



DKT INTERNATIONAL, INC. AND AFFILIATES

Combined Financial Statements

For The Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)

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DKT INTERNATIONAL, INC. AND AFFILIATES

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For the Year Ended December 31, 2014

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DKT International and Affiliates

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of DKT International, Inc. and Affiliates (collectively referred to as DKT), which comprise the combined statement of financial position as of December 31, 2014, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 the combined 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 audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined 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 combined 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 the Organization as of December 31, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Other Matters

Report on Supplemental Information

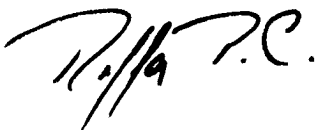
Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information 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.

Report on Summarized Comparative Information

We have previously audited DKT's 2013 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated August 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Correction of Error

As discussed in Note 13 to the combined financial statements, an error in recording certain contributions and grants and an inventory allowance in prior years was discovered during the 2014 audit. Accordingly, amounts reported for inventory, receivables and unrestricted net assets have been restated as of December 31, 2013, to correct an error. Our opinion is not modified with respect to this matter.



Raffa, P.C.

Washington, DC
December 14, 2015

DKT INTERNATIONAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2014

(With Summarized Financial Information as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 28,075,362	\$ 31,525,678
Grants and contributions receivable	28,611,452	33,913,190
Trade receivable, net of allowance	22,032,877	18,025,116
Inventory, net of allowance	23,597,360	23,803,071
Prepaid expenses	3,939,150	3,507,245
Deferred tax asset	970,120	25,829
Investments	93,232,814	84,070,211
Other assets	2,885,640	3,864,815
Property and equipment, net	<u>4,588,874</u>	<u>3,885,289</u>
TOTAL ASSETS	<u>\$ 207,933,649</u>	<u>\$ 202,620,444</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 28,572,992	\$ 25,308,208
Deferred revenue	2,416,153	4,713,661
Lines of credit	<u>2,608,947</u>	<u>1,453,244</u>
TOTAL LIABILITIES	<u>33,598,092</u>	<u>31,475,113</u>
Net Assets		
Unrestricted		
Undesignated	112,319,372	107,866,035
Board-designated	<u>21,000,000</u>	<u>21,000,000</u>
Total Unrestricted	133,319,372	128,866,035
Temporarily restricted	<u>41,016,185</u>	<u>42,279,296</u>
TOTAL NET ASSETS	<u>174,335,557</u>	<u>171,145,331</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 207,933,649</u>	<u>\$ 202,620,444</u>

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

DKT INTERNATIONAL, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2014
(With Summarized Financial Information For the Year Ended December 31, 2013)

	2014		2013	
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Sales, net of discounts	\$ 103,095,898	\$ -	\$ 103,095,898	\$ 94,459,585
Grants and contributions	22,448,496	16,680,552	39,129,048	76,614,020
Investment income	11,792,760	-	11,792,760	17,103,188
Other income	585,454	-	585,454	2,791,099
Net assets released from restriction:				
Satisfaction of program restrictions	17,943,663	(17,943,663)	-	-
TOTAL REVENUE AND SUPPORT	155,866,271	(1,263,111)	154,603,160	190,967,892
EXPENSES AND LOSSES				
Program Services:				
Education and reproductive health	79,355,200	-	79,355,200	69,213,271
Cost of contraceptive sales and expenses	56,828,500	-	56,828,500	51,652,516
Total Program Services	136,183,700	-	136,183,700	120,865,787
Supporting Services:				
Management and general	11,703,546	-	11,703,546	9,457,539
Development and fundraising	308,641	-	308,641	268,159
Total Supporting Services	12,012,187	-	12,012,187	9,725,698
TOTAL EXPENSES AND LOSSES	148,195,887	-	148,195,887	130,591,485
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	7,670,384	(1,263,111)	6,407,273	60,376,407
DISCONTINUED OPERATIONS				
DKT Sudan	-	-	-	766,094
DKT Sudan expenses and losses	-	-	-	(2,241,724)
DKT Morocco expenses and losses	-	-	-	(127,590)
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS	-	-	-	(1,603,220)
Income tax benefit (provision)	503,211	-	503,211	(1,400,442)
Foreign currency translation loss	(3,720,258)	-	(3,720,258)	(6,124,767)
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	128,866,035	42,279,296	171,145,331	119,897,353
NET ASSETS, END OF YEAR	\$ 133,319,372	\$ 41,016,185	\$ 174,335,557	\$ 171,145,331

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

DKT INTERNATIONAL, INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014
(With Summarized Financial Information For the Year Ended December 31, 2013)

	Supporting Services			2014 Total	2013 Total
	Program Services	Management and General	Development and Fundraising		
Cost of sales	\$ 56,828,500	\$ -	\$ -	\$ -	\$ 56,828,500
Advertising and promotion	32,023,552	-	-	-	32,023,552
Salaries and fringe benefits	19,813,179	6,889,744	308,641	7,198,385	27,011,564
Professional fees	3,250,470	1,663,700	-	1,663,700	4,914,170
Travel and related expenses	4,498,153	121,434	-	121,434	4,619,587
Trainings, meetings and conferences	5,074,593	1,574,556	-	1,574,556	6,649,149
Office expenses	2,330,955	51,722	-	51,722	2,382,677
Obsolete inventory expense	-	-	-	-	-
Contribution, outreach and grants to partners	154,175	957,160	-	957,160	1,111,335
Product development	1,947,214	-	-	-	1,947,214
Rent	2,956,095	132,900	-	132,900	3,088,995
Foreign currency exchange losses	871,667	-	-	-	871,667
Other	2,320,046	169,274	-	169,274	2,489,320
Repairs and maintenance	87,858	-	-	-	87,858
Depreciation and amortization	983,972	7,221	-	7,221	991,193
Licenses and taxes	861,503	26,251	-	26,251	887,754
Telephone, facsimile and utilities	488,495	12,955	-	12,955	501,450
Bad debt	433,261	-	-	-	433,261
Interest	315,560	17	-	17	315,577
Bank charges	441,241	96,612	-	96,612	537,853
TOTAL EXPENSES AND LOSSES	<u>\$ 135,680,489</u>	<u>\$ 11,703,546</u>	<u>\$ 308,641</u>	<u>\$ 12,012,187</u>	<u>\$ 147,692,676</u>
				<u>\$ 147,692,676</u>	<u>\$ 131,991,927</u>

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

DKT INTERNATIONAL, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,190,226	\$ 57,372,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gains on investments	(6,456,762)	(13,816,699)
Realized gains on sales of investments	(3,222,226)	(2,442,011)
Change in allowance for obsolete inventory	(1,952,424)	(903,702)
Loss on disposal of property and equipment	-	14,669
Depreciation and amortization	991,193	764,269
Bad debt	433,261	349,442
Changes in assets and liabilities:		
Grants and contributions receivable	5,301,738	(38,989,442)
Trade receivable	(4,441,022)	854,161
Inventory	2,158,135	(1,211,550)
Prepaid expenses	(431,905)	3,589,119
Deferred tax asset	(944,291)	(25,829)
Other assets	979,175	2,474,242
Accounts payable and accrued expenses	3,264,784	1,357,362
Deferred revenue	<u>(2,297,508)</u>	<u>(1,678,965)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,427,626)</u>	<u>7,707,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(43,012,937)	(11,872,285)
Proceeds from sales of investments	43,529,322	49,869
Purchases of property and equipment	(1,694,778)	(1,712,885)
Proceeds from sales of property and equipment	<u>-</u>	<u>678,267</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,178,393)</u>	<u>(12,857,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	1,520,533	3,739,867
Payments on lines of credit	<u>(364,830)</u>	<u>(2,636,360)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,155,703</u>	<u>1,103,507</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(3,450,316)</u>	<u>(4,045,716)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,525,678</u>	<u>35,571,394</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 28,075,362</u></u>	<u><u>\$ 31,525,678</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 315,577</u>	<u>\$ 210,250</u>
Income taxes paid	<u>\$ 1,200,948</u>	<u>\$ 1,410,226</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, 2014

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 grants and contributions.

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
Indonesia	PT DKT International	Indonesia PT
Philippines	DKT Philippines, Inc	DKT Philippines
Philippines	DKT Reproductive Health, Inc.	DKT RH
Philippines	HealthSense, Inc.	HSI
Philippines	DKT Health, Inc.	DKT Health
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
India	Janani	DKT Bihar
India	DKT Healthcare India Private Ltd	India Healthcare
Mexico	DKT de Mexico SA de DV	DKT Mexico
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 (Shanghai) China

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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

Principles of Combination (continued)

<u>Country</u>	<u>Full Name</u>	<u>Short Name</u>
People's Republic of China	DKT International (Beijing) Inc.	Western China
Democratic Republic of Congo	DKT DR Congo	DKT DR Congo
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
Tanzania	DKT International Tanzania Limited	DKT Tanzania Limited
Tanzania	DKT International Tanzania	DKT Tanzania

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.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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

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.

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, 2014

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, 2014, 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 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, 2014

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

Translation of Foreign Currencies

Foreign currency transactions 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 are included in the accompanying combined statement of activities, whereas adjustments resulting from translations of financial statements are reflected as a separate component of net assets.

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 conformity 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, 2014, are due as follows:

In less than one year	\$ 25,966,303
In one to five years	<u>2,645,149</u>
Total Grants and Contributions Receivable	<u>\$28,611,452</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, 2014, and all amounts are deemed fully collectible.

3. Trade Receivable

Trade receivable primarily consists of product sales and is reported net of a \$655,218 allowance for doubtful accounts as of December 31, 2014. As of December 31, 2014, DKT Brazil trade receivables totaling \$3,474,597 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, 2014

4. Inventory

DKT's inventory consisted of the following as of December 31, 2014:

Condoms	\$ 16,005,311
Contraceptives	6,529,409
Other items	<u>3,269,508</u>
Total Inventory	25,804,228
Less: Allowance for Inventory Obsolescence	<u>(2,206,868)</u>
Inventory, Net	<u>\$ 23,597,360</u>

5. Investments

Investments, at fair value, consisted of the following at December 31, 2014:

Equities	\$ 45,694,623
Mutual funds	46,592,418
Money market funds	<u>945,773</u>
Total Investments	<u>\$ 93,232,814</u>

The following table summarizes DKT's investments measured at fair value on a recurring basis as of December 31, 2014, 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>
Equities:				
Consumer goods	\$ 6,354,130	\$ 6,354,130	\$ -	\$ -
Basic materials	4,589,279	4,589,279	-	-
Technology	4,175,382	4,175,382	-	-
Financial	9,809,130	9,809,130	-	-
Healthcare	8,777,697	8,777,697	-	-
Industrial goods	7,886,258	7,886,258	-	-
Services	<u>4,102,747</u>	<u>4,102,747</u>	<u>-</u>	<u>-</u>
Total Equities	<u>45,694,623</u>	<u>45,694,623</u>	<u>-</u>	<u>-</u>

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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>
Mutual Funds:				
Large blend	\$ 12,581,647	\$ 12,581,647	\$ -	\$ -
Large growth	18,788,878	18,788,878	-	-
Emerging Markets	1,565,458	1,565,458	-	-
Large value	5,586,141	5,586,141	-	-
Mid-cap	4,670,947	4,670,947	-	-
Small value	<u>3,399,347</u>	<u>3,399,347</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	46,592,418	46,592,418	-	-
Money market funds	<u>945,773</u>	<u>945,773</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 93,232,814</u>	<u>\$ 93,232,814</u>	<u>\$ -</u>	<u>\$ -</u>

DKT used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Equities and mutual funds – Measured using quoted market prices for identical assets in active markets.

Money market funds – Valued using the net asset value (NAV) of shares held, as reported in an active market in which the fund is traded.

Investment income is summarized as follows for the year ended December 31, 2014:

Interest and dividends	\$ 2,113,772
Realized gains, net	3,222,226
Unrealized gains, net	<u>6,456,762</u>
Investment Income, Net	<u>\$ 11,792,760</u>

Expenses relating to investment income, including custodial fees and investment advisory fees, totaled approximately \$93,331 for the year ended December 31, 2014.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2014:

Vehicles	\$ 3,666,511
Office furnishings and equipment	3,859,480
Leasehold improvements	330,796
Land and building	<u>408,403</u>
Total Property and Equipment	8,265,190
Less: Accumulated Depreciation and Amortization	<u>(3,676,316)</u>
Property and Equipment, Net	<u>\$ 4,588,874</u>

Depreciation and amortization expense totaled \$991,193 for the year ended December 31, 2014.

7. Lines of Credit

DKT Brazil:

DKT Brazil has three significant revolving lines of credit with three banks. The first line of credit was obtained in August 20, 2014 and matures in February 2015. The line of credit totals \$806,705, bears interest at 0.50% per annum, and is secured by Brazil's trade notes. As of December 31, 2014, the outstanding balance against this line of credit totaled \$950,230. This line of credit was subsequently paid in February 2015.

The second line of credit was obtained on June 24, 2014 and matures on June 24, 2016. The line of credit totals \$820,776 and bears interest at 15.61% per annum. As of December 31, 2014, the outstanding balance against this line of credit totaled \$628,796. The third line of credit was obtained on August 19, 2014 and matures on February 18, 2015. The line of credit totals \$548,356, bears interest at 3.78%, and is secured by Brazil's trade receivables. As of December 31, 2014, the outstanding balance against this line of credit totaled \$644,631. This line of credit was subsequently paid in February 2015.

DKT Philippines:

DKT Philippines obtained bank loans in 2014 to finance the acquisition of certain transportation equipment. These loans are secured by the related transportation equipment and have effective interest rates that range between 7.8% and 10.3%. As of December 31, 2014, the outstanding balance against these loans was \$385,290.

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

7. Lines of Credit (continued)

As of December 31, 2014, the outstanding balances related to DKT Brazil's second line of credit and DKT Philippines bank loans are scheduled to be paid as follows:

2015	\$ 2,140,270
2016	352,151
2017	<u>116,526</u>
Total	<u>\$ 2,608,947</u>

Interest expense related to these agreements totaled \$205,761 for the year ended December 31, 2014, 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 60 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 on March 31, 2015. On December 22, 2014, DKT entered into an amendment to the lease that extended the lease term until August 31, 2020, effective April 1, 2015. The amended lease calls for monthly payments of \$10,756 in the first year, with annual increases thereafter equal to 2.75% of the previous year's payment for the remainder of the lease. 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 all leases are as follows:

<u>For the Years Ending</u> <u>December 31,</u>	
2015	\$ 2,479,593
2016	1,803,264
2017	868,273
2018	555,065
2019	313,231
Thereafter	<u>1,230,129</u>
Total Future Minimum Lease Payments	<u>\$ 7,249,555</u>

DKT INTERNATIONAL, INC. AND AFFILIATES

**NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

8. Commitments, Risks and Concentrations (continued)

Operating Lease (continued)

Rent expense for the year ended December 31, 2014, totaled approximately \$3,088,995.

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, 2014, DKT had approximately \$1,900,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$1,600,000. 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, 2014, DKT had approximately \$26,356,000 of cash in its foreign offices.

Major Donor

For the year ended December 31, 2014, approximately 30% of DKT's contributions were promised or received from one donor. Additionally, as of December 31, 2014, approximately 85% 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.

OMB Circular A-133

DKT has instructed its independent auditors to audit its federal program for the year ended December 31, 2014, in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audit is finalized, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that matters arising from the federal agency's review of the independent auditor's reports for 2014 will not have a material effect on the financial position of DKT.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

9. Temporarily Restricted Net Assets

DKT International holds temporarily restricted net assets that are available for the following programs as of December 31, 2014:

Ethiopia	\$ 8,203,956
Nigeria	6,991,378
Indonesia	6,094,384
Pakistan	5,246,649
Mumbai	3,378,739
Mozambique	2,838,169
Bihar	2,824,631
DR Congo	2,523,696
Tanzania	2,127,113
Headquarters – Liberty Project	568,378
Reproductive Health Commodity Security	<u>219,092</u>
Total	<u>\$41,016,185</u>

10. Retirement Plan

DKT maintains a tax-sheltered annuity plan according to the terms of Internal Revenue Code (IRC) Section 403(b). All eligible U.S. 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 \$159,043 for the year ended December 31, 2014. The international employees are given an equivalent percentage of compensation to use for funding their retirement.

11. Going Concern

DKT's foreign affiliates are separately audited by local auditors. Several of the affiliates had going concern issues reported by their local auditors. In view of these matters, DKT has developed a management plan for 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 combined 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, 2014

12. 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, 2014, 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, 2014, 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 2011 through 2013 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, 2014, 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, 2014, for such affiliates totaled approximately \$1,200,948. The net deferred tax asset recognized by such affiliates for the year ended December 31, 2014 totaled \$970,120.

13. Prior Period Adjustments

During the year ended December 31, 2014, DKT's management became aware of contributions and grants that should have been recorded to 2013. Management also became aware of a gain recorded as an offset to expenses to write up the value of certain inventory which is not in accordance with GAAP. As a result, DKT recorded an adjustment to decrease grants and contributions revenue and receivable and to decrease inventory and expenses as of December 31, 2013.

The total effect of these adjustments on the balances as of December 31, 2013, was as follows:

Assets	\$ (2,142,855)
Liabilities	\$ -
Net assets as of December 31, 2013	\$ (2,142,855)
Revenue	\$ (1,255,588)
Expenses	\$ 887,267
Change in Net Assets	\$ (2,142,855)

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

14. Prior Year Summarized Financial Information

The accompanying combined financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with DKT's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

15. Subsequent Events

In preparing these combined financial statements, DKT has evaluated events and transactions for potential recognition or disclosure through December 14, 2015, the date the combined financial statements were available to be issued. Except as discussed in Note 7, 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, 2014

	DKT Headquarters	Indonesia	Philippines	Brazil	Ethiopia	Uruguay	Ghana	India Healthcare (Mumbai)	Mumbai India	Mexico	Bihar India	Egypt	Mozambique	Vietnam
ASSETS														
Cash and cash equivalents	\$ 1,719,166	\$ 6,511,041	\$ 4,975,431	\$ 749,830	\$ 2,252,332	\$ 21,419	\$ 5,281,597	\$ 148,396	\$ 295,744	\$ 5,119	\$ 241,040	\$ 485,739	\$ 366,105	\$ 448,120
Grants and contributions receivable	27,271,748	-	-	-	1,181,233	-	158,471	-	-	-	-	-	-	-
Trade receivable, net of allowance	19,152	1,815,624	7,274,584	4,202,352	69,015	-	777,796	487,454	-	2,008,608	1,538,090	372,443	262,626	335,995
Due from affiliates	7,617,574	(205,275)	3,428,745	-	-	-	-	-	-	-	-	-	-	-
Inventory, net of allowance	-	3,674,767	2,400,057	2,011,962	3,477,331	764,698	1,462,592	1,573,068	186,688	1,444,986	453,691	332,876	749,480	668,413
Prepaid expenses	233,464	1,147,637	390,461	7,771	1,159,428	3,888	119,057	-	373,514	15,080	181,926	23,315	19,738	30,058
Deferred tax asset	-	-	820,648	-	-	-	-	-	-	-	-	-	-	-
Investments	88,936,255	4,287,264	-	-	-	-	-	-	-	-	-	-	-	-
Investment in affiliates	52,193,732	-	-	-	-	4,727,290	-	-	-	3,385	-	-	-	-
Other assets	5,900	16,390	149,785	13,398	-	152,140	-	-	37,225	33,576	347,125	52,367	16,793	46,789
Property and equipment, net	3,120	107,742	727,003	616,903	-	2,011	296,131	-	197,611	118,787	774,598	112,860	114,153	4,960
TOTAL ASSETS	\$ 178,000,111	\$ 17,355,190	\$ 20,166,714	\$ 7,602,216	\$ 8,139,339	\$ 5,671,446	\$ 8,095,644	\$ 2,208,918	\$ 1,090,782	\$ 3,629,541	\$ 3,536,470	\$ 1,379,600	\$ 1,528,895	\$ 1,534,335
LIABILITIES AND NET ASSETS														
Liabilities														
Accounts payable and accrued expenses	\$ 3,118,037	\$ 4,078,574	\$ 4,761,302	\$ 930,814	\$ 1,515,669	\$ 4,482,759	\$ 1,406,383	\$ 150,715	\$ 1,376,931	\$ 1,937,004	\$ 844,021	\$ 685,772	\$ 69,731	\$ 227,298
Deferred revenue	250	-	-	-	-	-	2,249,721	-	-	-	-	-	-	-
Payable to affiliates	-	-	-	3,367,891	-	-	-	2,359,753	4,088,068	412,529	-	7,565,027	-	1,615,205
Lines of credit	-	-	385,290	2,223,657	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,118,287	4,078,574	5,146,592	6,522,362	1,515,669	4,482,759	3,656,104	2,510,468	5,464,999	2,349,533	844,021	8,250,799	69,731	1,842,503
Net Assets														
Unrestricted														
Undesignated (deficit)	112,865,639	13,276,616	15,020,122	1,079,854	6,623,670	1,188,687	4,439,540	(301,550)	(4,374,217)	1,280,008	2,692,449	(6,871,199)	1,459,164	(308,168)
Board-designated	21,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Unrestricted	133,865,639	13,276,616	15,020,122	1,079,854	6,623,670	1,188,687	4,439,540	(301,550)	(4,374,217)	1,280,008	2,692,449	(6,871,199)	1,459,164	(308,168)
Temporarily restricted														
	41,016,185	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	174,881,824	13,276,616	15,020,122	1,079,854	6,623,670	1,188,687	4,439,540	(301,550)	(4,374,217)	1,280,008	2,692,449	(6,871,199)	1,459,164	(308,168)
TOTAL LIABILITIES AND NET ASSETS	\$ 178,000,111	\$ 17,355,190	\$ 20,166,714	\$ 7,602,216	\$ 8,139,339	\$ 5,671,446	\$ 8,095,644	\$ 2,208,918	\$ 1,090,782	\$ 3,629,541	\$ 3,536,470	\$ 1,379,600	\$ 1,528,895	\$ 1,534,335

DKT INTERNATIONAL, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

December 31, 2014

	Shanghai China	DR Congo	Western China	Turkey	Thailand	Pakistan	Nigeria	Myanmar	Tanzania	Indonesia PT	Philippines Healthcare	Subtotal	Eliminating Entries	Combined Total
ASSETS														
Cash and cash equivalents	\$ 11,232	\$ 63,946	\$ 186,448	\$ 71,874	\$ 99,710	\$ 431,917	\$ 830,248	\$ 115,621	\$ 1,367,396	\$ 836,838	\$ 559,053	\$ 28,075,362	\$ -	\$ 28,075,362
Grants and contributions receivable	-	-	-	-	-	-	-	-	-	-	-	28,611,452	-	28,611,452
Trade receivable, net of allowance	366,107	-	46,855	624,938	126,781	59,332	518,538	8,079	30,414	1,566,785	8,763	22,520,331	(487,454)	22,032,877
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-	10,841,044	(10,841,044)	-
Inventory, net of allowance	60,735	-	12,445	221,224	115,871	611,154	1,560,436	121,463	99,418	775,418	-	22,778,773	818,587	23,597,360
Prepaid expenses	3,142	-	-	146	-	44,364	47,242	38,313	37,272	63,334	-	3,939,150	-	3,939,150
Deferred tax asset	-	-	-	-	-	-	-	-	149,472	-	-	970,120	-	970,120
Investments	-	-	-	-	-	-	-	-	-	-	5,910	93,232,814	-	93,232,814
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	56,921,022	(56,921,022)	-
Other assets	1,463	-	17,417	6,699	37,757	42,988	-	1,776	84,041	-	1,822,011	2,885,640	-	2,885,640
Property and equipment, net	17,101	384,448	12,720	577	432	345,119	596,833	56,204	47,209	-	52,352	4,588,874	-	4,588,874
TOTAL ASSETS	\$ 459,780	\$ 448,394	\$ 275,885	\$ 925,458	\$ 380,551	\$ 1,534,874	\$ 3,553,297	\$ 341,456	\$ 1,815,222	\$ 3,242,375	\$ 2,448,089	\$ 275,364,582	\$ (67,430,933)	\$ 207,933,649
LIABILITIES AND NET ASSETS														
LIABILITIES														
Accounts payable and accrued expenses	\$ 1,129,087	\$ -	\$ 43,913	\$ 41,852	\$ 224,931	\$ 839,403	\$ 766,551	\$ 159,372	\$ 132,993	\$ 136,884	\$ 450	\$ 29,060,446	\$ (487,454)	\$ 28,572,992
Deferred revenue	92,380	-	-	-	-	-	73,802	-	1,025,030	-	-	3,441,183	(1,025,030)	2,416,153
Payable to affiliates	182,771	4,877,778	36,911	48,673	1,818,926	7,211,876	4,169,100	475,981	1,008,197	2,879,330	2,176,378	44,294,394	(44,294,394)	-
Lines of credit	-	-	-	-	-	-	-	-	-	-	-	2,608,947	-	2,608,947
TOTAL LIABILITIES	1,404,238	4,877,778	80,824	90,525	2,043,857	8,051,279	5,009,453	635,353	2,166,220	3,016,214	2,176,828	79,404,970	(45,806,878)	33,598,092
NET ASSETS														
Unrestricted														
Undesignated (deficit)	(944,458)	(4,429,384)	195,061	834,933	(1,663,306)	(6,516,405)	(1,456,156)	(293,897)	(350,998)	226,161	271,261	133,943,427	(21,624,055)	112,319,372
Board-designated	-	-	-	-	-	-	-	-	-	-	-	21,000,000	-	21,000,000
Total Unrestricted	(944,458)	(4,429,384)	195,061	834,933	(1,663,306)	(6,516,405)	(1,456,156)	(293,897)	(350,998)	226,161	271,261	154,943,427	(21,624,055)	133,319,372
Temporarily restricted														
	-	-	-	-	-	-	-	-	-	-	-	41,016,185	-	41,016,185
TOTAL NET ASSETS	(944,458)	(4,429,384)	195,061	834,933	(1,663,306)	(6,516,405)	(1,456,156)	(293,897)	(350,998)	226,161	271,261	195,959,612	(21,624,055)	174,335,557
TOTAL LIABILITIES AND NET ASSETS	\$ 459,780	\$ 448,394	\$ 275,885	\$ 925,458	\$ 380,551	\$ 1,534,874	\$ 3,553,297	\$ 341,456	\$ 1,815,222	\$ 3,242,375	\$ 2,448,089	\$ 275,364,582	\$ (67,430,933)	\$ 207,933,649

DKT INTERNATIONAL, INC. AND AFFILIATES

**COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014**

	DKT Headquarters	Indonesia	Philippines	Brazil	Ethiopia	Uruguay	Ghana	Mumbai India	Mexico	Bihar India	Egypt	Mozambique	India Healthcare (Mumbai)	Vietnam
REVENUE AND SUPPORT														
Sales, net of discounts	\$ -	\$ 26,642,202	\$ 26,964,873	\$ 18,232,510	\$ 3,422,485	\$ 5,466,859	\$ 3,017,467	\$ 7,793,292	\$ 7,090,824	\$ 2,376,743	\$ 2,037,277	\$ 258,682	\$ 695,281	\$ 2,110,067
Grants and contributions	18,795,938	-	-	-	16,831,330	-	6,759,421	-	-	1,069,466	-	356,259	-	-
Investment income	11,139,900	652,860	-	-	-	-	-	-	-	-	-	-	-	-
Grants from affiliates	-	-	-	-	-	-	-	-	-	3,575,112	-	1,099,265	-	-
Interest income from loans to affiliates	17,853	-	-	-	-	-	-	-	-	-	-	-	-	-
Service fees from affiliates	2,370,151	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	9,951,442	-	23,241	110,752	12,085	21,439	215,997	12,975	21,672	55,059	2,597	8,790	110	712
TOTAL REVENUE	\$ 42,275,284	\$ 27,295,062	\$ 26,988,114	\$ 18,343,262	\$ 20,265,900	\$ 5,488,298	\$ 9,992,885	\$ 7,806,267	\$ 7,112,496	\$ 7,076,380	\$ 2,039,874	\$ 1,722,996	\$ 695,391	\$ 2,110,779
EXPENSES AND LOSSES														
Cost of sales	-	16,706,188	9,646,456	7,489,454	9,220,036	4,772,340	1,983,130	4,279,043	3,109,481	854,587	1,144,404	389,380	634,300	1,239,228
Advertising and promotion	-	4,538,078	9,000,344	5,815,487	4,522,351	90,550	1,531,328	2,104,023	1,271,367	132,947	207,442	620,720	17,371	46,575
Salaries and fringe benefits	6,889,744	894,051	1,410,775	2,714,531	2,594,312	129,016	457,425	1,723,001	1,021,341	2,709,716	923,965	723,793	223,336	419,858
Grants to affiliates	987,162	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	1,663,700	204,500	169,816	1,408,586	186,819	29,528	65,545	28,473	229,126	302,986	48,733	135,410	-	186,470
Travel and related expenses	121,434	108,778	339,633	256,232	1,025,385	17,624	131,228	783,250	214,441	396,454	37,731	35,783	124,558	40,380
Trainings, meetings and conferences	10,248,293	132,991	223,811	102,202	745,948	-	51,367	56,733	126,757	1,047,135	22,023	351,520	-	47,387
Service fees expenses to affiliates	-	3,103,579	6,638,989	-	-	-	-	-	-	-	-	-	-	16,082
Office expenses	51,722	39,608	294,577	270,275	373,776	4,126	274,386	198,669	133,662	80,223	44,877	95,202	2,750	121,797
Contributions, outreach and grants to partners	957,160	-	-	138,673	-	-	1,678	-	2,989	-	-	-	-	9,609
Product development	-	400,084	328,042	269,051	545,031	-	-	-	31,977	-	30,006	-	-	2,977
Rent	132,900	105,594	320,746	277,822	310,194	12,423	93,147	82,082	141,903	605,702	76,791	91,786	-	123,620
Foreign currency exchange losses (gains)	700	(710,291)	63,724	782,313	307,004	293	599,179	-	62,076	-	(2,489)	(25,442)	-	5,036
Other	169,274	108,951	10,444	88,187	1,734,892	1,504	85,134	81,844	117,068	13,226	4,064	123,658	1,346	31,465
Repairs and maintenance	-	29,697	35,127	23,034	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	7,221	28,214	151,644	175,794	-	895	68,620	30,377	56,162	110,970	47,581	115,275	-	7,521
Licenses and taxes	26,251	199,177	650,330	217,321	2,286	4,216	-	-	128,400	-	24,606	3,148	-	156
Telephone, facsimile and utilities	12,955	22,614	32,523	52,627	42,487	3,740	16,082	53,067	39,076	49,548	12,220	23,135	8,163	2,584
Bad debt	-	-	1,519,063	35,295	62,901	-	-	(214)	-	-	-	3,904	-	-
Interest	17	-	7,801	197,960	-	63,708	-	2,638	20,258	22,978	-	75	-	-
Bank charges	96,612	14,046	8,621	17,432	2,189	7,210	7,097	3,264	2,085	918	7,070	5,912	403	2,237
TOTAL EXPENSES AND LOSSES	21,365,145	25,925,859	30,852,466	20,332,276	21,675,611	5,137,173	5,365,346	9,426,250	6,708,169	6,327,390	2,629,024	2,693,259	1,012,227	2,302,982
CHANGE IN NET ASSETS	20,910,139	1,369,203	(3,864,352)	(1,989,014)	(1,409,711)	351,125	4,627,539	(1,619,983)	404,327	748,990	(589,150)	(970,263)	(316,836)	(192,203)
Income tax benefit (provision)	-	-	367,087	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation gain (loss)	-	(304,172)	155,601	(311,699)	(261,801)	-	(862,997)	(135,898)	(162,949)	(37,756)	(1,735,646)	(81,223)	15,286	(69,518)
Dividends received (issued)	-	-	-	1,208,687	-	(1,208,687)	-	-	-	-	-	-	-	-
Additional capital issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSET, BEGINNING OF YEAR, AS RESTATED	153,971,685	12,211,585	18,361,786	2,171,880	8,295,182	2,046,249	674,998	(2,618,336)	1,038,630	1,981,215	(4,546,403)	2,510,650	-	(46,447)
NET ASSET (DEFICIT), END OF YEAR	\$ 174,881,824	\$ 13,276,616	\$ 15,020,122	\$ 1,079,854	\$ 6,623,670	\$ 1,188,687	\$ 4,439,540	\$ (4,374,217)	\$ 1,280,008	\$ 2,692,449	\$ (6,871,199)	\$ 1,459,164	\$ (301,550)	\$ (308,168)

DKT INTERNATIONAL, INC. AND AFFILIATES

**COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014**

	Shanghai China	DR Congo	Western China	Turkey	Thailand	Pakistan	Nigeria	Myanmar	Tanzania	Indonesia PT	Philippines Health	Subtotal	Eliminating Entries	Combined Total
REVENUE AND SUPPORT														
Sales, net of discounts	\$ 1,178,346	\$ 349,846	\$ 627,226	\$ 614,001	\$ 453,829	\$ 723,976	\$ 1,050,133	\$ 4,633	\$ 314	\$ 1,480,528	\$ -	\$ 112,591,394	\$ (9,495,496)	\$ 103,095,898
Grants and contributions	-	469,880	-	-	-	39,957	-	-	203,583	-	-	44,525,834	(5,396,786)	39,129,048
Investment income	-	-	-	-	-	-	-	-	-	-	-	11,792,760	-	11,792,760
Grants from affiliates	-	-	-	-	-	-	-	-	24,125	-	-	4,698,502	(4,698,502)	-
Interest income from loans to affiliates	-	-	-	-	-	-	-	-	-	-	-	17,853	(17,853)	-
Service fees from affiliates	-	-	-	-	-	-	-	-	-	-	-	2,370,151	(2,370,151)	-
Other income	27,462	-	(607)	-	1,572	-	1,951	5	689	519	1,105	10,469,567	(9,884,113)	585,454
TOTAL REVENUE	1,205,808	819,726	626,619	614,001	455,401	763,933	1,052,084	4,638	228,711	1,481,047	1,105	186,466,061	\$ (31,862,901)	\$ 154,603,160
EXPENSES AND LOSSES														
Cost of sales	652,851	247,556	89,187	297,946	281,428	723,369	1,088,933	2,894	401	697,707	-	65,550,299	(8,721,799)	56,828,500
Advertising and promotion	84,341	311,768	20,430	74,281	100,719	1,182,759	282,026	4,127	61,913	2,605	-	32,023,552	-	32,023,552
Salaries and fringe benefits	350,631	1,087,407	305,229	97,761	104,500	1,361,897	469,501	47,556	256,692	95,526	-	27,011,564	-	27,011,564
Grants to affiliates	-	-	-	-	-	-	-	-	-	-	-	987,162	(987,162)	-
Professional fees	5,190	129,347	28,228	14,560	28,919	115,111	20,010	9,909	39,310	70,148	5,770	5,126,194	(212,024)	4,914,170
Travel and related expenses	36,690	329,080	30,846	7,582	27,219	341,309	153,201	4,243	56,506	-	-	4,619,587	-	4,619,587
Trainings, meetings and conferences	5,123	429,344	73,324	-	2,216	1,832,907	6,624	213	131,418	-	-	15,637,336	(8,988,187)	6,649,149
Service fees expenses to affiliate	-	-	-	-	57,148	-	-	1,771	-	614,347	-	10,431,916	(10,431,916)	-
Office expenses	12,876	208,222	16,678	14,360	7,595	44,210	56,126	2,062	33,809	-	1,089	2,382,677	-	2,382,677
Contribution, outreach and grants to partners	-	-	-	1,177	-	49	-	-	-	-	-	1,111,335	-	1,111,335
Product development	-	-	6,052	-	-	91,099	57,570	177,776	7,549	-	-	1,947,214	-	1,947,214
Rent	74,980	390,702	73,411	9,260	27,415	55,408	7,090	28,198	46,455	1,366	-	3,088,995	-	3,088,995
Foreign currency exchange losses (gains)	(6)	-	193	(59)	7,592	(68,468)	(114,477)	2,579	23,642	(61,503)	71	871,667	-	871,667
Other	14,888	228,038	3,200	47,823	9,723	54,100	87,729	7,058	60,307	(229)	-	3,083,694	(594,374)	2,489,320
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	87,858	-	87,858
Depreciation and amortization	6,256	-	6,404	1,916	11,859	33,661	110,284	9,265	4,110	-	7,164	991,193	-	991,193
Licenses and taxes	12,426	-	10,021	1,918	774	1,974	87,982	310	-	14,985	4,684	1,390,965	-	1,390,965
Telephone, facsimile and utilities	9,405	44,647	6,722	1,780	8,138	38,838	17,879	450	2,770	-	-	501,450	-	501,450
Bad debt	9,160	-	-	-	-	-	30,433	-	-	-	-	1,660,542	(1,227,281)	433,261
Interest	-	-	-	142	-	-	-	-	-	-	-	315,577	-	315,577
Bank charges	345	335,749	575	2,124	806	2,497	16,984	124	2,849	617	87	537,853	-	537,853
TOTAL EXPENSES AND LOSSES	1,275,156	3,741,860	670,500	572,571	676,051	5,810,720	2,377,895	298,535	727,731	1,435,569	18,865	179,358,630	(31,162,743)	148,195,887
CHANGE IN NET ASSETS	(69,348)	(2,922,134)	(43,881)	41,430	(220,650)	(5,046,787)	(1,325,811)	(293,897)	(499,020)	45,478	(17,760)	7,107,431	(700,158)	6,407,273
Income tax benefit (provision)	-	-	-	-	-	-	-	-	136,124	-	-	503,211	-	503,211
Foreign currency translation gain (loss)	(14,432)	-	6,869	(63,695)	13,953	(49,367)	166,071	-	11,898	1,375	(158)	(3,720,258)	-	(3,720,258)
Dividends received (issued)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional capital issued	-	-	100,000	-	-	-	-	-	-	179,308	289,179	568,487	(568,487)	-
NET ASSET, BEGINNING OF YEAR, AS RESTATED	(860,678)	(1,507,250)	132,073	857,198	(1,456,609)	(1,420,251)	(296,416)	-	-	-	-	191,500,741	(20,355,410)	171,145,331
NET ASSET (DEFICIT), END OF YEAR	\$ (944,458)	\$ (4,429,384)	\$ 195,061	\$ 834,933	\$ (1,663,306)	\$ (6,516,405)	\$ (1,456,156)	\$ (293,897)	\$ (350,998)	\$ 226,161	\$ 271,261	\$ 195,959,612	\$ (21,624,055)	\$ 174,335,557