Hood & Strong

Advisory, Tax
and Assurance

Draper Richards Kaplan Foundation

December 31, 2025

Consolidated Financial Statements

Draper Richards Kaplan Foundation

Table of Contents

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, 2025, 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, 2025, 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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 5, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Hood & Strong LLP

San Jose, California
July 1, 2026

Draper Richards Kaplan Foundation

Consolidated Statement of Financial Position

December 31, 2025 (with comparative totals for 2024)	2025	2024
Assets:		
Cash and cash equivalents	$ 13,728,786	$ 12,355,849
Investments, net, at fair value	11,821,705	16,265,760
Contributions receivable, net	9,057,309	6,691,498
Program-related investments, net	3,948,711	4,088,193
Property and equipment, net	4,995	8,995
Intangible assets	72,200	
Right-of-use leased assets	1,557,315	1,023,054
Other assets	246,460	249,906
Total assets	$ 40,437,481	$ 40,683,255
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 1,335,151	$ 1,063,194
Deferred revenue	40,353	37,376
Lease obligations	1,605,826	1,097,602
Total liabilities	2,981,330	2,198,172
Net Assets:		
Without donor restrictions	22,137,460	29,136,078
With donor restrictions	15,318,691	9,349,005
Total net assets	37,456,151	38,485,083
Total liabilities and net assets	$ 40,437,481	$ 40,683,255

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, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions	$ 5,398,562	13,230,937	$ 18,629,499	$ 13,493,551
Net assets released from restrictions	7,261,251	(7,261,251)	-	-
Tax refund after public charity conversion			-	30,255
Total revenue and support	12,659,813	5,969,686	18,629,499	13,523,806
Expenses:				
Direct grants to beneficiary organizations	4,049,929		4,049,929	4,150,000
Direct program support	12,110,850		12,110,850	11,097,454
Management and general	2,973,209		2,973,209	2,053,088
Fundraising	1,335,447		1,335,447	1,434,974
Total expenses	20,469,435	-	20,469,435	18,735,516
Revenue and Support less Expenses	(7,809,622)	5,969,686	(1,839,936)	(5,211,710)
Net investment and program-related investment increase (see Note 4)	811,004		811,004	2,232,589
Total Change in Net Assets	(6,998,618)	5,969,686	(1,028,932)	(2,979,121)
Net Assets, beginning of year	29,136,078	9,349,005	38,485,083	41,464,204
Net Assets, end of year	$ 22,137,460	$ 15,318,691	$ 37,456,151	$ 38,485,083

See accompanying notes to the consolidated financial statements.

Draper Richards Kaplan Foundation

Consolidated Statement of Cash Flows

Year Ended December 31, 2025 (with comparative totals for 2024)	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ (1,028,932)	$ (2,979,121)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	4,140	9,317
Cumulative foreign currency translation adjustment	(1,617)	774
Net realized and unrealized gain on investments	(205,895)	(430,733)
Amortization of right-of-use leased assets	495,286	718,048
Change in operating assets and liabilities:		
Program related investments	139,482	34,543
Contributions receivable	(2,365,811)	2,427,204
Other assets	3,446	242,366
Accounts payable and accrued liabilities	271,957	(6,231)
Deferred revenue	2,977	37,376
Lease obligations	(521,323)	(751,151)
Net cash used by operating activities	(3,206,290)	(697,608)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(72,200)	
Purchases of investments	(5,362,467)	(5,751,151)
Proceeds from sale or redemption of investments	10,013,894	5,124,761
Net cash provided (used) by investing activities	4,579,227	(626,390)
Net Change in Cash and Cash Equivalents	1,372,937	(1,323,998)
Cash and Cash Equivalents, beginning of year	12,355,849	13,679,847
Cash and Cash Equivalents, end of year	$ 13,728,786	$ 12,355,849
Non-cash Operating Activities:		
Right-of-use assets obtained by lease liabilities	$ 1,029,547	
Supplementary Cash Flow Disclosure:		
Cash paid for operating leases during the year	$ 559,451	$ 802,804

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, and is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. 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 either unrestricted grant funding or investment capital aggregating up to $300,000 over a three-year period. 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, 2025, DRK has funded and supported 274 social impact organizations around the world.

Since 2019, DRK has maintained a charitable entity in the Netherlands, Stichting Draper Richards Kaplan Foundation, to support and expand its charitable activities in the Netherlands and other parts of Europe. The subsidiary operates in accordance with applicable local laws and tax regulations. The accompanying consolidated financial statements include the accounts of DRK and its wholly owned subsidiary, which are presented as a single reporting entity. All intercompany transactions and balances have been eliminated in consolidation.

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 were 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 fair value if readily determinable. Equity investments without a readily determinable fair value are carried at cost but DRK also considers other observable transactions when determining the appropriate carrying value. DRK recognizes the gains for observable price changes if it is determined that the price change accurately reflects the investment's fair value. Equity investments are evaluated annually for impairment.

Debt investments are carried at cost, unless it is determined that a discount is material to DRK's financial statements. DRK evaluates the need for a credit loss allowance for doubtful debt 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 elected to use 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, 2024, from which the summarized information was derived.

Subsequent Events

DRK evaluated subsequent events from December 31, 2025 through July 1, 2026, the date these financial statements were available to be issued.

Effective May 1, 2026, DRK's Dallas, Texas office lease was assigned to a third party. Upon execution of the assignment, DRK was fully released from all remaining obligations under the lease and no longer has any continuing liability. The assignment of the lease is a subsequent event that was appropriately not recognized in the accompanying financial statements because the transaction occurred after December 31, 2025. Accordingly, no adjustments were made to Note 10 - Lease Commitments.

There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Liquid Assets:

DRK's financial assets at December 31, 2025 available to meet general expenditures over the next twelve months were as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 13,728,786
Investments	11,821,705
Contributions receivable	9,057,309
Total financial assets	34,607,800
Less amounts not available to be used within one year:	
Long-term pledges receivable, net of discount	(4,544,234)
Private equity fund, included in investments	(198,709)
Financial assets available to meet general expenditures over the next twelve months	$ 29,864,857

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 $4,513,075 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, 2025:

Corporate fixed income (Level 2)	$ 5,107,417
Government securities (Level 2)	6,515,579
Private equity fund (NAV)	198,709
Total	$ 11,821,705

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, 2025:

Interest and dividends	$ 1,022,200
Realized losses	(643,551)
Unrealized gains	849,447
Investment service fees	(64,897)
Net investment increase generated from holdings above	1,163,199
Losses on program related investments	(352,195)
Net investment increase on reported Statement of Activities	$ 811,004

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, 2025:

Type	Number	Interest Rate	Amount
Convertible promissory notes	21	0% - 8% simple interest per annum	$ 2,650,000
Promissory notes	3	8% simple interest per annum	150,000
Revenue loan promissory note	1	0%	50,000
Preferred stock	16	N/A	2,397,181
Common stock and common stock subscriptions	2	N/A	153,313
Simple agreements for future equity	14	N/A	1,570,000
Publicly traded stock	1	N/A	15,227
Provision for possible losses on PRI's			(3,037,010)
Total			$ 3,948,711

Note 6 - Contributions Receivable:

Contributions receivable at December 31, 2025 consisted of the following:

Receivable in less than one year	$ 4,562,075
Receivable in one to five years	4,999,642
Less discounts to net present value	(504,408)
Total contributions receivable	$ 9,057,309

Contributions receivable due in more than one year are reflected at the value of estimated future cash flows using discount rates ranging from 3.47% to 4.38%.

Additionally, DRK has received verbal commitments from certain donors as well as other commitments considered conditional. As of December 31, 2025, these conditional commitments totaled $ 16,213,974. 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, 2025, DRK funded or accrued grants payable to the following organizations or their fiscal sponsor.

Accelerator for America	$ 50,000
accesSOS	50,000
Activating Change	100,000
Africa Center, The	50,000
American University (Project: Polarization and Extremism Research Innovation Lab (PERIL))	50,000
Cambiar Education (Project: All Means All)	100,000
Carina	100,000
CatchLight	100,000
Chancery Lane Project, The	50,000
Child Poverty Action Lab	100,000
Common GOAL USA	100,000
Community Builders	100,000
Crystal Bridges Museum of American Art (Project: Remuseum)	100,000
Cultural Brokers	150,000

Darsel	100,000
Diverting Hate	50,000
Dollar For	50,000
Edulution Learning	50,000
Entryway (formerly Shelter to Shutters)	50,000
FFWD (Project: Adalat AI)	100,000
FFWD (Project: GIVEDIGNIFIEDWORK)	100,000
First Place for Youth	100,000
Forward Impact (dba Represent Justice)	100,000
Fundi Robotics (dba Fundi Bots)	50,000
Housing Connector	100,000
Human Trafficking Institute	100,000
Lone Star Justice Alliance	100,000
Mafisa	100,000
Newark Alliance	100,000
North Carolina Education Corps	100,000
Oakland REACH, The	100,000
OneDay Health	50,000
Open Supply Hub	100,000
Parenting for Lifelong Health	50,000
PFP	50,000
Prism The Gift Fund (Project: REFUAID)	50,000
Project on Predatory Student Lending	100,000
REACH Institute: Resource for Advancing Children’s Health	100,000
Reboot Rx	50,000
Rural Behavioral Health Institute, The	100,000
Rwanda Men’s Resource Center	100,000
Shamiri Institute	100,000
SmartStart Early Learning	50,000
SolarAPP Foundation	100,000
Stichting Join Us	100,000
Student Basic Needs Coalition	50,000
Texas Water Trade	100,000
Trust Neighborhoods	100,000
WE Program	50,000
Foreign currency exchange loss	(71)
Total Grants	$ 4,049,929

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 as conditions are met is as follows:

Year Ending December 31,	
2026	$ 2,650,000
2027	1,150,000
2028	150,000
Total	$ 3,950,000

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions at December 31, 2025 consisted of the following:

Contributions receivable – time restricted	$ 9,057,309
Other	6,261,382
Total net assets with donor restrictions	$ 15,318,691

Net assets released from restriction during the year ended December 31, 2025 consisted of:

Release of restriction by passage of time	$ 2,039,768
Release of restriction met by actions of DRK	5,221,483
Total net assets released from restrictions	$ 7,261,251

Note 9 - Functional Expenses:

During the year ended December 31, 2025, DRK's expenses by function consisted of the following:

	Program	Fundraising	Management and General	Total
Grants	$ 4,049,929			$ 4,049,929
Salaries and benefits	6,726,974	$ 715,688	$ 2,224,443	9,667,105
Direct program support	875,572	105,619		981,191
Occupancy	495,959	50,516	212,463	758,938
Travel, meals and conferences	428,740	30,963	52,738	512,441
Professional services	1,958,115	313,546	299,337	2,570,998
Software and supplies	178,134	17,364	157,155	352,653
Marketing		96,645		96,645
Depreciation	2,421	487	1,233	4,141
Provision for possible losses on PRIs	1,389,080			1,389,080
Other	46,717	4,619	23,860	75,196
Realized loss on foreign currency transactions	9,138		1,980	11,118
	$ 16,160,779	$ 1,335,447	$ 2,973,209	$ 20,469,435

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. In October 2025, the lease was further extended through June 2029. The lease requires a rental payment of $24,020 per month plus other operating expenses such as utilities and property taxes.

Office Lease – Boston

DRK leases office space in Boston, Massachusetts. In August 2022, the lease was extended through June 2028. The lease requires a rental payment of $13,771 per month plus other operating expenses such as utilities and property taxes.

Office Lease – Texas

In November 2022, DRK entered into a 38 month lease in Dallas, Texas. In September 2025, the lease was further extended to February 2028. The lease requires rental payments of $8,965 per month plus certain operating expenses.

Office Lease – Netherlands

In May 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). In December 2024, DRK entered into a three year agreement effective February 2025 and ending January 2028. The lease requires rental payment of 6,994 Euros per quarter (approximately $8,200).

As of December 31, 2025, DRK had ROU assets of $1,557,315 and lease liabilities related to its operating lease obligations of $1,605,826. During the fiscal year ended December 31, 2025, DRK incurred $470,990 in lease expense. The weighted average remaining lease term as of December 31, 2025 was 2.85 years. The weighted average discount rate as of December 31, 2025 was 3.72%

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

Year Ending December 31,	
2026	$ 589,336
2027	584,581
2028	380,484
2029	139,500
Subtotal	1,693,901
Discount	(88,075)
Total	$ 1,605,826

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, 2025 amounted to $606,501.

Employees of DRK's Netherlands subsidiary participate in the Dutch state pension system (AOW), a government-administered, pay-as-you-go social security pension scheme. Eligibility and participation in the AOW are determined in accordance with applicable Dutch social security laws and regulations. The AOW is funded through payroll-based social security contributions established by Dutch law which are shared between employers and employees. DRK's obligation with respect to the AOW is limited to the remittance of applicable statutory contributions. DRK does not administer the plan nor does DRK have control over plan assets or benefit payments or bear actuarial or investment risk associated with the plan. Employer contribution expense for the year ended December 31, 2025 amounted to $24,555.

Note 12 - Related Party Transactions:

DRK has historically been funded, in part, 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, 2025, gifts from related parties included in contributions amounted to $3,100,000.

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.

Major donors are defined as those who contributed more than 10% of total contribution revenue or account for over 10% of the contribution receivable balance at year-end. For the year ended December 31, 2025, one major donor accounted for 27% of DRK’s contribution income, and two major donors represented 42% of DRK’s contribution receivable. Management evaluates the need for an allowance annually and has determined that no such allowance is necessary at this time.