



National **Kidney** Foundation®

of Indiana

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2021 AND 2020



NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Kidney Foundation of Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of National Kidney Foundation of Indiana, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditor's 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 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 National Kidney Foundation of Indiana, Inc. as of June 30, 2021 and 2020, and its changes in net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Alerding CPA Group

September 27, 2021

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents	\$ 474,501	\$ 561,888
Grants and accounts receivable	5,090	13,630
Prepaid expenses	6,419	6,950
Cash restricted for endowment funds	80,742	80,742
Property and equipment, net of accumulated depreciation of \$17,677 and \$17,448	70	299
Beneficial interest in assets held by others	<u>1,049,170</u>	<u>864,110</u>
	<u>\$ 1,615,992</u>	<u>\$ 1,527,619</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 11,297	\$ 11,647
Due to related party	5,286	16,633
Accrued expenses	12,043	15,861
Deferred revenue	101,600	147,100
Notes payable	<u>75,913</u>	<u>55,800</u>
Total liabilities	<u>206,139</u>	<u>247,041</u>
Net Assets:		
Without donor restrictions	244,654	296,794
With donor restrictions	<u>1,165,199</u>	<u>983,784</u>
Total net assets	<u>1,409,853</u>	<u>1,280,578</u>
	<u>\$ 1,615,992</u>	<u>\$ 1,527,619</u>

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue:				
Contributions:				
Contributions, grants, memorials, and bequests	\$ 189,048	\$ 40,000	\$ 229,048	\$ 358,841
Special events	364,597	-0-	364,597	231,003
Special events - in-kind	26,061	-0-	26,061	31,255
Less: costs of direct donor benefits	(99,170)	-0-	(99,170)	(137,171)
Net support from special events	291,488	-0-	291,488	125,087
Total contributions	480,536	40,000	520,536	483,928
Other revenue:				
Net change in beneficial interest in assets held by others	-0-	243,012	243,012	7,993
Other income	4,967	-0-	4,967	4,388
Loss on disposal of asset	-0-	-0-	-0-	(664)
Interest income	23	-0-	23	418
Total other support	4,990	243,012	248,002	12,135
Total support and revenue	485,526	283,012	768,538	496,063
Net Assets Released from Donor Restrictions	101,597	(101,597)	-0-	-0-
	587,123	181,415	768,538	496,063
Expenses:				
Program Services:				
Research	3,219	-0-	3,219	2,503
Public health education	110,577	-0-	110,577	147,779
Professional education	72,405	-0-	72,405	37,528
Patient services	91,444	-0-	91,444	103,902
Prevention services	55,867	-0-	55,867	106,547
Community services	104,057	-0-	104,057	139,395
Total program services	437,569	-0-	437,569	537,654
Fundraising	84,631	-0-	84,631	78,813
Management and general	54,103	-0-	54,103	41,900
Unallocated payments to related party	62,960	-0-	62,960	71,853
Total expenses	639,263	-0-	639,263	730,220
Change in net assets	(52,140)	181,415	129,275	(234,157)
Net Assets, Beginning of Year	296,794	983,784	1,280,578	1,514,735
Net Assets, End of Year	\$ 244,654	\$ 1,165,199	\$ 1,409,853	\$ 1,280,578

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions:			
Contributions, grants, memorials and bequests	\$ 341,841	\$ 17,000	\$ 358,841
Special events	213,003	18,000	231,003
Special events - in-kind	31,255	-0-	31,255
Less: costs of direct donor benefits	(137,171)	-0-	(137,171)
Net support from special events	107,087	18,000	125,087
Total contributions	448,928	35,000	483,928
Other Revenue:			
Net change in beneficial interest in assets held by others	-0-	7,993	7,993
Other income	4,388	-0-	4,388
Loss on disposal of asset	(664)	-0-	(664)
Interest income	418	-0-	418
Total other revenue	4,142	7,993	12,135
Total support and revenue	453,070	42,993	496,063
Net Assets Released from Donor Restrictions	86,277	(86,277)	-0-
	539,347	(43,284)	496,063
Expenses:			
Program Services:			
Research	2,503	-0-	2,503
Public health education	147,779	-0-	147,779
Professional education	37,528	-0-	37,528
Patient services	103,902	-0-	103,902
Prevention services	106,547	-0-	106,547
Community services	139,395	-0-	139,395
Total program services	537,654	-0-	537,654
Fundraising	78,813	-0-	78,813
Management and general	41,900	-0-	41,900
Unallocated payments to related party	71,853	-0-	71,853
Total expenses	730,220	-0-	730,220
Change in net assets	(190,873)	(43,284)	(234,157)
Net Assets, Beginning of Year	487,667	1,027,068	1,514,735
Net Assets, End of Year	\$ 296,794	\$ 983,784	\$ 1,280,578

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021									2020 Total	
	Program Services						Fundraising	Management and General	Unallocated Payments to Related Party		Total
	Research	Public Health Education	Professional Education	Patient Services	Prevention Services	Community Services					
Labor and benefits:											
Salaries	\$ 1,993	\$ 65,765	\$ 44,832	\$ 34,920	\$ 34,592	\$ 64,431	\$ 52,402	\$ 32,037	\$ -0-	\$ 330,972	\$ 387,316
Employee benefits and payroll taxes	518	17,093	11,652	9,076	8,991	16,746	13,620	8,326	-0-	86,022	95,518
Total labor and benefits	2,511	82,858	56,484	43,996	43,583	81,177	66,022	40,363	-0-	416,994	482,834
Other Expenses:											
Special events	-0-	-0-	-0-	-0-	-0-	-0-	99,170	-0-	-0-	99,170	137,171
Revenue share payment to related party	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	62,960	62,960	71,853
Assistance to patients	-0-	4,364	-0-	35,046	-0-	-0-	-0-	-0-	-0-	39,410	38,623
Occupancy and insurance	375	12,376	8,437	6,572	6,510	12,125	9,861	6,029	-0-	62,285	61,447
Professional fees and contract services	82	2,721	1,855	1,445	1,431	2,666	2,168	1,326	-0-	13,694	11,874
Office supplies and expenses	157	5,138	3,502	2,728	2,702	5,033	4,094	2,503	-0-	25,857	28,650
Meeting and travel	34	1,123	766	597	591	1,100	895	547	-0-	5,653	15,421
Dues and subscriptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,898	-0-	1,898	1,394
Telephone	39	1,290	880	685	679	1,264	1,028	628	-0-	6,493	11,314
Printing, postage and shipping	21	707	481	375	371	692	563	344	-0-	3,554	2,115
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	236	-0-	236	1,201
Advertising	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	450
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	229	-0-	229	544
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,500
Total expenses and costs of direct donor benefits for special events	3,219	110,577	72,405	91,444	55,867	104,057	183,801	54,103	62,960	738,433	867,391
Less: costs of direct donor benefits for special events	-0-	-0-	-0-	-0-	-0-	-0-	(99,170)	-0-	-0-	(99,170)	(137,171)
Total expenses	<u>\$ 3,219</u>	<u>\$ 110,577</u>	<u>\$ 72,405</u>	<u>\$ 91,444</u>	<u>\$ 55,867</u>	<u>\$ 104,057</u>	<u>\$ 84,631</u>	<u>\$ 54,103</u>	<u>\$ 62,960</u>	<u>\$ 639,263</u>	<u>\$ 730,220</u>

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Program Services						Fundraising	Management and General	Unallocated Payments to Related Party	Total
	Research	Public Health Education	Professional Education	Patient Services	Prevention Services	Community Services				
Labor and benefits:										
Salaries	\$ 1,578	\$ 83,840	\$ 23,668	\$ 50,881	\$ 67,200	\$ 87,917	\$ 49,364	\$ 22,868	\$ -0-	\$ 387,316
Employee benefits and payroll taxes	389	20,676	5,837	12,548	16,572	21,682	12,174	5,640	-0-	95,518
Total labor and benefits	1,967	104,516	29,505	63,429	83,772	109,599	61,538	28,508	-0-	482,834
Other Expenses:										
Special events	-0-	-0-	665	-0-	-0-	-0-	136,506	-0-	-0-	137,171
Revenue share payment to related party	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	71,853	71,853
Assistance to patients	-0-	14,849	-0-	23,229	-0-	-0-	545	-0-	-0-	38,623
Occupancy and insurance	250	13,301	3,755	8,072	10,661	13,948	7,832	3,628	-0-	61,447
Professional fees and contract services	49	2,570	726	1,560	2,060	2,695	1,513	701	-0-	11,874
Office supplies and expenses	117	6,201	1,751	3,763	4,970	6,503	3,651	1,694	-0-	28,650
Meeting and travel	63	3,338	942	2,026	2,676	3,500	1,965	911	-0-	15,421
Dues and subscriptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,394	-0-	1,394
Telephone	46	2,449	692	1,486	1,963	2,568	1,442	668	-0-	11,314
Printing, postage and shipping	9	458	129	278	367	480	270	124	-0-	2,115
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,201	-0-	1,201
Advertising	2	97	28	59	78	102	57	27	-0-	450
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	544	-0-	544
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,500	-0-	2,500
Total expenses and costs of direct donor benefits for special events	2,503	147,779	38,193	103,902	106,547	139,395	215,319	41,900	71,853	867,391
Less: costs of direct donor benefits for special events	-0-	-0-	(665)	-0-	-0-	-0-	(136,506)	-0-	-0-	(137,171)
Total expenses	<u>\$ 2,503</u>	<u>\$ 147,779</u>	<u>\$ 37,528</u>	<u>\$ 103,902</u>	<u>\$ 106,547</u>	<u>\$ 139,395</u>	<u>\$ 78,813</u>	<u>\$ 41,900</u>	<u>\$ 71,853</u>	<u>\$ 730,220</u>

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 129,275	\$ (234,157)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Forgiveness of note payable	(55,800)	-0-
Depreciation	229	544
Loss on disposal of asset	-0-	664
Net change in beneficial interest in assets held by others	(185,060)	45,354
Changes in operating assets and liabilities:		
Grants and accounts receivable	8,540	49,765
Prepaid expenses	531	26,030
Accounts payable	(350)	(24,364)
Due to related party	(11,347)	(77,209)
Accrued expenses	(3,818)	1,269
Deferred revenue	<u>(45,500)</u>	<u>133,100</u>
Net cash used in operating activities	(163,300)	(79,004)
Cash Flows from Financing Activities:		
Borrowings under notes payable	<u>75,913</u>	<u>55,800</u>
Net decrease	(87,387)	(23,204)
Cash and Cash Equivalents, Beginning of Year	<u>561,888</u>	<u>585,092</u>
Cash and Cash Equivalents, End of Year	<u>\$ 474,501</u>	<u>\$ 561,888</u>

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES

National Kidney Foundation of Indiana, Inc. (“NKFI” or the “Foundation”) is a local affiliate of the National Kidney Foundation, Inc. (“National”). NKFI is focused on providing education to the public for the prevention of kidney disease and support to those families affected by these diseases, throughout the state of Indiana.

The following are descriptions of the program services provided by NKFI:

Research in the form of grants are awarded for research projects conducted in Indiana relating to kidney disease and transplantation.

Public Health Education consists of workshops, health fairs, brochures, video production or any other educational projects or programs to educate the public on kidney diseases, urological diseases, diabetes, hypertension, organ and tissue donation or transplantation.

Professional Education are activities of the medical Advisory Board including the Stuart A. Kleit Symposium, Stuart A. Kleit Symposium Scholarships, the Indiana Council of Nephrology Social Workers (ICNSW), the Indiana Council of Renal Nutritionists (ICRN), the Physician Education Programs, workshops or programs developed for the continuing education of medical professionals, and funding for nephrology fellows.

Patient Services are provided for kidney and transplant patients including the Scholarship Program, advocacy, emergency services, and summer camp.

Prevention Services relate to the prevention of chronic kidney diseases, primarily through the Kidney Early Education Program (KEEP) screening program.

Community Services are provided as a collaborative effort with other community service organizations to improve programs and services to counties outside of central Indiana.

The significant accounting policies followed by NKFI in the preparation of its financial statements are summarized below:

Basis of Presentation

Net assets, revenue and support, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Net Assets With Donor Restrictions

Net assets with donor restrictions include contributions that limit the use of the donated assets. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction is met, which is when a stipulated time has elapsed or a specific purpose has been fulfilled or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is met, restricted net assets are reclassified to net assets without donor restrictions through the release of restrictions in the Statements of Activities and Changes in Net Assets.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires Management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Primary estimates made in preparation of NKFI's financial statements include collectability of grants and accounts receivable, useful lives of property and equipment, and the classification of functional expenses.

Cash and cash equivalents

Cash and cash equivalents represent amounts held in checking, savings and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents. Cash and cash equivalents do not include cash restricted by donors for endowment funds.

Support and Revenue Recognition and Grants and Accounts Receivable

Support and revenues are reported as increases in net assets with or without donor restrictions based upon any donor-imposed restrictions. Contributions and grants are recognized when the donor makes an unconditional promise to give to NKFI either verbally or in writing. Conditional promises to give are recognized as support when the conditions are satisfied. Unconditional and conditional promises to give expected to be collected in future years are recorded at their net present value.

Revenues from NKFI's special events are recognized at the time of the related event. Support and revenues received during the current reporting period for events occurring subsequent to the date of the Statements of Financial Position are reported as deferred revenue.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Grants and accounts receivable consist of amounts unconditionally promised or due from performance-based service contracts where the services have been performed. Grants receivable are supported by written grant agreements and are stated at the amount billed or expected to be collected. Accounts receivable represent amounts due from sponsorship and special events. NKFI, on a periodic basis, evaluates its grants and accounts receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. There was no allowance for doubtful accounts as of June 30, 2021 and 2020.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at the assets' estimated fair value as of the date of donation. Costs of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the assets estimated useful lives ranging from five (5) to ten (10) years utilizing the straight-line method.

Donated Services and Supplies

NKFI receives in-kind donations and contributions from various donors. Contributions of services are recognized at the estimated fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of food, equipment, and other goods are recorded at its estimated fair value when received.

Additionally, volunteers donate a significant amount of time to NKFI's programs at an undetermined fair value. These services are not reflected in the financial statements included herein.

Functional Expenses

Expenses are functionally classified as Program Services, Fundraising, and Management and General. Classifications are based on actual direct expenditures and cost allocations determined by estimates of time spent by NKFI's personnel.

Income Taxes

NKFI is exempt from Federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state law. Accordingly, no provision has been made for Federal or state income taxes.

Management of NKFI evaluates all significant tax positions to ensure compliance with the exempt purpose of the Foundation as required by U.S. GAAP, including consideration of any unrelated business income tax. As of June 30, 2021, Management does not believe NKFI has taken any tax positions that are not in compliance with the exempt purpose of the Foundation. NKFI's Federal and state tax returns remain open and subject to examination beginning with the calendar tax year ended June 30, 2018.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Subsequent Events

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

At June 30, 2021 and 2020, financial assets available for future general expenditures within one year from the date of the Statements of Financial Position consists of the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 474,501	\$ 561,888
Grants and accounts receivable	5,090	13,630
Cash restricted for endowment funds	80,742	80,742
Beneficial interest in assets held by others	<u>1,049,170</u>	<u>864,110</u>
	1,609,503	1,520,370
Amounts not available to be used for general expenditures within one year include donor restricted funds as follows:		
Specified purposes	(35,287)	(38,932)
Cash restricted for endowment funds	(80,742)	(80,742)
Beneficial interest in assets held by others	<u>(1,049,170)</u>	<u>(864,110)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 444,304</u>	<u>\$ 536,586</u>

Donor restrictions require resources to be used in a particular manner, held in perpetuity, or in a future period and, accordingly, NKFI must maintain sufficient resources to meet those responsibilities to its donors. Due to donor restrictions, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a practice to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.

3. GRANTS AND ACCOUNTS RECEIVABLE

NKFI recognizes all material conditional and unconditional promises to give as support and revenue.

Grants and accounts receivable of \$5,090 and \$13,630 at June 30, 2021 and 2020, respectively, are due from various donors within one year.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS

U.S. GAAP provides a fair value hierarchy framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NKFI has no liabilities measured at fair value and assets measured at fair value include the Foundation's beneficial interest in perpetual trust assets of \$1,049,170 and \$864,110 as of June 30, 2021 and 2020, respectively, measured by Level 2 input criteria on a recurring basis within the fair value hierarchy. The following is a description of the valuation methodology used by NKFI for measuring its assets at fair value as of June 30, 2021 and 2020. There has been no change in methodology used at June 30, 2021.

Beneficial Interest in Perpetual Trust

Valued using the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate the fair value of the beneficial interest differs from the fair value of the assets held by the trust, in which case the present value of the estimated future cash flows would be used.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

The Foundation's accounting policy is to recognize transfers between levels as of the date of the event or change in circumstances causing the transfer. There were no transfers during 2021 and 2020.

5. ENDOWMENT FUNDS

NKFI's endowments consist of the following donor-designated endowment funds:

Kleit Endowment Fund

The Stuart A. Kleit Endowment was established in 1990 as a tribute to Dr. Kleit for his work related to kidney diseases. The endowment fund is governed and administered by three directors made up of Dr. Kleit (or his designee), an appointment lay member of the Board of Directors of the Foundation, and the chairman of the Medical Advisory Board. NKFI's Chief Executive Officer serves as staff liaison and ex officio member. The endowment committee is governed in its activities with written by-laws.

Up to 25% of the investment income of the fund is restricted for use for physicians' education symposium and assistance to research fellows, in conjunction with Dr. Kleit's request. Any unspent income is to be added annually to the principal balance.

Caroline L. Oakes Perpetual Trust Fund

NKFI is the income beneficiary of a trust established in 1994 by Caroline L. Oakes. The income from this trust is distributed on a quarterly basis and is used for, but not limited to, the following expenses in Indiana: Scholarship Fund, Emergency Fund, Kidney Camp, Transplant Games, and research.

Spilman Endowment Fund

During 1993, NKFI received funds from Mrs. Eleanor Spilman for an endowment with the primary purpose of assisting persons suffering from kidney disease, and their families, but offsetting the costs associated with kidney dialysis and organ transplantation and the secondary purposes of making additional funds available for encouraging or promoting research and professional education related to the prevention, diagnosis, causes and treatment of kidney diseases.

The principal shall be maintained by the Foundation. No more than 90% of the endowment's income will be expended in one year and at least 10% of the endowment's income shall be added to the principal balance, plus any other income not expended.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

The Board of Directors of NKFI has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation held in perpetuity: (a) the original value of gifts donated to the endowment; and (b) the original value of subsequent gifts to the endowments.

The remaining portion of the donor-restricted endowment funds not held in perpetuity is classified as net assets with donor restrictions until appropriated for expenditure by NKFI in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, NKFI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of NKFI;
- The investment policies of the Foundation.

Funds with Deficiencies

From time to time, the endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). NKFI has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. In accordance with U.S. GAAP, any amount of deficiencies of this nature are reported in net assets with donor restrictions. There were no material deficiencies as of June 30, 2021. At June 30, 2020, the Kleit and Spilman endowment funds with original gift values of \$80,742, had a fair value of \$80,628 resulting in deficiencies aggregating (\$114).

Return Objectives and Risk Parameters

NKFI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Foundation while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NKFI must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the Kleit endowment funds should be growth focused and invested in mid-level risk mutual funds or stock portfolios. The Spilman endowment funds are intended to be income focused and are to be invested in mutual funds or specific equity securities.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NKFI targets a diversified asset allocation that places a greater emphasis on equity-based and mutual fund investments to achieve its long-term objectives within prudent risk constraints. As of June 30, 2021 and 2020, the Kleit and Spilman endowment principals are invested in money market accounts which NKFI's Board of Directors consider investment options that best fit each endowments' return objectives and risk parameters.

Spending Policy and How the Investment Objective Relates to Spending Policy

NKFI's Board of Directors has determined investment income of the Kleit and Spilman endowments will be expended 25% and 90% on the Kleit symposium and patient services, respectively. This is consistent with NKFI's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. NKFI has not appropriated for expenditure any funds from the Kleit and Spilman endowments during the years ended June 30, 2021 and 2020.

6. NOTES PAYABLE

Note One

During 2020, the Foundation borrowed \$55,800 from a bank under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). Under the terms of the program, a portion or all of the loan was forgivable if the Foundation met the forgiveness conditions of the PPP. During May 2021, the Foundation was notified the SBA approved full forgiveness of the principal amount and, accordingly, the Foundation recognized \$55,800 of grant revenue in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021.

Note Two

During 2021, the Foundation secured an additional note payable for \$75,913 from a bank through the SBA's PPP provided by the Coronavirus Aid, Relief, and Economic Security Act and the Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues Act. Consistent with Note One above, Note Two allows borrowers to receive full loan forgiveness based on consistent forgiveness conditions as Note One.

To the extent any of the loan principal and accrued interest is not forgiven, the note is payable through equal monthly payments of principal and interest beginning at the latter of ten months after the end of the coverage period or upon completion of the SBA's review of the forgiveness application and continuing through the note maturity date in February 2026. The loan accrues interest at an annual rate of 1% and may be prepaid in part, or in whole, at any time without penalty.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Future annual principal payments of Note Two as of June 30, 2021, assuming no forgiveness of the loan, are as follows:

Year Ending <u>June 30,</u>	
2022	\$ 1,008
2023	20,231
2024	20,434
2025	20,639
2026	<u>13,601</u>
	<u>\$ 75,913</u>

7. LEASES

NKFI has non-cancelable operating leases for office space and equipment requiring monthly payments aggregating \$4,937 and expiring at various dates through July 2025. Lease expense for the years ended June 30, 2021 and 2020 was \$58,770 and \$58,398, respectively.

Future minimum annual lease payments due under the terms of operating leases as of June 30, 2021 are as follows:

Year Ending <u>June 30,</u>	
2022	\$ 58,040
2023	55,638
2024	28,740
2025	1,440
2026	<u>120</u>
	<u>\$ 143,978</u>

8. RETIREMENT PLAN

NKFI has a 401(k) profit-sharing plan and trust for its employees. The plan covers all employees of the Foundation who have completed one year of employment. Employees may make contributions, not to exceed the maximum amount allowed by the Internal Revenue Service, with an elective matching or discretionary contribution by NKFI. The Foundation's plan contributions were \$8,250 and \$7,126 for the years ended June 30, 2021 and 2020, respectively.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or must be held indefinitely at June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Kidney Camp	\$ 27,091	27,894
Emergency needs of patients on dialysis in Vigo County	8,196	11,038
Endowments:		
Held in perpetuity	80,742	80,742
Beneficial interest in assets held by others	<u>1,049,170</u>	<u>864,110</u>
	<u>\$ 1,165,199</u>	<u>\$ 983,784</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor. Donor restricted net assets of \$101,597 and \$86,277 were released from restriction during the years ended June 30, 2021 and 2020, respectively.

10. RELATED PARTY TRANSACTIONS

As a member of National, NKFI is required to remit twenty-five percent (25%) of its annual income, subject to predetermined exceptions, to National. For the years ended June 30, 2021 and 2020, \$62,960 and \$71,853, respectively, was remitted to National.

There was no amount due to NKFI from National as of June 30, 2021 and 2020. The Foundation had an accounts payable to National at June 30, 2021 and 2020 of \$5,286 and \$16,633, respectively.

For the years ended June 30, 2021 and 2020, total contributions of \$16,565 and \$20,275, respectively, were received from members or NKFI's Board of Directors and employees.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

11. CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

NKFI maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fundraising Events

NKFI is supported by contributions from the public, with fundraising walks in different regions of Indiana and a golf outing generating most of the support. It is always considered reasonably possible that benefactors, grantors, or contributors might provide ongoing support in the near term.

Grants and Accounts Receivable and Support and Revenue

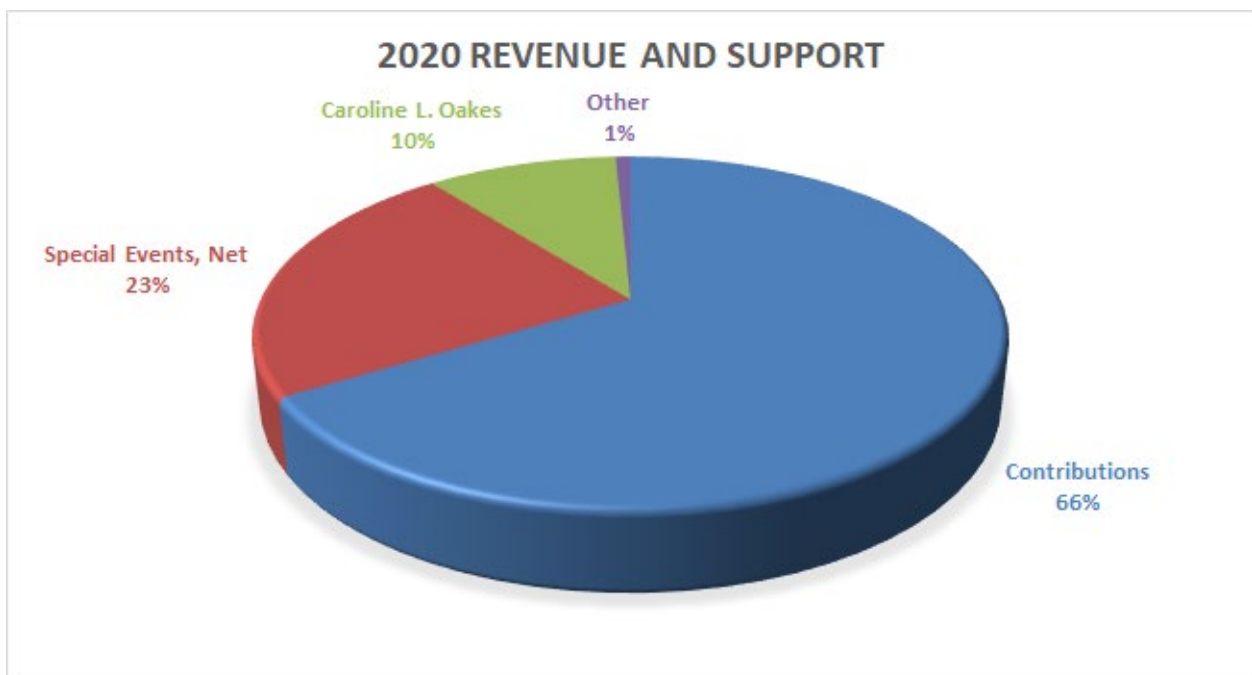
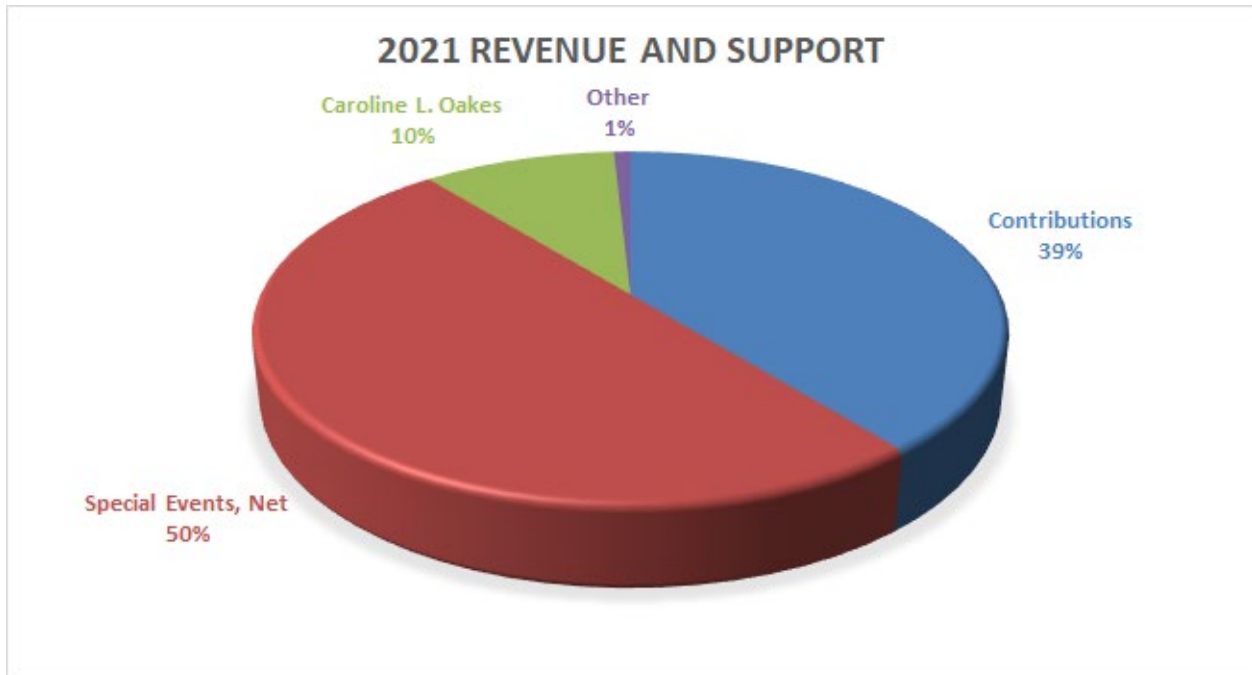
As of June 30, 2021, two (2) grantors represented 88% of grants and accounts receivable.

As of June 30, 2020 and for the year then ended, one (1) grantor represented 92% of grants and accounts receivable and one (1) donor represented 14% of support and revenue.

SUPPLEMENTARY INFORMATION

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

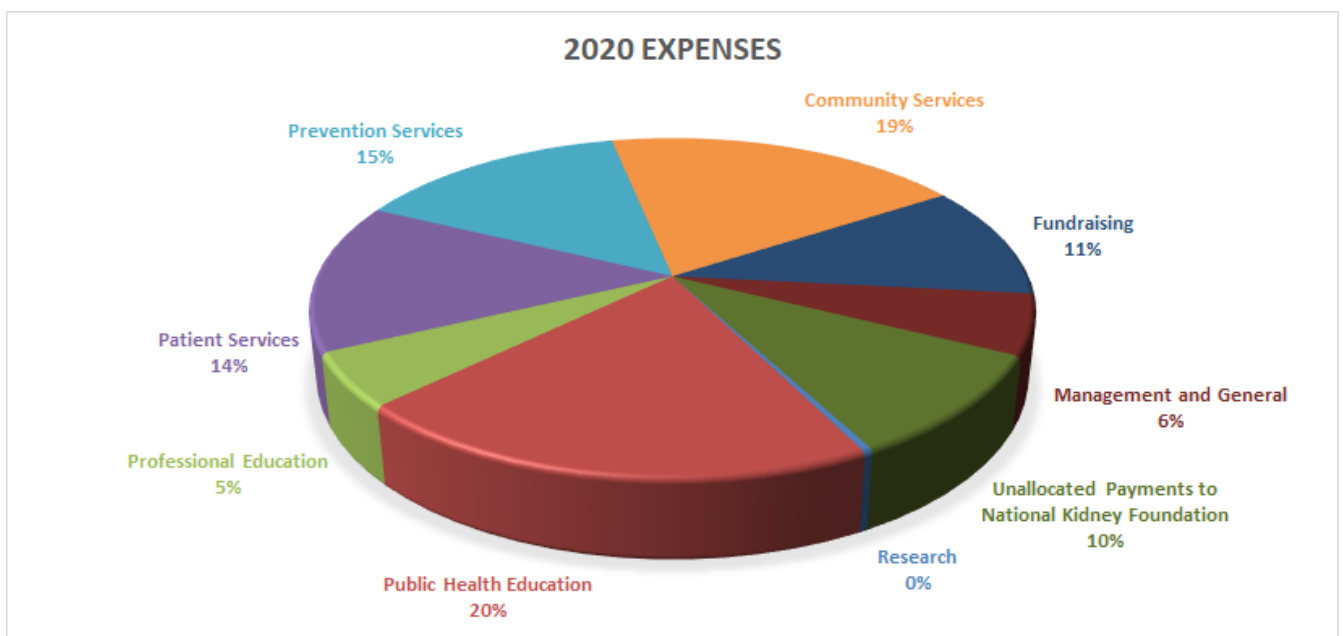
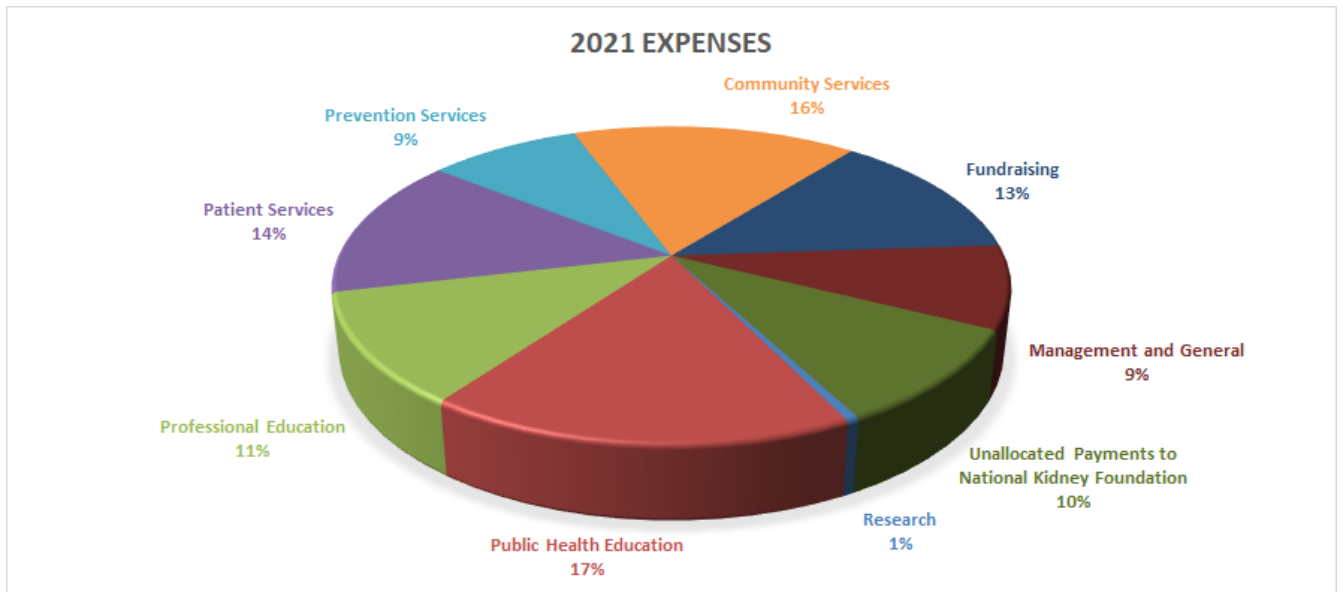
GRAPHS OF REVENUE AND SUPPORT, EXCLUDING CHANGE IN VALUE OF BENEFICIAL INTEREST IN PERPETUAL TRUST
YEARS ENDED JUNE 30, 2021 AND 2020



See Independent Auditor's Report on pages 1 – 2.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

GRAPHS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2021 AND 2020



See Independent Auditor's Report on pages 1 – 2.