



**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**Combined Financial Statements**

*For The Year Ended December 31, 2013*



**and**  
**Report Thereon**



**DKT INTERNATIONAL, INC. AND AFFILIATES**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
DKT International, Inc.

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of DKT International, Inc. and affiliates (collectively referred to as DKT), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of DKT International, Inc. and affiliates as of December 31, 2013, and the changes 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.

**Continued**

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules of combining statement of financial position and activities are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

**Correction of Error**

As discussed in Note 16 to the financial statements, an error in recording certain temporarily restricted contributions and grants in prior years was discovered during the 2013 audit. Accordingly, amounts reported for deferred revenue, accounts receivable and temporarily restricted net assets have been restated as of December 31, 2012, to correct an error. Our opinion is not modified with respect to this matter.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
August 18, 2015

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2013**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 31,525,678
Grants and contributions receivable	34,600,291
Trade receivable, net of allowance	18,025,116
Inventory, net of allowance	24,690,338
Prepaid expenses	3,507,245
Investments	84,070,211
Other assets	3,890,644
Property and equipment, net	<u>3,885,289</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 204,194,812</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Accounts payable and accrued expenses	25,308,208
Deferred revenue	4,713,661
Lines of credit	<u>1,453,244</u>
<b>TOTAL LIABILITIES</b>	<b><u>31,475,113</u></b>
 Net Assets	
Unrestricted	
Undesignated	109,440,403
Board-designated	<u>21,000,000</u>
Total Unrestricted	130,440,403
Temporarily restricted	<u>42,279,296</u>
<b>TOTAL NET ASSETS</b>	<b><u>172,719,699</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 204,194,812</u></b>

The accompanying notes are an integral part of these combined financial statements.

**DKT INTERNATIONAL, INC. AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Sales, net of discounts	\$ 94,459,585	\$ -	\$ 94,459,585
Grants and contributions	22,164,992	55,704,616	77,869,608
Investment income	17,103,188	-	17,103,188
Other income	2,791,099	-	2,791,099
Net assets released from restriction:			
Satisfaction of program restrictions	<u>18,229,353</u>	<u>(18,229,353)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>154,748,217</u>	<u>37,475,263</u>	<u>192,223,480</u>
 <b>EXPENSES AND LOSSES</b>			
Program Services:			
Education and reproductive health	69,726,446	-	69,726,446
Cost of contraceptive sales and expenses	<u>51,652,516</u>	<u>-</u>	<u>51,652,516</u>
Total Program Services	<u>121,378,962</u>	<u>-</u>	<u>121,378,962</u>
Supporting Services:			
Management and general	9,457,539	-	9,457,539
Development and fundraising	<u>268,159</u>	<u>-</u>	<u>268,159</u>
Total Supporting Services	<u>9,725,698</u>	<u>-</u>	<u>9,725,698</u>
<b>TOTAL EXPENSES AND LOSSES</b>	<u>131,104,660</u>	<u>-</u>	<u>131,104,660</u>
 <b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>	<u>23,643,557</u>	<u>37,475,263</u>	<u>61,118,820</u>
 <b>DISCONTINUED OPERATIONS</b>			
DKT Sudan revenue	766,094	-	766,094
DKT Sudan expenses and losses	(2,241,724)	-	(2,241,724)
DKT Morocco expenses and losses	<u>(127,590)</u>	<u>-</u>	<u>(127,590)</u>
 <b>CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS</b>	<u>(1,603,220)</u>	<u>-</u>	<u>(1,603,220)</u>
 <b>CHANGE IN NET ASSETS</b>	22,040,337	37,475,263	59,515,600
 <b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<u>108,400,066</u>	<u>4,804,033</u>	<u>113,204,099</u>
 <b>NET ASSETS, END OF YEAR</b>	<u>\$ 130,440,403</u>	<u>\$ 42,279,296</u>	<u>\$ 172,719,699</u>

The accompanying notes are an integral part of these combined financial statements.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2013**

	Supporting Services				Total
	Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Cost of sales	\$ 51,652,516	\$ -	\$ -	\$ -	\$ 51,652,516
Advertising and promotion	24,668,983	37,735	-	37,735	24,706,718
Salaries and fringe benefits	14,017,433	6,106,329	268,159	6,374,488	20,391,921
Professional fees	4,291,141	1,264,702	-	1,264,702	5,555,843
Travel and related expenses	4,289,127	78,575	-	78,575	4,367,702
Trainings, meetings and conferences	4,008,250	11,028	-	11,028	4,019,278
Office expenses	2,800,303	83,237	-	83,237	2,883,540
Obsolete inventory expense	1,228,906	1,442,231	-	1,442,231	2,671,137
Contribution, outreach and grants to partners	2,312,602	500	-	500	2,313,102
Product development	2,183,679	37,332	-	37,332	2,221,011
Rent	1,919,443	147,722	-	147,722	2,067,165
Foreign currency exchange losses	1,627,418	-	-	-	1,627,418
Other	1,379,172	175,353	-	175,353	1,554,525
Income tax	1,401,226	-	-	-	1,401,226
Repairs and maintenance	1,302,837	-	-	-	1,302,837
Depreciation and amortization	756,472	7,797	-	7,797	764,269
Licenses and taxes	457,565	13,873	-	13,873	471,438
Telephone, facsimile and utilities	423,154	3,675	-	3,675	426,829
Bad debt	349,442	-	-	-	349,442
Interest	210,250	-	-	-	210,250
Bank charges	99,043	47,450	-	47,450	146,493
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 121,378,962</b>	<b>\$ 9,457,539</b>	<b>\$ 268,159</b>	<b>\$ 9,725,698</b>	<b>\$ 131,104,660</b>

The accompanying notes are an integral part of these combined financial statements.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2013**  
**Increase (Decrease) in Cash and Cash Equivalents**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 59,515,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gains on investments	(13,816,699)
Realized gains on sales of investments	(2,442,011)
Change in allowance for obsolete inventory	(1,790,964)
Loss on disposal of property and equipment	14,669
Depreciation and amortization	764,269
Bad debt	349,442
Changes in assets and liabilities:	
Grants and contributions receivable	(40,245,035)
Trade receivable	854,161
Inventory	(1,211,550)
Prepaid expenses	3,589,119
Other assets	2,448,413
Accounts payable and accrued expenses	1,357,362
Deferred revenue	<u>(1,678,965)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>7,707,811</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	(11,872,285)
Proceeds from sales of investments	49,869
Purchases of property and equipment	(1,712,885)
Proceeds from sales of property and equipment	<u>678,267</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(12,857,034)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from lines of credit	3,739,867
Payments on lines of credit	<u>(2,636,360)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>1,103,507</b></u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,045,716)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>35,571,394</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>\$ 31,525,678</b></u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Interest paid	<u><u><b>\$ 210,250</b></u></u>
Income taxes paid	<u><u><b>\$ 1,410,226</b></u></u>

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



**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

DKT International, Inc., a nonprofit corporation, was organized in 1984 in the United States for the purpose of designing and implementing family planning projects in developing countries. These projects are committed to the promotion of family planning and HIV/AIDS prevention through the dissemination of information and the social marketing of contraceptives. At this time, DKT directs programs in various countries around the world. All activities of DKT are funded primarily from product sales income and from contracts and private grants.

**Basis of Accounting and Presentation**

The accompanying combined financial statements of DKT and its affiliates have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Principles of Combination**

The combined financial statements include the accounts of DKT International, Inc. and its affiliates as follows:

<u>Country</u>	<u>Full Name</u>	<u>Short Name</u>
Indonesia	Yayasan DKT Indonesia	DKT Indonesia
Philippines	DKT Philippines, Inc	DKT Philippines
Philippines	DKT Reproductive Health, Inc.	DKT RH
Philippines	HealthSense, Inc.	HSI
Brazil	DKT DO Brasil Produtos De Uso Pessoal Ltda.	DKT Brazil
Brazil	DKT Uruguay	DKT Uruguay
Brazil	Salamat Comercio de Produtos de Uso Pessoal e Saude Ltda.	DKT Salamat
Ethiopia	Dink Kistet Letena	DKT Ethiopia
Uruguay	SYB Salud y Belleza Internacional S.A.	DKT SYB
Ghana	DKT International Inc. Ghana	DKT Ghana
India	DKT India	DKT Mumbai
Mexico	DKT de Mexico SA de DV	DKT Mexico
India	Janani	DKT Bihar
Egypt	DKT Egypt	DKT Egypt
Egypt	DKT Limited Liability Company	DKT Egypt LLC
Mozambique	DKT Mocambique, Limitada	DKT Mozambique
Vietnam	Golden Choice Company Limited	Golden Choice
People's Republic of China	DKT China	DKT China
Democratic Republic of Congo	DKT DR Congo	DKT DR Congo
People's Republic of China	DKT (Beijing) International Trade Co., Ltd.	DKT Beijing

Continued

**DKT INTERNATIONAL, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Fair Value Measurements**

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, DKT has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices in an active market that DKT has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**Property and Equipment and Related Depreciation and Amortization**

Land, buildings, and other property and equipment purchases greater than \$500 are capitalized and carried at cost. Expenditures for major additions, renewals and improvements are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is reflected in the accompanying statement of activities. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives for property and equipment are as follows:

Vehicles	3 to 5 years
Office furnishings and equipment	3 to 5 years
Building	20 years
Leasehold improvements	Shorter of remaining term of lease or 5 years

Continued

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Impairment of Long-Lived Assets**

DKT reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2013, DKT has not recognized an impairment loss.

**Classification of Net Assets**

The net assets and revenues of DKT are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of DKT and changes therein are classified and reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of DKT's general operations, including amounts designated by the Board of Directors. Board-designated funds represent amounts to be used for new program development.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for specific future time periods.

**Revenue Recognition**

Sales are recognized when revenue is realized or realizable and have been earned. Revenue transactions represent sales of inventory. The revenue recorded is presented net of sales and other taxes collected on behalf of governmental authorities. DKT recognizes revenue when title to the product, ownership and risk of loss transfers to the customer, which can be the date of shipment or the date of receipt by the customer. A provision for discount is recorded as a reduction of sales in the same period the revenue is recognized.

Promises to give are recognized as revenue when the donor has made an unconditional promise to contribute funds to DKT in future periods. Promises to give are recorded at their net realizable value if expected to be collected in one year or at their present value if expected to be collected in more than one year. DKT provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment on the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

DKT has cost-reimbursable grants with government agencies and other organizations. Revenue from these grants is recognized as allowable costs are incurred on the basis of direct costs plus allowable indirect costs. Direct and indirect expenses incurred, but not reimbursed, under these grants are reported as grants and contributions receivable in the accompanying combined statement of financial position. Funds received, but not yet expended, under grants are reflected as deferred revenue in the accompanying combined statement of financial position.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Principles of Combination (continued)**

<u>Country</u>	<u>Full Name</u>	<u>Short Name</u>
Turkey	DKT International Istanbul Saghk Urunleri Ithalat Ticaret Ltd. Sti.	DKT Turkey
Thailand	DKT Healthcare (Thailand) Company Limited	DKT Thailand
Pakistan	DKT Pakistan (Private) Limited	DKT Pakistan
Nigeria	Deep K. Tyagi Foundation Nigeria*	DKT Nigeria
Myanmar	DKT International Inc. – Myanmar Branch*	DKT Myanmar
Sudan	DKT Services Co. Ltd. **	DKT Sudan
Morocco	DKT Morocco **	DKT Morocco

\* DKT Nigeria and DKT Myanmar commenced commercial operations during the year ended December 31, 2013. DKT Myanmar had no financial transactions in 2013.

\*\* As disclosed in Note 15, DKT Morocco and DKT Sudan discontinued operation during the year ended December 31, 2013.

Such combined reporting most accurately reflects the common charitable activities of DKT and its international affiliates. All intercompany accounts between DKT International Inc. and its affiliates have been eliminated in combination.

**Cash and Cash Equivalents**

DKT considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents that are specifically held for investment purposes are reported as investments.

**Receivables**

DKT uses the allowance method to record potentially uncollectible receivables. The allowance for doubtful accounts is determined based upon a periodic review of receivable balances, including the age of the balance and the historical experience with the debtor.

**Inventory**

Inventory consists primarily of condoms and contraceptives held for distribution or resale and is valued at the lower of cost or market value. Inventories are primarily maintained on the first-in, first-out method.

**Investments**

Investments are recorded in the accompanying combined statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Translation of Foreign Currencies**

Foreign currency translations and financial statements are translated into U.S. dollars at current exchange rates except revenue and expenses that are translated at average exchange rates during each reporting period. Exchange gains and losses resulting from foreign currency transactions and translations of financial statements are included in the accompanying combined statement of activities.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statement of activities, and the detail is presented in the combined schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on direct labor costs.

**Estimates**

The preparation of combined financial statements in confirmation with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable as of December 31, 2013, are due as follows:

In less than one year	\$ 17,554,575
In one to five years	<u>17,045,716</u>
Total Grants and Contributions Receivable	<u>\$ 34,600,291</u>

No discount was recorded for multiyear pledges receivable, as the discount was not material to the financial statements for the year ended December 31, 2013, and all amounts are deemed fully collectible.

3. Trade Receivable

Trade receivable primarily consists of product sales and is reported net of a \$612,471 allowance for doubtful accounts as of December 31, 2013. As of December 31, 2013, DKT Brazil trade receivables totaling \$4,445,188 were used as collateral to the lines of credit as disclosed in Note 7.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

4. Inventory

DKT's inventory consisted of the following as of December 31, 2013:

Condoms		\$ 15,039,655
Contraceptives		11,231,759
Other items		<u>1,690,949</u>
Total Inventory		27,962,363
Less: Allowance for inventory obsolescence		<u>(3,272,025)</u>
Inventory, Net of Allowance		<u>\$ 24,690,338</u>

5. Investments

Investments, at fair value, consisted of the following at December 31, 2013:

Equities		\$ 41,628,383
Mutual funds		35,524,289
Money market funds		<u>6,917,539</u>
Total Investments		<u>\$ 84,070,211</u>

The following table summarizes DKT's investments measured at fair value on a recurring basis as of December 31, 2013, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Equities</u>				
Consumer goods	\$ 5,213,783	\$ 5,213,783	\$ -	\$ -
Basic materials	3,559,730	3,559,730	-	-
Technology	3,536,243	3,536,243	-	-
Financial	7,602,933	7,602,933	-	-
Healthcare	9,375,416	9,375,416	-	-
Industrial goods	8,193,553	8,193,553	-	-
Services	<u>4,146,725</u>	<u>4,146,725</u>	<u>-</u>	<u>-</u>
Total Equities	<u>41,628,383</u>	<u>41,628,383</u>	<u>-</u>	<u>-</u>

**DKT INTERNATIONAL, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

5. Investments (continued)

<i>(Continued)</i>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Mutual Funds</u>				
Large blend	\$ 17,095,382	\$ 17,095,382	\$ -	\$ -
Large growth	11,996,220	11,996,220	-	-
Large value	2,369,826	2,369,826	-	-
Mid-cap	2,409,520	2,409,520	-	-
Small value	<u>1,653,341</u>	<u>1,653,341</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	35,524,289	35,524,289	-	-
Money market funds	<u>6,917,539</u>	<u>6,917,539</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 84,070,211</u>	<u>\$ 84,070,211</u>	<u>\$ -</u>	<u>\$ -</u>

Investment income is summarized as follows for the year ended December 31, 2013:

Interest and dividends	\$ 844,478
Realized gains, net	2,442,011
Unrealized gains, net	<u>13,816,699</u>
Total	<u>\$ 17,103,188</u>

Expenses relating to investment income, including custodial fees and investment advisory fees, totaled approximately \$47,000 for the year ended December 31, 2013.

6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2013:

Vehicles	\$ 2,921,987
Office furnishings and equipment	4,301,735
Leasehold improvements	556,859
Land and building	<u>90,723</u>
Total Property and Equipment	7,871,304
Less: Accumulated Depreciation and Amortization	<u>(3,986,015)</u>
Property and Equipment, Net	<u>\$ 3,885,289</u>

Depreciation and amortization expense totaled \$764,269 for the year ended December 31, 2013.

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**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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7. Lines of Credit

DKT Brazil has two revolving lines of credit with two banks. The first line of credit totals approximately \$1,070,000, bears interest at 5.28% per annum, matures in February 2014 and is secured by Brazil's trade receivables. This line of credit was renewed on February 21, 2014, and matures in May 2015. As of December 31, 2013, the outstanding balance against this line of credit totaled \$393,541.

The second line of credit totals approximately \$1,283,000, has a variable interest rate, matures in May 2014 and is secured by Brazil's trade receivables. The interest rate was 0.41% as of December 31, 2013. This line of credit was renewed on March 10, 2014, and matures in February 2015. As of December 31, 2013, the outstanding balance against this line of credit totaled \$1,059,703.

Interest expense on the lines of credit totaled approximately \$121,000 for year ended December 31, 2013, and is recorded in the accompanying combined statement of activities.

8. Commitments, Risks and Concentrations

**Operating Lease**

DKT provides lodging for its overseas project managers. Certain leases with terms greater than one year require that the total rent be paid upon the execution of the lease. In 17 foreign countries, DKT has rental commitments for lodging, furniture, warehouse space and office space, with terms generally ranging from three to sixty months. Only one lease has a term of ten years.

DKT leases its current headquarter office space in Washington DC, under a noncancelable, five-year operating lease, which expired during March 31, 2015. Subsequent to year-end, DKT agreed to a 65-month extension to the lease, which expires in August 2020. This lease agreement contains a provision for an increase in rent of 2.7% per annum beginning on the first anniversary date. DKT is also responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord.

Future minimum lease payments under their leases are as follows:

For the Years Ending December 31,	
2014	\$ 1,112,780
2015	653,578
2016	345,318
2017	196,680
2018	185,073
Thereafter	240,800
Total Future Minimum Lease Payments	\$ 2,734,229

Rent expense for the year ended December 31, 2013, totaled approximately \$2,121,000.



**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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8. Commitments, Risks and Concentrations (continued)

**Credit Risk**

DKT maintains its cash and cash equivalents at a number of financial institutions, where its aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2013, DKT had approximately \$5,108,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$4,800,000. DKT monitors the credit worthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

DKT has offices in Asia, South America and Africa and maintains cash accounts in those offices. The future of these programs may be adversely affected by a number of potential factors, such as currency devaluations, terrorist activity or changes in the political climate. As of December 31, 2013, DKT had approximately \$27,907,000 of cash in its foreign offices.

**Major Donor**

For the year ended December 31, 2013, approximately 75% of DKT's contributions were promised or received from one donor. Additionally, as of December 31, 2013, approximately 93% of grants receivable were due from the same donor. Management of DKT has no reason to believe that its relationship with this donor will be discontinued in the foreseeable future.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs as of December 31, 2013:

Sudan	\$ 8,759,524
Ethiopia	5,808,958
Mumbai	5,389,873
Indonesia	4,998,947
Mozambique	4,084,783
Pakistan	3,938,961
Bihar	3,820,800
DR Congo	2,908,880
Reproductive Health Commodity Security	1,649,750
Ghana	554,702
Headquarters – Liberty Project	<u>364,118</u>
Total	<u>\$42,279,296</u>

As discussed in Note 15, DKT ceased operations in Sudan during the year ended December 31, 2013. Subsequent to year-end, DKT's management and the donor of the remaining temporarily restricted net assets balance for Sudan decided that the funding will be reallocated to various other countries.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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10. Related Party

**Contributions**

DKT receives contributions from its President in the form of cash and marketable securities. During the year ended December 31, 2013, DKT's President contributed approximately \$2,470,000, which is included in grants and contributions in the accompanying combined statement of activities.

11. Retirement Plan

During 1994, DKT adopted a tax-sheltered annuity plan according to the terms of Internal Revenue Code (IRC) Section 403(b). All eligible US employees may contribute a portion of their annual compensation to the plan in accordance with plan provisions. These contributions are made on a tax-deferred basis under a salary-reduction agreement. In addition, beginning in 1999, DKT contributes an amount equal to 6% of each participant's salary to the plan. DKT's contribution to this plan totaled \$82,956 for the year ended December 31, 2013. The international employees are given an equivalent percentage of compensation to use for funding their retirement.

12. Fraud

Subsequent to year-end, in the first quarter of 2014, a whistleblower in DKT Indonesia alerted management of approvals of fictitious training invoices for services provided to remote office staff. It was discovered that such approvals occurred from 2010 through the first quarter of 2014, with 2013 being the year with the most significant transactions. The amount identified from the fraud for the year ended December 31, 2013, totaled approximately \$283,000, with the total amount of the fraud approximating \$560,000, and is included in the program services in the combined statement of activities. DKT Indonesia has engaged local counsel, filed a police report, and is pursuing criminal prosecution against the perpetrators. Local counsel has advised management that DKT Indonesia should expect to recover some if not all of the funds in question.

13. Going Concern

Several of DKT's international affiliates had going concern issues reported by their local auditors. In view of these matters, DKT has developed a management plan with each of the entities reported with a going concern issue. This includes recommendations for improving operations, managing the cash flow of these entities and a potential restructuring of debt, both intercompany and external. DKT is committed to provide adequate funds to enable the affiliates with going concern issues to continue their operations. DKT International, Inc. has sufficient assets to cover all operating losses and debt of the combined entities; therefore, there is no going concern issue reported in these financial statements. Management is confident of the continued existence of these affiliates.

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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14. Income Tax Status

DKT is exempt from the payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). No provision for income taxes is required as of December 31, 2013, as DKT had no net unrelated business income.

DKT follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. DKT has evaluated its income tax positions for the year ended December 31, 2013, and determined that it has no material uncertain tax positions and, accordingly, DKT has not recognized any liability for unrecognized income tax. The statute of limitations for tax years 2010 through 2012 remains open in the major U.S. jurisdictions in which DKT is subject to taxation. DKT's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. As of December 31, 2013, DKT had no accrual for interest and/or penalties.

Several of DKT's affiliates are for-profit entities that are subject to income tax in their country of operation. Income tax expense for the affiliates is calculated using the tax rates and tax law applicable to the fiscal periods to which the tax relates, based on taxable profit for the year. Income tax expense for the year ended December 31, 2013, for such affiliates is approximately \$1,400,000.

15. Discontinued Operations

DKT ceased operating DKT Sudan and DKT Morocco effective July 18, 2013, and November 1, 2013, respectively. During the year ended December 31, 2013, the Sudanese government seized the assets of DKT Sudan. As a result, management opted to cease operations and subsequent to year-end, transferred the remaining assets totaling \$237,000 in cash to DKT Ethiopia. DKT management decided to cease operations in Morocco and all DKT Morocco's program operations and support were transferred to a third party. According to the agreement with the third party, if Morocco returns to profitability, DKT is to receive 15% of net profits each year until the initial investment of approximately \$2,000,000 is recovered. This clause remains in effect until December 31, 2025. As a result, the revenue and expenses related to DKT Sudan and DKT Morocco for the year ended December 31, 2013, are reported as discontinued operations in the accompanying combined statement of activities.

16. Prior Period Adjustments

During the year ended December 31, 2013, DKT's management became aware of donor-restricted contributions and grants that had been incorrectly recorded as deferred revenue until the restricted funds were spent, as opposed to being recognized as temporarily restricted

**DKT INTERNATIONAL, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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16. Prior Period Adjustments (continued)

revenue when awarded and then released from restriction when spent. As a result, DKT recorded an adjustment to decrease deferred revenue, increase temporarily restricted net assets and decrease unrestricted net assets as of December 31, 2012. In addition, adjustments were made to reverse an overstatement in property and equipment and to record net currency translation losses. The total effect of these adjustments on the balances as of December 31, 2013, was as follows:

Assets	\$ 27,539,141
Liabilities	\$ (7,323,071)
Net assets as of December 31, 2012	\$ (9,784,671)
Revenue	\$ 41,611,734
Expenses	\$ (3,035,149)
Net assets as of December 31, 2013	\$ 44,646,883

17. Subsequent Events

In preparing these combined financial statements, DKT has evaluated events and transactions for potential recognition or disclosure through August 18, 2015, the date the combined financial statements were available to be issued. Except as discussed in Notes 7, 8, 9 and 12, there were no other subsequent events that require recognition of, or disclosure in, the combined financial statements.

**SUPPLEMENTAL INFORMATION**

**DKT INTERNATIONAL, INC. AND AFFILIATES**

**COMBINING STATEMENT OF FINANCIAL POSITION**  
December 31, 2013

	DKT Headquarters	Indonesia	Philippines	Brazil	Ethiopia	Uruguay	Ghana	Mumbai India	Mexico	Bihar India	Egypt	Mozambique	Vietnam
<b>ASSETS</b>													
Cash and cash equivalents	\$ 2,984,211	\$ 12,635,508	\$ 3,803,190	\$ 319,373	\$ 1,904,315	\$ 24,875	\$ 6,829,695	\$ 191,102	\$ 16,458	\$ 140,632	\$ 436,991	\$ 845,760	\$ 313,262
Grants and contributions receivable	34,600,291	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivable, net of allowance	68,663	1,803,764	7,366,290	4,445,188	-	130,053	196,477	-	1,417,979	1,147,021	534,106	19,128	161,291
Receivables from affiliates	5,323,887	59,570	5,042,033	-	-	6,290,282	-	-	-	-	-	-	-
Inventory, net of allowance	-	3,449,760	6,240,680	3,110,849	5,665,380	572,906	494,721	531,929	243,618	217,440	542,598	487,757	678,387
Prepaid expenses	4,950	247,566	337,970	720,412	399,967	-	29,294	336,130	43,434	239,474	181,047	185,833	79,605
Investments	80,942,813	3,127,398	-	-	-	-	-	-	-	-	-	-	-
Investment in affiliates	17,276,986	-	-	-	-	-	-	-	-	-	-	-	-
Loan receivable from affiliates	14,489,506	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	86,472	105,761	522,559	6,199	1,343,411	156,215	485,340	-	507,034	-	233,606	95,301	123,163
Property and equipment, net	25,233	123,185	367,379	551,826	-	2,767	344,598	212,113	142,401	739,163	215,995	247,458	2,018
<b>TOTAL ASSETS</b>	<b>\$ 155,803,012</b>	<b>\$ 21,552,512</b>	<b>\$ 23,680,101</b>	<b>\$ 9,153,847</b>	<b>\$ 9,313,073</b>	<b>\$ 7,177,098</b>	<b>\$ 8,380,125</b>	<b>\$ 1,271,274</b>	<b>\$ 2,370,924</b>	<b>\$ 2,483,730</b>	<b>\$ 2,144,343</b>	<b>\$ 1,881,237</b>	<b>\$ 1,357,726</b>
<b>LIABILITIES AND NET ASSETS</b>													
<b>Liabilities</b>													
Accounts payable and accrued expenses	\$ 1,684,761	\$ 3,870,927	\$ 5,195,325	\$ 868,138	\$ 1,239,914	\$ 5,130,849	\$ 1,083,852	\$ 745,756	\$ 1,157,807	\$ 502,515	\$ 984,505	\$ 73,587	\$ 856,043
Deferred revenue	-	-	-	-	-	-	4,653,254	-	-	-	-	-	-
Payable to affiliates	-	-	-	4,670,667	665,244	-	-	-	-	-	-	-	-
Loans payable to affiliates	-	5,470,000	-	23,410	-	-	-	-	174,487	-	5,706,243	-	316,200
Lines of credit	-	-	-	1,453,244	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,684,761</b>	<b>9,340,927</b>	<b>5,195,325</b>	<b>7,015,459</b>	<b>1,905,158</b>	<b>5,130,849</b>	<b>5,737,106</b>	<b>745,756</b>	<b>1,332,294</b>	<b>502,515</b>	<b>6,690,748</b>	<b>73,587</b>	<b>1,172,243</b>
<b>Net Assets</b>													
<b>Unrestricted</b>													
Undesignated (deficit)	90,838,955	12,211,585	18,484,776	2,138,388	7,407,915	2,046,249	2,643,019	525,518	1,038,630	1,981,215	(4,546,405)	1,807,650	185,483
Board-designated	21,000,000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Unrestricted</b>	<b>111,838,955</b>	<b>12,211,585</b>	<b>18,484,776</b>	<b>2,138,388</b>	<b>7,407,915</b>	<b>2,046,249</b>	<b>2,643,019</b>	<b>525,518</b>	<b>1,038,630</b>	<b>1,981,215</b>	<b>(4,546,405)</b>	<b>1,807,650</b>	<b>185,483</b>
<b>Temporarily restricted</b>													
	42,279,296	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>154,118,251</b>	<b>12,211,585</b>	<b>18,484,776</b>	<b>2,138,388</b>	<b>7,407,915</b>	<b>2,046,249</b>	<b>2,643,019</b>	<b>525,518</b>	<b>1,038,630</b>	<b>1,981,215</b>	<b>(4,546,405)</b>	<b>1,807,650</b>	<b>185,483</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 155,803,012</b>	<b>\$ 21,552,512</b>	<b>\$ 23,680,101</b>	<b>\$ 9,153,847</b>	<b>\$ 9,313,073</b>	<b>\$ 7,177,098</b>	<b>\$ 8,380,125</b>	<b>\$ 1,271,274</b>	<b>\$ 2,370,924</b>	<b>\$ 2,483,730</b>	<b>\$ 2,144,343</b>	<b>\$ 1,881,237</b>	<b>\$ 1,357,726</b>

DKT INTERNATIONAL, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION  
December 31, 2013

	Shanghai China	DR Congo	Western China	Turkey	Thailand	Pakistan	Nigeria	Discontinued Operations		Subtotal	Eliminating Entries	Combined Total
								Sudan	Morocco			
<b>ASSETS</b>												
Cash and cash equivalents	\$ 13,871	\$ 176,929	\$ 58,099	\$ 57,004	\$ 152,652	\$ 164,710	\$ 220,041	\$ 237,000	\$ -	\$ 31,525,678	\$ -	\$ 31,525,678
Grants and contributions receivable	-	-	-	-	-	-	-	-	-	34,600,291	-	34,600,291
Trade receivable, net of allowance	270,295	13,052	-	223,594	214,355	13,860	-	-	-	18,025,116	-	18,025,116
Receivables from affiliates	-	-	-	-	-	-	-	-	-	16,715,772	(16,715,772)	-
Inventory, net of allowance	39,155	119,029	63,444	305,758	156,833	577,362	127,617	-	-	23,625,223	1,065,115	24,690,338
Prepaid expenses	2,030	174,318	27,144	339,070	32,739	18,393	107,869	-	-	3,507,245	-	3,507,245
Investments	-	-	-	-	-	-	-	-	-	84,070,211	-	84,070,211
Investment in affiliates	-	-	-	-	-	-	-	-	-	17,276,986	(17,276,986)	-
Loan receivable from affiliates	-	-	-	-	-	-	-	-	-	14,489,506	(14,489,506)	-
Other assets	429	-	80,303	8,244	11,233	125,374	-	-	-	3,890,644	-	3,890,644
Property and equipment, net	22,181	384,448	13,492	1,180	12,189	36,051	197,398	-	-	3,641,075	244,214	3,885,289
<b>TOTAL ASSETS</b>	<b>\$ 347,961</b>	<b>\$ 867,776</b>	<b>\$ 242,482</b>	<b>\$ 934,850</b>	<b>\$ 580,001</b>	<b>\$ 935,750</b>	<b>\$ 652,925</b>	<b>\$ 237,000</b>	<b>\$ -</b>	<b>\$ 251,367,747</b>	<b>\$ (47,172,935)</b>	<b>\$ 204,194,812</b>
<b>LIABILITIES AND NET ASSETS</b>												
<b>LIABILITIES</b>												
Accounts payable and accrued expenses	\$ 1,051,761	\$ 20,000	\$ 50,002	\$ 36,179	\$ 308,521	\$ 447,766	\$ -	\$ -	\$ -	\$ 25,308,208	\$ -	\$ 25,308,208
Deferred revenue	-	-	60,407	-	-	-	-	-	-	4,713,661	-	4,713,661
Payable to affiliates	185,742	2,354,876	-	109,428	1,728,089	58,410	-	237,000	-	10,009,456	(10,009,456)	-
Loans payable to affiliates	-	-	-	-	-	1,849,825	949,341	-	-	14,489,506	(14,489,506)	-
Lines of credit	-	-	-	-	-	-	-	-	-	1,453,244	-	1,453,244
<b>TOTAL LIABILITIES</b>	<b>1,237,503</b>	<b>2,374,876</b>	<b>110,409</b>	<b>145,607</b>	<b>2,036,610</b>	<b>2,356,001</b>	<b>949,341</b>	<b>237,000</b>	<b>-</b>	<b>55,974,075</b>	<b>(24,498,962)</b>	<b>31,475,113</b>
<b>NET ASSETS</b>												
<b>Unrestricted</b>												
Undesignated (deficit)	(889,542)	(1,507,100)	132,073	789,243	(1,456,609)	(1,420,251)	(296,416)	-	-	132,114,376	(22,673,973)	109,440,403
Board-designated	-	-	-	-	-	-	-	-	-	21,000,000	-	21,000,000
<b>Total Unrestricted</b>	<b>(889,542)</b>	<b>(1,507,100)</b>	<b>132,073</b>	<b>789,243</b>	<b>(1,456,609)</b>	<b>(1,420,251)</b>	<b>(296,416)</b>	<b>-</b>	<b>-</b>	<b>153,114,376</b>	<b>(22,673,973)</b>	<b>130,440,403</b>
<b>Temporarily restricted</b>												
	-	-	-	-	-	-	-	-	-	42,279,296	-	42,279,296
<b>TOTAL NET ASSETS</b>	<b>(889,542)</b>	<b>(1,507,100)</b>	<b>132,073</b>	<b>789,243</b>	<b>(1,456,609)</b>	<b>(1,420,251)</b>	<b>(296,416)</b>	<b>-</b>	<b>-</b>	<b>195,393,672</b>	<b>(22,673,973)</b>	<b>172,719,699</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 347,961</b>	<b>\$ 867,776</b>	<b>\$ 242,482</b>	<b>\$ 934,850</b>	<b>\$ 580,001</b>	<b>\$ 935,750</b>	<b>\$ 652,925</b>	<b>\$ 237,000</b>	<b>\$ -</b>	<b>\$ 251,367,747</b>	<b>\$ (47,172,935)</b>	<b>\$ 204,194,812</b>

**DKT INTERNATIONAL, INC. AND AFFILIATES**

**COMBINING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013**

	DKT Headquarters	Indonesia	Philippines	Brazil	Ethiopia	Uruguay	Ghana	Mumbai India	Mexico	Bihar India	Egypt	Mozambique	Vietnam
<b>REVENUE AND SUPPORT</b>													
Sales, net of discount	\$ -	\$ 25,326,366	\$ 25,662,242	\$ 19,272,211	\$ 3,445,606	\$ 7,474,261	\$ 1,491,964	\$ 4,876,125	\$ 5,099,663	\$ 982,619	\$ 2,646,370	\$ 204,637	\$ 1,522,209
Grants and contributions	72,250,976	-	81,242	-	12,507,563	-	5,194,160	498,506	-	2,070,903	-	462,088	-
Investment income	17,103,188	-	-	-	-	-	-	-	-	-	-	-	-
Grants from affiliates	-	-	-	-	852,224	-	-	-	-	-	-	1,243,651	299,273
Interest income from loans to affiliates	186,520	-	-	-	-	-	-	-	-	-	-	-	-
Service fees from affiliates	5,463,623	-	-	-	-	-	-	-	-	-	-	-	-
Other income	50,000	1,628,592	178,035	534,337	32,902	-	146,391	16,680	57,812	34,181	5,270	74,251	5,378
<b>TOTAL REVENUE</b>	<b>\$ 95,054,307</b>	<b>26,954,958</b>	<b>25,921,519</b>	<b>19,806,548</b>	<b>16,838,295</b>	<b>\$ 7,474,261</b>	<b>\$ 6,832,515</b>	<b>\$ 5,391,311</b>	<b>\$ 5,157,475</b>	<b>\$ 3,087,703</b>	<b>\$ 2,651,640</b>	<b>\$ 1,984,627</b>	<b>\$ 1,826,860</b>
<b>EXPENSES AND LOSSES</b>													
Cost of sales	-	15,481,392	8,620,758	9,005,385	7,277,524	6,484,121	1,165,179	2,895,887	2,112,480	464,718	1,602,534	247,836	725,150
Advertising and promotion	37,735	4,116,221	7,790,662	1,441,297	4,075,515	2,328	2,083,202	1,910,313	827,224	95,813	610,636	187,160	137,627
Salaries and fringe benefits	6,106,329	695,670	1,064,200	2,797,882	1,873,474	-	359,232	1,210,752	815,346	1,457,840	473,295	625,266	369,213
Grants to affiliates	11,649,641	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	1,264,702	136,826	563,417	1,438,986	186,359	36,862	125,043	122,339	301,819	513,038	21,579	281,165	405,186
Travel and related expenses	78,575	185,914	272,709	311,561	1,201,835	23,359	216,705	600,043	140,234	223,537	242,841	47,390	55,674
Trainings, meetings and conferences	11,028	-	242,958	2,666,008	100,500	-	42,798	97,137	249,343	20,433	18,510	204,294	32,094
Service fees expenses to affiliates	-	-	4,057,383	-	680,971	-	725,269	-	-	-	-	-	-
Office expenses	83,237	32,674	34,496	583,696	100,647	22,245	80,723	734,584	25,809	74,283	45,845	28,684	65,301
Obsolete inventory expense	1,442,231	-	-	-	763,145	-	-	-	-	-	14,734	106,962	-
Contributions, outreach and grants to partners	500	-	-	-	2,069,916	-	1,219	-	-	239,717	-	-	-
Product development	37,332	1,407,302	101,641	166,828	461,402	-	38,196	-	-	-	-	-	-
Rent	147,722	60,505	97,584	185,570	216,636	-	56,329	66,485	126,891	400,602	-	152,799	67,971
Foreign currency exchange losses (gains)	(299,566)	971,380	114,209	773,442	(56,125)	2,252	(51,447)	-	10,408	-	17,595	-	(1,208)
Other	175,353	280,177	360,106	9,733	190,981	65,278	19,780	7,119	177,561	114,233	-	91,192	17,949
Income tax	-	797,338	583,257	(8,110)	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	36,286	-	1,212,344	-	95,137	3,478	52,452	75,566	-	92,964	7,557
Depreciation and amortization	7,797	32,737	158,833	124,679	-	753	58,163	33,720	46,434	-	27,358	113,058	242
Licenses and taxes	13,873	-	135,244	150,856	-	4,279	17,972	489	41,477	-	-	30,394	48
Telephone, facsimile and utilities	3,675	21,903	30,257	55,071	56,480	-	21,232	53,364	43,302	28,070	14,570	-	11,954
Bad debt	-	-	64,550	25,606	-	-	42,979	12,730	-	-	39,916	136,869	-
Interest	-	99,849	11,985	121,953	-	-	-	508	10,239	-	-	7,659	6,840
Bank charges	47,450	17,458	-	16,553	-	-	11,830	929	-	14,605	4,682	-	1,265
<b>TOTAL EXPENSES AND LOSSES</b>	<b>20,807,614</b>	<b>24,337,346</b>	<b>24,340,535</b>	<b>19,866,996</b>	<b>20,411,604</b>	<b>6,641,477</b>	<b>5,109,541</b>	<b>7,749,877</b>	<b>4,981,019</b>	<b>3,722,455</b>	<b>3,134,095</b>	<b>2,353,692</b>	<b>1,902,863</b>
<b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>	<b>74,246,693</b>	<b>2,617,612</b>	<b>1,580,984</b>	<b>(60,448)</b>	<b>(3,573,309)</b>	<b>832,784</b>	<b>1,722,974</b>	<b>(2,358,566)</b>	<b>176,456</b>	<b>(634,752)</b>	<b>(482,455)</b>	<b>(369,065)</b>	<b>(76,003)</b>
<b>DISCONTINUED OPERATIONS</b>													
DKT Sudan revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
DKT Sudan expenses and losses	-	-	-	-	-	-	-	-	-	-	-	-	-
DKT Morocco revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
DKT Morocco expenses and losses	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>74,246,693</b>	<b>2,617,612</b>	<b>1,580,984</b>	<b>(60,448)</b>	<b>(3,573,309)</b>	<b>832,784</b>	<b>1,722,974</b>	<b>(2,358,566)</b>	<b>176,456</b>	<b>(634,752)</b>	<b>(482,455)</b>	<b>(369,065)</b>	<b>(76,003)</b>
<b>NET ASSET, BEGINNING OF YEAR, AS RESTATED</b>	<b>79,871,558</b>	<b>9,593,973</b>	<b>16,903,792</b>	<b>2,198,836</b>	<b>10,981,224</b>	<b>1,213,465</b>	<b>920,045</b>	<b>2,884,084</b>	<b>862,174</b>	<b>2,615,967</b>	<b>(4,063,950)</b>	<b>2,176,715</b>	<b>261,486</b>
<b>NET ASSET (DEFICIT), END OF YEAR</b>	<b>\$ 154,118,251</b>	<b>\$ 12,211,585</b>	<b>\$ 18,484,776</b>	<b>\$ 2,138,388</b>	<b>\$ 7,407,915</b>	<b>\$ 2,046,249</b>	<b>\$ 2,643,019</b>	<b>\$ 525,518</b>	<b>\$ 1,038,630</b>	<b>\$ 1,981,215</b>	<b>\$ (4,546,405)</b>	<b>\$ 1,807,650</b>	<b>\$ 185,483</b>



**DKT INTERNATIONAL, INC. AND AFFILIATES**

**COMBINING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013**

	Shanghai China	DR Congo	Western China	Turkey	Thailand	Pakistan	Nigeria	Discontinued Operations		Subtotal	Eliminating Entries	Combined Total
								Sudan	Morocco			
<b>REVENUE AND SUPPORT</b>												
Sales, net of discount	\$ 1,747,251	\$ 203,301	\$ 673,123	\$ 520,251	\$ 467,965	\$ 315,086	\$ -	\$ -	\$ -	\$ 101,931,250	\$ (7,471,665)	\$ 94,459,585
Grants and contributions	-	582,932	-	-	-	-	-	-	-	93,648,370	(15,778,762)	77,869,608
Investment income	-	-	-	-	-	-	-	-	-	17,103,188	-	17,103,188
Grants from affiliates	-	-	-	-	-	-	-	-	-	2,395,148	(2,395,148)	-
Interest income from loans to affiliates	-	-	-	-	-	-	-	-	-	186,520	(186,520)	-
Service fees from affiliates	-	-	-	-	-	-	-	-	-	5,463,623	(5,463,623)	-
Other income	15,217	-	930	-	4,640	6,483	-	-	-	2,791,099	-	2,791,099
<b>TOTAL REVENUE</b>	<b>1,762,468</b>	<b>786,233</b>	<b>674,053</b>	<b>520,251</b>	<b>472,605</b>	<b>321,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 223,519,198</b>	<b>\$ (31,295,718)</b>	<b>\$ 192,223,480</b>
<b>EXPENSES AND LOSSES</b>												
Cost of sales	978,003	345,139	418,690	211,470	279,479	244,261	-	-	-	58,560,006	(6,907,490)	51,652,516
Advertising and promotion	57,119	139,921	-	76,186	182,878	934,881	-	-	-	24,706,718	-	24,706,718
Salaries and fringe benefits	372,218	974,832	265,321	88,715	143,718	617,583	81,035	-	-	20,391,921	-	20,391,921
Grants to affiliates	-	-	-	-	-	-	-	-	-	11,649,641	(11,649,641)	-
Professional fees	5,474	51,541	-	14,352	6,062	28,087	53,006	-	-	5,555,843	-	5,555,843
Travel and related expenses	33,565	532,340	-	37,075	33,193	108,684	22,468	-	-	4,367,702	-	4,367,702
Trainings, meetings and conferences	6,436	232,804	-	-	15,333	79,602	-	-	-	4,019,278	-	4,019,278
Service fees expenses to affiliate	-	-	-	-	-	-	-	-	-	5,463,623	(5,463,623)	-
Office expenses	88,561	317,356	519,680	19,875	10,180	8,970	6,694	-	-	2,883,540	-	2,883,540
Obsolete inventory expense	-	344,065	-	-	-	-	-	-	-	2,671,137	-	2,671,137
Contribution, outreach and grants to partners	-	1,750	-	-	-	-	-	-	-	2,313,102	-	2,313,102
Product development	-	8,310	-	-	-	-	-	-	-	2,221,011	-	2,221,011
Rent	79,859	227,067	-	-	24,812	58,962	97,371	-	-	2,067,165	-	2,067,165
Foreign currency exchange losses (gains)	131	-	-	(8,528)	100,624	63,964	-	-	-	1,637,131	(9,713)	1,627,418
Other	-	4,300	4,442	26,428	3,690	-	6,203	-	-	1,554,525	-	1,554,525
Income tax	-	-	-	-	-	28,741	-	-	-	1,401,226	-	1,401,226
Repairs and maintenance	-	-	-	24,911	1,863	5,609	-	-	-	1,608,167	(305,330)	1,302,837
Depreciation and amortization	3,247	63,859	-	2,976	19,152	10,142	-	-	-	703,150	61,119	764,269
Licenses and taxes	7,444	45,795	2,423	828	-	-	20,316	-	-	471,438	-	471,438
Telephone, facsimile and utilities	12,368	34,422	-	-	15,073	18,768	6,320	-	-	426,829	-	426,829
Bad debt	18,983	-	-	7,809	-	-	-	-	-	349,442	-	349,442
Interest	9,228	-	-	-	60,366	-	-	-	-	328,627	(118,377)	210,250
Bank charges	335	24,624	-	-	494	3,265	3,003	-	-	146,493	-	146,493
<b>TOTAL EXPENSES AND LOSSES</b>	<b>1,672,971</b>	<b>3,348,125</b>	<b>1,210,556</b>	<b>502,097</b>	<b>896,917</b>	<b>2,211,519</b>	<b>296,416</b>	<b>-</b>	<b>-</b>	<b>155,497,715</b>	<b>(24,393,055)</b>	<b>131,104,660</b>
<b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>	<b>89,497</b>	<b>(2,561,892)</b>	<b>(536,503)</b>	<b>18,154</b>	<b>(424,312)</b>	<b>(1,889,950)</b>	<b>(296,416)</b>	<b>-</b>	<b>-</b>	<b>68,021,483</b>	<b>(6,902,663)</b>	<b>61,118,820</b>
<b>DISCONTINUED OPERATIONS</b>												
DKT Sudan revenue	-	-	-	-	-	-	-	12,415,735	-	12,415,735	(11,649,641)	766,094
DKT Sudan expenses and losses	-	-	-	-	-	-	-	(4,406,698)	-	(4,406,698)	2,164,974	(2,241,724)
DKT Morocco revenue	-	-	-	-	-	-	-	-	576,538	576,538	(576,538)	-
DKT Morocco expenses and losses	-	-	-	-	-	-	-	-	(127,590)	(127,590)	-	(127,590)
<b>CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,009,037</b>	<b>448,948</b>	<b>8,457,985</b>	<b>(10,061,205)</b>	<b>(1,603,220)</b>
<b>CHANGE IN NET ASSETS</b>	<b>89,497</b>	<b>(2,561,892)</b>	<b>(536,503)</b>	<b>18,154</b>	<b>(424,312)</b>	<b>(1,889,950)</b>	<b>(296,416)</b>	<b>8,009,037</b>	<b>448,948</b>	<b>76,479,468</b>	<b>(16,963,868)</b>	<b>59,515,600</b>
<b>NET ASSET, BEGINNING OF YEAR, AS RESTATED</b>	<b>(979,039)</b>	<b>1,054,792</b>	<b>668,576</b>	<b>771,089</b>	<b>(1,032,297)</b>	<b>469,699</b>	<b>-</b>	<b>(8,009,037)</b>	<b>(448,948)</b>	<b>118,914,204</b>	<b>(5,710,105)</b>	<b>113,204,099</b>
<b>NET ASSET (DEFICIT), END OF YEAR</b>	<b>\$ (889,542)</b>	<b>\$ (1,507,100)</b>	<b>\$ 132,073</b>	<b>\$ 789,243</b>	<b>\$ (1,456,609)</b>	<b>\$ (1,420,251)</b>	<b>\$ (296,416)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,393,672</b>	<b>\$ (22,673,973)</b>	<b>\$ 172,719,699</b>