



DKT INTERNATIONAL, INC. AND AFFILIATES

Combined Financial Statements and Supplementary Information

For The Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)



**and
Report Thereon**



DKT INTERNATIONAL, INC. AND AFFILIATES

TABLE OF CONTENTS
For the Year Ended December 31, 2019

	<i>Page</i>
Independent Auditors' Report.....	1-2
Combined Financial Statements:	
Combined Statement of Financial Position.....	3
Combined Statement of Activities.....	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7-24
Supplementary Information:	
Combining Schedule of Financial Position	25-26
Combining Schedule of Activities	27-28

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
DKT International, Inc. and Affiliates

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 combined statement of financial position as of December 31, 2019, and the related combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 auditors' 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.

Continued

- 1 -

Opinion

In our opinion, the 2019 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, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on the Summarized Financial Statements

We have previously audited DKT International, Inc. and Affiliates' 2018 financial statements, and in our report dated September 30, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary combining schedules 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.

Marcum LLP

Washington, DC
September 21, 2020

DKT INTERNATIONAL, INC. AND AFFILIATES
COMBINED STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 45,975,472	\$ 39,778,174
Grants and contributions receivable	23,686,830	31,868,746
Trade receivables, net of allowance	52,099,645	45,583,880
Inventory, net of allowance	41,833,503	34,035,049
Prepaid expenses	3,846,701	4,310,706
Deferred tax asset	2,036,416	2,080,398
Investments	108,910,236	91,359,555
Other assets	2,270,138	1,719,820
Property and equipment, net	11,174,570	9,810,972
TOTAL ASSETS	\$ 291,833,511	\$ 260,547,300
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 58,329,099	\$ 46,364,430
Refundable advances	8,047,011	6,158,589
Contract liabilities	148,775	432,272
Lines of credit and loans payable	14,517,125	14,087,248
TOTAL LIABILITIES	81,042,010	67,042,539
Net Assets		
Without donor restrictions		
Undesignated	160,785,656	130,689,409
Board-designated	21,000,000	21,000,000
Total Without Donor Restrictions	181,785,656	151,689,409
With donor restrictions	29,005,845	41,815,352
TOTAL NET ASSETS	210,791,501	193,504,761
TOTAL LIABILITIES AND NET ASSETS	\$ 291,833,511	\$ 260,547,300

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, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Sales, net of discounts	\$ 162,657,141	\$ -	\$ 162,657,141	\$ 144,903,304
Grants and contributions	39,671,437	21,071,753	60,743,190	54,771,608
Investment income (loss)	23,717,413	-	23,717,413	(4,096,384)
Other income	942,756	-	942,756	775,404
Net assets released from restriction:				
Satisfaction of program restrictions	31,969,977	(31,969,977)	-	-
Satisfaction of time restrictions	1,911,283	(1,911,283)	-	-
TOTAL REVENUE AND SUPPORT	260,870,007	(12,809,507)	248,060,500	196,353,932
EXPENSES AND LOSSES				
Program Services:				
Education and reproductive health	225,990,440	-	225,990,440	212,134,147
Total Program Services	225,990,440	-	225,990,440	212,134,147
Supporting Services:				
Management and general	4,060,063	-	4,060,063	3,240,744
Development and fundraising	540,618	-	540,618	501,772
Total Supporting Services	4,600,681	-	4,600,681	3,742,516
TOTAL EXPENSES	230,591,121	-	230,591,121	215,876,663
Foreign currency exchange (gains) losses	(680,015)	-	(680,015)	5,033,515
Loss from close of affiliate	-	-	-	8,090,574
TOTAL EXPENSES AND LOSSES	229,911,106	-	229,911,106	229,000,752
Change in net assets before foreign currency translation	30,958,901	(12,809,507)	18,149,394	(32,646,820)
Foreign currency translation (loss) gain	(862,654)	-	(862,654)	2,719,355
CHANGE IN NET ASSETS	30,096,247	(12,809,507)	17,286,740	(29,927,465)
NET ASSETS, BEGINNING OF YEAR	151,689,409	41,815,352	193,504,761	223,432,226
NET ASSETS, END OF YEAR	\$ 181,785,656	\$ 29,005,845	\$ 210,791,501	\$ 193,504,761

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, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Program Services	Supporting Services			2019 Total	2018 Total
	Education and Reproductive Health	Management and General	Development and Fundraising	Total Supporting Services		
Cost of goods sold – products	\$ 95,475,219	\$ -	\$ -	\$ -	\$ 95,475,219	\$ 84,612,085
Salaries and fringe benefits	43,006,020	2,679,540	536,244	3,215,784	46,221,804	40,122,977
Advertising and promotion	36,036,250	-	-	-	36,036,250	42,209,501
Professional fees	11,525,238	926,350	4,374	930,724	12,455,962	11,335,473
Travel and related expenses	10,625,712	99,314	-	99,314	10,725,026	10,023,180
Rent	6,404,448	87,414	-	87,414	6,491,862	5,099,717
Trainings, meetings and conferences	4,060,038	22,019	-	22,019	4,082,057	3,357,480
Contribution, outreach and grants to partners	3,051,953	-	-	-	3,051,953	2,233,327
Depreciation and amortization	2,890,279	5,365	-	5,365	2,895,644	2,608,223
Office expenses	2,243,657	210,403	-	210,403	2,454,060	2,279,053
Licenses and taxes	2,035,480	7,864	-	7,864	2,043,344	1,431,477
Product development	1,901,882	-	-	-	1,901,882	1,475,023
Income tax provision	1,897,760	-	-	-	1,897,760	561,082
Telephone, facsimile and utilities	1,427,075	18,336	-	18,336	1,445,411	1,290,885
Interest	1,359,743	121	-	121	1,359,864	1,077,964
Repairs and maintenance	591,083	-	-	-	591,083	638,456
Bank charges	496,496	3,237	-	3,237	499,733	495,616
Obsolete inventory expense	411,246	-	-	-	411,246	641,801
Bad debt	387,554	-	-	-	387,554	1,293,989
Other	163,307	100	-	100	163,407	3,089,354
TOTAL FUNCTIONAL EXPENSES	<u>\$ 225,990,440</u>	<u>\$ 4,060,063</u>	<u>\$ 540,618</u>	<u>\$ 4,600,681</u>	<u>\$ 230,591,121</u>	<u>\$ 215,876,663</u>

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, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,286,740	\$ (29,927,465)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in provision for doubtful trade receivables	(1,002,667)	778,961
Bad debt	387,554	1,293,989
Change in discount for present value of grants and contributions receivable	(110,723)	53,129
Change in allowance for obsolete inventory	26,856	51,805
Realized gains on sales of investments	(5,682,946)	(7,187,441)
Unrealized (gains) losses on investments	(15,520,252)	14,621,865
Depreciation and amortization	2,895,644	2,608,223
Change in discount for present value of loan payable	511,283	486,399
Changes in assets and liabilities:		
Grants and contributions receivable	8,292,639	6,522,355
Trade receivables	(5,900,652)	(7,572,311)
Inventory	(7,825,310)	(3,647,937)
Prepaid expenses	464,005	(382,002)
Deferred tax asset (liability)	43,982	(324,838)
Other assets	(550,318)	(329,121)
Accounts payable and accrued expenses	11,964,669	6,161,404
Refundable advances	1,888,422	(2,595,411)
Contract liabilities	(283,497)	432,272
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>6,885,429</u>	<u>(18,956,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(19,697,865)	(28,866,723)
Proceeds from sales of investments	23,350,382	33,027,523
Purchases of property and equipment	(4,259,242)	(3,329,303)
Proceeds from sales of property and equipment	-	219,920
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(606,725)</u>	<u>1,051,417</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit and loans payable	1,112,114	1,834,526
Repayments of lines of credit and loans payable	(1,193,520)	(477,680)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(81,406)</u>	<u>1,356,846</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,197,298	(16,547,861)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,778,174</u>	<u>56,326,035</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 45,975,472</u>	<u>\$ 39,778,174</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 848,579</u>	<u>\$ 591,564</u>
Income taxes paid	<u>\$ 1,221,882</u>	<u>\$ 925,791</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, 2019

1. Organization and Summary of Significant Accounting Policies

Organization

DKT International, Inc. is a nonprofit corporation organized in 1984 in the United States for the purpose of designing and implementing family planning projects in developing countries. DKT International, Inc. and its affiliates (collectively referred to as DKT) direct social marketing programs mainly in developing countries but have also expanded to sell products in developed countries. DKT is one of the world's largest providers of family planning, HIV/AIDS prevention and safe abortion products and services. All activities of DKT are funded primarily from product sales and from grants and contributions.

Basis of Accounting and Presentation

The accompanying combined financial statements 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 and related parties as follows:

<u>Country</u>	<u>Full Name</u>	<u>Short Name</u>
Argentina	DKT Argentina S.A.	South America Group
Bolivia	DKT Bolivia S.A.	South America Group
Brazil	DKT DO Brasil Produtos De Uso Pessoal Ltda.	South America Group
Chile	DKT Chile	South America Group
Colombia	DKT Colombia S.A.S.	South America Group
Ecuador	DKT Ecuador S.A.	South America Group
Paraguay	DKT Paraguay	South America Group
Panama	DKT South America Holding Inc.	South America Group
Peru	DKT Peru	South America Group
Uruguay	SYB Salud y Belleza Internacional S.A.	South America Group
Uruguay	DKT Uruguay S.A.	South America Group
Democratic Republic of Congo	DKT DR Congo	DR Congo
Egypt	DKT Egypt	Egypt Group
Egypt	DKT Limited Liability Company	Egypt Group
Ethiopia	Dink Kistet Letena	Ethiopia
Ghana	DKT International Inc. Ghana	Ghana/Anglophone West Africa Group (AWA Group)
Liberia	DKT International Inc. Liberia	Ghana/AWA Group
Sierra Leone	Sierra Leone	Ghana/AWA Group
India	Janani	India Janani Group
India	Janani Family Care Private Limited	India Janani Group
India	DKT India	India Mumbai Group

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES

**NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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

Principles of Combination (continued)

<u>Country</u>	<u>Full Name</u>	<u>Short Name</u>
India	DKT Healthcare India Private Ltd	India Mumbai Group
Indonesia	Yayasan DKT Indonesia	Indonesia Group
Indonesia	PT DKT International	Indonesia Group
Indonesia	PT. Dharmendra Kumar Tiyagi Indonesia	Indonesia Group
Mexico	DKT de Mexico S.A. de C.V.	Mexico
Mozambique	DKT Mozambique, Limitada	Mozambique
Myanmar	DKT International Inc. Myanmar Branch	Myanmar Group
Myanmar	Modern Choice Experts Co. Ltd.	Myanmar Group
Nigeria	Deep K. Tyagi Foundation Nigeria	Nigeria
Pakistan	DKT Pakistan (Private) Limited	Pakistan
Philippines	DKT Philippines, Inc	Philippines Group
Philippines	DKT Reproductive Health, Inc.	Philippines Group
Philippines	HealthSense, Inc.	Philippines Group
Philippines	DKT Health, Inc.	Philippines Group
Philippines	DKT Regional Operating Headquarters	Philippines Group
Singapore	Asia Reproductive Health Supply PTE. Ltd *	Philippines Group
Tanzania	DKT International Tanzania Limited	Tanzania Group
Tanzania	DKT International Tanzania	Tanzania Group
Iran	DKT International Segal Company	Turkey Group
Turkey	DKT International Istanbul Saglik Urunleri Ithalat Ticaret Ltd. Sirketi	Turkey Group
Cameroon	DKT International Cameroon SUARL	West and Central Africa Group
Cote D'Ivoire	DKT International Cote D'Ivoire SUARL	West and Central Africa Group
Senegal	DKT International Senegal SUARL	West and Central Africa Group
Vietnam	Representative Office of DKT International Inc. in Hanoi	Vietnam Group
Vietnam	DKT International – Vietnam Office	Vietnam Group
Kenya	DKT Healthcare International Limited	Kenya & Uganda Group
Uganda	DKT Healthcare International Uganda Limited	Kenya & Uganda Group
United Kingdom	WomanCare Global Trading CIC	United Kingdom Group
France	DKT WomanCare Global Services	United Kingdom Group
United Kingdom	DKT International Foundation UK	United Kingdom Group
United States	FemHealth USA Inc.	United States

* Asia Reproductive Health Supply PET. LTD is a new legal entity established in Singapore in July 2019.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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

Principles of Combination (continued)

Such combined reporting most accurately reflects the common charitable activities of DKT International, Inc. and its affiliates and related parties. All intercompany accounts between DKT International Inc. and its affiliates and related parties 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 and net realizable value. Inventory also includes goods in transit free on board (FOB) shipping point. Inventories are primarily maintained on the first-in, first-out method.

Investments

Investments consist of mutual funds, equities, exchange-traded and closed-end funds, money market funds, unit investment trusts and certificates of deposit and 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 Measurement

In accordance with the accounting standards for fair value measurement 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.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

Fair Value Measurement (continued)

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

Property and equipment are stated at cost. Capitalized items must have a cost basis of greater than \$5,000 and an economic life in excess of one year. 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
Software	3 years
Building	20 years
Leasehold improvements	Shorter of remaining term of lease or useful life

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 combined statement of activities.

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, 2019, DKT has not recognized an impairment loss.

Classification of Net Assets

DKT's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of DKT at the discretion of DKT's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated \$21,000,000 of net assets without donor restrictions to serve as a working capital reserve to secure DKT's long-term financial viability.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES

**NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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

Classification of Net Assets (continued)

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of DKT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2019, DKT had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue and Support Recognition

DKT reports unconditional gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Unconditional grants and contributions are recognized as revenue and support when the donor has made an unconditional promise to contribute funds to DKT in future periods. Unconditional grants and contributions 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. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. As of December 31, 2019, contributions approximating \$38,751,000 have not been recognized in the accompanying combined statement of activities because the condition(s) on which they depend have not yet been met.

A portion of DKT's revenue and support is derived from cost-reimbursable contracts and grants with government agencies and other organizations, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue and support when DKT has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying combined statement of financial position. As of December 31, 2019, DKT has been awarded cost-reimbursable grants of \$52,484,684 that have not yet been recognized as revenue. As of December 31, 2019, DKT has yet to collect \$2,375,243 recognized under such cost-reimbursable grants which is included in grants and contributions receivable in the accompanying combined statement of financial position. Additionally, DKT has received advance payments of \$8,047,011 reported in the accompanying combined statement of financial position as refundable advances.

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

Revenue and Support Recognition (continued)

Sales revenue includes a single performance obligation related to the fulfillment of customer orders for the purchase of DKT's products including condoms, other contraceptives, medical equipment and other family planning products. The performance obligation is satisfied at the point in time when title to the product, ownership and risk of loss transfers to the customer, at which time DKT recognizes sales revenue. Sales, net of discounts, reflect transaction prices based on the selling list prices reduced by discounts including costs for trade promotional programs, consumer incentives and allowances, discounts associated with aged or potentially unsaleable products and net of taxes collected on behalf of governmental authorities. A provision for discount is recorded as a reduction of sales in the same period in which the revenue is recognized. Sales revenue received in advance of the fulfillment of customer orders are recorded as contract liabilities.

Other income includes profit from the sale of fixed assets, refunds of foreign exchange difference from banks, interest income and medical research income for certain services provided to other organizations. Revenue is recognized in the period in which the underlying activities occur.

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 accompanying statement of functional expenses. Expenses directly attributed to a specific functional area are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Shared costs are allocated based on labor costs.

Estimates

The preparation of the 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.

Recent Accounting Pronouncements

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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

Recent Accounting Pronouncements (continued)

amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. DKT adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact DKT's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. DKT adopted ASU 2018-08 on January 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for DKT's grants.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which is effective for fiscal years beginning after December 15, 2021. This standard requires lessees to record lease assets and liabilities on the statement of financial position for leases with terms of twelve months or more. DKT's management is evaluating the impact this will have on the financial statements beginning in fiscal year 2022.

2. Grants and Contributions Receivable

Grants and contributions receivable as of December 31, 2019, were due as follows:

In less than one year	\$ 19,041,775
In one to five years	<u>4,645,055</u>
Total Grants and Contributions Receivable	<u>\$ 23,686,830</u>

A discount in the amount of \$97,643 was recorded for multi-year pledges receivable for the year ended December 31, 2019. The discount rate used for the year ended December 31, 2019, was 1.58%. All amounts are deemed fully collectible.

3. Trade Receivables

Trade receivables primarily consist of product sales and are reported net of a \$361,627 allowance for doubtful accounts as of December 31, 2019. As of December 31, 2019, South America Group's trade receivables of \$6,809,723 were used as collateral to the lines of credit disclosed in Note 7.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

4. Inventory

DKT's inventory consisted of the following as of December 31, 2019:

Condoms	\$ 20,837,809
Other contraceptives	14,816,650
Medical equipment (MVA business)	3,614,680
Other items	2,566,758
Goods in transit	<u>877,113</u>
Total Inventory	42,713,010
Less: Allowance for Inventory Obsolescence	<u>(879,507)</u>
Inventory, Net	<u><u>\$ 41,833,503</u></u>

5. Investments

Investments consisted of the following at December 31, 2019:

Mutual funds	\$ 62,710,529
Equities	26,830,799
Exchange-traded and closed-end funds	15,804,205
Money market funds	2,502,620
Unit investment trusts	438,187
Certificates of deposit	320,627
Cash	<u>303,269</u>
Total Investments	<u><u>\$108,910,236</u></u>

Investment income is summarized as follows for the year ended December 31, 2019:

Unrealized gains, net	\$ 15,522,006
Realized gains, net	5,696,366
Interest and dividends	2,499,176
Investment fees	<u>(135)</u>
Investment Income, Net	<u><u>\$ 23,717,413</u></u>

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2019:

Vehicles	\$ 9,899,953
Office furnishings and equipment	6,075,218
Land	3,195,172
Leasehold improvements	1,532,498
Software	1,499,114
Building	<u>494,460</u>
Total Property and Equipment	22,696,415
Less: Accumulated Depreciation and Amortization	<u>(11,521,845)</u>
Property and Equipment, Net	<u>\$ 11,174,570</u>

Depreciation and amortization expense totaled \$2,895,644 for the year ended December 31, 2019.

7. Lines of Credit and Loans Payable

DKT International, Inc.:

On August 23, 2016, DKT International, Inc. obtained an unsecured loan from the Bill & Melinda Gates Foundation (the Foundation), a charitable trust that is a tax-exempt private foundation organized in the state of Washington. The purpose of the loan is to increase access and availability of quality, affordable and modern methods of contraception for those in need in developing countries, in furtherance of the exempt purposes of the Foundation. Interest on the loan accrues at a rate of 5% per annum and does not begin accruing until the fifth anniversary of the first disbursement. The loan will mature on December 31, 2025. As of December 31, 2019, the fair value of the loan at amortized cost using a discount rate of 5%, was \$9,604,722, net of the cumulative accretion of \$895,278 and principal payments totaling \$900,000 through December 31, 2019. The accretion of the loan using the effective interest method was \$511,283 and is included in interest expense on the accompanying combined statement of functional expenses.

South America Group:

South America Group has the following nine revolving lines of credit with four banks:

A line of credit was obtained on September 3, 2013, and matured on April 9, 2020. The line of credit totaled \$1,736,671, bore interest at 11.57% per annum and was secured by South America Group's trade receivables. As of December 31, 2019, the outstanding balance against this line of credit totaled \$745,529. This line of credit was renewed upon maturity and is now set to expire on December 7, 2020 with an interest rate of 9.08% per annum.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. Lines of Credit and Loans Payable (continued)

South America Group (continued):

A second line of credit was obtained on August 22, 2016, with an automatic renewal. The total available under the line totaled \$595,430. Amounts drawn on the line bear interest at 22.42% per annum and are secured by South America Group's trade receivables. As of December 31, 2019, there was no outstanding balance on this line of credit. This line of credit automatically renewed at maturity and is now set to expire on September 21, 2020, under the same terms.

The third line of credit was obtained on December 11, 2018, and matured on June 9, 2020. The line of credit totaled \$744,288, bore interest at 8.33% per annum and was secured by South America Group's trade receivables. As of December 31, 2019, the outstanding balance against this line of credit totaled \$744,288. This line of credit renewed at maturity and is now set to expire on November 16, 2020, with an interest rate of 9.72% per annum.

The fourth line of credit was obtained on August 1, 2019, and matured on July 31, 2020. The line of credit totaled \$496,192, bore interest at 9.62% per annum and was secured by South America Group's cash and cash equivalents. As of December 31, 2019, the outstanding balance against this line of credit totaled \$198,477. The balance on this line of credit was paid, and it was not renewed after July 31, 2020.

The fifth line of credit was obtained on January 24, 2018, and matured on January 14, 2020. The line of credit totaled \$496,192, bore interest at 11.32% per annum and was secured by South America Group's cash and cash equivalents. As of December 31, 2019, the outstanding balance against this line of credit totaled \$62,909. The balance on this line of credit was paid, and it was not renewed after January 14, 2020.

The sixth line of credit was obtained on November 26, 2018, and matured on February 27, 2020. The line of credit totaled \$496,192, bore interest at 10.08% per annum and was secured by South America Group's cash and cash equivalents. As of December 31, 2019, the outstanding balance against this line of credit totaled \$175,028. The balance on this line of credit was paid, and it not renewed after February 27, 2020.

The seventh line of credit was obtained on October 15, 2019, and matured on April 7, 2020. The line of credit totaled \$700,000, bore interest at 5.37% per annum. Seventy percent and thirty percent of the loan balance was secured by South America Group's trade receivables and cash and cash equivalents, respectively. As of December 31, 2019, the outstanding balance against this line of credit totaled \$698,640. This line of credit was renewed at maturity and is now set to expire on October 2, 2020, with an interest rate of 8.95% per annum.

The eighth line of credit was obtained on December 20, 2019, and matured on June 22, 2020. The line of credit totaled \$1,100,000, bore interest at 3.88% per annum and was secured by the South America Group's trade receivables. As of December 31, 2019, the outstanding balance against this line of credit totaled \$1,100,000. The balance on this line of credit was paid, and it was not renewed after June 22, 2020.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. Lines of Credit and Loans Payable (continued)

South America Group (continued):

The ninth line of credit was obtained on July 3, 2020, and will mature on June 28, 2021. The line of credit totals \$5,765,572, bears interest at 7.48% per annum and was secured by the DKT International's cash and cash equivalents. As of December 31, 2019, there was no outstanding balance against this line of credit.

South America Group has a business checking account credit limit obtained on December 6, 2019, and matured on February 4, 2020. As of December 31, 2019, the total credit limit was \$161,162 and bore interest at 123.95% per annum. As of December 31, 2019, there was no outstanding balance on this credit limit. This business checking account credit limit was unused and is scheduled to expire on October 4, 2020.

Philippines Group:

Philippines Group obtained a bank loan on December 28, 2015, that matures on December 28, 2020, totaling \$1,860,960, the proceeds of which were used to fund the purchase of land and a building for use as its office space. The loan is secured by the related office space, is payable in monthly installments and had an effective interest rate of 4.2% in 2019 subject to re-pricing every 30-180 days. As of December 31, 2019, the outstanding balance against this loan totaled \$1,187,532.

As of December 31, 2019, the outstanding balances on DKT's lines of credit and loans were scheduled to be paid as follows:

For the Year Ending December 31,	
2020	\$ 7,119,511
2021	1,643,126
2022	1,893,126
2023	1,843,126
2024	1,393,126
Thereafter	1,520,388
Total Payments	15,412,403
Less: Discount for Present Value of Loan Payable	(895,278)
Total Lines of Credit and Loans Payable	\$ 14,517,125

Interest expense related to these agreements totaled \$1,359,864 for the year ended December 31, 2019. Of this amount, \$511,283 is related to the in-kind interest expense on the loan described under DKT International, Inc. above.

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. Commitments, Risks and Concentrations

Operating Lease

DKT provides lodging for certain 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 20 foreign countries, DKT has rental commitments for lodging, furniture, warehouse space and office space, with terms generally ranging from three to 60 months. Two of the leases have terms of more than five years.

As of December 31, 2018, DKT leased its then headquarters office space in Washington, D.C., under a noncancelable operating lease, which was contracted to expire on August 31, 2020. The lease required monthly payments of \$11,356 through April 2018, with annual increases thereafter equal to 2.75% of the previous year's payment for the remainder of the lease. DKT was also responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord.

On September 11, 2018, DKT signed a lease agreement for new headquarters office space effective March 15, 2019, which is set to expire on July 31, 2024. The agreement is with the same landlord as its prior headquarters office space. The landlord allowed DKT to end its prior lease agreement effective March 14, 2019, and no penalty fees were assessed for the early termination. Monthly rent under the new agreement is \$19,728 per month with annual escalations of 2.75%. 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 Year Ending</u> <u>December 31,</u>	
2020	\$ 3,865,775
2021	1,886,966
2022	850,574
2023	523,237
2024	463,489
Thereafter	<u>924,013</u>
Total Future Minimum Lease Payments	<u>\$ 8,514,054</u>

Rent expense for the year ended December 31, 2019, totaled \$6,491,862.

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, 2019, DKT had approximately \$13,480,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$13,125,000. DKT monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. Commitments, Risks and Concentrations (continued)

Credit Risk (continued)

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, 2019, DKT had approximately \$32,495,000 of cash in its foreign offices.

Major Donor

For the year ended December 31, 2019, approximately 65% of DKT's grants and contributions were promised or received from three donors. Additionally, as of December 31, 2019, approximately 86% of grants and contributions receivable were due from three donors. Management of DKT has no reason to believe that its relationship with these donors will be discontinued in the foreseeable future.

Other

DKT is party to various legal actions and claims arising in the ordinary course of its business. DKT's management believes that their ultimate disposition will not have a material adverse effect on DKT's financial position or change in net assets.

9. Availability and Liquidity

DKT regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. DKT's financial assets available within one year of the combined statement of financial position date for general expenditures at December 31, 2019, were as follows:

Cash and cash equivalents	\$ 45,975,472
Grants and contributions receivable	23,686,830
Trade receivables, net of allowance	52,099,645
Investments	<u>108,910,236</u>
Total Financial Assets Available Within One Year	230,672,183
Less:	
Amounts unavailable for general expenditures within one year due to donor's restrictions	(29,005,845)
Trade receivables and cash equivalents restricted as collateral under line of credit agreements	(5,094,042)
Amounts unavailable to management without Board approval:	
Board-designated for working capital reserve	<u>(21,000,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$175,572,296</u>

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. Availability and Liquidity (continued)

DKT has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of DKT throughout the year. This is done through monitoring and reviewing DKT's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of DKT's cash flow related to DKT's various funding sources and is therefore, able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities. DKT can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. Additionally, DKT has board-designated net assets that could be available for current operations with Board approval, if necessary.

10. Net Assets

Net Assets Without Donor Restrictions

DKT's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. As of December 31, 2019, DKT's net assets without donor restrictions were as follows:

Undesignated	\$ 160,785,656
Board-designated	<u>21,000,000</u>
Total Net Assets Without Donor Restrictions	<u>\$ 181,785,656</u>

The board-designated net assets for a working capital reserve were instituted to provide funding for various strategic initiatives of DKT.

Net Assets With Donor Restrictions

As of December 31, 2019, net assets with donor restrictions were restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Education and Reproductive Health:	
Global Increasing Contraceptives*	\$ 9,200,000
DR Congo	5,285,864
Safe Choice Global	5,003,405
FP 2020 Global**	3,771,650
United Kingdom Group	1,989,124
United States	1,000,000
Nigeria	929,925
India Mumbai Group	428,116
West & Central Africa Group	194,707

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

10. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

Subject to expenditure for specified purpose (continued):	
Education and Reproductive Health (continued):	
Ethiopia	\$ 189,313
Myanmar Group	93,568
Headquarters – Liberty Project	<u>24,895</u>
Total Education and Reproductive Health	<u>28,110,567</u>
Total Subject to Expenditure for Specified Purpose	<u>28,110,567</u>
Subject to occurrence of specified events/passage of time:	
Restricted for 2020-2021	<u>895,278</u>
Total Subject to Occurrence of Specified Events/ Passage of Time	<u>895,278</u>
Total Net Assets With Donor Restrictions	<u>\$ 29,005,845</u>

* The Global Increasing Contraceptives funding is restricted for DR Congo, Ghana/AWA Group, Indonesia Group, India Janani Group, India Mumbai Group, Mozambique, Pakistan, Tanzania Group and West & Central Africa Group.

** The Family Planning (FP) 2020 Global funding is restricted for South America Group, DR Congo, Egypt Group, Ethiopia, India Janani Group, India Mumbai Group, Mexico, Mozambique, Myanmar Group, Nigeria, Pakistan, Philippines Group, Tanzania Group, West & Central Africa Group and Kenya & Uganda Group.

11. 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, DKT contributes up to a maximum of 10% of each participant's salary to the plan. DKT's contribution to this plan totaled \$195,059 for the year ended December 31, 2019. Certain management-level international employees are given an equivalent percentage of compensation to use for funding their retirement.

12. Related Party

During the year ended December 31, 2019, DKT received \$1,000,240 in contributions from a board member. There were no amounts due from this related party at December 31, 2019.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

13. Fair Value Measurement

The following table summarizes DKT's investments measured at fair value on a recurring basis as of December 31, 2019, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>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	\$ 20,432,373	\$ 20,432,373	\$ -	\$ -
Large growth	26,076,632	26,076,632	-	-
Large value	5,696,656	5,696,656	-	-
Emerging markets	1,951,470	1,951,470	-	-
Medium blend	4,484,783	4,484,783	-	-
Small blend	321,525	321,525	-	-
Small value	<u>3,747,090</u>	<u>3,747,090</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	<u>62,710,529</u>	<u>62,710,529</u>	<u>-</u>	<u>-</u>
Equities:				
Communication	870,350	870,350	-	-
Consumer				
discretionary	1,858,606	1,858,606	-	-
Consumer staples	307,254	307,254	-	-
Energy	1,063,253	1,063,253	-	-
Financial	10,489,033	10,489,033	-	-
Healthcare	2,158,619	2,158,619	-	-
Industrial goods	6,488,236	6,488,236	-	-
Information				
technology	3,344,690	3,344,690	-	-
Materials	<u>250,758</u>	<u>250,758</u>	<u>-</u>	<u>-</u>
Total Equities	<u>26,830,799</u>	<u>26,830,799</u>	<u>-</u>	<u>-</u>
Exchange-traded and closed-end funds	<u>15,804,205</u>	<u>15,804,205</u>	<u>-</u>	<u>-</u>
Certificates of deposit	<u>320,627</u>	<u>-</u>	<u>320,627</u>	<u>-</u>
Total Investments				
Held at Fair Value	105,666,160	<u>\$ 105,345,533</u>	<u>\$ 320,627</u>	<u>\$ -</u>
Cash	303,269			
Money market funds	2,502,620			
Unit investment trusts ^(a)	<u>438,187</u>			
Total Investments	<u>\$ 108,910,236</u>			

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

13. Fair Value Measurement (continued)

- (a) This investment is measured at net asset value or its equivalent as a practical expedient and has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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

Mutual funds, equities, exchange-traded and closed-end funds – Measured using quoted market prices for identical assets in active markets.

Certificates of deposit – Value estimated using a yield-based metric.

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, 2019, as DKT had no net unrelated business income.

DKT adopted the authoritative guidance relating to accounting for uncertainty in 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 evaluated its uncertainty in income taxes for the year ended December 31, 2019, and determined that there are no matters that would require recognition in the combined financial statements or which might have any effect on DKT's tax-exempt status. As of December 31, 2019, the statute of limitations for certain tax years remained open in the major U.S. jurisdictions in which DKT is subject to taxation however, currently there are no examinations pending or in progress. DKT's policy is to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2019, 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, 2019, for such affiliates totaled approximately \$1,897,760. The net deferred tax asset recognized by such affiliates for the year ended December 31, 2019, totaled \$2,036,416.

15. Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

DKT INTERNATIONAL, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

16. 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 GAAP. Accordingly, such information should be read in conjunction with DKT's combined financial statements for the year ended December 31, 2018, from which the summarized information was derived.

17. Subsequent Events

In preparing these combined financial statements, DKT has evaluated events and transactions for potential recognition or disclosure through September 21, 2020, the date the combined financial statements were available to be issued.

The COVID-19 outbreak in the United States and international communities has caused business disruption through mandated and voluntary closings of businesses across the globe for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. DKT has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact DKT's financial condition or results of operations is uncertain and being evaluated by management and the Board.

On April 13, 2020, DKT's Small Business Administration loan application under the Paycheck Protection Program (PPP) for the amount of \$473,591 was approved by a financial institution. The loan will mature in April 2022 with a fixed interest rate of 1% per annum. The payments of principal and interest are deferred during the first six months of the loan, with the first monthly installment due in November 2020, through maturity. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for rent and utility costs over a specified period of time after the loan is made, assuming the number of employees and compensation levels are maintained.

Except for the matters discussed above and in Note 7, there were no other subsequent events that require recognition or disclosure in the combined financial statements.

SUPPLEMENTARY INFORMATION

DKT INTERNATIONAL, INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION
December 31, 2019

	DKT International, Inc.	South America Group	DR Congo	Egypt Group	Ethiopia	Ghana/ AWA Group	India Janani Group	India Mumbai Group	Indonesia Group	Mexico	Mozambique	Myanmar Group
ASSETS												
Cash and cash equivalents	\$ 12,745,381	\$ 1,847,609	\$ 679,834	\$ 315,556	\$ 3,190,537	\$ 1,679,351	\$ 416,330	\$ 3,691,279	\$ 957,045	\$ 912,453	\$ 324,419	\$ 483,859
Grants and contributions receivable	22,686,830	-	-	-	-	-	-	-	-	-	-	-
Trade receivables, net of allowance	43,632	6,809,723	491,011	384,901	280,152	1,125,001	2,144,111	852,252	14,031,458	7,994,885	663,753	124,530
Due from affiliates	42,279,593	-	-	-	-	-	-	-	-	-	-	-
Inventory, net of allowance	-	5,312,478	1,838,099	753,238	4,456,953	2,049,054	395,274	1,003,393	2,943,271	3,764,374	414,181	696,540
Prepaid expenses	223,465	99,373	-	5,073	332,109	188,382	-	114,089	1,201,614	15,462	11,827	142,290
Deferred tax asset	-	136,678	-	7,342	-	-	-	760,633	643,782	66,381	-	-
Investments	108,586,965	-	-	-	-	-	-	-	-	2,644	-	-
Investment in affiliates	49,813,080	-	-	-	-	-	-	-	-	-	-	-
Other assets	630,697	114,938	102,586	37,174	-	-	314,643	135,165	21,615	49,390	452	4,681
Property and equipment, net	150,885	620,545	917,937	134,857	502,085	691,784	707,872	121,478	287,287	69,525	330,708	60,616
TOTAL ASSETS	\$ 237,160,528	\$ 14,941,344	\$ 4,029,467	\$ 1,638,141	\$ 8,761,836	\$ 5,733,572	\$ 3,978,230	\$ 6,678,289	\$ 20,086,072	\$ 12,875,114	\$ 1,745,340	\$ 1,512,516
LIABILITIES AND NET ASSETS												
Liabilities												
Accounts payable and accrued expenses	\$ 5,612,872	\$ 4,723,494	\$ 1,131,550	\$ 655,581	\$ 5,464,345	\$ 1,430,784	\$ 1,944,052	\$ 1,675,846	\$ 9,226,619	\$ 9,076,012	\$ 57,900	\$ 139,560
Refundable advances	5,640,833	-	693,214	-	-	26,341	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Due to affiliates	56,150	6,250,000	500,000	3,827,388	-	2,968	-	-	1,115,372	3,197,484	-	1,017,811
Lines of credit and loans payable	9,604,722	3,724,871	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	20,914,577	14,698,365	2,324,764	4,482,969	5,464,345	1,460,093	1,944,052	1,675,846	10,341,991	12,273,496	57,900	1,157,371
Net Assets												
Without donor restrictions												
Undesignated (deficit)	167,434,813	242,979	1,704,703	(2,844,828)	3,297,491	4,273,479	2,034,178	5,002,443	9,744,081	601,618	1,687,440	355,145
Board-designated	21,000,000	-	-	-	-	-	-	-	-	-	-	-
Total Without Donor Restrictions	188,434,813	242,979	1,704,703	(2,844,828)	3,297,491	4,273,479	2,034,178	5,002,443	9,744,081	601,618	1,687,440	355,145
With donor restrictions												
	27,811,138	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	216,245,951	242,979	1,704,703	(2,844,828)	3,297,491	4,273,479	2,034,178	5,002,443	9,744,081	601,618	1,687,440	355,145
TOTAL LIABILITIES AND NET ASSETS	\$ 237,160,528	\$ 14,941,344	\$ 4,029,467	\$ 1,638,141	\$ 8,761,836	\$ 5,733,572	\$ 3,978,230	\$ 6,678,289	\$ 20,086,072	\$ 12,875,114	\$ 1,745,340	\$ 1,512,516

See independent auditors' report.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION
December 31, 2019

(continued)

	Nigeria	Pakistan	Philippines Group	Tanzania Group	Turkey Group	West & Central Africa Group	Vietnam Group	Kenya & Uganda Group	United Kingdom Group	United States	Subtotal	Eliminating Entries	Combined Total
ASSETS													
Cash and cash equivalents	\$ 472,355	\$ 1,442,499	\$ 7,954,415	\$ 747,971	\$ 297,032	\$ 808,803	\$ 711,536	\$ 291,648	\$ 5,918,984	\$ 86,576	\$ 45,975,472	\$ -	\$ 45,975,472
Grants and contributions receivable	-	-	-	-	-	-	-	-	-	1,000,000	23,686,830	-	23,686,830
Trade receivables, net of allowance	6,551,124	206,280	5,306,857	145,416	1,085,708	1,063,688	503,277	603,610	2,375,563	296,396	53,083,328	(983,683)	52,099,645
Due from affiliates	-	-	56,150	-	-	-	-	-	-	-	42,335,743	(42,335,743)	-
Inventory, net of allowance	5,026,175	3,403,865	4,996,966	811,642	463,869	869,886	207,205	818,734	2,000,852	52,886	42,278,935	(445,432)	41,833,503
Prepaid expenses	96,788	45,668	575,820	44,083	275,311	52,508	26,064	317,017	4,692	75,066	3,846,701	-	3,846,701
Deferred tax asset	-	-	85,940	16,672	-	-	-	318,988	-	-	2,036,416	-	2,036,416
Investments	-	-	-	-	320,627	-	-	-	-	-	108,910,236	-	108,910,236
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	49,813,080	(49,813,080)	-
Other assets	-	60,981	25,925	351,192	14,250	88,375	10,142	29,885	256,768	21,279	2,270,138	-	2,270,138
Property and equipment, net	653,131	1,307,698	2,718,857	234,461	69,775	973,188	37,930	132,115	23,658	428,178	11,174,570	-	11,174,570
TOTAL ASSETS	\$ 12,799,573	\$ 6,466,991	\$ 21,720,930	\$ 2,351,437	\$ 2,526,572	\$ 3,856,448	\$ 1,496,154	\$ 2,511,997	\$ 10,580,517	\$ 1,960,381	\$385,411,449	\$ (93,577,938)	\$ 291,833,511
LIABILITIES AND NET ASSETS													
Liabilities													
Accounts payable and accrued expenses	\$ 2,899,080	\$ 1,896,530	\$ 4,009,895	\$ 274,071	\$ 281,880	\$ 2,105,522	\$ 273,725	\$ 489,758	\$ 5,512,267	\$ 441,335	\$ 59,322,678	\$ (993,579)	\$ 58,329,099
Refundable advances	-	1,258,880	119,928	427,743	-	-	-	-	-	-	8,166,939	(119,928)	8,047,011
Contract liabilities	-	-	-	-	-	113,914	-	-	-	34,861	148,775	-	148,775
Due to affiliates	-	-	3,250,000	3,086,921	2,391,626	14,148,776	651,741	450,000	2,171,327	86,000	42,203,564	(42,203,564)	-
Lines of credit and loans payable	-	-	1,187,532	-	-	-	-	-	-	-	14,517,125	-	14,517,125
TOTAL LIABILITIES	2,899,080	3,155,410	8,567,355	3,788,735	2,673,506	16,368,212	925,466	939,758	7,683,594	562,196	124,359,081	(43,317,071)	81,042,010
Net Assets													
Without donor restrictions													
Undesignated (deficit)	9,900,493	3,311,581	13,153,575	(1,437,298)	(146,934)	(12,706,471)	570,688	1,572,239	2,896,923	398,185	211,046,523	(50,260,867)	160,785,656
Board-designated	-	-	-	-	-	-	-	-	-	-	21,000,000	-	21,000,000
Total Without Donor Restrictions	9,900,493	3,311,581	13,153,575	(1,437,298)	(146,934)	(12,706,471)	570,688	1,572,239	2,896,923	398,185	232,046,523	(50,260,867)	181,785,656
With donor restrictions													
	-	-	-	-	-	194,707	-	-	-	1,000,000	29,005,845	-	29,005,845
TOTAL NET ASSETS	9,900,493	3,311,581	13,153,575	(1,437,298)	(146,934)	(12,511,764)	570,688	1,572,239	2,896,923	1,398,185	261,052,368	(50,260,867)	210,791,501
TOTAL LIABILITIES AND NET ASSETS	\$ 12,799,573	\$ 6,466,991	\$ 21,720,930	\$ 2,351,437	\$ 2,526,572	\$ 3,856,448	\$ 1,496,154	\$ 2,511,997	\$ 10,580,517	\$ 1,960,381	\$385,411,449	\$ (93,577,938)	\$ 291,833,511

See independent auditors' report.

DKT INTERNATIONAL, INC. AND AFFILIATES

**COMBINING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2019**

	DKT International, Inc. (*)	South America Group	DR Congo	Egypt Group	Ethiopia	Ghana/ AWA Group	India Janani Group	India Mumbai Group	Indonesia Group	Mexico	Mozambique	Myanmar Group
REVENUE AND SUPPORT												
Sales, net of discounts	\$ -	\$ 22,152,461	\$ 2,535,614	\$ 1,312,735	\$ 6,485,131	\$ 3,481,450	\$ 5,025,063	\$ 7,214,781	\$ 28,194,279	\$ 16,396,241	\$ 649,962	\$ 1,590,900
Grants and contributions	47,284,866	-	3,873,294	-	6,700,938	-	-	-	-	-	414,805	564,911
Grants from affiliates	-	-	8,728,252	275,446	635,226	4,011,334	3,324,594	3,516,983	-	-	2,882,210	1,225,608
Investment income (loss)	23,029,325	-	-	-	-	109,465	22,845	27,756	347,080	26,815	35,503	1,078
Service fees from affiliates	7,011,027	-	-	-	-	-	-	-	-	-	-	-
Other income	191,000	106,826	120,000	23,351	312,868	-	2,790	49,500	-	-	12,275	4
TOTAL REVENUE AND SUPPORT	77,516,218	22,259,287	15,257,160	1,611,532	14,134,163	7,602,249	8,375,292	10,809,020	28,541,359	16,423,056	3,994,755	3,382,501
EXPENSES AND LOSSES												
Cost of goods sold – products	-	8,575,445	3,695,136	699,626	8,216,545	2,939,311	1,622,578	3,390,736	18,982,642	6,689,666	1,039,124	1,286,230
Salaries and fringe benefits	7,432,705	4,845,132	3,036,104	1,111,495	2,634,511	976,018	3,321,950	2,891,582	2,203,275	3,405,725	1,864,125	483,069
Advertising and promotion	-	3,695,476	1,518,310	291,305	2,607,089	1,139,695	701,358	1,351,164	4,528,478	3,237,337	496,561	572,998
Professional fees	2,317,941	2,014,203	1,017,619	109,871	168,007	522,175	276,796	79,948	243,363	417,672	67,445	43,820
Travel and related expenses	212,360	382,742	1,892,325	104,906	686,083	630,347	865,710	1,070,127	432,144	819,179	351,963	125,089
Rent	93,930	1,101,821	392,065	85,892	321,638	229,208	329,300	114,518	250,835	1,169,004	132,304	102,851
Trainings, meetings and conferences	33,437	58,635	1,761,045	5,569	270,046	876,222	170,556	17,441	141,928	57,163	115,696	106,522
Contributions, outreach and grants to partners	782,049	-	-	-	139,845	-	1,545,096	526,497	-	50,050	-	-
Depreciation and amortization	5,365	30,924	242,975	86,934	71,621	185,822	137,669	24,996	88,771	19,458	185,743	25,796
Office expenses	253,774	102,013	693,157	30,279	175,544	142,799	35,619	66,007	51,237	71,744	82,199	16,232
Licenses and taxes	594,524	128,440	431,336	-	-	-	-	450,925	46,341	57,722	40,495	(440)
Product development	-	404,920	399,845	30,518	95,830	68,062	92,586	-	109,246	209,089	46,359	30,245
Income tax (benefit) provision	(30,200)	(70,842)	-	-	-	-	-	(76,178)	(116,388)	36,579	-	-
Telephone, facsimile and utilities	49,012	97,229	386,369	6,843	26,871	150,818	83,387	14,682	55,633	43,267	39,901	10,370
Interest	511,404	318,398	-	-	-	-	1,490	-	320,394	17,692	6,150	-
Repairs and maintenance	-	12,296	138,982	6,065	33,807	43,065	14,027	-	13,342	6,941	50,549	2,823
Bank charges	3,439	106,241	118,357	4,783	679	26,183	6,870	4,615	5,782	15,675	16,449	7,284
Obsolete inventory expense	-	40,547	-	-	206,948	-	2,945	7,858	-	88,361	515	-
Bad debt	-	60,202	-	-	-	-	-	5,733	-	-	5	554
Other	109,470	516,958	64,254	4,471	-	77,172	-	74,075	9,621	133,157	262	-
Program transfers to affiliates	42,632,767	-	-	-	-	-	-	-	-	400,000	-	-
Service fees to affiliates	-	-	-	-	183,180	-	-	-	4,795,692	-	-	32,155
TOTAL EXPENSES	55,001,977	22,420,780	15,787,879	2,578,557	15,838,244	8,006,897	9,207,937	10,014,726	32,162,336	16,945,481	4,535,845	2,845,598
Foreign currency exchange losses (gains)	-	358,343	27,209	(357,214)	(150,880)	(169,500)	26,709	12,592	(125,138)	56,496	1,258	1,816
TOTAL EXPENSES AND LOSSES	55,001,977	22,779,123	15,815,088	2,221,343	15,687,364	7,837,397	9,234,646	10,027,318	32,037,198	17,001,977	4,537,103	2,847,414
Change in net assets before foreign currency translation, equity converted to loan and additional paid in capital	22,514,241	(519,836)	(557,928)	(609,811)	(1,553,201)	(235,148)	(859,354)	781,702	(3,495,839)	(578,921)	(542,348)	535,087
Foreign currency translation gain (loss)	-	284,024	-	(267,080)	(539,831)	(868,721)	(67,475)	(121,354)	441,597	253,569	(18,460)	22,764
Loan converted to equity	-	-	-	-	-	-	-	-	-	(3,000,000)	-	-
Additional paid-in capital	-	270,844	-	-	-	-	-	-	-	104,709	600,000	-
CHANGE IN NET ASSETS	22,514,241	35,032	(557,928)	(876,891)	(2,093,032)	(1,103,869)	(926,829)	660,348	(3,054,242)	(3,220,643)	39,192	557,851
NET ASSETS (DEFICIT), BEGINNING OF YEAR	193,731,710	207,947	2,262,631	(1,967,937)	5,390,523	5,377,348	2,961,007	4,342,095	12,798,323	3,822,261	1,648,248	(202,706)
NET ASSETS (DEFICIT), END OF YEAR	\$ 216,245,951	\$ 242,979	\$ 1,704,703	\$ (2,844,828)	\$ 3,297,491	\$ 4,273,479	\$ 2,034,178	\$ 5,002,443	\$ 9,744,081	\$ 601,618	\$ 1,687,440	\$ 355,145

*DKT International, Inc.'s expenses include grants provided to and expenses paid on behalf of its affiliates or related parties. For more information, see the accompanying combined statement of functional expenses on page 5.

See independent auditors' report.

Continued

DKT INTERNATIONAL, INC. AND AFFILIATES

**COMBINING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2019**

(continued)

	Nigeria	Pakistan	Philippines Group	Tanzania Group	Turkey Group	West & Central Africa Group	Vietnam Group	Kenya & Uganda Group	United Kingdom Group	United States	Subtotal	Eliminating Entries	Combined Total
REVENUE AND SUPPORT													
Sales, net of discounts	\$ 8,740,170	\$ 2,746,697	\$ 29,489,524	\$ 1,095,979	\$ 2,640,171	\$ 2,427,181	\$ 3,915,480	\$ 884,310	\$ 14,544,290	\$ 3,280,862	\$ 164,803,281	\$ (2,146,140)	\$ 162,657,141
Grants and contributions	10,546	-	75,000	70,813	-	210,225	-	-	-	1,612,792	60,818,190	(75,000)	60,743,190
Grants from affiliates	5,069,160	6,763,318	-	1,149,623	-	1,874,033	-	2,154,335	1,600,000	750,000	43,960,122	(43,960,122)	-
Investment income (loss)	3	-	(1,162)	-	65,284	-	21,998	31,354	-	69	23,717,413	-	23,717,413
Service fees from affiliates	-	-	-	-	-	-	-	-	-	-	7,011,027	(7,011,027)	-
Other income	24,545	3,507	6,718	11,000	7,444	29,772	3	121,296	5,644	26,213	1,054,756	(112,000)	942,756
TOTAL REVENUE AND SUPPORT	13,844,424	9,513,522	29,570,080	2,327,415	2,712,899	4,541,211	3,937,481	3,191,295	16,149,934	5,669,936	301,364,789	(53,304,289)	248,060,500
EXPENSES AND LOSSES													
Cost of goods sold – products	6,019,641	2,364,352	11,026,393	1,163,203	1,242,597	1,947,229	2,885,748	1,057,639	11,216,061	1,116,025	97,175,927	(1,700,708)	95,475,219
Salaries and fringe benefits	1,103,248	1,152,633	1,695,358	788,502	269,500	2,710,756	484,857	781,657	1,133,145	1,896,457	46,221,804	-	46,221,804
Advertising and promotion	1,078,232	1,875,487	7,391,044	199,627	796,238	2,810,941	231,838	259,461	312,221	941,390	36,036,250	-	36,036,250
Professional fees	129,730	136,069	141,614	90,379	96,475	1,525,764	114,001	55,507	1,983,211	904,352	12,455,962	-	12,455,962
Travel and related expenses	306,331	542,697	497,971	141,286	27,782	1,007,824	43,697	100,603	375,333	108,527	10,725,026	-	10,725,026
Rent	265,228	217,673	424,454	174,618	47,175	202,196	72,408	144,111	220,303	400,330	6,491,862	-	6,491,862
Trainings, meetings and conferences	44,087	68,579	191,203	863	29,483	17,133	664	93,847	18,363	3,575	4,082,057	-	4,082,057
Contributions, outreach and grants to partners	-	-	-	-	-	-	8,416	-	-	-	3,051,953	-	3,051,953
Depreciation and amortization	227,969	81,029	262,576	106,799	20,152	847,580	8,728	54,040	-	180,697	2,895,644	-	2,895,644
Office expenses	80,970	98,338	35,468	78,032	6,048	168,677	31,751	98,735	30,620	104,817	2,454,060	-	2,454,060
Licenses and taxes	19,011	-	144,712	15,166	1,881	69,632	43,264	-	-	335	2,043,344	-	2,043,344
Product development	42,813	45,832	10,784	-	-	-	-	-	315,753	-	1,901,882	-	1,901,882
Income tax (benefit) provision	-	41,200	2,508,748	8,759	34,849	62,998	-	(318,483)	(183,282)	-	1,897,760	-	1,897,760
Telephone, facsimile and utilities	77,766	15,534	73,161	36,854	6,638	218,636	2,308	-	4,260	45,872	1,445,411	-	1,445,411
Interest	-	-	106,695	43,994	2,552	-	2,276	28,819	-	-	1,359,864	-	1,359,864
Repairs and maintenance	140,433	15,502	41,429	2,377	163	54,827	-	-	270	14,185	591,083	-	591,083
Bank charges	52,735	9,292	3,561	4,314	-	78,896	1,759	9,471	17,067	6,281	499,733	-	499,733
Obsolete inventory expense	-	-	13,824	48,851	1,397	-	-	-	-	-	411,246	-	411,246
Bad debt	267,918	-	-	18,983	-	19,482	-	756	7,109	6,812	387,554	-	387,554
Other	24,982	-	813,467	97,425	31,096	144,113	730	-	59,493	2,661	2,163,407	(2,000,000)	163,407
Program transfers to affiliates	-	-	-	-	-	-	-	-	1,000,000	-	44,032,767	(44,032,767)	-
Service fees to affiliates	-	-	-	-	-	-	-	-	-	112,000	5,123,027	(5,123,027)	-
TOTAL EXPENSES	9,881,094	6,664,217	25,382,462	3,020,032	2,614,026	11,886,684	3,932,445	2,366,163	16,509,927	5,844,316	283,447,623	(52,856,502)	230,591,121
Foreign currency exchange losses (gains)	25,721	80,425	(156,976)	(1,376)	(65,784)	(302,867)	81	18,324	40,746	-	(680,015)	-	(680,015)
TOTAL EXPENSES AND LOSSES	9,906,815	6,744,642	25,225,486	3,018,656	2,548,242	11,583,817	3,932,526	2,384,487	16,550,673	5,844,316	282,767,608	(52,856,502)	229,911,106
Change in net assets before foreign currency translation, equity converted to and additional paid in capital	3,937,609	2,768,880	4,344,594	(691,241)	164,657	(7,042,606)	4,955	806,808	(400,739)	(174,380)	18,597,181	(447,787)	18,149,394
Foreign currency translation gain (loss)	(4,880)	(159,890)	480,189	(423,183)	(163,250)	(211,092)	(4,379)	(29,913)	15,605	-	(1,381,760)	519,106	(862,654)
Equity converted to loan	-	-	-	-	-	-	-	-	-	-	(3,000,000)	3,000,000	-
Additional paid-in capital	-	-	-	-	-	2,056,795	-	-	-	-	3,032,348	(3,032,348)	-
CHANGE IN NET ASSETS	3,932,729	2,608,990	4,824,783	(1,114,424)	1,407	(5,196,903)	576	776,895	(385,134)	(174,380)	17,247,769	38,971	17,286,740
NET ASSETS (DEFICIT), BEGINNING OF YEAR	5,967,764	702,591	8,328,792	(322,874)	(148,341)	(7,314,861)	570,112	795,344	3,282,057	1,572,565	243,804,599	(50,299,838)	193,504,761
NET ASSETS (DEFICIT), END OF YEAR	\$ 9,900,493	\$ 3,311,581	\$ 13,153,575	\$ (1,437,298)	\$ (146,934)	\$ (12,511,764)	\$ 570,688	\$ 1,572,239	\$ 2,896,923	\$ 1,398,185	\$ 261,052,368	\$ (50,260,867)	\$ 210,791,501

See independent auditors' report.