

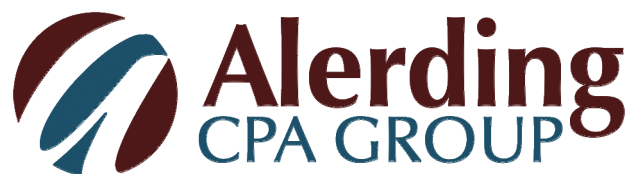


National **Kidney** Foundation®

of Indiana

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2022 AND 2021



NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

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JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Kidney Foundation of Indiana, Inc.

Opinion

We have audited the accompanying financial statements of National Kidney Foundation of Indiana, Inc. ("NKFI" or the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NKFI as of June 30, 2022 and 2021, and its changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NKFI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NKFI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 NKFI's internal controls. 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NKFI'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included at pages 22 and 23 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.

A handwritten signature in cursive script that reads "Alerding CPA Group".

Indianapolis, Indiana
November 11, 2022

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Assets: | | |
| Cash and cash equivalents | \$ 443,042 | \$ 473,905 |
| Grants and accounts receivable | 5,100 | 5,090 |
| Prepaid expenses | 5,620 | 6,419 |
| Endowment funds | 81,347 | 81,338 |
| Property and equipment, net of accumulated depreciation of \$18,053 and \$17,677 | 1,220 | 70 |
| Beneficial interest in assets held by others | <u>857,031</u> | <u>1,049,170</u> |
| | <u>\$ 1,393,360</u> | <u>\$ 1,615,992</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 30,893 | \$ 11,297 |
| Due to related party | 6,379 | 5,286 |
| Accrued expenses | 14,052 | 12,043 |
| Deferred revenue | 177,000 | 101,600 |
| Note payable | <u>-0-</u> | <u>75,913</u> |
| Total liabilities | <u>228,324</u> | <u>206,139</u> |
| Net Assets: | | |
| Without donor restrictions | 195,169 | 244,058 |
| With donor restrictions | <u>969,867</u> | <u>1,165,795</u> |
| Total net assets | <u>1,165,036</u> | <u>1,409,853</u> |
| | <u>\$ 1,393,360</u> | <u>\$ 1,615,992</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, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

| | 2022 | | | 2021 Total |
|---|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Support and Revenue: | | | | |
| Contributions including grants, memorials, and bequests | \$ 152,975 | \$ 30,000 | \$ 182,975 | \$ 173,248 |
| Special events: | | | | |
| Special events income | 472,676 | 20,000 | 492,676 | 364,597 |
| In-kind contributions | 84,639 | -0- | 84,639 | 26,061 |
| Less: costs of direct donor benefits | (198,930) | -0- | (198,930) | (99,170) |
| Net support from special events | <u>358,385</u> | <u>20,000</u> | <u>378,385</u> | <u>291,488</u> |
| Total contributions and special events support | <u>511,360</u> | <u>50,000</u> | <u>561,360</u> | <u>464,736</u> |
| Other revenues: | | | | |
| Net change in beneficial interest in assets held by others | -0- | (130,284) | (130,284) | 243,012 |
| Other income | 3,366 | -0- | 3,366 | 4,967 |
| Forgiveness of notes payable | 75,913 | -0- | 75,913 | 55,800 |
| Interest income | 2 | 9 | 11 | 23 |
| Total other revenues | <u>79,281</u> | <u>(130,275)</u> | <u>(50,994)</u> | <u>303,802</u> |
| Total support and revenue | 590,641 | (80,275) | 510,366 | 768,538 |
| Net Assets Released | | | | |
| From Donor Restrictions | <u>115,653</u> | <u>(115,653)</u> | <u>-0-</u> | <u>-0-</u> |
| | <u>706,294</u> | <u>(195,928)</u> | <u>510,366</u> | <u>768,538</u> |
| Expenses: | | | | |
| Program Services: | | | | |
| Research | 3,343 | -0- | 3,343 | 3,219 |
| Public health education | 130,920 | -0- | 130,920 | 110,577 |
| Professional education | 61,758 | -0- | 61,758 | 72,405 |
| Patient services | 104,761 | -0- | 104,761 | 91,444 |
| Prevention services | 107,042 | -0- | 107,042 | 55,867 |
| Community services | 107,691 | -0- | 107,691 | 104,057 |
| Total program services | <u>515,515</u> | <u>-0-</u> | <u>515,515</u> | <u>437,569</u> |
| Fundraising | 87,221 | -0- | 87,221 | 84,631 |
| Management and general | 56,760 | -0- | 56,760 | 54,103 |
| Unallocated payments to related party | 95,687 | -0- | 95,687 | 62,960 |
| Total expenses | <u>755,183</u> | <u>-0-</u> | <u>755,183</u> | <u>639,263</u> |
| Change in net assets | (48,889) | (195,928) | (244,817) | 129,275 |
| Net Assets, Beginning of Year | <u>244,058</u> | <u>1,165,795</u> | <u>1,409,853</u> | <u>1,280,578</u> |
| Net Assets, End of Year | <u>\$ 195,169</u> | <u>\$ 969,867</u> | <u>\$ 1,165,036</u> | <u>\$ 1,409,853</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

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|--|---------------------|
| Support and Revenue: | | | |
| Contributions including grants, memorials, and bequests | \$ 133,248 | \$ 40,000 | \$ 173,248 |
| Special events: | | | |
| Special events income | 364,597 | -0- | 364,597 |
| In-kind contributions | 26,061 | -0- | 26,061 |
| Less: costs of direct donor benefits | <u>(99,170)</u> | <u>-0-</u> | <u>(99,170)</u> |
| Net support from special events | <u>291,488</u> | <u>-0-</u> | <u>291,488</u> |
| Total contributions and special events support | <u>424,736</u> | <u>40,000</u> | <u>464,736</u> |
| Other revenues: | | | |
| Net change in beneficial interest in assets held by others | -0- | 243,012 | 243,012 |
| Other income | 4,277 | 690 | 4,967 |
| Forgiveness of note payable | 55,800 | -0- | 55,800 |
| Interest income | <u>3</u> | <u>20</u> | <u>23</u> |
| Total other revenues | <u>60,080</u> | <u>243,722</u> | <u>303,802</u> |
| Total support and revenue | 484,816 | 283,722 | 768,538 |
| Net Assets Released | | | |
| From Donor Restrictions | <u>101,597</u> | <u>(101,597)</u> | <u>-0-</u> |
| | <u>586,413</u> | <u>182,125</u> | <u>768,538</u> |
| Expenses: | | | |
| Program services: | | | |
| Research | 3,219 | -0- | 3,219 |
| Public health education | 110,577 | -0- | 110,577 |
| Professional education | 72,405 | -0- | 72,405 |
| Patient services | 91,444 | -0- | 91,444 |
| Prevention services | 55,867 | -0- | 55,867 |
| Community services | <u>104,057</u> | <u>-0-</u> | <u>104,057</u> |
| Total program services | 437,569 | -0- | 437,569 |
| Fundraising | 84,631 | -0- | 84,631 |
| Management and general | 54,103 | -0- | 54,103 |
| Unallocated payments to related party | <u>62,960</u> | <u>-0-</u> | <u>62,960</u> |
| Total expenses | <u>639,263</u> | <u>-0-</u> | <u>639,263</u> |
| Change in net assets | (52,850) | 182,125 | 129,275 |
| Net Assets, Beginning of Year | <u>296,908</u> | <u>983,670</u> | <u>1,280,578</u> |
| Net Assets, End of Year | <u>\$ 244,058</u> | <u>\$ 1,165,795</u> | <u>\$ 1,409,853</u> |

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

| | 2022 | | | | | | | | | | 2021 Total |
|--|------------------|-------------------------------|---------------------------|---------------------|------------------------|-----------------------|------------------|------------------------------|---------------------------------|-------------------|-------------------|
| | Program Services | | | | | | | Unallocated | | | |
| | Research | Public Health Education | Professional Education | Patient Services | Prevention Services | Community Services | Fundraising | Management and General | Payments to Related Party | Total | |
| Labor and benefits: | | | | | | | | | | | |
| Salaries | \$ 2,068 | \$ 67,861 | \$ 38,205 | \$ 40,702 | \$ 66,219 | \$ 66,620 | \$ 53,958 | \$ 35,585 | \$ -0- | \$371,218 | \$330,972 |
| Employee benefits and payroll taxes | 621 | 20,370 | 11,468 | 12,218 | 19,878 | 19,998 | 16,197 | 10,681 | -0- | 111,431 | 86,022 |
| Total labor and benefits | <u>2,689</u> | <u>88,231</u> | <u>49,673</u> | <u>52,920</u> | <u>86,097</u> | <u>86,618</u> | <u>70,155</u> | <u>46,266</u> | <u>-0-</u> | <u>482,649</u> | <u>416,994</u> |
| Other Expenses: | | | | | | | | | | | |
| Special events | -0- | -0- | 1,650 | -0- | -0- | -0- | 197,280 | -0- | -0- | 198,930 | 99,170 |
| Revenue share payment to related party | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 95,687 | 95,687 | 62,960 |
| Assistance to patients | -0- | 21,224 | -0- | 38,965 | -0- | -0- | -0- | -0- | -0- | 60,189 | 39,410 |
| Occupancy and insurance | 350 | 11,474 | 6,460 | 6,882 | 11,196 | 11,264 | 9,123 | 6,016 | -0- | 62,765 | 62,285 |
| Professional fees and contract services | 90 | 2,959 | 1,666 | 1,775 | 2,888 | 2,905 | 2,353 | 1,551 | -0- | 16,187 | 13,694 |
| Office supplies and expenses | 118 | 3,886 | 2,188 | 2,331 | 3,792 | 3,815 | 3,090 | 507 | -0- | 19,727 | 25,857 |
| Meeting and travel | 51 | 1,681 | 946 | 1,008 | 1,640 | 1,650 | 1,337 | 883 | -0- | 9,196 | 5,653 |
| Dues and subscriptions | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 392 | -0- | 392 | 1,898 |
| Telephone | 32 | 1,042 | 586 | 625 | 1,016 | 1,023 | 828 | 546 | -0- | 5,698 | 6,493 |
| Printing, postage and shipping | 13 | 423 | 239 | 255 | 413 | 416 | 335 | 224 | -0- | 2,318 | 3,554 |
| Miscellaneous | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 236 |
| Depreciation | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 375 | -0- | 375 | 229 |
| Total expenses and costs of direct donor benefits for special events | 3,343 | 130,920 | 63,408 | 104,761 | 107,042 | 107,691 | 284,501 | 56,760 | 95,687 | 954,113 | 738,433 |
| Less: costs of direct donor benefits for special events | -0- | -0- | (1,650) | -0- | -0- | -0- | (197,280) | -0- | -0- | (198,930) | (99,170) |
| Total expenses | <u>\$ 3,343</u> | <u>\$ 130,920</u> | <u>\$ 61,758</u> | <u>\$ 104,761</u> | <u>\$ 107,042</u> | <u>\$ 107,691</u> | <u>\$ 87,221</u> | <u>\$ 56,760</u> | <u>\$ 95,687</u> | <u>\$ 755,183</u> | <u>\$ 639,263</u> |

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

| | 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 |
| Employee benefits and payroll taxes | 518 | 17,093 | 11,652 | 9,076 | 8,991 | 16,746 | 13,620 | 8,326 | -0- | 86,022 |
| Total labor and benefits | 2,511 | 82,858 | 56,484 | 43,996 | 43,583 | 81,177 | 66,022 | 40,363 | -0- | 416,994 |
| Other Expenses: | | | | | | | | | | |
| Special events | -0- | -0- | -0- | -0- | -0- | -0- | 99,170 | -0- | -0- | 99,170 |
| Revenue share payment to related party | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 62,960 | 62,960 |
| Assistance to patients | -0- | 4,364 | -0- | 35,046 | -0- | -0- | -0- | -0- | -0- | 39,410 |
| Occupancy and insurance | 375 | 12,376 | 8,437 | 6,572 | 6,510 | 12,125 | 9,861 | 6,029 | -0- | 62,285 |
| Professional fees and contract services | 82 | 2,721 | 1,855 | 1,445 | 1,431 | 2,666 | 2,168 | 1,326 | -0- | 13,694 |
| Office supplies and expenses | 157 | 5,138 | 3,502 | 2,728 | 2,702 | 5,033 | 4,094 | 2,503 | -0- | 25,857 |
| Meeting and travel | 34 | 1,123 | 766 | 597 | 591 | 1,100 | 895 | 547 | -0- | 5,653 |
| Dues and subscriptions | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 1,898 | -0- | 1,898 |
| Telephone | 39 | 1,290 | 880 | 685 | 679 | 1,264 | 1,028 | 628 | -0- | 6,493 |
| Printing, postage and shipping | 21 | 707 | 481 | 375 | 371 | 692 | 563 | 344 | -0- | 3,554 |
| Miscellaneous | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 236 | -0- | 236 |
| Depreciation | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 229 | -0- | 229 |
| 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 |
| Less: costs of direct donor benefits for special events | -0- | -0- | -0- | -0- | -0- | -0- | (99,170) | -0- | -0- | (99,170) |
| 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> |

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (244,817) | \$ 129,275 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Forgiveness of note payable | (75,913) | (55,800) |
| Depreciation | 375 | 229 |
| Net change in beneficial interest in assets held by others and endowment funds | 192,139 | (185,750) |
| Changes in operating assets and liabilities: | | |
| Grants and accounts receivable | (10) | 8,540 |
| Prepaid expenses | 799 | 531 |
| Accounts payable | 19,596 | (350) |
| Due to related party | 1,093 | (11,347) |
| Accrued expenses | 2,009 | (3,818) |
| Deferred revenue | <u>75,400</u> | <u>(45,500)</u> |
| Net cash used in operating activities | <u>(29,329)</u> | <u>(163,990)</u> |
| Cash Flows from Investing Activities: | | |
| Reinvestment of interest and dividends on beneficial interest in assets held by others and endowment funds | (61,864) | (57,972) |
| Sales of beneficial interest in assets held by others | 61,855 | 57,952 |
| Purchase of property and equipment | <u>(1,525)</u> | <u>-0-</u> |
| Net cash used in investing activities | <u>(1,534)</u> | <u>(20)</u> |
| Cash Flows from Financing Activities: | | |
| Borrowings under note payable | <u>-0-</u> | <u>75,913</u> |
| Net decrease | (30,863) | (88,097) |
| Cash and Cash Equivalents, Beginning of Year | <u>473,905</u> | <u>562,002</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 443,042</u> | <u>\$ 473,905</u> |

See accompanying Notes to Financial Statements.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 Indiana Kidney Check 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:

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 expenses among functional categories.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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.

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 donor designated 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.

Cash and cash equivalents

Cash and cash equivalents represent amounts held in checking, savings and money market accounts. 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, 2022 AND 2021

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, 2022 and 2021.

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 seven (7) years utilizing the straight-line method.

Beneficial Interest in Assets Held by Others

The beneficial interest in assets held by others represents NKFI's interest in a designated endowment fund with a financial institution as the trustee. The asset is increased by new contributions to the endowment fund and is decreased by appropriations from the endowment. The change in value of beneficial interest in assets held by others is recognized in the Statements of Activities and Changes in Net Assets and includes realized and unrealized gains and losses, interest and dividends, and administration and investment fees charged to the endowment fund.

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.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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, 2022, 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, 2019.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through November 11, 2022, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

At June 30, 2022 and 2021, financial assets available for future general expenditures within one year from the date of the Statements of Financial Position consists of the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|--------------------|
| Financial assets: | | |
| Cash | \$ 443,042 | \$ 473,905 |
| Grants and accounts receivable | 5,100 | 5,090 |
| Endowment funds | 81,347 | 81,338 |
| Beneficial interest in assets held by others | <u>857,031</u> | <u>1,049,170</u> |
| | 1,386,520 | 1,609,503 |
| Amounts not available to be used for general expenditures within one year include donor restricted funds as follows: | | |
| Specified purposes | (31,489) | (35,287) |
| Endowment funds | (81,347) | (81,338) |
| Beneficial interest in assets held by others | <u>(857,031)</u> | <u>(1,049,170)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 416,653</u> | <u>\$ 443,708</u> |

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 \$5,100 and \$5,090 at June 30, 2022 and 2021, respectively, are due from various donors within one year.

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.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 \$857,031 and \$1,049,170 as of June 30, 2022 and 2021, respectively. The following is a description of the valuation methodology used by NKFI for measuring the primary underlying securities comprising its beneficial interest perpetual trust assets at fair value as of June 30, 2022 and 2021. There has been no change in methodology used at June 30, 2022.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the trustee are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the trustee are deemed to be actively traded. Equity funds in the table below include mutual funds.

Exchange Traded Funds

Valued at the daily closing prices as reported by the fund. Exchange traded funds are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV; however, the funds trade on stock exchanges throughout the day, thus the transaction price could differ from the NAV. Equity funds in the table below include exchange traded funds.

International Bond Funds

Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The securities comprising the beneficial interests in assets held by others measured at fair value at June 30, 2022 consist of the following:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|----------------|----------------|-------------------|
| Beneficial interest in assets held by others: | | | | |
| Cash | \$ 12,709 | \$ -0- | \$ -0- | \$ 12,709 |
| Equity funds | 675,892 | -0- | -0- | 675,892 |
| Mutual funds - fixed income | 107,866 | -0- | -0- | 107,866 |
| International bond funds | 15,605 | -0- | -0- | 15,605 |
| Other funds | 44,959 | -0- | -0- | 44,959 |
| | <u>\$ 857,031</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 857,031</u> |

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The securities comprising the beneficial interests in assets held by others measured at fair value at June 30, 2021 consist of the following:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|---------------|---------------|---------------------|
| Beneficial interest in assets held by others: | | | | |
| Cash | \$ 10,131 | \$ -0- | \$ -0- | \$ 10,131 |
| Equity funds | 855,373 | -0- | -0- | 855,373 |
| Mutual funds - fixed income | 135,924 | -0- | -0- | 135,924 |
| Other funds | 47,742 | -0- | -0- | 47,742 |
| | <u>\$ 1,049,170</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 1,049,170</u> |

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 2022 and 2021.

5. ENDOWMENT FUNDS

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

Kleit Endowment Fund

The Stuart A. Kleit Endowment ("Kleit Fund") was established in 1990 as a tribute to Dr. Kleit for his work related to kidney diseases. The Kleit 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 "Oakes Fund"). 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.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Spilman Endowment Fund

During 1993, NKFI received funds from Mrs. Eleanor Spilman for an endowment (the "Spilman Fund") 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.

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, 2022 and 2021.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 Fund should be growth focused and invested in mid-level risk mutual funds or stock portfolios. The Spilman Fund are intended to be income focused and are to be invested in mutual funds or specific equity securities.

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, 2022 and 2021, the Kleit Fund and Spilman Fund 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 Fund and Spilman Fund 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 Fund and Spilman Fund during the years ended June 30, 2022 and 2021.

Endowment net assets at June 30, 2022 and 2021 and activities, changes, and classifications for the years then ended consist of the following:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|---------------------|
| Endowment net assets, beginning of year | \$ 1,130,508 | \$ 944,738 |
| Activities and changes: | | |
| Interest and dividends, net of fees | 61,864 | 57,972 |
| Change in value | (192,139) | 185,750 |
| Appropriations | <u>(61,855)</u> | <u>(57,952)</u> |
| Endowment net assets, end of year | <u>\$ 938,378</u> | <u>\$ 1,130,508</u> |

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

6. NOTES PAYABLE

During 2021 and 2020, the Foundation borrowed \$75,913 and \$55,800, respectively, from a bank under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). Under the terms of the program, the loans were forgivable if the Foundation met the forgiveness conditions of the PPP. During September 2021 and May 2021, the Foundation was notified the SBA approved full forgiveness of the principal amounts and, accordingly, the Foundation recognized \$75,913 and \$55,800 of other revenues as reported in the Statements of Activities and Changes in Net Assets for the years ended June 30, 2022 and 2021, respectively.

7. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received in-kind contributions of nonfinancial assets totaling \$84,639 and \$26,061 for the years ending June 30, 2022 and 2021, respectively. In-kind contributions primarily relate to items donated and sold at auctions held during various fundraising and special events occurring during the year and supplies used in its programs. For items donated and sold during special events, the Organization's policy is to value contributed auction items at the gross selling price received. Supplies donated are valued at the estimated retail price.

8. LEASES

NKFI has non-cancelable operating leases for office space and equipment requiring monthly payments aggregating \$5,003 and expire at various dates through July 2025. Lease expense for the years ended June 30, 2022 and 2021 was \$59,568 and \$58,770, respectively.

Future minimum annual lease payments due under the terms of operating leases as of June 30, 2022 are as follows:

| Year Ending | |
|-----------------|------------------|
| <u>June 30,</u> | |
| 2022 | \$ 55,638 |
| 2023 | 28,740 |
| 2024 | 1,440 |
| 2025 | <u>120</u> |
| | <u>\$ 85,938</u> |

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

9. 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 \$8,319 and \$8,250 for the years ended June 30, 2022 and 2021, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or must be held indefinitely at June 30, 2022 and 2021 as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|---------------------|
| Vigo County emergency needs of patients on dialysis | \$ 5,349 | \$ 8,196 |
| Kidney Camp | 26,140 | 27,091 |
| Endowments: | | |
| Kleit and Spilman funds held in perpetuity | 80,742 | 80,742 |
| Accumulated earnings on Kleit and Spilman funds | 605 | 596 |
| Beneficial interest in assets held by others | <u>857,031</u> | <u>1,049,170</u> |
| | <u>\$ 969,867</u> | <u>\$ 1,165,795</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 \$115,653 and \$101,597 were released from restriction during the years ended June 30, 2022 and 2021, respectively.

11. 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, 2022 and 2021, \$95,687 and \$62,960, respectively, was remitted to National.

There was no amount due to NKFI from National as of June 30, 2022 and 2021. The Foundation had an accounts payable to National at June 30, 2022 and 2021 of \$6,379 and \$5,286, respectively.

For the years ended June 30, 2022 and 2021, total contributions of \$7,175 and \$16,565, respectively, were received from members of NKFI's Board of Directors and employees.

NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

12. 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 does not believe it is 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 not provide ongoing support in the near term.

Grants and Accounts Receivable and Support and Revenue

As of June 30, 2022, two (2) grantors represented 100% of grants and accounts receivable.

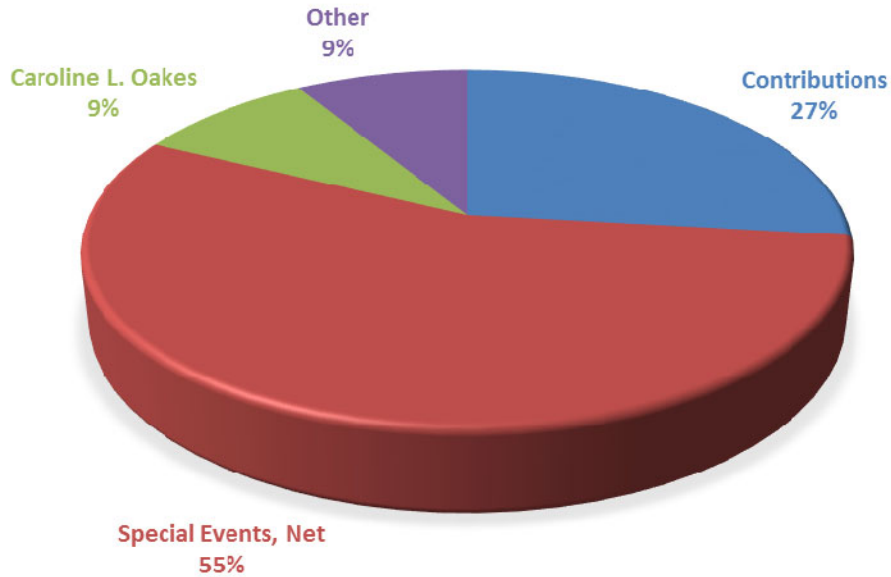
As of June 30, 2021, two (2) grantors represented 88% of grants and accounts receivable.

SUPPLEMENTARY INFORMATION

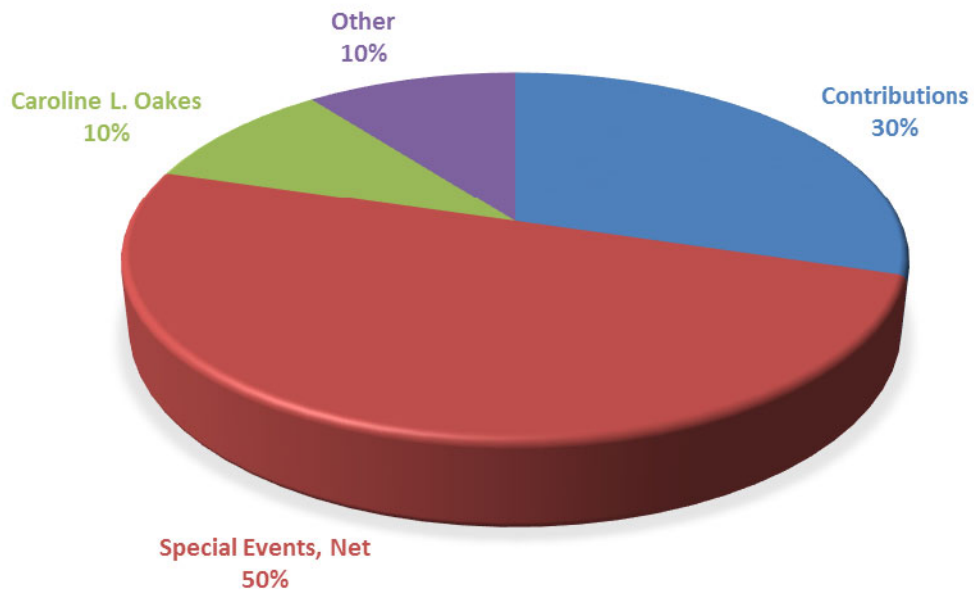
NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

GRAPHS OF REVENUE AND SUPPORT, EXCLUDING CHANGE IN VALUE OF BENEFICIAL INTEREST IN PERPETUAL TRUST YEARS ENDED JUNE 30, 2022 AND 2021

2022 REVENUE AND SUPPORT



2021 REVENUE AND SUPPORT

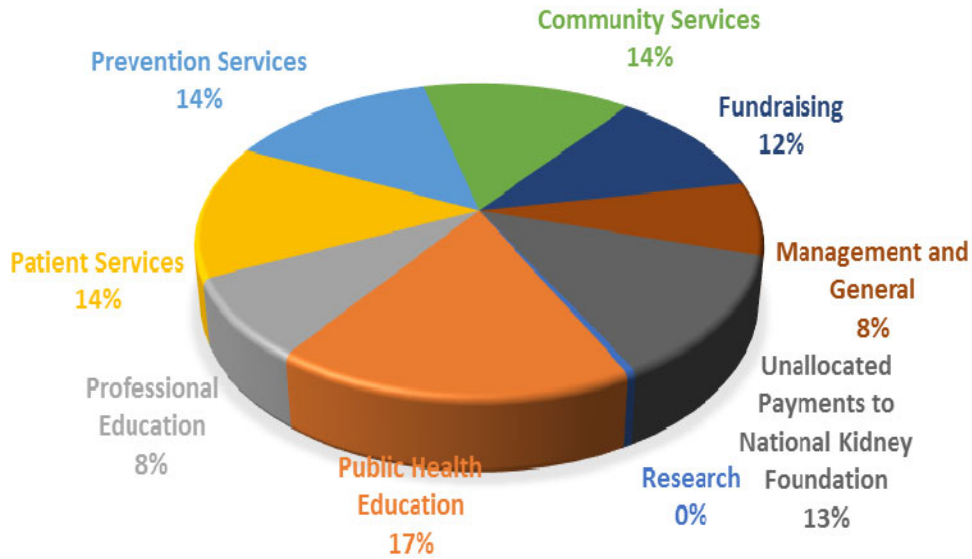


See Independent Auditor's Report on pages 1 – 3.

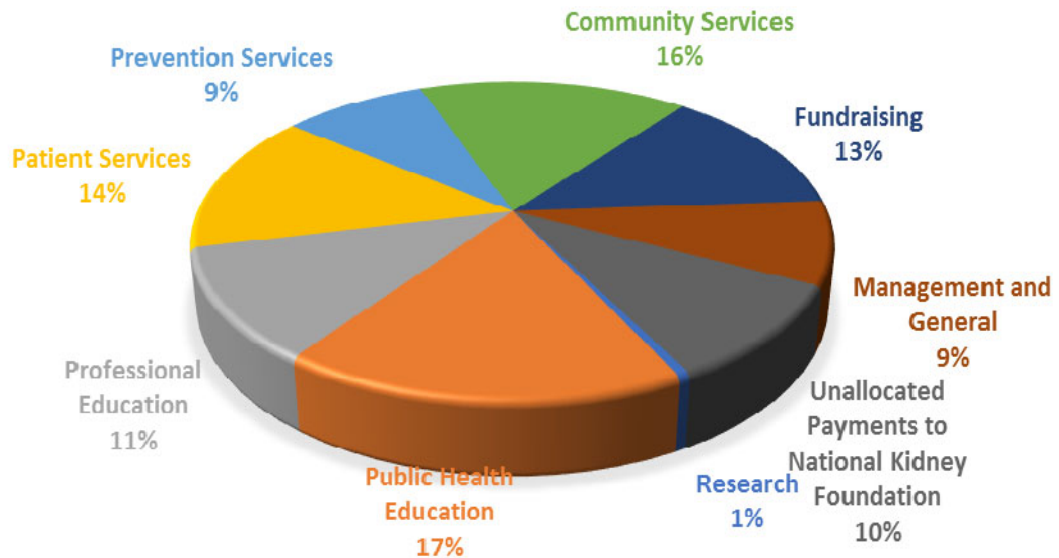
NATIONAL KIDNEY FOUNDATION OF INDIANA, INC.

GRAPHS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

2022 EXPENSES



2021 EXPENSES



See Independent Auditor's Report on pages 1 – 3.