

Schedule II—Valuation and Qualifying Accounts

Years Ended December 31, 2002, 2001 and 2000

Allowances are deducted from the assets to which they apply, except for sales returns and allowances.

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended December 31, 2000:					
Allowance for:					
Uncollectible accounts	\$ 1,887,374	\$ 2,270,611	\$2,773,744 ^(a)	\$ 3,920,027	\$ 3,011,702
Reserve for potential product obsolescence	2,942,606	1,318,730	4,095,771 ^(b)	1,035,470	7,321,637
Reserve for sales returns and allowances	15,318,001	17,296,039	1,360,000 ^(c)	27,420,809	6,553,231
	\$20,147,981	\$20,885,380	\$8,229,515	\$32,376,306	\$16,886,570
Year ended December 31, 2001:					
Allowance for:					
Uncollectible accounts	\$ 3,011,702	\$ 6,320,940	\$ —	\$ 2,059,145	\$ 7,273,497
Reserve for potential product obsolescence	7,321,637	1,039,005	—	5,770,543	2,590,099
Reserve for sales returns and allowances	6,553,231	25,190,259	—	26,790,611	4,952,879
	\$16,886,570	\$32,550,204	\$ —	\$34,620,299	\$14,816,475
Year ended December 31, 2002:					
Allowance for:					
Uncollectible accounts	\$ 7,273,497	\$ 2,372,524	\$ —	\$ 2,864,697	\$ 6,781,324
Reserve for potential product obsolescence	2,590,099	4,084,591	—	1,892,669	4,782,021
Reserve for sales returns and allowances	4,952,879	31,916,660	7,500,000 ^(d)	30,790,171	13,579,368
	\$14,816,475	\$38,373,775	\$7,500,000	\$35,547,537	\$25,142,713

(a) Obligations assumed in conjunction with the acquisitions of Flying Colors and Pentech.

(b) Fair market value adjustment for inventory acquired in connection with the acquisition of Pentech.

(c) Obligation assumed in conjunction with the acquisition of Pentech.

(d) Obligations assumed in conjunction with the asset acquisitions of Trendmasters and Dragon Ball Franchise.