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TANNER

Accountants & Advisors



dōTERRA Healing Hands Foundation

Financial Statements

As of and for the Year Ended December 31, 2023

Together with Independent Auditors' Report

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TANNER

Independent Auditors' Report

**To the Board of Directors
dōTERRA Healing Hands Foundation**

Opinion

We have audited the financial statements of dōTERRA Healing Hands Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Tanner LLC

August 9, 2024

Statement of Financial Position

As of December 31, 2023

Assets

Cash and cash equivalents	\$ 1,969,252
Contributions receivable, net	3,684,413
Donated products	64,100
Restricted investments	1,153,269
Intangible assets, net	938
Total assets	<u>\$ 6,871,972</u>

Liabilities

Accrued liabilities	\$ 87,724
Grants payable	2,012,340
Total liabilities	<u>2,100,064</u>

Net Assets

Without donor restrictions	2,090,934
With donor restrictions	2,680,974
Total net assets	<u>4,771,908</u>
Total liabilities and net assets	<u>\$ 6,871,972</u>

Statement of Activities

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Public contributions:			
Cash	\$ 1,545,791	\$ 1,839,856	\$ 3,385,647
In-kind	1,460,140	-	1,460,140
Total public contributions	3,005,931	1,839,856	4,845,787
dōTERRA contributions:			
Cash	459,790	109,000	568,790
Proceeds from Hope Oil sales	-	174,633	174,633
Proceeds from Rose Lotion sales	410,356	-	410,356
Proceeds from sales of other products	288,414	-	288,414
In-kind	1,288,644	-	1,288,644
Total dōTERRA contributions	2,447,204	283,633	2,730,837
Total contributions	5,453,135	2,123,489	7,576,624
Gain on investments	-	96,361	96,361
Net assets released from restrictions	3,521,623	(3,521,623)	-
Total support and revenue	8,974,758	(1,301,773)	7,672,985
Expenses			
Program services	6,881,024	-	6,881,024
General and administrative paid by dōTERRA	437,091	-	437,091
Fundraising paid by dōTERRA	226,877	-	226,877
Total expenses	7,544,992	-	7,544,992
Change in net assets	1,429,766	(1,301,773)	127,993
Net assets as of beginning of year	661,168	3,982,747	4,643,915
Net assets as of end of year	\$ 2,090,934	\$ 2,680,974	\$ 4,771,908

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 127,993
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	41,544
Public in-kind product contributions	(1,460,140)
dōTERRA in-kind product and services contributions	(1,288,644)
In-kind product donations expensed - public	897,200
In-kind product donations expensed - dōTERRA	108,644
In-kind services expensed - dōTERRA	1,180,000
Gain on investments	(96,361)
Change in assets and liabilities	
Contributions receivable, net	438,241
Accrued liabilities	39,424
Grants payable	92,397
Net cash provided by operating activities	<u>80,298</u>
Cash flows from investing activities:	
Purchase of investments	<u>(117,500)</u>
Net cash used in investing activities	<u>(117,500)</u>
Net change in cash and cash equivalents	(37,202)
Cash and cash equivalents at beginning of the year	<u>2,006,454</u>
Cash and cash equivalents at end of the year	<u>\$ 1,969,252</u>

Notes to Financial Statements

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Founded as a public charity in June 2010, dōTERRA Healing Hands Foundation (the “Foundation”) is a Utah nonprofit corporation that began operations to serve people and communities in need. This is done by partnering with organizations and dōTERRA Wellness Advocates to offer hope to people around the world. Through the Foundation’s efforts, lives are freed of disease and poverty, and communities are empowered with the tools needed to become self-reliant. The Foundation is affiliated with dōTERRA International, LLC (“dōTERRA”), which provides significant support; including contributions of proceeds from sales of certain inventory products, matching contributions, and paying all administrative and fundraising costs for the Foundation.

Financial Statement Presentation and Classification of Net Assets

The Foundation prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) for nonprofit organizations. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions. Classification of restricted net assets is determined by the nature of donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or expenditures as specified by the donor. Other donor-imposed restrictions may be perpetual in nature, whereby the donor stipulates that the resources be maintained in perpetuity. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. To date, the Foundation has not experienced a loss or lack of access to its invested cash and cash equivalents; however, no assurance can be provided that access to the Foundation’s invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

The Foundation relies upon donations from corporate and private donors. For the year ended December 31, 2023, dōTERRA contributions comprised 36% of all contributions. The Foundation may be vulnerable to concentration risk should dōTERRA cease to support the Foundation.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are to be collected within one year are recorded at the committed value. Contributions receivable as of December 31, 2023 that are expected to be collected in future years are recorded at the present value of their estimated discounted future cash flows, using a 8% discount rate:

Contributions receivable, gross	\$	3,842,835
Present value adjustment		(158,422)
Contributions receivable, net	\$	3,684,413

As of December 31, 2023, based on contribution commitments, amounts are expected to be received in the following years:

2024	\$	2,173,155
2025		1,189,480
2026		315,400
2027		110,600
2028		54,200
Contributions receivable, gross	\$	3,842,835

As of December 31, 2023, contributions receivable included contributions from dōTERRA and other donors. The receivable from dōTERRA includes amounts raised through corporate fundraising promotions presented at the present value of the estimated discounted future cash flows, donated products comprised of emergency relief hygiene kits purchased by customers and donated to the Foundation (which had not yet been assembled or transferred to the Foundation as of year-end), and sales proceeds from dōTERRA products such as Hope Oil and Rose Lotion, which had not yet been transferred to the Foundation as of year-end. Total net contributions receivable as of December 31, 2023 included the following:

Corporate fundraising receivable	\$	329,400
Donated products receivable		1,723,160
Rose lotion, hope oil, other sale proceeds		513,357
Contributions receivable from dōTERRA		2,565,917
Promises to give, gross		1,250,674
Present value adjustment		(158,422)
Promises to give, net		1,092,252
Online donations receivable		26,244
Contributions receivable, net	\$	3,684,413

An allowance for doubtful accounts is recorded based on historical experience and management's analysis of specific balances. Contributions receivable are considered fully collectible; accordingly, no allowance for uncollectible contributions receivable has been recorded as of December 31, 2023. Contributions receivable that become uncollectible due to changes in donor intentions are recorded as a loss from uncollectible contribution receivable in the statement of activities.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions are recorded without donor restrictions, or with donor restrictions depending on the existence and nature of any donor-imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. During the year ended December 31, 2023, there were no conditional contributions.

In-kind Contributions

Donated products, services, property, and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. The Foundation determines estimated fair value in accordance with fair value measurement accounting standards. Public in-kind contributions received by the Foundation are product contributions of emergency relief hygiene kits. dōTERRA provides in-kind donations of both products and services. dōTERRA product donations include various inventory items. In-kind services contributions include salaries and wages, payroll taxes, employee benefits and facilities associated with dōTERRA employees supporting the Foundation. In-kind services contributions are recorded at the estimated cost recognized by dōTERRA in accordance with ASC 958. See Note 8 – In-Kind Contributions.

Restricted Investments

The Foundation classifies investments that are restricted by donors in perpetuity as restricted investments. The Foundation carries investments in money market funds, exchange traded funds, equities, and real estate investment trusts at fair value in the statement of financial position. Donated investments are reflected as contributions at their market values at the date of donation. Investment return includes dividends and interest income and realized and unrealized gains and losses on investments carried at fair value, less external and any direct internal investment expenses. Investment return is reflected in the statement of activities with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Grant Expenditures

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the defined conditions.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Also see Note 9 - Analysis of Expenses.

Income Taxes

The Foundation is a Utah nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (vii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively.

The Foundation's Forms 990 are subject to examination by the Internal Revenue Service generally for three years after they are filed. The Foundation believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax years that remain subject to examination are 2021 and forward.

Subsequent Events

The Foundation has evaluated subsequent events through August 9, 2024, which is the date the financial statements were available to be issued, to determine if there are any subsequent events that provide additional information about conditions that existed at the statement of financial position date.

2. Liquidity and Availability

Financial assets available for general expenditures within one year of December 31, 2023 are as follows:

Cash and cash equivalents	\$ 1,969,252
Grants payable on projects with restricted contributions	(1,458,057)
Net cash available	<u>511,195</u>
Contributions receivable without donor restrictions:	
Rose lotion and other sales proceeds	506,221
Online donations receivable	<u>26,244</u>
Financial assets available for general expenditures within one year	<u>\$ 1,043,660</u>

The Foundation manages its financial assets to be liquid and available as liabilities and project expenses become due. The Foundation's available financial assets exclude the net corporate fundraising receivable, donated products receivable, the receivable for Hope oil proceeds (see Note 1), donor-restricted pledges receivable, product donations, and intangible assets, as the Foundation would not be able to use these assets for general expenditures. Nearly all pledges receivable as of December 31, 2023 had donor-imposed restrictions for specific purposes.

3. Fair Value Measurements

U.S. GAAP defines fair value and establishes a framework for measuring fair value. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information, and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (supported by little or no market activity).

Investments measured at fair value are summarized as follows as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 937,994	\$ -	\$ -	\$ 937,994
Mutual funds	105,769	-	-	105,769
Cash equivalents	15,583	-	-	15,583
Real estate investment trusts	-	-	69,494	69,494
Equities	-	-	24,429	24,429
Total investments, at fair value	\$ 1,059,346	\$ -	\$ 93,923	\$ 1,153,269

4. Intangible Assets

Intangible assets costs are capitalized and amortized on a straight-line basis over a three-year period, beginning with the capitalization date. The total intangible assets balance and accumulated amortization at December 31, 2023, is as follows:

Intangible assets	\$ 307,348
Less: Accumulated amortization	(306,410)
Intangible assets, net	\$ 938

Amortization expense of intangibles totaled \$41,544 for the year ended December 31, 2023.

5. Grants Payable

Grants payable consists of approved unconditional grant commitments. As of December 31, 2023, grants payable totaled \$2,012,340. All grants payable as of December 31, 2023 are expected to be paid within one year and are recorded at the committed value.

6. Restricted Investments

The Foundation's endowment (the Endowment) was established by donors to provide funding for specific activities. The Foundation has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure after making a determination to appropriate or accumulate donor-restricted endowment funds by considering factors including:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of December 31, 2023, endowment net asset composition is as follows:

	With Donor Restriction
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor donations	\$ 915,000
Accumulated investment gains	148,269
Total donor-restricted endowment funds	1,063,269
Other investments	90,000
Total restricted investments	\$ 1,153,269

From time to time, certain donor-restricted endowment funds may have a fair value less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2023, there were no such deficiencies.

Spending and Investment Policies

Unless otherwise directed by policies and guidelines established for the individual endowment funds, the Foundation, through the recommendation of its management, determines the amount of funds to be withdrawn from the individual endowment funds.

Unless otherwise directed by policies and guidelines established for the individual endowment funds, the primary investment objectives of the Foundation's endowment funds are to:

- Preserve the real purchasing power of the principal, and
- Provide a stable source of perpetual financial support for the Foundation

The endowment is invested in a diversified pool of securities with an overall emphasis on quality, diversification, and earnings growth. As a general long-term policy guideline, endowment assets will be allocated approximately 40% in equity investments, and 60% in fixed income securities. Investment managers will be allowed to adjust these allocations within a range approved by the Investment Committee.

Changes in Endowment net assets for the year ended December 31, 2023, are as follows:

	With Donor Restriction
Endowment net assets, beginning of year	\$ 939,408
Donations	27,500
Interest and dividends	38,624
Net realized and unrealized gain	57,737
Endowment net assets, end of year	<u>\$ 1,063,269</u>

7. Net Assets with Donor Restrictions

Net assets released from restrictions during the year ended December 31, 2023 were as follows:

Global health	\$ 1,430,941
Anti-human trafficking	657,176
Disaster relief	592,156
Supporting children	565,893
Self-reliance	131,794
Empowering women	90,987
Clean water and sanitation	52,676
Total net assets released from restrictions	<u>\$ 3,521,623</u>

Net assets with donor restrictions consisted of the following as of December 31, 2023:

Global health	\$ 1,465,601
Endowment	1,063,269
Self-reliance	90,000
Disaster relief	47,104
Supporting children	15,000
Total	<u>\$ 2,680,974</u>

8. In-Kind Contributions

Total donated products as of December 31, 2023 were comprised of in-kind product contributions from both public donors and dōTERRA, and were as follows:

	Public	dōTERRA	Total Donated Products
On-hand at January 1, 2023	\$ 214,100	\$ -	\$ 214,100
In-kind product contributions	1,460,140	108,644	1,568,784
Change in donated products receivable	(712,940)	-	(712,940)
Product donations	(897,200)	(108,644)	(1,005,844)
On-hand at December 31, 2023	\$ 64,100	\$ -	\$ 64,100

In-Kind Contributions - Public

During the year ended December 31, 2023, the Foundation received public in-kind product contributions of emergency relief hygiene kits totaling \$1,460,140. The receivable from dōTERRA for emergency relief hygiene kits purchased by customers and donated to the Foundation, which had not yet been assembled or transferred to the Foundation as of year-end, increased by \$712,940. Additionally, during the year ended December 31, 2023, the Foundation distributed kits to emergency relief efforts totaling \$897,200. As of December 31, 2023, the total value of these donated products remaining on hand was \$64,100.

In-Kind Contributions - dōTERRA

During the year ended December 31, 2023, the Foundation received in-kind product contributions of various dōTERRA products totaling \$108,644 and the Foundation distributed products to partner organizations and dōTERRA Wellness Advocate partner projects totaling \$108,644. As of December 31, 2023, the value of these donated products for charitable purposes remaining on hand was \$0.

In addition to in-kind product contributions, dōTERRA provided in-kind contributions of salaries and wages, payroll taxes, employee benefits and facilities associated with dōTERRA employees supporting the Foundation. Wages, payroll taxes, and benefits were allocated across functional categories based on estimated time spent supporting each category. Aggregate in-kind contributions provided by dōTERRA during the year ended December 31, 2023, were comprised of the following:

	Program Services	General and Administrative	Fundraising	Total dōTERRA
Product contributions	\$ 108,644	\$ -	\$ -	\$ 108,644
In-kind products	108,644	-	-	108,644
Wages and benefits	686,242	340,282	121,476	1,148,000
Facilities	-	32,000	-	32,000
In-kind services	686,242	372,282	121,476	1,180,000
Total in-kind	\$ 794,886	\$ 372,282	\$ 121,476	\$ 1,288,644

9. Analysis of Expenses

The Foundation's functional expenses for the year ended December 31, 2023, are summarized below:

	Program Services Expenses		Supporting Services Expenses			Total Expenses
	Program Services	General Administrative	Fundraising	Total Supporting Services		
Grants	\$ 5,188,938	\$ -	\$ -	\$ -	\$ 5,188,938	
Donated products - public	897,200	-	-	-	897,200	
Marketing and advertising*	-	-	63,856	63,856	63,856	
Professional services*	-	49,665	-	49,665	49,665	
Other supporting services*	-	15,144	41,545	56,689	56,689	
	6,086,138	64,809	105,401	170,210	6,256,348	
From dōTERRA in-kind contributions:						
Wages and benefits	686,242	340,282	121,476	461,758	1,148,000	
Donated products	108,644	-	-	-	108,644	
Facilities	-	32,000	-	32,000	32,000	
	794,886	372,282	121,476	493,758	1,288,644	
Total functional expenses	\$ 6,881,024	\$ 437,091	\$ 226,877	\$ 663,968	\$ 7,544,992	

*Paid by dōTERRA

Grants are charitable costs expended for the benefit of others. See Note 8 for more information on donated products. Wages, payroll taxes, and benefits are associated with employees of dōTERRA that support the Foundation and are allocated across functional categories based on estimated time spent supporting each category (see Note 8). Marketing and advertising, professional services, and other supporting services are paid by dōTERRA on behalf of the Foundation. Other supporting services includes administrative and operational costs supporting the Foundation.

10. Related Party Transactions

For the year ended December 31, 2023, the Foundation received contributions of \$2,730,837 from dōTERRA, whose members of the Board of Directors are also the members of the Board of Directors of the Foundation. dōTERRA made cash contributions of \$1,442,193 which includes proceeds contributed from the sales of dōTERRA products, contributions for specific projects or events, and the payment of all fundraising and administrative costs including marketing and advertising, professional services, and other supporting services (see Note 8). dōTERRA made in-kind contributions of \$1,288,644, which were comprised of both product contributions and services. Product contributions had a fair value of \$108,644 and services contributions had an estimated fair value of \$1,180,000. In-kind services contributions included salaries and wages, payroll taxes, employee benefits and facilities (see Note 8). During 2023, members of the Board of Directors made contributions of \$317,124 to the Foundation.

For the year ended December 31, 2023, the Foundation made grants of \$298,459 to a charitable trust for which a member of the Board of Directors that oversees the trust is also a member of the Board of Directors of the Foundation.

For the year ended December 31, 2023, the Foundation made grants of \$1,326,085 and \$245,000, respectively, to two charitable foundations for which multiple members of the Board of Directors of the the Foundation also serve as directors of the recipient foundations.

11. Risk and Uncertainties

Potential Impact of Global Conditions

dōTERRA's ongoing profitability and its ability to support the Foundation may experience instability, and estimates included in the Foundation's financial statements may change, due to political, economic, and other conditions in markets where dōTERRA operates. The duration and intensity of these conditions and the resulting potential impact to dōTERRA's operations will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Net Assets Restricted for Global Health

The Foundation helps fund the operations of a hospital located in east Africa and collects contributions from donors restricted for this purpose, including contributions to an endowment fund. As of December 31, 2023, net assets of approximately \$2,529,000 are restricted for use in support of the hospital's operations. To continue operating effectively in this complex region of the world, the Foundation is working towards a transition of hospital operations to the government of Somaliland. dōTERRA is actively supporting efforts to manage the transfer of the hospital to Somaliland's Ministry of Health Development. Individual donors of the hospital have been contacted and requested to release or revise their restrictions on any unused funds to another Foundation project or projects of their choosing.