Hood & Strong

Advisory, Tax
and Assurance

Draper Richards Kaplan Foundation

December 31, 2023

Independent Auditors’ Report and
Consolidated Financial Statements

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, 2023, the related consolidated statements of activities and changes in net assets and cash flows 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, 2023, 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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 28, 2024

Draper Richards Kaplan Foundation

Consolidated Statement of Financial Position

December 31, 2023 (with comparative totals for 2022)	2023	2022
Assets:		
Cash and cash equivalents	$ 13,679,847	$ 2,933,075
Investments, net, at fair value	15,208,637	27,968,744
Contributions receivable, net	9,118,702	10,872,175
Program-related investments, net	4,122,736	4,693,597
Property and equipment, net	19,086	72,536
Right-of-use leased assets	1,741,102	1,781,460
Other assets	492,272	562,129
Total assets	$ 44,382,382	$ 48,883,716
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 1,069,425	$ 1,374,423
Lease obligations	1,848,753	1,896,828
Total liabilities	2,918,178	3,271,251
Net Assets:		
Without donor restrictions	30,167,174	31,558,165
With donor restrictions	11,297,030	14,054,300
Total net assets	41,464,204	45,612,465
Total liabilities and net assets	$ 44,382,382	$ 48,883,716

See accompanying notes to the consolidated financial statements.

Draper Richards Kaplan Foundation

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions	$ 5,123,796	$ 7,556,499	$ 12,680,295	$ 9,658,330
Net assets released from restrictions	10,313,769	(10,313,769)	-	-
Total revenue and support	15,437,565	(2,757,270)	12,680,295	9,658,330
Expenses:				
Direct grants to beneficiary organizations	4,250,000		4,250,000	3,800,000
Direct program support	9,796,439		9,796,439	7,869,806
Management and general	2,593,021		2,593,021	2,374,154
Fundraising	1,217,358		1,217,358	1,096,112
Total expenses	17,856,818	-	17,856,818	15,140,072
Revenue and Support less Expenses	(2,419,253)	(2,757,270)	(5,176,523)	(5,481,742)
Net investment increase (decrease) (see Note 4)	1,028,262		1,028,262	(2,330,944)
Total Change in Net Assets	(1,390,991)	-	(4,148,261)	(7,812,686)
Net Assets, beginning of year	31,558,165	14,054,300	45,612,465	53,425,151
Net Assets, end of year	$ 30,167,174	$ 11,297,030	$ 41,464,204	$ 45,612,465

See accompanying notes to the consolidated financial statements.

Draper Richards Kaplan Foundation

Consolidated Statement of Cash Flows

Year Ended December 31, 2023 (with comparative totals for 2022)	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	$ (4,148,261)	$ (7,812,686)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	11,807	16,354
Loss on disposal of assets	53,170	16,795
Net realized and unrealized (gain) loss on investments	(114,615)	3,612,665
Amortization of right-of-use leased assets	685,585	616,500
Change in operating assets and liabilities:		
Program related investments	570,861	410,059
Contributions receivable	1,753,473	5,236,576
Other assets	69,857	(39,457)
Accounts payable and accrued liabilities	(304,998)	610,422
Lease obligations	(693,302)	(571,665)
Net cash (used) provided by operating activities	(2,116,423)	2,095,563
Cash Flows from Investing Activities:		
Purchases of investments	(685,492)	(12,188,965)
Purchases of property and equipment	(11,527)	(49,451)
Proceeds from sale or redemption of investments	13,560,214	11,169,206
Net cash provided (used) by investing activities	12,863,195	(1,069,210)
Net Change in Cash and Cash Equivalents	10,746,772	1,026,353
Cash and Cash Equivalents, beginning of year	2,933,075	1,906,722
Cash and Cash Equivalents, end of year	$ 13,679,847	$ 2,933,075
Non-cash Operating Activities:		
Right-of-use assets obtained by lease liabilities	$ 645,227	$ 2,140,035
Supplementary Cash Flow Disclosure:		
Cash paid for operating leases during the year	$ 749,497	$ 711,932

See accompanying notes to the consolidated 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, 2023, DRK has funded and supported 237 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 of December 31, 2023 were approximately $730,800 and the total change in net assets for the year ended December 31, 2023 was approximately $166,000. 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:

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).

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 consolidated statement of activities and changes in net assets.

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.

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 consolidated 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.

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.

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.

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 consolidated statement of activities and changes in net assets.

Program-Related Investments (PRIs)

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.

Leases

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. Operating lease right-of-use (ROU) assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term. 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.

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.

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.

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.

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.

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.

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, 2022, from which the summarized information was derived.

New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP the current expected credit loss (CECL) impairment model based on expected losses rather than incurred losses. Under the new guidance when an entity acquires a financial instrument, including program-related notes receivable, it immediately recognizes an allowance equal to its estimate of expected credit losses over the life of the financial instrument. DRK adopted this pronouncement effective January 1, 2023 in accordance with the planned implementation as prescribed by the ASU.

Subsequent Events

DRK evaluated subsequent events from December 31, 2023 through May 28, 2024, 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, 2023 available to meet general expenditures over the next twelve months were as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 13,679,847
Investments	15,208,637
Contributions receivable	9,118,702
Total financial assets	38,007,186
Less amounts not available to be used within one year:	
Long-term pledges receivable, net of discount	(3,354,902)
Private equity fund, included in investments	(260,616)
Financial assets available to meet general expenditures over the next twelve months	$ 34,391,668

DRK's goal is to maintain financial assets to meet all grant and operating needs. As financial obligations become due, investments are liquidated. In the amount available for general expenditures, DRK includes $2,178,328 which has been restricted by donors; however DRK expects to satisfy the donor's restrictions within the next year.

Note 4 - Investments:

Investments consisted of the following at December 31, 2023:

Equity securities (Level 1)	$ 1,432,713
Corporate fixed income (Level 2)	13,144,027
Government securities (Level 2)	370,095
Private equity fund (NAV)	260,616
Cash equivalents held for investment purposes	1,186
Total	$ 15,208,637

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 gain consisted of the following for the year ended December 31, 2023:

Interest and dividends	$ 1,219,807
Realized losses	(1,100,738)
Unrealized gains	1,215,353
Investment service fees	(93,666)
Net investment increase generated from holdings above	1,240,756
Loss on program related investments	(212,494)
Net investment increase on reported Statement of Activities	$ 1,028,262

Note 5 - 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, 2023:

Type	Number	Interest Rate	Amount
Convertible promissory notes	18	5% - 8% simple interest per annum	$ 2,325,000
Promissory notes	3	8% simple interest per annum	150,000
Revenue loan promissory note	1	40% balloon payment	100,000
Preferred stock	13	N/A	1,709,510
Simple agreements for future equity	10	N/A	1,070,000
Publicly traded stock	1	N/A	4,076
Provision for possible losses on PRI's			(1,235,850)
Total			$ 4,122,736

Note 6 - Contributions Receivable:

Contributions receivable at December 31, 2023 consisted of the following:

Receivable in less than one year	$ 5,763,800
Receivable in one to five years	3,731,410
Less discounts to net present value	(376,508)
Total contributions receivable	$ 9,118,702

Contributions receivable due in more than one year are reflected at the value of estimated future cash flows using discount rates ranging from .17% to 4.23%.

Additionally, DRK has received verbal commitments from certain donors as well as other commitments considered conditional. As of December 31, 2023, these conditional commitments totaled $7,048,000. 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, 2023, DRK funded or accrued grants payable to the following organizations or their fiscal sponsor.

Absolute Return for Kids (dba Peepul)	$ 50,000
Accelerator for America	100,000
accesSOS	100,000
Amani Global Works	150,000
American Journalism Project	100,000
American University (Project: Polarization and Extremism Research Innovation Lab (PERIL))	100,000
Arpan	100,000
Brilliant Detroit	100,000
CalCEF Innovations dba New Energy Nexus (Project: Energy Peace Partners)	50,000
Carina	100,000
CatchLight	50,000
Child Poverty Action Lab	100,000
City Bureau	100,000
Common GOAL USA	50,000
Creative Kids	50,000
Cultural Brokers	50,000
Define American	100,000
Dollar for (formerly Dollar for Portland)	100,000
EducationSuperHighway	100,000
El Paso Center for Diabetes	50,000
Entryway (formerly Shelter to Shutters)	100,000
First Place for Youth	50,000
For The People	100,000
Forward Impact (dba Represent Justice)	100,000
Fundi Robotics (U) Limited (dba Fundi Bots)	100,000
Generation: You Employed	100,000
Housing Connector	50,000
Imagine Worldwide	100,000
InfluenceMap	50,000
Intelehealth	100,000
JUST Capital Foundation	100,000
Labhya Foundation	100,000
News Revenue Hub	50,000
North Carolina Education Corps	50,000
Open Supply Hub	100,000
Perez Art Museum, Miami	50,000

PFP	100,000
Public Rights Project	100,000
Reboot Rx	100,000
Rocket Learning Foundation	100,000
SmartStart Early Learning	100,000
Stichting Join Us	100,000
Tarjimly	100,000
Texas Water Trade	50,000
The Africa Center	100,000
The Centre for Innovation in Voluntary Action (Project: The Chancery Lane Project)	100,000
The Oakland REACH	50,000
The REACH Institute: Resource for Advancing Children's Health	100,000
The Well Community Development Corporation	50,000
Worth Rises	100,000
Total Grants	$ 4,250,000

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,	
2024	$ 3,350,000
2025	1,850,000
2026	350,000
Total	$ 5,550,000

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions at December 31, 2023 consisted of the following:

Contributions receivable – time restricted	$ 9,118,702
Other	2,178,328
Total net assets with donor restrictions	$ 11,297,030

Net assets released from restriction during the year ended December 31, 2023 consisted of:

Release of restriction by passage of time	$ 5,236,545
Release of restriction met by actions of DRK	5,077,224
Total net assets released from restrictions	$ 10,313,769

Note 9 - Functional Expenses:

During the year ended December 31, 2023, DRK's expenses by function consisted of the following:

	Program	Fundraising	Management and General	Total
Grants	$ 4,250,000			$ 4,250,000
Salaries and benefits	5,348,807	$ 695,985	$ 1,918,536	7,963,328
Direct program support	1,132,421			1,132,421
Occupancy	513,457	66,109	237,932	817,498
Travel, meals and conferences	456,694	29,741	70,450	556,885
Professional services	1,108,761	198,598	268,890	1,576,249
Supplies	188,406	17,619	60,917	266,942
Marketing		199,866		199,866
Depreciation	7,239	1,499	3,069	11,807
Provision for possible losses on PRIs	966,674			966,674
Other	40,362	4,352	17,264	61,978
Loss on disposals of assets	33,618	3,589	15,963	53,170
	$ 14,046,439	$ 1,217,358	$ 2,593,021	$ 17,856,818

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 in Dallas, Texas. The lease requires rental payments of $8,450 per month plus certain operating expenses.

As of December 31, 2023, DRK had ROU assets of $1,741,102 and lease liabilities related to its operating lease obligations of $1,848,753. During the fiscal year ended December 31, 2023, DRK incurred $756,789 in lease expense. The weighted average remaining lease term as of December 31, 2023 was 3.11 years. The weighted average discount rate as of December 31, 2023 was 3.55%

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

Year Ending December 31,	
2024	$ 765,051
2025	559,451
2026	333,810
2027	170,250
2028	85,971
Subtotal	1,914,533
Discount	(65,780)
Total	$ 1,848,753

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, 2023 amounted to $547,170.

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, 2023, gifts from related parties included in contributions amounted to $3,200,000. Included in contributions receivable were amounts due from related parties that amounted to $400,000.

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 doesn't have any major donor's contributions receivable at December 31, 2023. 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.