Consolidated Financial Statements and Report of Independent Certified Public Accountants

DKT International, Inc. and Affiliates

December 31, 2023 and 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
DKT International, Inc. and Affiliates

Opinion
We have audited the consolidated financial statements of DKT International, Inc. and Affiliates ("DKT"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of DKT as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In performing an audit in accordance with US GAAS, we:

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

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

Philadelphia, Pennsylvania
July 25, 2024

NOTE 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 consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

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

Country	Full Name	Short Name
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/Middle East North Africa (MENA) Group
Egypt	DKT Limited Liability Company	Egypt/MENA Group
Jordan	DKT International Inc. (Jordan)	Egypt/MENA Group
Sudan	DKT Services Co. Ltd.	Egypt/MENA 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 (Newly consolidated entity in 2023)
India	DKT India	India Mumbai Group
India	DKT Healthcare India Private Ltd	India Mumbai Group

Country	Full Name	Short Name
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 Group
Guatemala	DKT Guatemala	Mexico Group (Newly consolidated entity in 2023)
Mexico	Telefem, A.C.	Mexico Group (Newly consolidated entity in 2023)
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 Group
Afghanistan	DKT International Inc.	Pakistan Group
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 International 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	Francophone West and Central Africa Group (FWACA Group)
Cote D'Ivoire	DKT International Cote D'Ivoire SUARL	FWACA
Senegal	DKT International Senegal SUARL	FWACA
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

This consolidated reporting most accurately reflects the common charitable activities of DKT International, Inc. and its affiliates. All intercompany accounts between DKT International Inc. and its affiliates have been eliminated in consolidation.

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

Receivables include amounts billed and currently due from customers and are presented net of an estimate for uncollectible accounts. An allowance for credit losses related to receivable from customers is established based upon historical collection rates by age of receivables and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. DKT periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment.

Inventory

Inventory consists primarily of condoms and contraceptives held for distribution or resale and is valued at the lower of cost or net realizable value. Inventory also includes goods in transit free on board shipping point. Inventories are primarily maintained on the first-in, first-out method. Inventory write-downs are recorded for shrinkage, damaged, stale and slow-moving items.

Investment in Securities

Investment in securities consist of investments in 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 consolidated statements 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.

Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement and have rights to the net assets of the joint venture. DKT accounted for investments in joint ventures using the equity method. Under the equity method, investments are initially recognized at cost. Subsequently, the carrying amount of the investment is adjusted to recognize the changes in DKT's share of net assets of the joint venture.

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.

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 or equal to $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	3-5 years
Office furnishings and equipment	3-5 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 consolidated statements of activities.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize most leases on their consolidated statements of financial position as lease liabilities with corresponding right-of-use ("ROU") assets. DKT adopted the standard as of January 1, 2022, using a modified retrospective approach and applying the standard's transition provisions on January 1, 2022, the effective date. There was no adjustment to net assets as of January 1, 2022 resulting from the adoption of this ASU.

The lease and non-lease components of real estate and equipment leases supporting production activities are not accounted for as a single lease component. Consideration for such contracts is allocated to the lease and non-lease components based upon relative standalone prices either observable or estimated if observable prices are not readily available. DKT elected the package of practical expedients permitted under the transition guidance, which among other things, allows the carryforward of the historical lease classification. DKT made elections to exclude from right-of-use assets those leases with initial lease terms of 12 months or less. Finally, DKT elected to use the risk-free rate for a period comparable to the lease term.

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, 2023 and 2022, 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. As of December 31, 2023 and 2022, the Board 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.

- 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, 2023 and 2022, 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 consolidated statements 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, 2023 and 2022, contributions approximating $12,032,114 and $18,466,396, respectively, have not been recognized in the accompanying consolidated statements of activities because the condition(s) on which they depend have not yet been met or the purpose of a restriction is accomplished.

A portion of DKT's revenue and support is derived from cost-reimbursable contracts and grants with international 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 consolidated statements of financial position. As of December 31, 2023 and 2022, DKT has been awarded cost-reimbursable grants of $44,947,587 and $14,089,197, respectively, that have not yet been recognized as revenue. As of December 31, 2023 and 2022, DKT has yet to collect $1,331,071 and $2,839,128, respectively, recognized under such cost-reimbursable grants, which is included in grants and contributions receivable in the accompanying consolidated statements of financial position. Additionally, DKT has received advance payments of $7,264,866 and $9,060,156, respectively, reported in the accompanying consolidated statements of financial position as deferred revenue.

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 royalty income, net gains on the sale of fixed assets, and reversals of previous year provisions on customers receivable. 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 for 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 consolidated statements of activities, whereas adjustments resulting from translations of financial statements are reflected as a component of net assets.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the financial statements of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. DKT determined five of its subsidiaries were operating in highly inflationary economy beginning January 1, 2022: Argentina, Ethiopia, Iran, Sudan and Turkey. As of December 31, 2023, DKT determined seven foreign countries, where DKT has operations, were highly inflationary. The seven highly inflationary economies include the same five subsidiaries from 2022, which continued to be highly inflationary in 2023, plus it was determined Ghana and Sierra Leone were operating in highly inflationary economies beginning January 1, 2023. DKT assessed the impact on the financial statements of remeasurement in U.S. dollars for these countries under highly inflationary economies, in accordance with Accounting Standards Codification ("ASC") Topic 830, effective January 1, 2022 and January 1, 2023. DKT concluded that the impact is not material for the years ended December 31, 2023 and 2022. As a result, the financial information of the subsidiaries has not been remeasured in U.S. dollars.

During the year ended December 31, 2023, DKT determined that a new source of foreign exchange rate, that is widely acceptable, has also been evaluated to be more representative of the current market conditions of its subsidiary in Iran. DKT evaluated the financial statement impact of the change and as result, DKT has not restated the 2022 results of operations to conform with the new source of the exchange rate, as the amount that would have been recognized through the statement of operations as part of highly inflationary accounting is not material. For each relevant line item, the difference between the amounts reported for financial reporting purposes versus the underlying U.S. dollar denominated values in 2022 are as follows:

Sales, net of discounts	$	(2,316,758)
Cost of goods sold	$	(1,879,787)
Net assets	$	(428,217)

The impact on any unsettled transactions as of December 31, 2023 are as follows:

Trade receivable, net of allowance for credit losses	$	(341,810)
Accounts payable and accrued expenses	$	(2,512,613)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements 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.

Estimates

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

Accounting Standards Adopted in the Current Fiscal Year

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13.

On January 1, 2023, DKT adopted the new accounting standard and all the related amendments using the modified retrospective method, which resulted in no cumulative-effect adjustment to net assets. DKT does not expect ASC 326 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Reclassification

Certain items on the 2022 financial statement disclosures have been reclassified to correspond to the 2023 presentation. These changes had no effect on the net assets or changes in net assets for 2022.

NOTE 2 - GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	2023	2022
In less than one year	$ 3,290,937	$ 4,017,312
In one to five years	1,091,015	-
Total grants and contributions receivable	$ 4,381,952	$ 4,017,312

Discounts in the amounts of $62,986 and $0 were recorded for multi-year pledges receivable for the years ended December 31, 2023 and 2022, respectively. The discount rate used for the year ended December 31, 2023 was 3.25%. All amounts are deemed fully collectible.

NOTE 3 - TRADE RECEIVABLES

Trade receivables primarily consist of product sales and are reported net of a $1,063,579 and $2,643,753 allowance for credit losses as of December 31, 2023 and 2022, respectively.

NOTE 4 - INVENTORY

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

	2023	2022
Condoms	$ 28,911,506	$ 27,489,210
Other contraceptives	24,749,279	19,728,444
Medical equipment (MVA business)	7,878,508	5,416,813
Lubricants	3,427,967	3,492,345
Implants	1,416,953	84,468
Goods in transit	118,332	46,158
Other items	1,799,877	1,302,223
Total inventory	68,302,422	57,559,661
Less: allowance for inventory obsolescence	(574,152)	(552,998)
Inventory, net	$ 67,728,270	$ 57,006,663

NOTE 5 - INVESTMENT IN SECURITIES

Investment in securities consisted of the following as of December 31:

	2023	2022
Mutual funds	$ 65,541,888	$ 57,870,020
Equities	26,104,981	25,081,992
Exchange-traded and closed-end funds	16,195,014	13,888,764
Cash	3,758,294	2,437,300
Certificate of deposit	3,031,883	1,385,570
Unit investment trusts	578,687	507,452
Money market funds	395,731	113,690
Total investment in securities	$ 115,606,478	$ 101,284,788

Investment income (loss) is summarized as follows for the years ended December 31:

	2023	2022
Unrealized gain (loss), net	$ 11,176,583	$ (23,698,185)
Realized gains, net	5,048,805	6,851,238
Interest and dividends	2,585,671	2,153,151
Investment income (loss), net	$ 18,811,059	$ (14,693,796)

NOTE 6 - PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Vehicles	$ 8,022,883	$ 9,509,050
Office furnishings and equipment	4,385,767	4,295,755
Land	3,088,751	2,685,935
Leasehold improvements	2,183,016	1,802,195
Software	1,449,437	1,605,983
Building	304,826	1,207,957
Total property and equipment	19,434,680	21,106,875
Less: accumulated depreciation and amortization	(12,029,698)	(11,669,793)
Property and equipment, net	$ 7,404,982	$ 9,437,082

Depreciation and amortization expense totaled $2,098,944 and $2,724,040 for the years ended December 31, 2023 and 2022, respectively.

NOTE 7 - LEASES

DKT leases office, warehouse and distribution facilities, vehicles, and equipment. DKT determines if an agreement is or contains a lease at inception. Leases with an initial lease term of 12 months or less are not recorded on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease.

DKT elected the practical expedient to use the risk-free rate for a period comparable to the lease term. The risk-free rate is measured by the U.S. treasury yield. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such an option will be exercised.

DKT's lease agreements generally do not contain residual value guarantees or material restrictive covenants. The lease and non-lease components of all leases are not accounted for as a single lease component. Consideration for lease contracts is allocated to the lease and non-lease components based upon relative standalone prices either observable or estimated if observable prices are not readily available.

The components of lease expense were as follows for the year ended December 31:

	2023	2022
Finance lease expense:		
Amortization of finance ROU assets	$ 10,128	$ 10,707
Interest on finance lease liability	1,099	1,052
Total finance lease expense	11,227	11,759
Operating lease expense	4,307,366	4,414,190
Total lease expense	$ 4,318,593	$ 4,425,949

The total operating lease expense includes short-term leases and variable leases which are immaterial.

The operating lease expense is reflected in the consolidated statements of functional expenses in the rent, insurance and warehouse logistics line. Amortization of finance ROU assets is included in depreciation and amortization, and interest expense lines in the consolidated statements of functional expenses.

Amounts reported in the consolidated statements of financial position were as follows as of December 31, 2023:

	2023	
	Operating Leases	Finance Leases
Right-of-use asset	$ 7,398,008	$ 9,734
Lease liability, short-term (included within accrued expenses)	$ 2,434,789	$ 2,427
Lease liability, long-term (included within other non-current liabilities)	4,434,774	7,327
Total lease liabilities	$ 6,869,563	$ 9,754
Weighted average remaining lease term (in years)	4.19	4.00
Weighted average discount rate	3.04%	3.84%

Amounts reported in the consolidated statements of financial position were as follows as of December 31, 2022:

	2022	
	Operating Leases	Finance Leases
Right-of-use asset	$ 8,372,056	$ 19,863
Lease liability, short-term (included within accrued expenses)	$ 2,677,312	$ 12,034
Lease liability, long-term (included within other non-current liabilities)	5,204,849	9,107
Total lease liabilities	$ 7,882,161	$ 21,141
Weighted average remaining lease term (in years)	4.45	3.06
Weighted average discount rate	2.09%	5.12%

As of December 31, 2023, the maturity analysis of lease liabilities is as follows:

For the Year Ending December 31,	Operating Leases	Finance Leases	Total Leases
2024	$ 2,599,779	$ 2,454	$ 2,602,233
2025	1,824,812	2,454	1,827,266
2026	1,308,052	2,454	1,310,506
2027	579,078	2,454	581,532
2028	373,796	-	373,796
2029 and thereafter	592,151	-	592,151
Total undiscounted lease liabilities	7,277,668	9,816	7,287,484
Less: imputed interest	(408,105)	(62)	(408,167)
Present value of lease liabilities	$ 6,869,563	$ 9,754	$ 6,879,317

As of December 31, 2022, the maturity analysis of lease liabilities is as follows:

For the Year Ending December 31,	Operating Leases	Finance Leases	Total Leases
2023	$ 2,866,307	$ 12,743	$ 2,879,050
2024	1,938,434	2,454	1,940,888
2025	1,301,206	2,454	1,303,660
2026	884,652	2,454	887,106
2027	456,469	2,454	458,923
2028 and thereafter	862,605	-	862,605
Total undiscounted lease liabilities	8,309,673	22,559	8,332,232
Less: imputed interest	(427,512)	(1,418)	(428,930)
Present value of lease liabilities	$ 7,882,161	$ 21,141	$ 7,903,302

Supplemental cash flow and other information related to leases were as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 2,933,223	$ 3,038,051
Operating cash flows from finance leases	-	1,161
Financing cash flows from finance leases	11,387	11,398
	$ 2,944,610	$ 3,050,610

ROU assets obtained in exchange for lease liabilities as of December 31, 2023.

Operating leases	$ 1,432,964
Finance leases	-

NOTE 8 - LINES OF CREDIT AND LOANS PAYABLE

South America Group

South America Group has one line of credit with one bank available as of December 31, 2023.

The line of credit was obtained on July 3, 2020. The maximum amount available under the line is $6,182,380 and $5,676,110 as of December 31, 2023 and 2022, respectively.

The line of credit bears interest of 15.00% and 16.72% per annum as at December 31, 2023 and 2022, respectively and revolves annually every June 28th. On November 26, 2020, South America Group made another drawdown with initial maturity of November 19, 2023 but revolved for another six months ending on May 19, 2024. This loan bears interest of 14.25% and 16.68% per annum as at December 31, 2023 and 2022, respectively. On November 26, 2023, South America Group made its third drawdown under the line which matures on November 26, 2024 and bears interest of 14.40% per annum as at December 31, 2023.

The line of credit was secured by U.S. corporate investments. As of December 31, 2023 and 2022, the outstanding balance for the three drawings against this line of credit totaled $5,141,895 and $4,063,437, respectively.

Philippines Group and Mozambique

As of December 31, 2022, the remaining loans payable amounting to $231,482 are from Philippines group and Mozambique, each have outstanding loans secured by company assets in the respective countries. As of December 31, 2023, only the Philippines group have remaining loans balance amounting to $51,234 secured by company assets.

DKT Consolidated Line of Credit and Loans

As of December 31, 2023, the outstanding balances on DKT's lines of credit and loans payable were scheduled to be paid as follows:

For the Year Ending December 31,	
2024	$ 5,176,945
2025	15,516
2026	5,179
2027	-
Total payments	5,197,640
Less: discount for present value of loan payable	(4,511)
Total lines of credit and loans payable	$ 5,193,129

Interest expense totaled $1,432,550 and $1,128,775 for the years ended December 31, 2023 and 2022, respectively.

NOTE 9 - COMMITMENTS, RISKS AND CONCENTRATIONS

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, 2023 and 2022, DKT had approximately $26,413,209 and $30,056,037, respectively, composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately $25,828,000 and $29,254,000, respectively. DKT monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

DKT has offices in Africa, the Americas, Asia, and Europe 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, 2023 and 2022, DKT had approximately $46,748,687 and $51,240,939, respectively, of cash held in foreign institutions.

Major Donors

For the years ended December 31, 2023 and 2022, approximately 45% and 43%, respectively, of DKT's grants and contributions were promised or received from three donors. Additionally, as of December 31, 2023 and 2022, approximately 68% and 70%, respectively, 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 its ultimate disposition will not have a material adverse effect on DKT's financial position or change in net assets.

NOTE 10 - 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 consolidated statement of financial position date for general expenditures as of December 31 were as follows:

	2023	2022
Cash and cash equivalents	$ 69,140,217	$ 74,842,270
Grants and contributions receivable	4,381,952	4,017,312
Trade receivables, net of allowance for credit losses	49,340,417	46,187,865
Investment in securities	115,606,478	101,284,788
Total financial assets	238,469,064	226,332,235
Less:		
Amounts unavailable for general expenditures within one year due to donor's restrictions	(12,182,729)	(11,359,521)
Amounts unavailable to management without Board approval:		
Board-designated for working capital reserve	(21,000,000)	(21,000,000)
Financial assets available to meet general expenditures within one year	$ 205,286,335	$ 193,972,714

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.

NOTE 11 - 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, DKT's net assets without donor restrictions were as follows:

	2023	2022
Undesignated	$ 207,461,661	$ 190,226,856
Board-designated	21,000,000	21,000,000
Total net assets without donor restrictions	$ 228,461,661	$ 211,226,856

Net Assets With Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Education and reproductive health		
DR Congo	$ 1,569,823	$ 1,000,000
South and North LATAM Groups	941,331	852,391
DR Congo Commodities	827,016	1,924,959
FWACA Group	649,598	-
Kenya & Uganda Group	608,257	-
India Bihar Group	446,121	-
Nigeria Digital	283,580	26,412
Digital Education	121,599	79,335
Mozambique	27,716	20,638
Myanmar Group	-	58,426
FemHealth		
Virtual visits and online support	1,929,224	59,990
Total subject to expenditure for specified purpose	7,404,265	4,022,151
Subject to occurrence of specified events/passage of time:		
Headquarters-General Operating Support Grant	2,256,328	1,114,243
Ethiopia	1,076,132	-
FWACA Group	125,171	374,829
FemHealth		
Health centers and online	1,145,833	1,645,833
General operating support grant	175,000	525,000
Virtual visits and online support	-	3,615,557
Others	-	61,908
Total subject to occurrence of specified events/passage of time	4,778,464	7,337,370
Total net assets with donor restrictions	$ 12,182,729	$ 11,359,521

NOTE 12 - 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 10% of the individual participant's compensation to the Plan. DKT's contribution to this plan recognized as expense totaled $220,293 and $260,584 for the years ended December 31, 2023 and 2022, respectively. Certain management-level international employees are given an equivalent percentage of compensation to use for funding their retirement.

NOTE 13 - FAIR VALUE MEASUREMENT

The following tables summarize DKT's investments measured at fair value on a recurring basis as of December 31, 2023 and 2022, aggregated by the fair value hierarchy level with which those measurements were made:

	2023		2022	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds:				
Large blend	$ 22,445,891	$ 22,445,891	$ 19,800,249	$ 19,800,249
Large growth	21,688,620	21,688,620	20,778,032	20,778,032
Large value	9,211,098	9,211,098	7,002,288	7,002,288
Emerging markets	5,083,106	5,083,106	1,604,849	1,604,849
Medium blend	484,620	484,620	4,382,910	4,382,910
Small blend	4,179,992	4,179,992	410,012	410,012
Small value	2,448,561	2,448,561	3,891,680	3,891,680
Total mutual funds	65,541,888	65,541,888	57,870,020	57,870,020
Equities:				
Communication	1,446,536	1,446,536	1,009,854	1,009,854
Consumer discretionary	1,694,241	1,694,241	986,955	986,955
Consumer staples	397,522	397,522	401,109	401,109
Energy	343,219	343,219	346,728	346,728
Financial	12,334,111	12,334,111	10,547,369	10,547,369
Healthcare	1,920,864	1,920,864	2,026,583	2,026,583
Industrial goods	5,447,749	5,447,749	6,048,108	6,048,108
Information technology	2,520,739	2,520,739	3,715,286	3,715,286
Total equities	26,104,981	26,104,981	25,081,992	25,081,992
Exchange-traded and closed-end funds	16,195,014	16,195,014	13,888,764	13,888,764
Total investments held at fair value	107,841,883	$ 107,841,883	96,840,776	$ 96,840,776
Cash	3,758,294		2,437,300	
Certificates of deposit	3,031,883		1,385,570	
Unit investment trusts[(a)]	578,687		507,452	
Money market funds	395,731		113,690	
Total investments	$ 115,606,478		$ 101,284,788	

(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 these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

DKT does not have any level 2 or 3 investments at December 31, 2023 and 2022.

NOTE 14 - INCOME TAX STATUS

DKT International, Inc. follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is more-likely-than-not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

DKT International, Inc. is exempt from federal income tax under provisions of Section 509 (a) as described in Section 501(c)(3) of the IRC of 1986, as amended. The organization is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. Several of DKT's affiliates are organized as taxable entities in their respective countries. DKT has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. 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. DKT International has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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 years ended December 31, 2023 and 2022 for such affiliates, totaled $3,745,695 and $2,604,072, respectively. The net deferred tax asset recognized by such affiliates for the years ended December 31, 2023 and 2022, totaled $2,874,664 and $2,593,983, respectively.

NOTE 15 - SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to December 31, 2023 through July 25, 2024, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES