

DRAPER RICHARDS KAPLAN  
FOUNDATION

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

# **Draper Richards Kaplan Foundation**

## **Independent Auditors' Report and Financial Statements**

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A Century Strong

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **DRAPER RICHARDS KAPLAN FOUNDATION (DRK)** which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Draper Richards Kaplan Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited DRK's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Hood & Strong LLP*

San Jose, California  
June 8, 2020

# Draper Richards Kaplan Foundation

## Statement of Financial Position

<i>December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,588,556	\$ 1,617,748
Investments	22,122,716	24,809,437
Contributions receivable, net	9,839,706	9,428,857
Program-related investments	2,861,494	2,077,411
Property and equipment, net	112,573	74,942
Other assets	851,257	581,411
<b>Total assets</b>	<b>\$ 37,376,302</b>	<b>\$ 38,589,806</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 939,633	\$ 663,686
Grants payable	50,000	150,000
<b>Total liabilities</b>	<b>989,633</b>	<b>813,686</b>
<b>Net Assets:</b>		
Without donor restriction	25,551,963	28,257,264
With donor restriction	10,834,706	9,518,856
<b>Total net assets</b>	<b>36,386,669</b>	<b>37,776,120</b>
<b>Total liabilities and net assets</b>	<b>\$ 37,376,302</b>	<b>\$ 38,589,806</b>

See accompanying notes to financial statements.

# Draper Richards Kaplan Foundation

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019 (with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support:</b>				
Contributions	\$ 2,718,984	\$ 6,845,000	\$ 9,563,984	\$ 6,586,752
Net investment return	1,276,593		1,276,593	371,166
Net assets released from restrictions	5,529,150	(5,529,150)		
<b>Total revenue and support</b>	<b>9,524,727</b>	<b>1,315,850</b>	<b>10,840,577</b>	<b>6,957,918</b>
<b>Expenses:</b>				
Direct grants to beneficiary organizations	4,032,500		4,032,500	4,450,000
Direct program support	5,767,396		5,767,396	4,859,233
Management and general	1,726,481		1,726,481	1,523,157
Fundraising	703,651		703,651	498,103
<b>Total expenses</b>	<b>12,230,028</b>		<b>12,230,028</b>	<b>11,330,493</b>
<b>Change in Net Assets</b>	<b>(2,705,301)</b>	<b>1,315,850</b>	<b>(1,389,451)</b>	<b>(4,372,575)</b>
<b>Net Assets, beginning of year</b>	<b>28,257,264</b>	<b>9,518,856</b>	<b>37,776,120</b>	<b>42,148,695</b>
<b>Net Assets, end of year</b>	<b>\$ 25,551,963</b>	<b>\$ 10,834,706</b>	<b>\$ 36,386,669</b>	<b>\$ 37,776,120</b>

See accompanying notes to financial statements.

# Draper Richards Kaplan Foundation

## Statement of Cash Flows

<i>Year Ended December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (1,389,451)	\$ (4,372,575)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	47,626	46,239
Realized gains on investments	(108,714)	(98,979)
Unrealized gain/loss on investments	(389,675)	517,282
Change in operating assets and liabilities:		
Contributions receivable	(410,849)	4,036,350
Other assets	(269,846)	(395,486)
Accounts payable and accrued liabilities	211,285	93,471
Deferred rent	64,662	-
Grants payable	(100,000)	50,000
<b>Net cash used by operating activities</b>	<b>(2,344,962)</b>	<b>(123,698)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(85,257)	(5,148)
Proceeds from sale or redemption of investments	12,067,336	7,342,734
Purchases of investments	(8,882,226)	(5,655,890)
Purchases of program-related investments	(784,083)	(1,330,048)
<b>Net cash provided by investing activities</b>	<b>2,315,770</b>	<b>351,648</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(29,192)</b>	<b>227,950</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,617,748</b>	<b>1,389,798</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,588,556</b>	<b>\$ 1,617,748</b>
<b>Supplemental Disclosures:</b>		
Excise taxes paid	\$ 7,547	\$ 4,663
There was no amount paid for interest in 2019 or 2018.		

See accompanying notes to financial statements.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### 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 some of society's most complex problems. Since 2002 DRK has invested in more than 160 organizations and the portfolio's impact has been significant. 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 3-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, 2019, DRK has funded and supported 166 social impact organizations around the world.

In October 2019, DRK formed a new charitable entity in the Netherlands to expand its charitable purposes within Europe. As of December 31, 2019, no financial transactions had occurred within this entity.

### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Accounting

The 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. Description of Net Assets

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

##### *Without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions and 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.



# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### *With Donor Restrictions*

Net assets that are subject to stipulations imposed by donors and grantors. 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.

#### c. 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.

All 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.

#### d. 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.

#### e. 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.

#### f. Investments

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

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### g. Program-Related Investments

Program-related investments (PRIs) are strategic funding for 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. Equity investments are carried at cost. 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.

### h. 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 inputs. 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.

### i. Grants

Grants awarded with 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.

### j. 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.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### k. Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in Note 10. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis as follows:

- Personnel expenses are allocated by each position's classification after considering the functional 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;
- Supplies and other expenses are based upon headcount or direct charges to the benefited functional area;
- Grants and direct program support and charged directly to program.

### l. 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.

### m. 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, 2018, from which the summarized information was derived.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### n. Recent Accounting Pronouncements

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. The ASU is effective for fiscal years beginning after December 15, 2020. DRK is currently evaluating the impact the adoption of this ASU will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities, is a contribution or an exchange transaction. It provides a framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU was adopted as of January 1, 2019 as it relates to contributions received, but it did not have a significant impact on DRK's financial statements. The ASU is effective for contributions made (resource providers and granting entities) for years beginning after December 15, 2019. DRK is currently evaluating the impact the adoption of this ASU will have on its financial statements.

### o. Subsequent Events

DRK evaluated subsequent events from December 31, 2019 through June 8, 2020, the date these financial statements were available to be issued. Excepts as noted below, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

An outbreak of respiratory disease caused by a novel (new) coronavirus was first detected in China and has now been detected worldwide. The virus has been named SARS-CoV-2 and the disease it causes has been named coronavirus disease 2019 (COVID-19). On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. Many Federal, state and local governmental agencies have declared a state of emergency and issued a variety of recommendations impacting travel and group gatherings. The Organization has thus limited employee travel and developed contingency plans for other operational aspects depending on future developments.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### Note 3 - Liquid Assets:

DRK's financial assets at December 31, 2019 that are available to meet general expenditures over the next twelve months are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,588,556
Contributions receivable	9,839,706
Investments, including program-related investments	24,984,210
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Total financial assets	36,412,472
Less amounts not available to be used within one year:	
Long-term pledges receivable, net of discount	(5,705,665)
Program related investments	(2,861,494)
Private equity fund, included in investments	(757,593)
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Financial assets available to meet general expenditures over the next twelve months	\$ 27,087,720
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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 consist of the following at December 31, 2019:

Corporate fixed income (Level 2)	\$ 19,465,689
Treasury securities (Level 2)	1,789,785
Private equity fund (NAV)	757,593
Cash equivalents held for investment purposes	109,649
<hr/>	
Total	\$ 22,122,716
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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.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

### Note 5 - Program-Related Investments:

DRK makes program-related investments in companies to further DRK's mission. Program-related investments consist of the following at December 31, 2019:

Type	Number	Interest Rate	Amount
Convertible promissory note	6	2.76% – 8% simple interest per annum	\$ 950,000
Preferred stock	6	N/A	1,111,494
Simple agreement for future equity	5	N/A	800,000
Total			\$ 2,861,494

### Note 6 - Contributions Receivable:

Contributions receivable at December 31, 2019 consist of the following:

Receivable in less than one year	\$ 4,134,041
Receivable in one to five years	6,050,000
	10,184,041
Less discounts to net present value	(344,335)
Total contributions receivable	\$ 9,839,706

Contributions receivable due in more than one year are reflected at the value of estimated future cash flows using a discount rate ranging from 1.06% to 2.51%.

Additionally, DRK has received verbal commitments from certain donors as well as other commitments considered conditional. As of December 31, 2019, these verbal commitments totaled \$15,000,000. These verbal commitments are not reflected in DRK's financial statements until collected or conditions have been met.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### Note 7 - Property and Equipment:

Property and equipment at December 31, 2019 consist of the following:

Furniture and fixtures	\$ 123,283
Equipment	47,033
Leasehold improvements	42,517
Intangible assets	73,394
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	286,227
Accumulated depreciation	(173,654)
	<hr/>
Total property and equipment	\$ 112,573

Depreciation expense for the year ended December 31, 2019 amounted to \$47,626.

### Note 8 - Grants to Beneficiary Organizations:

During the year ended December 31, 2019, DRK funded or accrued grant payments to the following organizations or their fiscal sponsor:

Advance Peace (Fiscal Sponsor: Safe Passage)	\$ 50,000
Arts for Incarcerated Youth Network	100,000
Barefoot Law	100,000
Center for Good Food Purchasing (Fiscal Sponsor: Community Partners)	150,000
Center on Rural Innovation	50,000
Coalfield Development	100,000
Common Market	50,000
Detroit Justice Center	100,000
Detroit Life is Valuable (DLIVE) (Fiscal Sponsor: Metro Solutions Corporation)	50,000
DigDeep	100,000
Digital NEST	100,000
Education Opens Doors	50,000
Empower School	50,000
Essie Justice Group	100,000
EYElliance (Fiscal Sponsor: The Tides Center)	50,000
Fast Forward	100,000
Father's Uplift	50,000
Feeding Texas Produce Co-op	50,000
Food for Education	100,000
Food Forward	100,000

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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Foster America (Fiscal Sponsor: The Tides Center)	50,000
FreeFrom	50,000
GlobalXplorer	100,000
GreenWave	100,000
Healthy Kids Brighter Future	100,000
Indus Action	50,000
International Refugee Assistance Project (Fiscal sponsor: Urban Justice Center)	100,000
Laboratoria	100,000
Merit America (Fiscal sponsor: America Achieves)	100,000
MORTAR Cincinnati	50,000
Ocean Mind	100,000
Ocean Outcomes	50,000
Open Door Legal	100,000
Partners for Justice	50,000
Pollinate Energy	50,000
Propel America	50,000
Public Rights Project (Fiscal Sponsor: Tide Center)	50,000
Replate	100,000
ROX (Ruling Our eXperiences)	100,000
Safi Sana Foundation	50,000
SaveLife Foundation USA	100,000
Simprints	100,000
Solutions Journalism Network	50,000
Teaching Lab	100,000
TeachUNITED	50,000
The GroundTruth Project	50,000
The Kelsey, Inc	50,000
The Nudge Foundation	100,000
The Renewal Workshop	50,000
Tiny Totos	100,000
Trey Athletes	50,000
Uptrust, Inc	50,000
Vote.org	50,000
Wash Cycle, Inc	32,500
<b>Total Grants</b>	<b>\$ 4,032,500</b>

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# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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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:

2020	\$ 3,350,000
2021	1,700,000
2022	450,000
<hr/>	
Total	\$ 5,500,000

**Note 9 - Net Assets with Donor Restrictions:**

Net assets with donor restrictions at December 31, 2019 consist of the:

Contributions receivable – time restricted	\$ 9,839,706
Other	995,000
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Total net assets with donor restrictions	\$ 10,834,706

Net assets released from restriction during the year ended December 31, 2019 consisted of:

Release of restriction by passage of time	\$ 5,239,151
Release of restriction met by actions of DRK	290,000
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Total net assets released from restrictions	\$ 5,529,151

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

### Note 10 - Functional Expenses:

During the year ended December 31, 2019, DRK's expenses presented functionally consisted of the following:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 4,032,500			\$ 4,032,500
Salaries and benefits	3,786,563	\$ 1,213,222	\$ 431,677	5,431,462
Direct program support	709,388			709,388
Occupancy	428,935	190,582	40,377	659,894
Travel, meals and conferences	423,559	50,644	20,232	494,435
Professional services	285,951	207,355	55,662	548,968
Supplies	82,724	37,794	7,961	128,479
Marketing	7,801	390	143,969	152,160
Depreciation	30,957	13,812	2,858	47,627
Other	11,518	12,682	915	25,115
<b>Total</b>	<b>\$ 9,799,896</b>	<b>\$ 1,726,481</b>	<b>\$ 703,651</b>	<b>\$ 12,230,028</b>

### Note 11 - Commitments:

#### Office Lease - Menlo Park

DRK leases its headquarters office in Menlo Park, California under an eight-year lease expiring December 31, 2019. As of December 31, 2019, the lease requires a rental payment of \$19,425 per month plus other operating expenses such as utilities and property taxes. In April 2019, the lease was extended through June 2022, with other lease terms primarily remaining unchanged.

#### Office Lease - San Francisco

Beginning July 2016, DRK entered into a month to month sub-lease in San Francisco, California. The lease required rental payments of \$4,000 per month. As of April 1, 2018, this lease was terminated and DRK entered into another month to month lease in San Francisco, California. The lease required rental payments of \$8,208 per month.

Effective September 1, 2019, DRK moved its San Francisco office space to a new location and entered into a 62 month lease for office space. The lease requires rental payments of \$20,617 per month.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### 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. As of December 31, 2019, the lease requires a rental payment of \$12,152 per month plus other operating expenses such as utilities and property taxes. Additionally, in September 2017, DRK entered into a sublease agreement with a subtenant for a portion of the Boston office with rental payments of \$2,000 per month. This sublease agreement ended in August 2019.

For the year ended December 31, 2019 rent expense was \$597,287.

Future minimum rental payments for leasing arrangement as of December 31, 2019, net of sublease receipts, are as follows:

2020	\$ 634,694
2021	673,122
2022	560,318
2023	313,895
2024	259,359
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Total	\$ 2,441,388

### **Note 12 - 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 can 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, 2019 amounted to \$534,757.

### **Note 13 - 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, 2019, gifts from related parties included in contributions amounted to \$250,000. Included in contributions receivable were amounts due from related parties that amounted to \$1,943,211.

# Draper Richards Kaplan Foundation

## Notes to Financial Statements

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### **Note 14 - Concentrations of Credit Risk:**

Financial instruments, which potentially subject DRK to concentrations of credit risk, consist of cash, 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. Contributions receivable are due from various donors. Management evaluates the need for an allowance on an annual basis and has determined that no such allowance is necessary at this time.