Canceled / expired	(6,151,475)	0.22	
Exercised	(369,675)	0.21	-
Outstanding December 31, 2015	23,521,600	$ 0.22	$ 2,044
Exercisable December 31, 2015	18,469,600	$ 0.22	$ 1,463

The weighted-average fair value per share of the granted options for the years ended December 31, 2015 and 2014 was approximately $0.15.

The following table sets forth the exercise price range, number of shares, weighted-average exercise price and remaining contractual lives at December 31, 2015:

Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding:			
$ 0.16 - $0.21	7,755,650	$ 0.19	7.81
$ 0.21 - $0.23	11,849,250	$ 0.22	6.29
$ 0.23 - $0.35	3,701,950	$ 0.26	2.98
$ 0.35 - $0.40	214,750	$ 0.38	2.44
Exercisable:			
$ 0.16 - $0.21	2,703,650	$ 0.18	6.45
$ 0.21 - $0.23	11,849,250	$ 0.22	6.29
$ 0.23 - $0.33	3,701,950	$ 0.26	2.98
$ 0.23 - $0.33	214,750	$ 0.38	2.44

Total stock based compensation expense included in the consolidated statements of operations was charged as follows in thousands:

	Years ended December 31, 2015	2014
Cost of revenues	$ 17	$ 14
Distributor compensation	158	195
Sales and marketing	28	21
General and administrative	252	304
	$ 455	$ 534

As of December 31, 2015, there was approximately $668,000 of total unrecognized compensation expense related to unvested share-based compensation arrangements granted under the Plan. The expense is expected to be recognized over a weighted-average period of 3.54 years.

The Company uses the Black-Scholes option-pricing model ("Black-Scholes model") to estimate the fair value of stock option grants. The use of a valuation model requires the Company to make certain assumptions with respect to selected model inputs. Expected volatility is calculated based on the historical volatility of the Company's stock price over the expected term of the option. The expected life is based on the contractual life of the option and expected employee exercise and post-vesting employment termination behavior. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of the grant. The following were the factors used in the Black Scholes model to calculate the compensation cost:

	Years ended December 31, 2015	2014
Dividend yield	-	-
Stock price volatility	66% - 77%	75% - 98%
Risk-free interest rate	0.56% - 1.06%	0.33% - 2.12%
Expected life of options	1.5 - 5.0 years	3.0 - 7.0 years

Note 9. Commitments and Contingencies

Credit Risk

The Company maintains cash balances at various financial institutions primarily located in San Diego, California. Accounts at the U.S. institutions are secured, up to certain limits, by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

Litigation

The Company is, from time to time, the subject of claims and suits arising out of matters occurring during the normal course of operations. In the opinion of management, no pending claims or suits would materially affect the financial position or the results of the operations of the Company.

Leases

We lease our domestic and certain foreign facilities and other equipment under non-cancelable capital and operating lease agreements, which expire at various dates through 2023. In addition to the minimum future lease commitments presented below, the leases generally require that we pay property taxes, insurance, maintenance and repair costs, such expenses are not included in the operating lease amounts.

At December 31, 2015, future minimum lease commitments are as follows (in thousands):

2016	$ 1,199
2017	973
2018	723
2019	371
2020	345
Thereafter	834
Total	$ 4,445

Rent expense was $1,043,000 and $840,000 for the years ended December 31, 2015 and 2014, respectively.

In connection with our acquisition of FDI, we assumed mortgage guarantee obligations made by FDI on the building housing our New Hampshire office. The balance of the mortgages is approximately $1,900,000 as of December 31, 2015 (see Note 3, above).

The Company purchases its inventory from multiple third-party suppliers at competitive prices. The Company made purchases from three vendors, which individually comprised more than 10% of total purchases and in aggregate approximated 61% and 60% of total purchases for the years ended December 31, 2015 and 2014, respectively.

The Company has purchase obligations related to minimum future purchase commitments for green coffee to be used in the Company's commercial coffee segment for roasting. Each individual contract requires the Company to purchase and take delivery of certain quantities at agreed upon prices and delivery dates. The contracts as of December 31, 2015, have minimum future purchase commitments of approximately $1,327,000, which are to be delivered in 2016. The contracts contain provisions whereby any delays in taking delivery of the purchased product will result in additional charges related to the extended warehousing of the coffee product. The fees can average approximately $0.01 per pound for every month of delay, to-date the Company has not incurred such fees.

Note 10. Income Taxes

The income tax provision contains the following components (in thousands):

	December 31,	
	2015	2014
Current		
Federal	$ 66	$ 84
State	(161)	111
Foreign	76	98
Total current	(19)	293
Deferred		
Federal	$ 1,307	$ (4,106)
State	96	(558)
Foreign	-	-
Total deferred	1,403	(4,664)
Total	$ 1,384	$ (4,371)

Income (loss) before income taxes relating to non-U.S. operations were $(62,000) and $418,000 in the years ended December 31, 2015 and 2014, respectively.

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income (loss) as a result of the following differences:

	December 31,	
	2015	2014
Federal statutory rate	$ (113)	$ 350
Adjustments for tax effects of:		
Foreign rate differential	26	(30)
State taxes, net	(241)	(267)
Other nondeductible items	1,162	222
Rate change	91	(21)
Deferred tax asset adjustment	101	(412)
Change in valuation allowance	161	(4,213)
Undistributed foreign earnings	197	-
	$ 1,384	$ (4,371)

Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2015	2014
Deferred tax assets:		
Amortizable assets	$ 1,146	$ 887
Inventory	608	493
Accruals and reserves	174	499
Stock options	217	167
Net operating loss carry-forward	2,387	3,112
Credit carry-forward	581	731
Total Deferred Tax Asset	5,113	5,889
Deferred tax liabilities:		
Prepaids	(71)	(190)
Other	(521)	(397)
Depreciable assets	(270)	195
	(862)	(392)
Net deferred tax asset	4,250	5,497
Less valuation allowance	(1,718)	(1,556)
Net deferred tax liabilities	$ 2,532	$ 3,941

The Company has determined through consideration of all positive and negative evidence that the US federal deferred tax assets are more likely than not to be realized. The Company does not have a valuation allowance in the US Federal tax jurisdiction. A valuation allowance remains on certain state and foreign tax attributes that are likely to expire before realization. The change in valuation allowance increased approximately $161,000 for the year ended December 31, 2015 and decreased approximately $4,213,000 for the year ended December 31, 2014.

At December 31, 2015, the Company had approximately $1,962,000 in federal net operating loss carryforwards, which begin to expire in 2027, and approximately $21,972,000 in net operating loss carryforwards from various states. The Company had approximately $1,780,000 in net operating losses in foreign jurisdictions.

Pursuant to Internal Revenue Code ("IRC") Section 382, use of net operating loss and credit carryforwards may be limited if the Company experienced a cumulative change in ownership of greater than 50% in a moving three-year period. Ownership changes could impact the Company's ability to utilize the net operating loss and credit carryforwards remaining at an ownership change date. The Company has not completed a Section 382 study.

The Company has analyzed the impact of repatriating earnings from its foreign subsidiaries and has determined that the impact is immaterial.

The Company received a dividend payment from New Zealand. The Company can no longer assert indefinite reinvestment of earnings from its foreign subsidiaries. Therefore, a deferred tax liability has been recorded. The current effect of the deferred tax liability net of tax deemed paid is approximately $142,000.

The Company has accounted for uncertain tax position related to states. The Company accounts for interest expense and penalties related to income tax issues as income tax expense. Accordingly, interest expense and penalties associated with an uncertain tax position are included in the income tax provision. The total amount of accrued interest and penalties as of December 31, 2015 are approximately $2,000. Income tax expense as of December 31, 2015, included an increase in state income tax expense of approximately $7,000 related to uncertain tax positions.

Note 11. Segment and Geographical Information

The Company offers a wide variety of products to support a healthy lifestyle including; Nutritional Supplements, Sports and Energy Drinks, Health and Wellness, Weight Loss, Gourmet Coffee, Skincare and Cosmetics, Lifestyle Services, digital products including Scrap books and Memory books, Packaged Foods, Pharmacy Discount Cards, and Clothing and Jewelry line. The Company's business is classified by management into two reportable segments: direct selling and commercial coffee.

The Company's segments reflect the manner in which the business is managed and how the Company allocates resources and assesses performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company's chief operating decision maker evaluates segment performance primarily based on revenue and segment operating income. The principal measures and factors the Company considered in determining the number of reportable segments were revenue, gross margin percentage, sales channel, customer type and competitive risks. In addition, each reporting segment has similar products and customers, similar methods of marketing and distribution and a similar regulatory environment.

The accounting policies of the segments are consistent with those described in the summary of significant accounting policies. Segment revenue excludes intercompany revenue eliminated in the consolidation. The following tables present certain financial information for each segment (in thousands):

	Years ended December 31,	
	2015	2014
Revenues		
Direct selling	$ 138,927	$ 116,365
Commercial coffee	17,670	17,678
Total revenues	$ 156,597	$ 134,043
Gross profit		
Direct selling	$ 93,613	$ 76,530
Commercial coffee	(644)	(205)
Total gross margin	$ 92,969	$ 76,325
Net (loss) income		
Direct selling	$ 3,144	$ 5,274
Commercial coffee	(4,850)	95
Total net (loss) income	$ (1,706)	$ 5,369
Capital expenditures		
Direct selling	$ 1,396	$ 1,140
Commercial coffee	2,223	5,263
Total capital expenditures	$ 3,619	$ 6,403

	December 31,	
	2015	2014
Total assets		
Direct selling	$ 38,363	$ 36,149
Commercial coffee	24,422	19,583
Total assets	$ 62,785	$ 55,732

Total tangible assets, net located outside the United States are approximately $5.2 million as of December 31, 2015. For the year ended December 31, 2014, total assets, net located outside the United States were approximately $4.2 million.

The Company conducts its operations primarily in the United States. The Company also sells its products in 70 different countries. The following table displays revenues attributable to the geographic location of the customer (in thousands):

	Years ended December 31,	
	2015	2014
Revenues		
United States	$ 145,259	$ 125,638
International	11,338	8,405
Total revenues	$ 156,597	$ 134,043

Note 12. Subsequent Events

None.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by Rule 13a-15(b) under the Exchange Act, our management conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on the foregoing evaluation, our principal executive officer and principal financial officer concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Our Controls

There were no changes in our internal controls over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). With the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures and our internal control processes will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that the breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Pursuant to our bylaws, the number of directors is fixed and may be increased or decreased from time to time by resolution of our Board of Directors, or the Board. The Board has fixed the number of directors at five members.

Information Regarding the Board of Directors

Information with respect to our current directors is shown below.

Name	Age	Director Since	Position
Stephan Wallach	49	2011*	Chairman and Chief Executive Officer
David Briskie	55	2011	President, Chief Financial Officer and Director
Michelle Wallach	45	2011*	Chief Operating Officer and Director
Richard Renton	60	2012	Director
William Thompson	55	2013	Director

* Since 1996, Stephen Wallach and Michelle Wallach have been directors of AL Global, Corporation the private company that merged with and into Javalution Coffee Company, our predecessors in 2011.

Stephan Wallach, *Chief Executive Officer and Chairman of the Board*

Mr. Stephan Wallach was appointed to the position of Chief Executive Officer on July 11, 2011 pursuant to the terms of the merger agreement between Youngevity(R) and Javalution. He previously served as President and Chief Executive Officer of AL Global Corporation d/b/a Youngevity(R) Essential Life Sciences. He has served as a director of our Company since inception and was appointed Chairman of the Board on January 9, 2012. In 1996, Mr. Wallach and the Wallach family together launched our Youngevity(R) division and served as its co-founder and Chief Executive Officer from inception until the merger with Javalution. Mr. Wallach's extensive knowledge about our business operations and our products makes him an exceptional board member.

David Briskie, *President, Chief Financial Officer and Director*

Mr. David Briskie was appointed to the position of President on October 30, 2015 and Chief Financial Officer on May 15, 2012. Prior to that, Mr. Briskie served as President of Commercial Development, a position he was appointed to on July 11, 2011 pursuant to the terms of the merger agreement between Youngevity(R) and Javalution. From February 2007 until the merger he served as the Chief Executive Officer and director of Javalution and since September 2007 has served as the Managing Director of CLR Roasters. Prior to joining Javalution in 2007, Mr. Briskie had an 18-year career with Drew Pearson Marketing ("DPM"), a consumer product company marketing headwear and fashion accessories. He began his career at DPM in 1989 as Executive Vice President of Finance and held numerous positions in the company, including vice president of marketing, chief financial officer, chief operating officer and president. Mr. Briskie graduated magna cum laude from Fordham University with a major in marketing and finance. Mr. Briskie's experience in financial matters, his overall business understanding, as well as his familiarity and knowledge regarding public companies make him an exceptional board member.

Michelle G. Wallach, *Chief Operating Officer and Director*

Ms. Michelle Wallach was appointed to the position of Chief Operating Officer on July 11, 2011 pursuant to the terms of the merger agreement between Youngevity(R) and Javalution. She previously served as Corporate Secretary and Manager of AL Global Corporation d/b/a Youngevity(R) Essential Life Sciences. She has a background in network marketing, including more than 10 years in distributor management. Her career in network marketing began in 1991 in Portland, Oregon, where she developed a nutritional health product distributorship. In 1996, Ms. Wallach and the Wallach family together launched our Youngevity(R) division and served as its co-founder and Chief Operations Officer from inception until the merger with Javalution. Ms. Wallach has an active role in promotion, convention and event planning, domestic and international training, and product development. Ms. Wallach's prior experience with network marketing and her extensive knowledge about our business operations and our products make her an exceptional board member.

Richard Renton, *Director*

Mr. Richard Renton was appointed to our Board of Directors on January 9, 2012, and currently serves on the Youngevity(R) Medical and Athletic Advisory Boards. For the past five years, Mr. Renton owned his own business providing nutritional products to companies like ours. The Company purchases certain products from Mr. Renton's company Northwest Nutraceuticals, Inc. Mr. Renton graduated from Portland State University with quad majors in Sports Medicine, Health, Physical Education, and Chemistry. He has served as an Associate Professor at PSU in Health and First Aid, and was the Assistant Athletic Trainer for PSU, the Portland Timbers Soccer Team, and the Portland Storm Football team. Mr. Renton is a board certified Athletic Trainer with the National Athletic Trainers Association. Mr. Renton's understanding of nutritional products makes him an exceptional board member.

William Thompson, *Director*

Mr. William Thompson was appointed to our Board of Directors on June 10, 2013 and currently serves as the Chief Financial Officer of Broadcast Company of the Americas, which operates three radio stations in San Diego, California. He served as Corporate Controller for the Company from 2011 to March 2013 and for Breach Security, a developer of web application firewalls, from 2007 to 2010. Prior to 2007, Mr. Thompson was Divisional Controller for Mediaspan Group and Chief Financial Officer of Triathlon Broadcasting Company. Mr. Thompson's achievements in financial matters and his overall business understanding make him an exceptional board member.

Family Relationships

Other than Stephan Wallach and Michelle Wallach, who are husband and wife, none of our officers or directors has a family relationship with any other officer or director.

INFORMATION REGARDING THE COMMITTEES OF THE BOARD OF DIRECTORS

Committees of the Board of Directors

The Board of Directors has a standing Audit Committee, Compensation Committee, Science Committee and Investment Committee. The following table shows the directors who are currently members or Chairman of each of these committees.

Board Members	Audit Committee	Compensation Committee	Investment Committee
Stephan Wallach	-	Chairman	Member
David Briskie	-	Member	Chairman
Michelle Wallach	-	-	-
Richard Renton	-	-	-
William Thompson	Member	-	-

Board Committees

Compensation Committee. The Compensation Committee of the Board of Directors currently consists of Stephan Wallach (Chair) and David Briskie. The functions of the Compensation Committee include the approval of the compensation offered to our executive officers and recommending to the full Board of Directors the compensation to be offered to our directors, including our Chairman. None of the members of the Compensation Committee are independent under the listing standards of the NYSE MKT. In addition, the members of the Compensation Committee qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at *www.ygyi.com*.

Audit Committee. The Audit Committee of the Board of Directors currently consists of William Thompson. The functions of the Audit Committee include the retention of our independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of the Company's annual audit, reviewing the adequacy of the Company's accounting and financial controls and reviewing the independence of the Company's independent registered public accounting firm. The Board has determined that William Thompson is an "independent director" under the listing standards of the NASDAQ Stock Market. The Board of Directors has also determined that William Thompson is an "audit committee financial expert" within the applicable definition of the SEC. The Audit Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at *www.ygyi.com*.

Investment Committee. The Investment Committee of the Board of Directors currently consists of David Briskie (Chair) and Stephan Wallach as a member. This Committee determines, approves, and reports to the Board of Directors on all elements of acquisitions and investments for the Company.

We do not currently have a separate nominating committee and instead our full board of directors performs the functions of a nominating committee. Due to our size we believe that this is an appropriate structure.

Board Leadership Structure

We currently have the same person serving as our Chairman of the Board and Chief Executive Officer and we do not have a formal policy on whether the same person should (or should not) serve as both the Chief Executive Officer and Chairman of the Board. Mr. Briskie currently serves as our President. Due to the size of our company, we believe that this structure is appropriate. Mr. Wallach has served as the Chairman of the Board and Chief Executive Officer since AL Global Corporation, the private company that he owned, merged into our predecessor in 2011 and he served as the Chairman of the Board and Chief Executive Officer of AL Global Corporation, since inception. In serving as Chairman of the Board, Mr. Wallach serves as a significant resource for other members of management and the Board of Directors.

We do not have a separate lead director. We believe the combination of Mr. Wallach as our Chairman of the Board and Chief Executive Officer has been an effective structure for our company. Our current structure is operating effectively to foster productive, timely and efficient communication among the independent directors and management. We do have active participation in our committees by our independent directors. Each committee performs an active role in overseeing our management and there are complete and open lines of communication with the management and independent directors.

Oversight of Risk Management

The Board of Directors has an active role, as a whole and also at the committee level, in overseeing management of our risks. The Board of Directors regularly reviews information regarding our strategy, finances and operations, as well as the risks associated with each. There is no Nominating Committee at this time.

Overview

Corporate Governance Guidelines

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are fundamental to the overall success of our business, serving our stockholders well and maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics, together with our Certificate of Incorporation, Bylaws and the charters of our Board Committees, form the basis for our corporate governance framework. As discussed above, our Board of Directors has established three standing committees to assist it in fulfilling its responsibilities to the Company and its stockholders: the Audit Committee, the Compensation Committee and the Investment Committee. The Board of Directors performs the functions typically assigned to a Nominating and Corporate Governance Committee.

Our Corporate Governance Guidelines are designed to ensure effective corporate governance of our company. Our Corporate Governance Guidelines cover topics including, but not limited to, director qualification criteria, director responsibilities, director compensation, director orientation and continuing education, communications from stockholders to the Board, succession planning and the annual evaluations of the Board and its Committees. Our Corporate Governance Guidelines are reviewed regularly by the Board and revised when appropriate. The full text of our Corporate Governance Guidelines can be found in the "Corporate Governance" section of our website accessible at *www.ygyi.com*. A printed copy may also be obtained by any stockholder upon request to our Corporate Secretary.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors. This Code constitutes a "code of ethics" as defined by the rules of the SEC. This Code also contains "whistle blower" procedures adopted by our Audit Committee regarding the receipt, retention and treatment of complaints related to accounting, internal accounting controls or auditing matters and procedures for confidential anonymous employee complaints related to questionable accounting or auditing matters. Copies of the code may be obtained free of charge from our website, *www.ygyi.com*. Any amendments to, or waivers from, a provision of our code of ethics that applies to any of our executive officers will be posted on our website in accordance with the rules of the SEC.

Director Independence

Our common stock is not quoted or listed on any national exchange or interdealer quotation system with a requirement that a majority of our Board of Directors is independent and therefore we are not subject to any director independence requirements. However, for purposes of determining independence we use the definition applied by the NYSE MKT, our Board of Directors has determined that William Thompson is our only independent director in accordance with such definition.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Exchange Act and the related rules of the Securities and Exchange Commission require our directors and executive officers and beneficial owners of more than 10% of our common stock to file reports, within specified time periods, indicating their holdings of and transactions in our common stock and derivative securities. Based solely on a review of such reports provided to us and written representations from such persons regarding the necessity to file such reports, we are not aware of any failures to file reports or report transactions in a timely manner during our fiscal year ended December 31, 2014 other than two late filings of Form 4s to report stock acquisitions by Mr. Briskie.

Our Board regularly assesses the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Board will consider various potential candidates who may come to the attention of the Board through current Board members, professional search firms, stockholders or other persons. Each candidate brought to the attention of the Board, regardless of who recommended such candidate, is considered on the basis of the criteria set forth in our corporate governance guidelines. As stated above, our Board will consider candidates proposed for nomination by our significant stockholders. Stockholders may propose candidates by submitting the names and supporting information to: Board of Directors in care of the Corporate Secretary, Youngevity International, Inc. 2400 Boswell, Chula Vista, California 91914. Supporting information should include (a) the name and address of the candidate and the proposing stockholder, (b) a comprehensive biography of the candidate and an explanation of why the candidate is qualified to serve as a director taking into account the criteria identified in our corporate governance guidelines, (c) proof of ownership, the class and number of shares, and the length of time that the shares of our voting securities have been beneficially owned by each of the candidate and the proposing stockholder, and (d) a letter signed by the candidate stating his or her willingness to serve, if elected.

Item 11. Executive Compensation

Summary Compensation Table

The following table sets forth a summary of cash and non-cash compensation awarded, earned or paid for services rendered to us during the years ended December 31, 2015 and 2014 by our "named executive officers," consisting of (i) each individual serving as principal executive officer during the year ended December 31, 2015, and (ii) our Chief Financial Officer/Chief Operating Officer, our other executive officer.

	Year	Salary ($)	Bonus ($)	Options Awarded[4] ($)	All Other Compensation[2] ($)	Total ($)
Stephan Wallach [1]	2015	271,519	89,000	-	-	360,519
Chief Executive Officer	2014	184,000	52,589	-	-	236,589
William Andreoli [1] [2] [3] [4]	2015	187,000	-	-	1,334,162	1,521,162
Former President	2014	170,000	-	882,500	920,790	1,973,290
David Briskie [1] [4]	2015	271,519	89,000	-	-	360,519
President and Chief Financial Officer	2014	216,308	52,589	282,400	-	551,297
Michelle Wallach [1]	2015	200,070	57,500	-	-	257,570
Chief Operating Officer	2014	168,720	52,589	-	-	221,309

(1) Mr. Stephan Wallach, Mr. David Briskie, and Ms. Michelle Wallach have direct and or indirect (beneficially) distributor positions in our Company that pay income based on the performance of those distributor positions in addition to their base salaries, and the people and or companies supporting those positions based upon the contractual agreements that each and every distributor enter into upon engaging in the network marketing business. The contractual terms of these positions are the same as those of all the other individuals that become distributors in our Company. There are no special circumstances for these officers/directors. Mr. Stephan Wallach and Ms. Michelle Wallach received or beneficially received $312,410 and $312,853 in 2015 and 2014, respectively related to their distributor positions, which are not included above. Mr. Andreoli received or beneficially received $166,223 and $180,821 in 2015 and 2014, respectively, related to his distributor positions, which are not included above. Mr. Briskie beneficially received $28,010 and $20,714 in 2015 and 2014, respectively, related to his spouse's distributor position, which is not included above.

(2) Mr. Andreoli was appointed to serve as our President from October 26, 2011 in connection with the acquisition of FDI and resigned as our President on October 28, 2015. The Other Compensation includes payments of $1,334,162 and $920,790 to Mr. Andreoli in 2015 and 2014, respectively in accordance with the terms of our FDI acquisition agreement.

(3) We paid rent in the amount of $187,000 and $204,000 in 2015 and 2014, respectively, to FDI Realty LLC, a company controlled by Mr. Andreoli.

(4) We use a Black-Scholes option-pricing model (Black-Scholes model) to estimate the fair value of the stock option grant. For a discussion of the assumptions used in computing this valuation, see Note 8 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Table of Contents

Outstanding Equity Awards at Fiscal Year-End

The table below reflects all outstanding equity awards made to each of the named executive officers that are outstanding as of December 31, 2015. We currently grant stock-based awards pursuant to our 2012 Stock Option Plan.

Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date
Stephan Wallach	5/31/2012	2,500,000	-	$ 0.22	5/31/2022
William Andreoli	5/31/2012	400,000	-	$ 0.22	2/28/2016
	10/31/2013	100,000	-	$ 0.18	2/28/2016
	7/23/2014	750,000	-	$ 0.23	2/28/2016
David Briskie	5/31/2012	5,000,000	-	$ 0.22	5/31/2022
	10/31/2013	400,000	600,000	$ 0.18	10/31/2023
	10/30/2014	400,000	1,600,000	$ 0.19	10/30/2024
Michelle Wallach	5/31/2012	2,500,000	-	$ 0.22	5/31/2022

The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is calculated based on the historical volatility of the Company’s stock. The risk free interest rate is based on the U.S. Treasury yield for a term equal to the expected life of the options at the time of grant.

Employment Agreements

In July 2011, we entered into an employment agreement with Mr. Briskie, our President and Chief Financial Officer, which expired on June 30, 2012 with an option to extend. Mr. Briskie currently works as an at-will employee.

On October 25, 2011, we executed a ten year employment agreement with William J. Andreoli for Mr. Andreoli to serve as the Company’s President. Pursuant to the agreement, Mr. Andreoli was paid an annual base salary of One Hundred Seventy Thousand Dollars ($170,000) and was be eligible for discretionary and transactional bonus payments. The employment agreement also included confidentiality obligations and inventions assignments by Mr. Andreoli. On October 28, 2015, Mr. Andreoli resigned as our President and Mr. Briskie was appointed to serve as our President.

In accordance with the terms of the employment agreement, upon his resignation Mr. Andreoli was paid all accrued salary amounts payable through the date of termination plus reimbursement of any approved expenses previously incurred. In accordance with the terms of the Amended and Restated Equity Purchase Agreement that we entered into with Mr. Andreoli, upon his termination of employment, Mr. Andreoli, provided he does not violate any of the terms of the agreement, is entitled to receive 5.5% of Net Sales of the Products and Purchaser Products Sold by Distributor Organization (on a combined basis) for the period starting on the day of termination of employment (November 30, 2015) and ending on October 25, 2021, subject to the condition that the amount payable will not be less than $4.5 million less amounts paid through December 31, 2015 of approximately $3.7 million to Mr. Andreoli.

Code Section 162(m) Provisions

Section 162(m) of the U.S. Internal Revenue Code, or the Code, generally disallows a tax deduction to public companies for compensation in excess of $1 million paid to the Chief Executive Officer or any of the four most highly compensated officers. Performance-based compensation arrangements may qualify for an exemption from the deduction limit if they satisfy various requirements under Section 162(m). Although we consider the impact of this rule when developing and implementing our executive compensation programs, we believe it is important to preserve flexibility in designing compensation programs. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m) of the Code. While our stock options are intended to qualify as "performance-based compensation" (as defined by the Code), amounts paid under our other compensation programs may not qualify as such.

2015 Director Compensation

The following table sets forth information for the fiscal year ended December 31, 2015 regarding the compensation of our directors who at December 31, 2015 were not also named executive officers.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Other Compensation ($)	Total ($)
Richard Renton	-	2,740	-	2,740
William Thompson	-	2,740	-	2,740

(1) The amounts in the "Option Awards" column reflect the dollar amounts recognized as compensation expense for the financial statement reporting purposes for stock options for the fiscal year ended December 31, 2015 in accordance with FASB ASC Topic 718. The fair value of the options was determined using the Black-Scholes model. For a discussion of the assumptions used in computing this valuation, see Note 8 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

As of December 31, 2015 the following table sets forth the number of aggregate outstanding option awards held by each of our directors who were not also named executive officers:

Name	Aggregate Number of Option Awards
Richard Renton	150,000
William Thompson	150,000

We have granted to non-employee members of the Board of Directors upon appointment, stock options to purchase shares of our common stock at an exercise price equal to the fair market value of the common stock on the date of grant, and additional stock options each year thereafter for their service. We also reimburse the non-employee directors for travel and other out-of-pocket expenses incurred in attending board of director and committee meetings.

Equity Compensation Plan Information

The 2012 Equity Incentive Plan, or the Plan, is our only active equity incentive plan pursuant to which options to acquire common stock have been granted and are currently outstanding.

As of December 31, 2015, the number of stock options and restricted common stock outstanding under our equity compensation plans, the weighted average exercise price of outstanding options and restricted common stock and the number of securities remaining available for issuance were as follows:

Plan category	Number of securities issued under equity compensation plan	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	-	$ -	-
Equity compensation plans not approved by security holders	23,521,600	$ 0.22	16,111,725

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table provides information regarding the beneficial ownership of our common stock as of March 18, 2016, (the "Evaluation Date") by: (i) each of our current directors, (ii) each of our named executive officers, and (iii) all such directors and executive officers as a group. We know of no other person or group of affiliated persons who beneficially own more than five percent of our common stock. The table is based upon information supplied by our officers, directors and principal stockholders and a review of Schedules 13D and 13G, if any, filed with the SEC. Unless otherwise indicated in the footnotes to the table and subject to community property laws where applicable, we believe that each of the stockholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Applicable percentages are based on 392,606,265 shares outstanding as of the Evaluation Date, adjusted as required by rules promulgated by the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of our common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable within 60 days of the Evaluation Date. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Ownership
Executive Officers & Directors (1)		
Stephan Wallach, *Chairman and Chief Executive Officer*	282,556,250(2)	72.0%
William Andreoli, *Former President*	2,057,500(3)	*
David Briskie, *President, Chief Financial Officer and Director*	16,209,155(4)	4.1%
Michelle Wallach, *Chief Operating Officer and Director*	282,500,000(2)	72.0%
Richard Renton, *Director*	205,000(5)	*
William Thompson, *Director*	80,000(6)	*
All Executive Officers & Directors, as a group (6 persons)	303,607,905	77.3%
Stockholders owning 5% or more		
Carl Grover	43,001,690(7)	9.9%

*less than 1%

(1) Unless otherwise set forth below, the mailing address of Executive Officers, Directors and 5% or greater holders is c/o the Company, 2400 Boswell Road, Chula Vista, California 91914.

(2) Mr. Stephan Wallach, our Chief Executive Officer, owns 280,000,000 shares of common stock through joint ownership with his wife, Michelle Wallach, with whom he shares voting and dispositive control. Mr. Wallach also owns 56,250 shares and options to purchase 2,500,000 shares of common stock which are exercisable within 60 days of the Evaluation Date and are included in the number of shares beneficially owned by him and Ms. Wallach also owns options to purchase 2,500,000 shares of common stock which are exercisable within 60 days of the Evaluation Date and are included in the number of shares beneficially owned by her.

(3) Mr. William Andreoli, our former President, owns 807,500 shares of common stock and also owns options to purchase 1,250,000 shares of common stock exercisable through February 28, 2016 and are included in the number of shares beneficially owned by him.

(4) Mr. David Briskie, our President and Chief Financial Officer, owns 3,408,588 shares of common stock, and beneficially owns 2,000,567 shares of common stock owned by Brisk Investments, LP, 5,000,000 shares of common stock owned by Brisk Management, LLC. Mr. Briskie also owns options to purchase 5,800,000 shares of common stocks that are exercisable within 60 days of the Evaluation Date and are included in the number of shares beneficially owned by him.

(5) Mr. Renton owns 125,000 shares of common stock through joint ownership with his wife, Roxanna Renton, with whom he shares voting and dispositive control. Mr. Renton also owns 80,000 options to purchase common stock which are exercisable within 60 days of the Evaluation Date and are included in the number of shares beneficially owned by him.

(6) Mr. Thompson owns 80,000 options to purchase common stock which are exercisable within 60 days of the Evaluation Date and are included in the number of shares beneficially owned by him.

(7) Mr. Grover is the sole beneficial owner of 43,001,690 shares of common stock. Mr. Grover owns a September 2014 Note in the principal amount of $4,000,000 convertible into 11,428,571 shares of Common Stock and a September 2014 Warrant exercisable for 15,652,174 shares of Common Stock at an exercise price of $0.23 per share. Mr. Grover also owns a November 2015 Note in the principal amount of $7,000,000 convertible into 20,000,000 shares of Common Stock and a November 2015 Warrant exercisable for 9,333,333 shares of Common Stock. He also owns 5,171,240 shares of common stock that includes 1,500,000 shares of common stock issued as part of the January 2015 Note Purchase Agreement and 3,671,240 shares of common stock held prior to our 2014 and 2015 private placements and warrants exercisable for 5,142,857 shares of common stock acquired prior to our 2014 and 2015 private placements. Mr. Grover has a contractual agreement with us that limits his exercise of warrants and conversion of notes such that his beneficial ownership of our equity securities to no more than 9.99% of the voting power of the Company at any one time and therefore his beneficial ownership does not include the shares of Common Stock issuable upon conversion of notes or exercise or warrants owned by Mr. Grover if such conversion or exercise would cause his beneficial ownership to exceed 9.99% of our outstanding shares of Common Stock. Mr. Grover's address is 1010 S. Ocean Blvd., Apt 1017, Pompano Beach, FL 33062.

Item 13. Certain Relationships and Related Transactions

FDI Realty, LLC

In December 2015 we relocated our marketing operations from Windham, New Hampshire, to our corporate headquarters in Chula Vista, California. The Windham building is owned by FDI Realty and Mr. William Andreoli, our Former President is the single member of FDI Realty. The building consists of 12,750 square feet of office rental space. We are currently a co-guarantor of FDI Realty's mortgages on the building.

2400 Boswell, LLC

2400 Boswell, LLC ("2400 Boswell") is the owner and lessor of the building occupied by us for our corporate office and warehouse in Chula Vista, CA. As of December 31, 2012, an immediate family member of a greater than 5% shareholder of the Company was the single member of 2400 Boswell and the Company was a co-guarantor of the 2400 Boswell mortgage on the leased building. During 2013 we acquired 2400 Boswell LLC for $248,000 in cash, $334,000 of debt forgiveness and accrued interest, and a promissory note of approximately $393,000, payable in equal payments over 5 years and bears interest at 5.00%. Additionally, we assumed a long-term mortgage of $3,625,000, payable over 25 years and has an initial interest rate of 5.75%.

A member of the Board of Directors owns and operates Northwest Nutraceuticals, Inc., a supplier of certain inventory items. We made purchases of approximately $72,000 from this supplier for the year ended December 31, 2014.

Our coffee segment CLR is associated with H&H through sourcing arrangements to procure Nicaraguan green coffee and in March 2014 as part of the Siles acquisition, CLR engaged H&H as employees to manage Siles. The Company made purchases of approximately $10,499,000 and $11,766,000 from this supplier for the years ended December 31, 2015 and 2014, respectively. See Note 2 to the consolidated financial statements.

Mr. Carl Grover the beneficial owner of in excess of five percent (5%) of our outstanding common shares is the sole beneficial owner of 43,001,690 shares of our common stock. Mr. Grover owns a September 2014 Note in the principal amount of $4,000,000 convertible into 11,428,571 shares of common stock convertible at $0.35 per share, and a September 2014 Warrant exercisable for 15,652,174 shares of common stock at an exercise price of $0.23 per share. Mr. Grover also owns a November 2015 Note in the principal amount of $7,000,000 convertible into 20,000,000 shares of common stock convertible at $0.35 per share, and a November 2015 Warrant exercisable for 9,333,333 shares of common stock at an exercise price of $0.45 per share. He also owns 5,171,240 shares of common stock that includes 1,500,000 shares of common stock issued as part of the January 2015 Note Purchase Agreement and 3,671,240 shares of common stock held prior to our 2014 and 2015 private placements and warrants exercisable for 5,142,857 shares of common stock acquired prior to our 2014 and 2015 private placements.

Compensation of Our Current Directors and Executive Officers

For information with respect to the compensation offered to our current directors and executive officers, please see the descriptions under the heading "Executive Compensation" of this annual report.

Related Party Transaction Policy and Procedures

Pursuant to our Related Party Transaction and Procedures, our executive officers, directors, and principal stockholders, including their immediate family members and affiliates, are prohibited from entering into a related party transaction with us without the prior consent of our Audit Committee or our independent directors. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of such persons' immediate family members or affiliates, must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, our Audit Committee will consider the relevant facts and circumstances available and deemed relevant, including, but not limited, to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director's independence. Our Audit Committee approves only those agreements that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our Audit Committee determines in the good faith exercise of its discretion.

Item 14. Principal Accounting Fees and Services

Independent Registered Public Accounting Firm's Fee Summary

The following table provides information regarding the fees billed to us by Mayer Hoffman McCann P.C. for the years ended December 31, 2015 and 2014. Mayer Hoffman McCann P.C. leases substantially all of its personnel, who work under the control of Mayer Hoffman McCann P.C. shareholders, from wholly-owned subsidiaries of CBIZ, Inc., including CBIZ MHM, LLC, in an alternative practice structure. All fees described below were approved by the Board or the Audit Committee:

	December 31, 2015	December 31, 2014
Audit Fees and Expenses (1)	$ 300,000	$ 254,000
Audit Related Fees (2)	8,000	9,000
All Other Fees	-	-
	$ 308,000	$ 263,000

(1) Audit fees and expenses were for professional services rendered for the audit and reviews of the consolidated financial statements of the Company, professional services rendered for issuance of consents and assistance with review of documents filed with the SEC.
(2) The audit related fees were for professional services rendered for additional filing for registration statements and forms with the SEC.

Pre-Approval Policies and Procedures

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to the engagement of the independent registered public accounting firm for the next year's audit, management will submit a list of services and related fees expected to be rendered during that year for audit services, audit-related services, tax services and other fees to the Audit Committee for approval.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) The Consolidated Financial Statements of Youngevity International, Inc. and Report of Independent Registered Public Accounting Firm are included in Item 8 of this Annual Report.

(2) Schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) The following exhibits are filed as part of this Annual Report pursuant to Item 601 of Regulation S-K:

Exhibit No.	Title of Document
3.1	Certificate of Incorporation Dated July 15, 2011(1)
3.2	Bylaws(1)
4.1	Specimen Common Stock certificate (1)
4.2	Warrant for Common Stock issued to David Briskie(1)
4.3	Stock Option issued to Stephan Wallach(1)
4.4	Stock Option issued to Michelle Wallach(1)
4.5	Stock Option issued to David Briskie(1)
4.6	Stock Option issued to William Andreoli(1)
4.7	Stock Option issued to Richard Renton(1)
4.8	Stock Option issued to John Rochon(1)
4.9	Form of Purchase Note Agreement(3)
4.10	Form of Secured Convertible Notes(3)
4.11	Form of Series A Warrants(3)
4.12	Form of Registration Rights Agreement(3)
4.13	Form of Note Purchase Agreement(4)
4.14	Form of Secured Note(4)
4.15	Form of Purchase Note Agreement(6)
4.16	Form of Secured Note(6)
4.17	Form of Warrant(6)
5.1	Legal Opinion of Gracin & Marlow, LLP (7)
10.1	Purchase Agreement with M2C Global, Inc. dated March 9, 2007(1)
10.2	First Amendment to Purchase Agreement with M2C Global, Inc. dated September 7, 2008(1)
10.3	Asset Purchase Agreement with MLM Holdings, Inc. dated June 10, 2010(1)
10.4	Agreement of Purchase and Sale with Price Plus, Inc. dated September 21, 2010(1)
10.5	Amended and Restated Agreement and Plan of Reorganization Javalution Coffee Company, YGY Merge, Inc. dated July 11, 2011(1)
10.6	Asset Purchase Agreement with R-Garden Inc. dated July 1, 2011(1)
10.7	Re-Purchase Agreement with R-Garden dated September 12, 2012(1)
10.8	Agreement and Plan of Reorganization with Javalution dated July 18, 2011(1)
10.9	Asset Purchase Agreement with Adaptogenix, LLC dated August 22, 2011(1)
10.10	Amended Asset Purchase Agreement with Adaptogenix, LLC dated January 27, 2012(1)
10.11	Asset Purchase Agreement with Prosperity Group, Inc. dated October 10, 2011(1)
10.12	Amended and Restated Equity Purchase Agreement with Financial Destination, Inc., FDI Management Co, Inc., FDI Realty, LLC, and MoneyTRAX, LLC dated October 25, 2011(1)
10.13	Exclusive License/Marketing Agreement with GLIE, LLC dba True2Life dated March 20, 2012(1)
10.14	Bill of Sale with Livinity, Inc. dated July 10, 2012(1)
10.15	Consulting Agreement with Livinity, Inc. dated July 10, 2012(1)
10.16	Employment Agreement with William Andreoli dated October 25, 2011(1)
10.17	Promissory Note with 2400 Boswell LLC dated July 15, 2012(1)
10.18	Promissory Note with William Andreoli dated July 1, 2012(1)
10.19	2012 Stock Option Plan(1)

10.20	Form of Stock Option(1)
10.21	Lease with 2400 Boswell LLC dated May 1, 2001(1)
10.22	Lease with FDI Realty LLC dated July 29, 2008(1)
10.23	First Amendment to Lease with FDI Realty LLC dated October 25, 2011(1)
10.24	Lease with Perc Enterprises dated February 6, 2008(1)
10.25	Lease with Perc Enterprises dated September 25, 2012(1)
10.26	Factoring Agreement with Crestmark Bank dated February 12, 2010(1)
10.27	First Amendment to Factoring Agreement with Crestmark Bank dated April 6, 2011(1)
10.28	Second Amendment to Factoring Agreement with Crestmark Bank dated February 1, 2013(1)
10.29	Lease with Perc Enterprises dated March 19, 2013(1)
10.30	Purchase Agreement with Ma Lan Wallach dated March 15, 2013(1)
10.31	Promissory Note with Plaza Bank dated March 14, 2013(1)
10.32	Form of Security Agreement(3)
10.33	Guaranty Agreement made by Stephan Wallach(3)
10.34	Form of Security Agreement(4)
10.35	Guaranty Agreement made by Stephan Wallach(4)
10.36	Credit Agreement with Wells Fargo Bank, National Association dated October 10, 2014(5)
21.1	Subsidiaries of Youngevity International, Inc. *
23.1	Consent of Independent Registered Public Accounting Firm *
23.2	Consent of Gracin & Marlow, LLP(7)
31.1	Certification of Stephan Wallach, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) *
31.2	Certification of David Briskie, Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) *
32.1	Certification of Stephan Wallach, Chief Executive Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification David Briskie, Chief Financial Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 *
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document **
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document **
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document **
101.LAB	XBRL Taxonomy Extension Label Linkbase Document **
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document **
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

(1) Incorporated by reference to the Company's Form 10-12G, File No. 000-54900, filed with the Securities and Exchange Commission on February 12, 2013
(2) Incorporated by reference to the Company's Form 10-K, File No. 000-54900, filed with the Securities and Exchange Commission on March 27, 2014
(3) Incorporated by reference to the Company's 8-K, File No. 000-54900, filed with the Securities and Exchange Commission on August 5, 2014
(4) Incorporated by reference to the Company's 8-K, File No. 000-54900, filed with the Securities and Exchange Commission on January 7, 2015
(5) Incorporated by reference to the Company's Form 10-K, File No. 000-54900, filed with the Securities and Exchange Commission on March 30, 2015
(6) Incorporated by reference to the Company's 8-K, File No. 000-54900, filed with the Securities and Exchange Commission on October 16, 2015
(7) Previously filed with the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on December 29, 2015

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YOUNGEVITY INTERNATIONAL, INC.

March 29, 2016 By: /s/ Stephan Wallach

Stephan Wallach,
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stephan Wallach **Stephan Wallach**	Chief Executive Officer and Director (Principal Executive Officer)	March 29, 2016
/s/ David Briskie **David Briskie**	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 29, 2016
/s/ Michelle Wallach **Michelle Wallach**	Chief Operating Officer and Director	March 29, 2016
/s/ William Thompson **William Thompson**	Director	March 29, 2016
/s/ Richard Renton **Richard Renton**	Director	March 29, 2016

Exhibit 21.1

Subsidiaries of Youngevity International Inc.

Subsidiary Name(*)	Names Under Which Subsidiary Does Business(**)	State or Jurisdiction of Incorporation or Organization
AL Global Corporation	Youngevity® Essential Life Sciences and DrinkACT	California
CLR Roasters, LLC		Florida
Siles Plantation Family Group S.A.		Nicaragua
Financial Destinations, Inc.		New Hampshire
FDI Management, Inc.		New Hampshire
MoneyTrax, LLC		Nevada
Youngevity NZ, Ltd.		New Zealand
Youngevity Australia Pty. Ltd.		Australia
2400 Boswell, LLC		California
MK Collaborative, LLC		Delaware
Youngevity Global, LLC		Delaware
Youngevity Mexico S.A. de CV		Mexico
Youngevity Israel, Ltd.		Israel
Youngevity Russia, LLC		Russia
Youngevity Colombia, S.A.S.		Colombia
Youngevity Singapore PTE LTD		Singapore
Mialisia Canada, Inc.		Canada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statement No. 333-189748 on Form S-8 of our report dated March 29, 2016, relating to the consolidated financial statements of Youngevity International, Inc. and Subsidiaries, included in this Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ Mayer Hoffman McCann P.C.
San Diego, California
March 29, 2016

Exhibit 31.1

CERTIFICATIONS

I, Stephan Wallach, certify that:

1. I have reviewed this annual report on Form 10-K of Youngevity International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 29, 2016

/s/ Stephan Wallach

Stephan Wallach,
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, David Briskie, certify that:

1. I have reviewed this annual report on Form 10-K of Youngevity International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 29, 2016

/s/ David Briskie

David Briskie,
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YOUNGEVITY INTERNATIONAL, INC. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stephan Wallach, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(1) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

Dated: March 29, 2016

/s/ Stephan Wallach

Stephan Wallach,
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of YOUNGEVITY INTERNATIONAL, INC. (the "Company") on Form 10-K for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David Briskie, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(1) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

Dated: March 29, 2016

/s/ David Briskie

David Briskie,
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.