DRAPER RICHARDS KAPLAN FOUNDATION

DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

HOOD & STRONG LLP
CERTIFIED PUBLIC ACCOUNTANTS

Draper Richards Kaplan Foundation

Independent Auditors' Report and Consolidated Financial Statements

Independent Auditors' Report

THE BOARD OF DIRECTORS
DRAPER RICHARDS KAPLAN FOUNDATION
Menlo Park, California

Opinion

We have audited the consolidated financial statements of **DRAPER RICHARDS KAPLAN FOUNDATION (DRK)**, which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statement of activities and changes in net assets and cash flow for the year 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 DRK as of December 31, 2022, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 DRK's ability to continue as a going concern for one year from the date of this report.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 consolidated 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 DRK'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 DRK'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.

Report on Summarized Comparative Information

We have previously audited DRK's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Hood & Strong LLP

San Jose, California
May 24, 2023

Draper Richards Kaplan Foundation

Consolidated Statement of Financial Position

December 31, 2022 (with comparative totals for 2021)	2022	2021
Assets:		
Cash and cash equivalents	$ 2,933,075	$ 1,906,722
Investments, net, at fair value	27,968,744	30,561,650
Contributions receivable, net	10,872,175	16,108,751
Program-related investments, net	4,693,597	5,103,656
Property and equipment, net	72,536	56,234
Right-of-use leased assets	1,781,460	
Other assets	562,129	522,672
Total assets	$ 48,883,716	$ 54,259,685
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 1,374,423	$ 834,534
Lease obligations	1,896,828	
Total liabilities	3,271,251	834,534
Net Assets:		
Without donor restrictions	31,558,165	34,442,667
With donor restrictions	14,054,300	18,982,484
Total net assets	45,612,465	53,425,151
Total liabilities and net assets	$ 48,883,716	$ 54,259,685

See accompanying notes to the financial statements.

Draper Richards Kaplan Foundation

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions	$ 7,658,140	$ 2,000,190	$ 9,658,330	$ 28,107,634
Net assets released from restrictions	6,928,374	(6,928,374)	-	-
Total revenue and support	14,586,514	(4,928,184)	9,658,330	28,107,634
Expenses:				
Direct grants to beneficiary organizations	3,800,000		3,800,000	3,575,000
Direct program support	7,869,806		7,869,806	7,080,683
Management and general	2,374,154		2,374,154	2,035,465
Fundraising	1,096,112		1,096,112	912,819
Total expenses	15,140,072	-	15,140,072	13,603,967
Revenue and Support less Expenses	(553,558)	(4,928,184)	(5,481,742)	14,503,667
Net investment (decrease) increase (see Note 4)	(2,330,944)		(2,330,944)	589,863
Total Change in Net Assets	(2,884,502)	(4,928,184)	(7,812,686)	15,093,530
Net Assets, beginning of year	34,442,667	18,982,484	53,425,151	38,331,621
Net Assets, end of year	$ 31,558,165	$ 14,054,300	$ 45,612,465	$ 53,425,151

See accompanying notes to the financial statements.

Draper Richards Kaplan Foundation

Consolidated Statement of Cash Flows

Year Ended December 31, 2022 (with comparative totals for 2021)	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ (7,812,686)	$ 15,093,530
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,354	34,915
Loss on disposal of assets	16,795	
Realized and unrealized loss on investments	3,612,665	535,938
Amortization of right-of-use leased assets	616,500	
Change in operating assets and liabilities:		
Program related investments	410,059	(1,265,190)
Contributions receivable	5,236,576	(4,792,934)
Other assets	(39,457)	288,125
Accounts payable and accrued liabilities	410,422	(142,057)
Grants payable	200,000	
Lease obligations	(571,665)	
Net cash provided by operating activities	2,095,563	9,752,327
Cash Flows from Investing Activities:		
Purchases of investments	(12,188,965)	(26,084,124)
Purchases of property and equipment	(49,451)	(5,332)
Proceeds from sale or redemption of investments	11,169,206	16,612,378
Net cash used by investing activities	(1,069,210)	(9,477,078)
Net Change in Cash and Cash Equivalents	1,026,353	275,249
Cash and Cash Equivalents, beginning of year	1,906,722	1,631,473
Cash and Cash Equivalents, end of year	$ 2,933,075	$ 1,906,722
Non-cash Operating Activities:		
Right-of-use assets obtained by lease liabilities	$ 2,140,035	
Supplementary Cash Flow Disclosure:		
Cash paid for operating leases during the year	$ 711,932	

See accompanying notes to the financial statements.

Note 1 - Organization:

Established in 2002, the Draper Richards Kaplan Foundation (DRK) is a not-for-profit organization based in Menlo Park, California. The primary purpose of DRK is to find, fund and support exceptional social enterprises that have the potential to create profound and lasting impact on society's most complex problems. DRK typically provides funding over a three-year period aggregating $300,000. As part of the support, each DRK portfolio organization receives substantial resources, including a DRK senior team member serving on their board for the duration of the three-year period as well as significant and frequent advice and training on strategic planning, board development, fundraising, organizational development, and leadership. In addition, DRK provides portfolio organizations with access to DRK's networks and consultants with expertise and specialized skills to help these organizations grow. DRK provides each of these organizations with leadership development opportunities during the three-year period including an annual three-day retreat designed to help each organization achieve its objectives. Together, with each organization's leadership, DRK develops strategic goals for the social enterprise that can be measured on a yearly basis and over the three-year period. Between inception and December 31, 2022, DRK has funded and supported 220 social impact organizations around the world.

In October 2019, DRK formed a new charitable entity in the Netherlands, Stichting Draper Richards Kaplan Foundation (DRK Netherlands), to expand its charitable purposes within Europe. The total assets for DRK Netherlands as December 31, 2022 were approximately $445,000 and the total change in net assets for the year ended December 31, 2022 was approximately $130,000. DRK Netherlands' activity represents monies paid through DRK Netherlands for DRK's efforts in the Netherlands and other parts of Europe. DRK Netherlands' activity does not include the additional monies paid through the DRK U.S. accounts to support the Netherlands, Europe and other parts of the globe.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The consolidated financial statements of DRK 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).

b. Principles of Consolidation

The consolidated financial statements include the accounts of DRK and Stichting Draper Richards Kaplan Foundation. All intercompany accounts are eliminated in consolidation.

The functional currency of Stichting Draper Richards Kaplan Foundation is the Euro. Gains and losses on foreign currency are recorded in the statement of activities and changes in net assets.

c. Description of Net Assets

DRK reports its financial position and operating activities in two classes of net assets:

Without Donor Restrictions

Net assets not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of DRK. These net assets may be used at the discretion of DRK's management and the board of directors.

With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors are restricted. DRK's net assets with donor restrictions are temporary in nature and include restrictions that will be met by actions of DRK or by the passage of time.

d. Contributions

Contributions are recognized at their fair value when the donor makes an unconditional promise to give. DRK evaluates the need for an allowance for doubtful contributions receivable on a specific identification method.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases to net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized.

e. Property and Equipment

Property and equipment purchased by DRK is recorded at cost or, if donated, at the approximate fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

f. Cash and Cash Equivalents

Cash and cash equivalents are defined as checking, savings and deposit accounts that have a maturity period of three months or less at the time of purchase.

g. Investments

Investments are stated at their fair value based on quoted prices for similar securities in active markets, except for an investment in a private equity fund which is stated at the fund's net asset value (NAV) which approximates fair value. Investments received by donation are recorded at their fair value on the date received. Realized and unrealized gains or losses are included in the statement of activities and changes in net assets.

h. Program-Related Investments

Equity investments are carried at cost, unless a public market exists in which case the investment is carried at market value. Debt investments are also carried at cost, unless it is determined that a discount is material to DRK's financial statements. PRIs are evaluated annually for impairment. DRK evaluates the need for an allowance for doubtful program-related investments on a specific identification method.

i. Fair Value Measurements

DRK classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of input. Fair value is defined as 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. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect DRK's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

DRK reports alternative investments using NAV per share as determined by the respective fund managers. This practical expedient allows NAV to represent fair value for reporting purposes when the criteria for using this method are met.

j. Grants

Grants awarded as an unconditional promise to give are accrued as a liability and expensed when approved. Typically, the first grant payment is considered unconditional and subsequent payments are considered conditional upon the grantee meeting certain milestones.

k. Income Taxes

DRK has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Effective January 1, 2019, DRK transitioned from a private operating foundation to a public charity within the meaning of Section 509(a) of the Internal Revenue Code.

Management evaluated DRK's tax positions and concluded that DRK had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

l. Allocation of Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in Note 9. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an estimated basis as follows:

- Personnel expenses are allocated by each position's classification after considering the operational roles and time spent in those roles;
- Occupancy and depreciation are allocated based upon factors of full-time equivalency and approximate square footage;
- Professional services and travel, meals and conferences are allocated based upon time and effort of personnel;
- Supplies and other expenses are based upon headcount or direct charges to the benefited operational area;
- Grants and direct program support are charged directly to program.

m. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

n. Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with DRK's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

o. Leases

DRK accounts for its leases in accordance with ASC 842, as discussed in the "Pronouncements adopted" section below. DRK determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases. DRK does not have any finance leases. Upon adoption of the new leasing standard, DRK recognized a right-of-use (ROU) asset and a ROU liability for leases classified as operating leases in the statement of financial position. Operating lease ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term. As the leases do not provide implicit rates, DRK used a risk-free discount rate at the adoption date of the new lease standard to determine the present value of future lease payments. For new leases, DRK used a risk-free discount rate at the commencement date for the new lease agreements that do not provide implicit rates. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

p. Recent Accounting Pronouncements

Pronouncement adopted:

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* Under the ASU, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. DRK adopted this standard effective January 1,2022. DRK elected the "package of practical expedients" under the transition guidance within Topic 842, in which DRK does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. DRK has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

q. Subsequent Events

DRK evaluated subsequent events from December 31, 2022 through May 24, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Liquid Assets:

DRK's financial assets at December 31, 2022 available to meet general expenditures over the next twelve months were as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 2,933,075
Investments	27,968,744
Contributions receivable	10,872,175
Total financial assets	41,773,994
Less amounts not available to be used within one year:	
Long-term pledges receivable, net of discount	(5,460,639)
Private equity fund, included in investments	(328,226)
Financial assets available to meet general expenditures over the next twelve months	$ 35,985,129

DRK's goal is to maintain financial assets to meet all grant and operating needs. As financial obligations become due, investments are liquidated.

Note 4 - Investments:

Investments consisted of the following at December 31, 2022:

Equity securities (Level 1)	$ 2,263,728
Corporate fixed income (Level 2)	20,089,393
Treasury securities (Level 2)	4,321,242
Municipal bonds (Level 2)	812,775
Private equity fund (NAV)	328,226
Cash equivalents held for investment purposes	153,380
Total	$ 27,968,744

The private equity fund is an investment in a limited liability company valued at NAV with a strategy of long-term investment returns which the members are encouraged to contribute to charities of their choice. There is no remaining unfunded committed capital.

Net investment loss consisted of the following for the year ended December 31, 2022:

Interest and dividends	$ 1,111,820
Realized gains	600,727
Unrealized losses	(3,932,806)
Investment service fees	(110,685)
Net investment loss	$ (2,330,944)

Note 5 - Program-Related Investments:

Program-related investments (PRIs) provide strategic funding to selected nonprofits with the specific objective of furthering DRK's charitable purpose and may be in the form of an equity investment, loan, simple agreement for future equity, or convertible note. Program-related investments consisted of the following at December 31, 2022:

Type	Number	Interest Rate	Amount
Convertible promissory notes	12	5% - 8% simple interest per annum	$ 1,875,000
Promissory notes	3	8% simple interest per annum	200,000
Revenue loan promissory note	1	40% balloon payment	84,579
Preferred stock	13	N/A	1,902,989
Simple agreements for future equity	9	N/A	1,020,000
Publicly traded stock	1	N/A	16,271
Provision for possible losses on PRI's			(405,242)
Total			$ 4,693,597

Note 6 - Contributions Receivable:

Contributions receivable at December 31, 2022 consisted of the following:

Receivable in less than one year	$ 5,411,536
Receivable in one to five years	5,510,489
Less discounts to net present value	(49,850)
Total contributions receivable	$ 10,872,175

Contributions receivable due in more than one year are reflected at the value of estimated future cash flows using discount rates ranging from .10% to 4.41%.

Additionally, DRK has received verbal commitments from certain donors as well as other commitments considered conditional. As of December 31, 2022, these conditional commitments totaled $12,040,000. These gifts are not reflected in DRK's financial statements until collected or the related conditions have been met.

Note 7 - Grants to Beneficiary Organizations:

During the year ended December 31, 2022, DRK funded or accrued grants payable to the following organizations or their fiscal sponsor.

Absolute Return for Kids (dba Peepul)	100,000
Accelerator for America	50,000
accesSOS	50,000
Amani Global Works	100,000
American Journalism Project	100,000
American University (Project: Polarization and Extremism Research Innovation Lab ("PERIL"))	50,000
Amna (formerly Refugee Trauma Initiative)	100,000
Arpan	100,000
Brilliant Detroit	100,000
CalCEF Innovations dba New Energy Nexus (Project: Energy Peace Partners)	100,000
Center on Rural Innovation	50,000
City Bureau	100,000
Code2College	100,000
Creative Kids	50,000
Define American	100,000
Dollar For (formerly Dollar for Portland)	50,000
EducationSuperHighway	100,000
El Paso Center for Diabetes	50,000

For The People	100,000
FreeFrom	50,000
Friendship Bench	100,000
Fundi Robotics (U) Limited (dba Fundi Bots)	50,000
Generation: You Employed	100,000
Imagine Worldwide	100,000
InfluenceMap	100,000
Intelehealth	100,000
Join FreeWorld	50,000
JUST Capital Foundation	100,000
Labhya Foundation	100,000
MORTAR Cincinnati	50,000
News Revenue Hub	100,000
OpenEmbassy	100,000
Partners for Justice	50,000
Perez Art Museum, Miami	100,000
Propel America	50,000
Reboot Rx	50,000
Recidiviz	100,000
Rocket Learning Foundation	100,000
Safisana Foundation	50,000
Shelter to Shutters	50,000
SmartStart Early Learning	50,000
Tarjimly	100,000
TeachUNITED	50,000
The Africa Center	50,000
The Centre for Innovation in Voluntary Action (Project: The Chancery Lane Project)	50,000
The Kelsey	50,000
The Well Community Development Corporation	100,000
Trey Athletes	50,000
Undisclosed grantee	50,000
Worth Rises	50,000
Total Grants	$ 3,800,000

DRK's grant agreements contain conditions that, if met by the grantee, would commit DRK to future grant payments. These amounts have not been recognized in DRK's financial statements. The anticipated payment schedule is as follows:

Year Ending December 31,	
2023	$ 3,100,000
2024	1,900,000
2025	500,000
Total	$ 5,500,000

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions at December 31, 2022 consisted of the following:

Contributions receivable – time restricted	$ 10,872,175
Other	3,182,125
Total net assets with donor restrictions	$ 14,054,300

Net assets released from restriction during the year ended December 31, 2022 consisted of:

Release of restriction by passage of time	$ 3,405,576
Release of restriction met by actions of DRK	3,522,798
Total net assets released from restrictions	$ 6,928,374

Note 9 - Functional Expenses:

During the year ended December 31, 2022, DRK's expenses by function consisted of the following:

	Program	Management and General	Fundraising	Total
Grants	$ 3,800,000			$ 3,800,000
Salaries and benefits	4,550,350	$ 1,729,204	$ 669,480	6,949,034
Direct program support	981,410			981,410
Occupancy	455,992	226,272	66,449	748,713
Travel, meals and conferences	380,966	163,409	53,050	597,425
Professional services	1,248,526	174,880	49,853	1,473,259
Supplies	149,121	51,938	16,223	217,282
Marketing	19,011	316	232,904	252,231
Depreciation	9,670	4,577	2,107	16,354
Other	64,372	18,308	4,889	87,569
Loss on disposals of assets	10,388	5,250	1,157	16,795
Total	$ 11,669,806	$ 2,374,154	$ 1,096,112	$ 15,140,072

Note 10 - Lease Commitments:

Office Lease – Menlo Park

DRK leases its headquarters office in Menlo Park, California. In November 2021, the lease was extended through June 2026. The lease requires a rental payment of $22,640 per month plus other operating expenses such as utilities and property taxes.

Office Lease – San Francisco

In September 2019, DRK entered into a 62-month lease for office space in San Francisco, California. The lease requires rental payments of $22,529 per month plus other operating expenses such as utilities and property taxes.

In January 2022, DRK entered into an agreement to sublease the office space in San Francisco, California from March 1, 2022 through November 15, 2024, the end of DRK's lease commitment. DRK will receive $18,877 per month with an annual increase of 3% which will offset the future minimum rental payments below.

Office Lease – Boston

DRK leases office space in Boston, Massachusetts under a five-year lease beginning March 1, 2013, amended on June 6, 2017 and continuing through February 28, 2023. The lease requires a rental payment of $12,803 per month plus other operating expenses such as utilities and property taxes.

In August 2022, the lease was extended from March 1, 2023 through June 20, 2028. The new rental payment will be $13,237 per month plus other operating expenses such as utilities and property taxes.

Office Lease – Netherlands

Beginning May 1, 2020, DRK entered into a month-to-month lease in The Hague, Netherlands with a 30-day advance notice for termination of the agreement. The lease requires rental payments of 2,399 Euros per month (approximately $2,600 US Dollars).

Office Lease- Texas

On November 7, 2022, DRK entered into a 38- month lease with Old Parkland Unit D, Texas LLC. Lease rent is $0 for first 60 days and $8,450 for next 12 months.

As of December 31, 2022, DRK had ROU assets of $1,781,460 and lease liabilities related to its operating lease obligations of $1,896,828. During the fiscal year ended December 31, 2022, DRK incurred $616,550 in lease expense.

Future minimum rental payments, net of sublease income, for all DRK leasing arrangements are as follows:

Year Ending December 31,	
2023	$ 545,801
2024	787,428
2025	582,500
2026	357,551
2027	178,241
2028	85,971
Subtotal	2,537,492
Discount	(101,246)
Total	$ 2,436,246

Note 11 - Retirement Plan:

DRK offers eligible employees the opportunity to participate in a 401(k) plan. Employees who have reached the age of 21 are eligible to participate in the plan. At the end of the calendar year, DRK may make a discretionary contribution equal to a percentage of each active employee's eligible compensation on an annual basis. Employer contribution expense for the year ended December 31, 2022 amounted to $594,531.

Note 12 - Related Party Transactions:

DRK has historically been funded by individuals closely associated with DRK, including certain members of the Board of Directors and individuals related to them. During the year ended December 31, 2022, gifts from related parties included in contributions amounted to $2,773,021. There were no contributions receivable from related parties at year end December 31, 2022.

Note 13 - Concentrations of Credit Risk:

Financial instruments, which potentially subject DRK to concentrations of credit risk consist of cash, investments (including program-related investments) and contributions receivable. Cash balances may, from time to time, exceed Federal Deposit Insurance Corporation insurable limits. DRK has not experienced any losses in such accounts. Investments are managed subject to a formal investment policy; however, investment valuations are subject to volatility based on market conditions.

DRK received approximately $2,048,000 from two major donors in 2022, none of which was recorded as contributions receivable at December 31, 2022. Major donors are defined as donors that contribute greater than 10% of DRK's contribution revenue for the year. Management evaluates the need for an allowance on an annual basis and has determined that no such allowance is necessary at this time.