Most people with chronic kidney disease don’t even know they have it. If you have high blood pressure, diabetes or a family history of kidney disease, you are at risk. But early detection can prevent chronic kidney disease from turning into kidney failure.

Support our efforts to reach every American at risk by making a gift today. Visit us online or contact us at (800)622-9010 for free screening and information.

National Kidney Foundation™

www.kidney.org
“Our accomplishments this year proved that the whole is much greater than the sum of its parts.”
Partnership was the dominant theme of 2005. The National Kidney Foundation’s success in reaching more people, serving more of those in need, funding more programs and educating more professionals was tied to the myriad partnerships forged with patients, physicians, Affiliates, volunteers, corporate supporters and the government. Our accomplishments this year proved that the whole is much greater than the sum of its parts.

The rebranding initiative, launched in 2005, demonstrated the Foundation’s commitment to our many partnerships. Designed to unify the organization’s signature programs with a single strong image, the Foundation’s new logo visually expresses the interdependence of the various arms of NKF through interlocking orange and red kidneys. NKF’s new brand emphasizes the energy, warmth, vitality and innovation of the organization. It also communicates the interconnectedness of our programs, Affiliates, volunteers and staff, and highlights our role as a leader in promoting kidney health.

One of the most important partnerships the NKF strengthened this year was with our most critical constituency – our patients. Through our People Like Us program, NKF empowered chronic kidney disease patients, transplant recipients and organ donors to take control of their own lives and health in a new way. Launched in Washington DC in May 2005, our patients began their journey of empowerment with advocacy training and visits to key lawmakers on Capitol Hill.

Our cooperative efforts with providers, the government and corporate partners demonstrated the Foundation’s ability to lead in the face of disaster. Thousands of Hurricane Katrina victims faced homelessness and devastation, but kidney patients without access to dialysis treatment faced life-threatening danger in addition to loss of property. To help patients in the affected areas receive the services they needed, we created a relief resource network on www.kidney.org, offering dialysis locations and treatment information, patient assistance and information for health care professionals interested in volunteering for the effort. Thousands of kidney patients and their families turned to us in this moment of crisis.

We also led a coalition of 35 organizations and companies who joined forces to help kidney patients understand the new Medicare Part D benefit and make choices that suit their personal medical needs. The result was the successful launch of the Kidney Medicare Drugs Awareness and Education Initiative that includes a comprehensive Web site created and hosted by NKF, and companion print pieces to guide our patients and their families through this complex process.

NKF partnered with celebrities to extend the reach of our message to those who may not have yet heard our call. The co-creator and star of the hit ABC sitcom “George Lopez” received a kidney transplant from his wife, Ann in April 2005. Both agreed to serve as NKF national spokespersons, adding important voices to NKF’s initiatives to raise public awareness about the importance of screening and early detection and the life-saving power of organ donation.

It is our diverse partnerships that make it possible for us to extend our reach to the millions of Americans in need. Through compassion, collaboration and the spirit of community, we are proud to be educating and supporting kidney patients every single day.

John Davis, CEO

David G. Warnock, MD

Fred L. Brown, FACHE, Chairman
Ann and George Lopez, NKF’s New Spokespeople

George Lopez is known for his outrageously entertaining sense of humor and his hit ABC TV sitcom, “George Lopez.” However, a year ago, George became known for something other than making people laugh.

Due to a genetic condition that caused kidney deterioration, George’s kidneys were only functioning at 18 percent and he needed a kidney transplant in order to survive. Performing for his television show was challenging as his low kidney function affected his energy level, but George refused to quit, and continued working until he finished shooting his show for the season.

“I struggled my whole life to succeed, and I wasn’t going to let that disease bring me down,” Lopez said.

George received the gift of life from his wife, Ann, through a kidney transplant. “Donating a kidney has not only taught me what I am capable of as a person, it has shown my daughter that through love and giving, anything is possible,” says Ann. “People say that kidney donation is harder on the donor than on the recipient. Well, maybe at one time, but I don’t think that statement is true anymore. The procedure is not so invasive...My friends and neighbors kept telling me to milk it for all it’s worth. I kept telling them it’s not so bad. They said fake it!”

Today, both Ann and George Lopez are spokespeople for the National Kidney Foundation, helping raise awareness about the need for early detection for kidney disease and the importance of organ donation. At the upcoming National Kidney Foundation U.S. Transplant Games, George will compete in the golf event and Ann will be the keynote speaker at the Living Donor Recognition Ceremony.

“I’m feeling better than I’ve ever felt before,” George says.
The National Kidney Foundation unveiled a new brand identity in 2005 designed to unify the organization’s varied programs with one single strong image. This new identity highlights the National Kidney Foundation’s role as a leader in promoting kidney health while communicating the interconnectedness of the organization’s programs. It also reflects the feeling of “home” that the NKF offers to the people it serves.

The new logo’s main graphic, a series of interlocking kidneys, immediately communicates the Foundation’s dominant purpose, kidney health, as well as the interdependence of the various NKF components. The name, National Kidney Foundation, appears in a bold font in an expression of the NKF’s obvious strength. The logo’s red and orange color scheme connotes a dynamic organization filled with vitality, life and warmth.

With its new brand identity, the Foundation embraces a master brand architecture that unites all of its programs under one look and theme. The new design system is incorporated into the logos for all the NKF subbranded programs, such as the Kidney Walk, Kidney Early Evaluation Program (KEEP), Kidney Learning System (KLS) and Kidney Disease Outcomes Quality Initiative (KDOQI).

“Our improved branding reflects the energy of the organization, clarifies our message and enlivens our mission,” says Chuck Fruit, 2005 Chair-elect of the National Kidney Foundation and Chief Marketing Officer of The Coca-Cola Company. “The research we conducted showed that we needed a strong visual identity that focused on the whole of our organization, not the sum of its parts. This new brand more accurately reflects the capabilities and the essence of today’s National Kidney Foundation,” continues Fruit.
A kidney transplant gave Bill MacMillan’s beloved father-in-law an additional 14 years of life. “Precious time to get to know his grandchildren, and they him,” says MacMillan. “He was an amazing, dynamic man. That’s why the fight against kidney disease is so dear to me.”

Since 1990, MacMillan, a director of Cargill Inc., a company his great, great grandfather started during the Civil War, has opened his heart, his wallet – and his Denver home – to the local NKF Affiliate and national education and fundraising efforts. His involvement began when he was asked by the local Affiliate, the NKF of Colorado, Montana and Wyoming, to chair a golf tournament. He served on the Affiliate board for six years.

During those years, MacMillan and his wife Deb helped create and began to host an annual Golf Sponsors Gala, a fundraiser that has drawn as many as 300 local and national leaders to the MacMillan home. “It’s something my wife and I loved to do,” says the 51-year-old MacMillan.

The couple have also co-chaired the Affiliate’s Great Chef’s event, underwritten the annual Volunteer Recognition Program and opened up golf courses they own in Tucson for tournaments. Giving goes way back in this family – and the MacMillans have imbued their four high school and college aged children with the importance of responsibility and generosity to those less fortunate.

“Philanthropy has been discussed and practiced in my family for many generations,” says MacMillan, who is serving a second three-year-term on the NKF’s board of directors. “I will forever be tied in with the NKF, not only financially, but with my time. This isn’t a fad with us. It’s a lifelong cause.”

In Year 2005:

260,000 calls for information through our 800 number
15,000,000 page views on our Web site
38,000 volunteers nationwide
$3,000,000 spent on research on chronic kidney disease
22,000 people screened for kidney disease
46,000 constituent council members
185,458,544 total media impressions
337,000 readers of quarterly Family Focus newspaper for dialysis patients, their family members and health care professionals
Making Headlines: In 2005 the NKF Generated 185,458,544 Total Media Impressions.
A devoted single mother, competitive athlete and all-around dynamo, Delia Jervier has neither the time nor inclination for self-pity.

"I don’t like the whole ‘why me?’ mentality – I won’t have it," says Jervier, 35, who was diagnosed with kidney failure less than two years ago. "I just go about my business." Her business includes jumping with characteristic gusto into the National Kidney Foundation’s new patient empowerment initiative, People Like Us. Last May, the Orlando resident was one of 100 volunteers from across America who converged on Washington D.C., to learn how to educate and lobby legislators on behalf of all chronic kidney disease patients.

Jervier had become a kidney patient without any real warning. Seemingly healthy and fit, she had gone to a hospital emergency room after experiencing heavy bleeding. She was admitted for tests and stunned speechless by the diagnosis: kidney failure. “I thought the doctor was coming in to tell me I could go home,” Jervier says. Instead, he told Jervier she needed to begin dialysis as soon as possible. The irony, says Jervier, is that as an event planner and fundraiser for the American Diabetes Association, she had previously volunteered at a National Kidney Foundation KEEP screening. She was “so impressed with the importance of early screening,” that Jervier then coordinated a KEEP screening for the American Diabetes Association. But she was never screened herself and did not get the benefits of early detection that could possibly have prevented further kidney damage. “After my diagnosis, it was natural to seek out information for myself and to offer to do whatever I could to raise awareness and educate others,” says Jervier. “People Like Us has given me the opportunity to talk to people and to listen to others going through the same experiences, as well as to let our lawmakers know what care chronic kidney patients need and deserve.”

Jervier acknowledges she has had hard moments. “Sometimes I cry or get sad, but then I get a grip. I have a strong faith, a great son, Nicholas, I’m able to work full time and to help others.” A former marathoner, Jervier is determined not to become a couch potato. “I took up cycling,” Jervier says proudly. “I completed 50K last week.”
Preventing kidney disease from becoming kidney failure with early detection and an awareness of risk factors was the focus of our public education efforts in 2005. Through free kidney screenings, public service campaigns and community outreach, our message hit home for the nearly 300,000 people who contacted our toll free hotline seeking kidney disease information and the millions who viewed our information online, in print and on television. More than 3.3 million educational brochures were distributed to the public this year and more than 185 million media impressions were generated through print and broadcast news coverage of kidney disease and organ donation.

The foundation’s Kidney Early Evaluation Program (KEEP) screened 22,000 Americans at risk for kidney disease this year. Half of the participants learned they were in the early stages of kidney disease and are now consulting with their doctors about high blood pressure, anemia and urine test abnormalities. This early detection initiative is changing the course of kidney disease and averting the need for dialysis or transplant on the part of many of our participants. Primary sponsor of KEEP is Ortho Biotech Products, L.P. and associate sponsor is Abbott Laboratories.
In March 2005, the Foundation went public with the early detection message in honor of National Kidney Month. Through stories and print public service announcements, our kidney health information made its way to the pages of Woman’s World, Essence and Ebony magazines, USA Today, Prevention, U.S. News & World Report, JAMA, Family Circle, American Family Physician, Men’s Health and more.

Last summer, a broadcast public service campaign highlighting who’s at risk and when to take action, was launched in both English and Spanish. The spots focused on the lack of symptoms for early kidney disease and the need for those at risk to get tested. They asked viewers and listeners whether they’d notice if they were missing half of their friends or their money and similarly, half of their kidney function. The campaign points out that most people think they’d notice but in all likelihood, they would not realize if they were missing half of their kidney function. The campaign, which was sponsored by Abbott Laboratories, aired on nearly 800 TV and radio stations around the country, reaching millions of Americans.

“Getting the Score on Chronic Kidney Disease” was the focus of a special event presented by the National Kidney Foundation and Ortho Biotech Products, L.P. last fall. Participants were treated to presentations by former U.S. Surgeon General Dr. Joycelyn Elders who addressed symptoms, diagnosis and prevention of chronic kidney disease and by NBA superstar Alonzo Mourning who shared his personal experience with chronic kidney disease.

The Foundation continued to reach millions through our Web site, www.kidney.org and online newsletters, including E-kidney and Chronic Kidney Disease Update. Reaching out to those in the risk groups, NKF made an increasing number of educational resources available in Spanish. A dozen fact sheets were translated into Spanish and posted in the A to Z Health Guide on NKF’s Web site. Topics ranged from nutrition in chronic kidney disease to kidney stones, cholesterol and chronic kidney disease.
Everyone with chronic kidney disease should be so lucky as to be on a “Duane-friendly diet.” No, it’s not the latest diet, like Atkins or the Zone.

The Duane-friendly diet is what Duane Sunwold’s students at Spokane Community College’s Inland Northwest Culinary Academy call the healthy food the chair of their department has eaten since he was diagnosed with nephritic syndrome five years ago. His nephrologist suggested that Sunwold, 48, jettison “the typical American diet, heavy on meat that I was eating,” and his dietitian agreed that he should give it a try. In two weeks, Sunwold felt remarkably better, and the best part is that he has been able to control his disease with medication, rather than dialysis.

“Fate put me here for a reason,” says Sunwold, who has been named the next chair of the National Kidney Foundation’s Patient and Family Council. “Now it’s my turn to use my experience to educate and help others.” His first public meal plan was a smash: for a recent NKF meeting of health care professionals last March, Sunwold created a menu for those doctors, dietitians and other attendees (prepared by the hotel’s executive chef) of kidney-friendly recipes – sweet potato black bean burrito, a stuffed manicotti with tofu, couscous and pine nut baked casserole, and last but not least, strawberries with fresh tofu for dessert. “There was the regular buffet lunch, which I was told would be the main food, and my food would be used for tasting,” he says, chuckling at the memory. “Let’s just say people were licking their plates clean of the kidney-friendly offerings. I’m certainly learning the power of great tasting Duane-friendly food!”

Sunwold is creating a cookbook for people with chronic kidney disease and some of those recipes have already made their way into NKF’s Kidney Care newsletter. Whether with his future line cooks and chefs, or at home, with his nurse wife and two kids, Sunwold practices what he preaches. “I have to be an example,” he says, simply. “And I didn’t even used to like tofu!”
Patient Services
Reaching out to the one in nine Americans with chronic kidney disease with a network of support, education and information is what NKF’s patient services programs are all about. When Hurricane Katrina ravaged the Gulf Coast, the NKF was there ensuring that dialysis patients got the life-saving treatment they needed under the most difficult of circumstances… When Medicare changed its prescription drug benefit, NKF led an initiative to help people with chronic kidney disease understand their entitlements and make the right choices. In myriad ways, the Foundation offered information on a variety of issues affecting the day-to-day lives of our patients.

Hurricane Relief
In the first few days following the disaster, NKF took the lead in reaching out to patients in affected areas by establishing the Hurricane Relief Task Force connecting all the kidney-related organizations working on behalf of these patients. A listing of available patient resources was posted on our Web site, personal meetings were held in Baton Rouge and Houston and outreach to social workers across the Gulf Coast was conducted to assess patient needs and initiate efforts to meet those needs. NKF’s special disaster relief fund is supporting those affected by the hurricane as they go about the business of rebuilding their lives and relocating their families.

Kidney Drug Awareness Initiative
Americans of every stripe struggled to understand the new Medicare drug benefit unveiled in 2005. People with all stages of chronic kidney disease were able to turn to the NKF-led Kidney Medicare Drugs Awareness and Education Initiative
When Hurricane Katrina ravaged the Gulf Coast, the NKF was there ensuring that dialysis patients got the life-saving treatment they needed under the most difficult of circumstances....

to shed light on their entitlements under the new benefit. From the earliest onset of kidney problems through kidney failure, the role of medicines in maintaining health is critical.

This initiative, that joined the forces of more than 35 kidney care organizations and corporations, continues to help people with kidney disease and the health care professionals who care for them understand the new benefit and make the choices that are right for them through patient advocacy and educational offerings, including a multitude of free brochures and an informative Web site, www.kidneydrugcoverage.org

**An Ounce of Prevention**

NKF reached out to those at risk for developing chronic kidney disease and those already in kidney failure through various targeted publications. Information on diabetes and hypertension as risk factors for kidney disease, nutrition for kidney health, coping with chronic kidney disease and Medicare legislation made its way to 75,000 physicians, nurses, dietitians, social workers, participants in our KEEP screening program and to members of the Congressional Kidney Caucus through our Kidney Care newsletter, sponsored by Amgen, Inc. and GlaxoSmithKline.

More than 337,000 people in the kidney community continued to learn about kidney health, advocacy, medical news and more through Family Focus, the kidney community’s quarterly newspaper. Additionally, Family Focus readers are now connecting with one another to share support and experiences through the newspaper’s interactive Web site, www.familyfocusvoices.org
Parker Milbrath was just 2½ years old when he underwent a liver transplant. At age five, he was a star athlete – and all-around imp – at the U.S. Transplant Games.

“It was a fantastic opportunity to expose Parker to hundreds of transplant recipients of all ages, all competing in sports events,” says Parker’s dad, Doug, 37, who was particularly grateful for the chance to meet the athletes’ parents, as well as donor families. For the record, Parker earned a gold medal in the 25-yard swim, silver medals in the 50-yard dash and long jump and a bronze medal in the softball throw – all of which are featured prominently on his bedroom wall.

A fearless little guy, Parker “froze when I told him that he wasn’t allowed to compete while wearing a lifejacket,” recalls Doug. “When the sound went off signaling the start of the race, Parker paused and looked at me as if to say, ‘Oh, heck!’ then took that leap of faith and jumped in. It’s the same way he tackles everything in life.”

Parker’s plucky spirit has blazed from the beginning. As an infant with a yellow pallor to his skin, doctors determined that he wasn’t processing vitamin K, which is vital to blood clotting. Doctors never made a definitive diagnosis. Their best guess was that Parker was born with progressive familial intrahepatic cholestasis, a disease so rare that there’s no test to confirm its existence.

What they and everyone else knows for a fact is that the donated liver transplanted into his body in October 2001 saved his life. His parents have instilled a sense of gratitude in Parker, who prays for the family who, devastated by the loss of their own beloved baby, nonetheless offered another child a second chance at life.

“The NKF does more than any other organization to promote organ donation,” says Doug, a personal financial advisor in Minneapolis. “They don’t isolate the kidney, they embrace organ and tissue donation as a whole to build a larger community of support.” That’s a bit too complex for Parker, who has recently added snow skiing to his list of favorite physical feats. “We teach him to be proud of, and grateful for, the new life he’s been given so he can pass on that same feeling about donation to others. That’s why the Transplant Games are so good for all of us. It is great to be around people of all ages celebrating life and thriving.”
Every 13 minutes a new name is added to the organ transplant waiting list and every day 17 people die while waiting. Through awareness and support, the NKF’s organ donation initiatives aim to change those numbers. We will not rest until we have succeeded in increasing the pool of donors for those who wait, and fully restored the quality of life for all those involved in the donation process – transplant recipients, living donors and families of deceased organ and tissue donors.

**Star Power**

Actors George Lopez, Susan Sarandon and Ken Howard didn’t collaborate on a major motion picture last year. But their roles as NKF organ donation advocates may be their most significant ever. Donation is an issue most people don’t address until someone they love is in need or someone they admire takes up the cause. These actors, who have all been personally touched by organ and tissue donation, do their part to help the NKF get the word out to the public about the life-saving power of organ donation.

Shortly after comedian and TV star George Lopez’s life was saved with a kidney donated by his wife, both he and his wife, Ann, committed to helping the NKF advance organ donation. Through his own Web site and interviews and stories in national media outlets, including *People* magazine, The Larry King Live show, Associated Press and hundreds of TV stations around the country, Lopez is telling the American public about donation. Actor Susan Sarandon was featured in a print public service campaign encouraging Americans to be an organ and tissue donor...be a star.
Improving Quality of Life for Transplant Recipients
As one who is truly making the most of his life post-transplant, actor Ken Howard of “White Shadow” and “Crossing Jordan” fame is an ideal role model for other transplant recipients seeking to overcome common challenges. Under his leadership, thousands of transplant recipients shared experiences and learned how to get the most out of Medicare coverage, understand depression and help others while helping themselves. These topics were covered in a series of nine audioconferences moderated by Mr. Howard. Program content is now available online and in print.

Living Donors - A Precious Human Resource
Living donors can offer hope to those who may not be able to wait any longer for a new kidney or portion of liver or lung. As living donor surgery becomes more common, questions about who’s a candidate and what’s involved abound. NKF’s Web site, www.livingdonors.org, continues to offer up-to-date information and the straight facts about living donation. An e-mail discussion group links hundreds of living donors, potential donors and professionals; and monthly online chats offer a forum for living donors and potential living donors to share experiences, provide support and address each others’ questions and concerns.

Donor Families
Without families who say “yes” to donation when a loved one has died, there would be few transplants. NKF’s National Donor Family Council, whose ranks swelled to 11,000 strong in 2005, honored these heroic families at the National Donor Recognition Ceremony and Workshop, presented by the U.S. Department of Health and Human Services in Washington, DC in partnership with the National Donor Family Council. Workshops covered issues such as the first year of grief, parental grief and dealing with sudden death.

The National Donor Family Quilt, now comprised of more than 2,000 individual patches memorializing organ and tissue donors, toured various cities around the country to honor and remember donors and to promote organ and tissue donation. The Quilt squares and personal stories behind each one can be viewed online at www.donorfamily.org

Every 13 minutes a new name is added to the organ transplant waiting list...
Karen Wiesen would be the perfect poster person for renal dietitians everywhere, though the modest 50-year-old educator and author would never accept such a designation. But let's listen to Wiesen describe her work and decide for ourselves, shall we?

“Most dietitians either like or dislike working with kidney patients – there is no in-between – because it's so complicated,” says Wiesen, who has spent the past 17 years of a nearly three decade career as a dietitian working with chronic kidney disease patients. “Kidney patients often have five or six different health issues you have to address from medication consequences to hypertension to diabetes. Which is exactly why I love it. It's never boring. You wear so many hats, including dietitian, teacher, social worker, investigator, cheerleader, even a little bit nurse!”

Wiesen works full time as a renal dietitian for Barnes-Jewish Dialysis Center at Washington University School of Medicine in St. Louis, teaches student interns and has co-edited a textbook, “A Clinical Guide to Nutrition Care in Kidney Diseases,” a joint project of the NKF’s Council on Renal Nutrition (CRN) and the American Dietetic Association. The book was the result of Wiesen’s involvement with the NKF for many years, including as an associate chair of CRN and editor of the NKF’s newsletter for allied health professionals, Renalink. She has just finished writing a chapter for another book, “Nutrition and Kidney Disease,” soon to be published. Oh yes, and she participates in panels and conferences, where every now and again she is rewarded when a former intern, who reports that training with Wiesen five, 10, even 15 years ago, convinced the then-student to become a renal dietitian. “I actually do have some converts to renal dietetics,” Wiesen says with a smile.
The NKF’s comprehensive, innovative professional education programs continue to deliver cutting-edge clinical practice guidelines, implementation materials and conferences that put the latest information about kidney disease into the hands of health care providers.

New Kidney Disease Outcomes Quality Initiative (KDOQI) guidelines on Cardiovascular Disease (CVD) in Dialysis Patients, published in 2005, highlight those aspects of CVD care that are different in dialysis patients and need special attention. NKF also published new guidelines for Bone Metabolism and Disease in Children with Chronic Kidney Disease (CKD), addressing the unique complications, such as growth impairment, that bone disease presents in children with CKD. Practical tools and materials based on the guidelines were created by NKF’s Kidney Learning System (KLS)™ to assist clinicians with presentations to professional audiences, support the KDOQI guidelines and help health care professionals put them into practice.

As a direct result of NKF’s efforts, the U.S. government has revised its method of coding Chronic Kidney Disease (CKD). The new codes, which are based on the NKF’s staging system for chronic kidney disease, will allow
As a direct result of NKF's efforts, the U.S. government has revised its method of coding Chronic Kidney Disease.

medical professionals to clearly note the stage of kidney disease they diagnose and treat. By using the revised codes, medical professionals will be able to detect and treat CKD in their patients earlier, the government will glean new information about the estimated 20 million people with CKD and related health problems such as diabetes, anemia and heart disease, and most importantly, the overall health of our patients with CKD will be improved. A special tool, “ICD-9 Call to Action,” developed by KLS, is helping inform clinicians about this significant change and supporting them as they begin using the new codes.

The NKF helped create and is now managing Kidney Disease: Improving Global Outcomes (KDIGO, www.kdigo.org), a global organization committed to fighting CKD by uniting the world’s kidney experts to develop guidelines, implementation tools and conferences. In 2005, KDIGO kicked off several key initiatives, including plans for guidelines addressing Hepatitis C in CKD, Bone Disease in CKD and Care of the Transplant Recipient.

In April, the NKF 2005 Spring Clinical Meetings (CM.05) brought together more than 2,000 kidney doctors and allied health professionals. The leading clinical conference for the professional kidney community, CM.05 offered many sessions and workshops aimed at helping clinicians apply the latest science and technology to help patients live longer and better.

CM.05 was only one of the many opportunities provided by NKF throughout the year for professionals to obtain continuing education credits. A variety of activities, offered through KLS, address topics such as bone disease, hypertension, hepatitis-C and diabetes, and are accredited for nephrologists, primary care physicians, nurses, nurse practitioners, physician assistants, dietitians, social workers, dialysis technicians and pharmacists. The KLS educational offerings are available in numerous formats including live programs, monographs and e-learning.
If U.S. Senator Mike DeWine had his way, every American family would have a dinnertime discussion about organ donation.

“In my own family, we had never talked about the issue until we were left with absolutely no choice,” recalls the 59 year-old Republican Senator from Ohio. “My wife Fran and I had the conversation in a hospital, right after our 22 year-old daughter Becky lost her life in an automobile accident 12 years ago.” In that terrible moment, the DeWines decided to donate Becky’s organs – certain their kind-hearted daughter would have been pleased. “We made the right choice,” DeWine says, “but we had to do it without Becky.”

With his work on behalf of organ donation and transplant recipients, Becky’s dad honors her still. Beginning in 1998, the Senator partnered with the National Kidney Foundation to persuade the Citizens Postal Advisory Committee to approve an Organ Donation Special Edition Stamp. “I am proud to say,” DeWine acknowledges, “that the stamp was used for nearly five years.” Two years later, Senator DeWine was able to secure lifetime Medicare coverage of anti-rejection medication for transplant recipients who are disabled or over age 65. But the Senator believes it is wrong that Medicare coverage for anti-rejection medications stops after three years for kidney transplant recipients who are not disabled or over 65. Medicare pays for their transplant, but only pays for the anti-rejection medications for three years.

To address this injustice, he introduced the Comprehensive Immunosuppressive Drug Coverage for Transplant Patients Act in January 2005, which would provide lifetime Medicare coverage for anti-rejection medications for transplant patients. The Senator has also joined forces with the NKF to establish a Chronic Kidney Disease program at the Centers for Disease Control and Prevention. DeWine feels educating Americans about organ donation is important. As long as there are nearly 100,000 men, women, and children in the United States waiting for organs and 17 of them die daily, DeWine says he will continue to get the word out: “Every effort we make to increase organ and tissue donation awareness will help save someone’s life,” he says. “Facing the unexpected loss of a loved one in a hospital setting is not the best time to first consider organ donation. Letting families know now of a loved one’s wish to be a donor is the best way to ensure that after death, organs can be used to save the lives of others.”
People Like Us Patient Advocacy

Empowering our patients to speak up and ensuring that their voices are heard by lawmakers and government agencies is the focus of People Like Us, the NKF’s patient empowerment initiative. Launched last year, this growing movement is catapulting people affected by kidney disease from the sidelines to center stage on public policy and other issues that impact their lives.

In May 2005, more than 100 kidney patient advocates from around the country gathered together in Washington, DC, for intensive advocacy training on the public policy process, legislative and regulatory issues and communicating with lawmakers. These People Like Us members put their newly-acquired skills to the test by visiting their Congressional delegations on Capitol Hill and in their home districts and testifying before Congress on issues ranging from the needs of people with chronic diseases in the aftermath of Hurricane Katrina to the necessity of an extension of Medicare coverage for immunosuppressive drugs needed by transplant recipients.

The NKF’s People Like Us formally thanked the U.S. government for providing life-saving treatments to millions of people affected by kidney disease for more than 30 years through the Medicare End Stage Renal Disease program. A proclamation from
NKF and its patient advocates raised key issues of concern to Congressional leaders...

People Like Us was presented by kidney patient advocates to U.S. Department of Health and Human Services Secretary Michael Leavitt. We are proud of our early successes in the first year of People Like Us, and remain committed to providing training, resources, and support for People Like Us so that it will become the largest, most powerful and influential patient advocacy organization dedicated to chronic kidney disease and organ transplantation and donation in the U.S.

Public Policy

In 2005, NKF and its patient advocates raised key issues of concern to Congressional leaders and policymakers at the national and state levels. Identifying kidney disease at the earliest stages, when prevention is still possible, was the motivation behind our efforts to establish a chronic kidney disease program supported by the Centers for Disease Control and Prevention (CDC). This year, we worked closely with our Congressional supporters and successfully obtained a $1,800,000 appropriation for this project.

NKF also continued to build Congressional support for the Kidney Care Quality and Improvement Act. This comprehensive legislation would ensure that Medicare’s payment for dialysis treatment would keep pace with inflation. It would also create a pre-dialysis education program funded by Medicare to provide information to chronic kidney disease patients on their treatment options, including the various types of dialysis and kidney transplantation.

Legislation that would make it easier for people of every socio-economic level to give the gift of life by choosing to donate a kidney is a goal toward which the NKF strives. We continue to explore funding opportunities for a federal program to assist living organ donors with expenses such as travel and accommodations related to the donation.
By anyone’s standards but his own, Kamyar Kalantar-Zadeh is a workaholic.

“No, I am not,” insists Kalantar, who, on his wedding day, saw patients in San Francisco, flew to New York for the nuptials and was back in California on his honeymoon weekend to resume his rounds. “I sleep six hours a night, but I am trying to reduce that.”

For his passion and energy, chronic kidney disease patients everywhere should be extraordinarily grateful. A recipient of a National Kidney Foundation Young Investigator Award, the 41-year-old nephrologist is determined to cut the mortality rate of dialysis patients. “One out of every five patients die annually,” says Kalantar, associate professor of Medicine and Pediatrics at UCLA’s David Geffen School of Medicine. “Of course, the paradox is that dialysis is a life-saver. But that doesn’t mean we can’t lower the mortality rate – and we will.” Believe him.

Kalantar was nearly finished with medical school in his native Iran, when he was forced to flee to Germany, where he had to start his studies all over again. He mastered the language, completed med school and passed licensing exams, normally a seven year ordeal, in two-and-a-half years! While doing clinical research in Nuremburg and San Francisco, he also picked up several other degrees, including a Ph.D in Public Health from Berkeley. He has used the $100,000 NKF grant to create and head a research team of UCLA graduate students that analyzes data from patients who receive dialysis from the nation’s second largest provider. “This money has enabled us to do so much, including giving us the data we need to be able to apply for federal funding,” he says. “The point is to understand how to improve care of dialysis patients and to improve the understanding of doctors of the risk factors these patients face.”

When he’s not publishing and presenting papers, seeing patients or overseeing research, Kalantar, well, works some more. Though he adores his wife, a pharmacist, and their three little girls, relaxing makes him anxious. “I can’t help it. I love what I do and I have a wife who understands that,” he says. Not everyone does. “I take my oldest daughter to Saturday ballet class,” he says. “I always notice I’m the only one there with a laptop.”

Photo: Erica Berger
Research is how the National Kidney Foundation invests today so that our patients will be able to experience tomorrow. In 2005, we awarded nearly $3 million for studies that will yield dividends in the future, bringing us closer to understanding the causes of kidney disease and how they can best be prevented and treated. The Foundation supports the work of researchers in major centers around the U.S. through our Research Fellow, Young Investigator and Clinical Scientist programs.

Diabetes

Diabetes is one of the leading causes of kidney disease. It is the primary diagnosis of about 45 percent of the people who develop kidney failure each year, requiring treatment with dialysis or a kidney transplant. Genetic factors may play an important role in predisposing people with diabetes to developing kidney disease. Susztack Katalin, MD, PhD, an NKF Young Investigator at Albert Einstein College of Medicine in New York, is studying the role of a gene called CD36 in the development and progression of diabetic kidney disease. Ruth Campbell, MD, an NKF Young Investigator at the University of Alabama at Birmingham, is studying a possible role for pioglitazone, a drug used to treat Type 2 diabetes. She hopes to determine whether this drug will help stop the progression of diabetic kidney disease. Both these studies may some day lead to new therapeutic approaches for the prevention of diabetic kidney disease.
This year, we awarded nearly $3 million for studies...

Kidney Stones

- The number of cases of kidney stones has increased steadily over the past 20 years. Up to 10 percent of men and five percent of women may form a kidney stone at some time during their lives. Mary Ann Cameron, MD, an NKF Research Fellow at the University of Texas Southwestern Medical Center in Dallas, is studying the link between insulin resistance and formation of uric acid stones. Insulin resistance may affect the production of buffers that keep the urine from becoming too acidic. Uric acid stones are formed when there is high acidity in the urine, causing uric acid to precipitate. If insulin resistance proves to be the culprit, it may be possible to improve urine acidity by giving a medication to reverse insulin resistance.

Kidney Transplantation

- Over the past 50 years, kidney transplantation has evolved from an experimental procedure into an effective treatment for kidney failure. New NKF-sponsored studies are geared to improving long-term outcomes for kidney transplant recipients. Myles Wolf, MD, an NKF Young Investigator at Massachusetts General Hospital in Boston, is seeking the answer to what causes a serious complication that occurs after kidney transplantation—high levels of phosphorus in the blood. This complication may be tied to the development of bone disease, so it is an important area of research. In another project, Catherine Kyong A. Chang, MD, a Research Fellow at the University of California, San Francisco, is working on a method of inducing tolerance to a kidney transplant, so that transplant recipients would not have to take long-term anti-rejection drugs.
“I must tell you that I feel a bit like a kid in a candy store tonight – a transplant recipient in a room full of potential donors!”

So Scott Schuster impishly informed his Boston audience gathered one evening last April for the Schuster Family Tribute Gala. “Don’t get nervous; I’m talking about financial donors, not kidney donors.” Those in attendance, including Schuster’s close friend and guest speaker, former President Bill Clinton, laughed and applauded. Then they happily contributed more than $900,000 to the National Kidney Foundation. Funds were raised for organ donor awareness and to help defray the costs of medical care and housing for those transplant recipients and their families struggling to make ends meet. And last, but hardly least, a chunk of the donations was earmarked for a dream project of Schuster’s: a Boston-based state-of-the-art research facility that focuses on immunological research and testing for transplantation.

Schuster, 48, has always been generous with his money. But in the last few years, he also has given his time – and lots of it – to the NKF. Three years ago, he, his brother and parents were asked by the local NKF Affiliate – which includes Massachusetts, Rhode Island, New Hampshire and Vermont – to help plan and chair a gala. It was a smash and resulted in a plea to Schuster, who oversees Boston-based real estate and health care businesses, to become a board member of the four-state NKF Affiliate.

“I’ve taken the responsibility very seriously,” says Schuster, now board chairman. He knows first hand about the physical, emotional and financial needs of those who require organ transplants. When he was just 20 and suffering from hereditary nephritis he underwent a transplant with a kidney donated by his brother Mark.

“I want to build a financially strong Affiliate whose tentacles of education and care will reach throughout the Affiliate’s communities. Everyone is not as fortunate as I have been. I have had the best of medical care. I believe everyone is entitled to the same level of care, regardless of race or means. A lot is still left to do. So I’ve got plenty to keep me busy.”

When he’s not managing his businesses or raising funds and awareness for kidney patients and their care, Schuster, who in addition to a Boston home, has a farm in Vermont – and a fast motorcycle – plays as hard as he works. “I love to spend time with my girls,” he says referring happily to his wife and three magnificent daughters.
Fund Raising

Research support and encouraging kidney health have been and will continue to be a concrete foundation for all of NKF’s fund raising efforts. However, in 2005, NKF broke new ground in broadening our message of prevention and early detection of kidney disease. We gained new support and alliances to advance our mission, and have reached out to consumer corporations that share our philosophy of social responsibility and reaching out to minorities.

Since Ann and George Lopez have enthusiastically agreed to become our newest national spokespeople, NKF has developed a new fundraising and cause marketing platform, "Side By Side For Life™, which emphasizes awareness and an increased need for support of the nearly 20 million Americans who need our help and may not even know it yet.

With these two new developments, combined with the continued support of both our new and old partners, we are poised to meet the challenges and exciting opportunities of 2006.

Kidney Walks

The 2005 Kidney Walk Program generated approximately $1.5 million in net income from 55 Kidney Walks that were held in cities across the country. Of the 30 NKF Affiliates that held walks, 20 experienced revenue growth at or above 10%.
NKF’s myriad activities require support and commitment...

**Cadillac Invitational Golf**

The Cadillac Invitational is one of the largest corporately sponsored, charity-based golf programs in the country. In 2005 the program attracted more than 20,000 golfers who took part in over 100 local Cadillac Invitational Golf events, raising a gross total of $6 million. The program received outstanding participation and support from Cadillac dealers around the U.S. along with our other national presenting sponsors, including GMAC, Northwest Airlines, Callaway Golf, Ben Hogan and The Pebble Beach Resorts.

Kidney Cars

NKF’s Kidney Cars Program inspired more confidence than any other vehicle donation program in the country, according to a 2005 survey. The Foundation remains committed to maintaining its longstanding reputation for excellent and prompt service and looks forward to achieving new successes. This year, more than 70,000 cars became Kidney Cars, generating nearly $18 million to support our life-saving programs.

Healthy Kidney 10K

More than 5,500 runners supported NKF in the first-ever "Healthy Kidney 10K" race, held in Central Park in New York City. The Embassy of the United Arab Emirates sponsored the race to benefit the NKF in appreciation of American doctors and U.S. excellence in kidney transplantation. The former President of the UAE, Sheikh Zayed Bin Sultan Al-Nahyan, benefited from American expertise, knowledge and research when he received a kidney transplant in 2000. Of all his many honors and accomplishments, he was most proud of being a kidney transplant recipient.
Corporate Partners

Our corporate and organizational partners are key to our success in supporting development of educational programs and sponsorships of major events. This year, more than $19.7 million was raised from National Corporate Partners to support NKF in the development of clinical practice guidelines for physicians and community-based programs for people at risk for kidney disease and those already suffering from kidney disease.

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MAKING LIVES BETTER CAMPAIGN II

The National Kidney Foundation wishes to acknowledge the Board of Directors and friends whose vision, leadership and generosity have enabled the development of a Clinical Practice Guideline on the Optimal Care of the Kidney Transplant Recipient. We extend enormous gratitude, on behalf of kidney patients everywhere, for their personal commitment in achieving the one million dollar goal to support this vital project. This unprecedented campaign, which has become the legacy that future NKF boards will follow, was successfully led by Robert V. Ogrodnik, an NKF Board Member, Chair of the National Impact Committee and Chair of the Making Lives Better Campaign Task Force.

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The Heritage Club

The Heritage Club, boasting nearly 300 members, recognizes donors who have made planned gifts. Some have remembered NKF in their wills through bequests, some have made NKF a partial beneficiary of life insurance policies and some have created charitable gift annuities and charitable remainder trusts.

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Irv Wolper
Susanne J. Wyckoff
David Yoburn
Rosemary Zeplowitz
Susan Zimmerman
Anonymous
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Vice President for Development

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Gigi Politoski
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National Kidney Foundation of Alabama, Inc.
(334) 396-9870

National Kidney Foundation of the Alleghenies, Inc.
(412) 261-4115

National Kidney Foundation of Arizona, Inc.
(602) 840-1644

National Kidney Foundation of Arkansas, Inc.
(501) 664-4343

National Kidney Foundation of Northern California, Inc.
(415) 543-3303

National Kidney Foundation of Southern California, Inc.
(818) 783-8153

National Kidney Foundation of the National Capital Area, Inc.
(202) 244-7900

National Kidney Foundation of Colorado, Montana & Wyoming, Inc.
(720) 748-9991

National Kidney Foundation of Connecticut, Inc.
(860) 257-3770

National Kidney Foundation of the Delaware Valley, Inc.
(215) 923-8611

National Kidney Foundation of Florida, Inc.
(407) 894-7325

National Kidney Foundation of Georgia, Inc.
(770) 452-1539

National Kidney Foundation of Hawaii, Inc.
(808) 593-1515

National Kidney Foundation of Illinois, Inc.
(312) 321-1500

National Kidney Foundation of Indiana, Inc.
(317) 722-5640

National Kidney Foundation of Iowa, Inc.
(319) 369-4474

National Kidney Foundation of Kansas & Western Missouri, Inc.

Cast members of HBO’s hit series, “The Sopranos” walk the Kidney Walk, along with their families, in honor of Vincent Curatola aka Johnny Sack whose dad died of kidney failure

Photo: Allison Michael Orenstein
<table>
<thead>
<tr>
<th>Division:</th>
<th>National Kidney Foundation serving the Dakotas and Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Dakotas (605) 322-7025</td>
</tr>
<tr>
<td></td>
<td>Minnesota (952) 544-7300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National Kidney Foundation of Kentucky, Inc. (502) 585-5433</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Kidney Foundation of Louisiana, Inc. (504) 861-4500</td>
</tr>
<tr>
<td>National Kidney Foundation of Maine, Inc. (207) 772-7270</td>
</tr>
<tr>
<td>National Kidney Foundation of Maryland, Inc. (410) 494-8545</td>
</tr>
<tr>
<td>National Kidney Foundation of Massachusetts, Rhode Island, New Hampshire &amp; Vermont, Inc. (781) 278-0222</td>
</tr>
<tr>
<td>National Kidney Foundation of Michigan, Inc. (734) 222-9800</td>
</tr>
<tr>
<td>National Kidney Foundation of Mississippi, Inc. (601) 981-3611</td>
</tr>
<tr>
<td>National Kidney Foundation of Eastern Missouri &amp; Metro-East, Inc. (314) 961-2828</td>
</tr>
<tr>
<td>National Kidney Foundation of Nebraska, Inc. (402) 572-3180</td>
</tr>
<tr>
<td>National Kidney Foundation of Central New York, Inc. (315) 476-0311</td>
</tr>
<tr>
<td>National Kidney Foundation of Greater New York, Inc. (212) 889-2210</td>
</tr>
<tr>
<td>National Kidney Foundation of Northeast New York, Inc. (518) 458-9697</td>
</tr>
<tr>
<td>National Kidney Foundation of Upstate New York, Inc. (585) 697-0874</td>
</tr>
<tr>
<td>National Kidney Foundation of Western New York, Inc. (716) 835-1323</td>
</tr>
<tr>
<td>National Kidney Foundation of North Carolina, Inc. (704) 552-1351</td>
</tr>
<tr>
<td>National Kidney Foundation of Ohio, Inc. (614) 481-4030</td>
</tr>
<tr>
<td>National Kidney Foundation of Oklahoma, Inc. (405) 947-6405</td>
</tr>
<tr>
<td>National Kidney Foundation of Oregon &amp; Washington, Inc. (800) 522-9559</td>
</tr>
<tr>
<td>National Kidney Foundation of South Carolina, Inc. (803) 799-3870</td>
</tr>
<tr>
<td>National Kidney Foundation of East Tennessee, Inc. (865) 688-5481</td>
</tr>
<tr>
<td>National Kidney Foundation of Middle Tennessee, Inc. (615) 383-3887</td>
</tr>
<tr>
<td>National Kidney Foundation of West Tennessee, Inc. (901) 683-6185</td>
</tr>
<tr>
<td>National Kidney Foundation of North Texas, Inc. (214) 351-2393</td>
</tr>
<tr>
<td>National Kidney Foundation of South &amp; Central Texas, Inc. (210) 829-1299</td>
</tr>
<tr>
<td>National Kidney Foundation of Southeast Texas, Inc. (713) 952-5499</td>
</tr>
<tr>
<td>National Kidney Foundation of the Texas Coastal Bend, Inc. (361) 884-5892</td>
</tr>
<tr>
<td>National Kidney Foundation of West Texas, Inc. (806) 799-7753</td>
</tr>
<tr>
<td>National Kidney Foundation of Utah &amp; Idaho, Inc. (801) 226-5111</td>
</tr>
<tr>
<td>National Kidney Foundation of The Virginias, Inc. (804) 288-8342</td>
</tr>
<tr>
<td>National Kidney Foundation of Wisconsin, Inc. (262) 821-0705</td>
</tr>
</tbody>
</table>
The Board of Directors
National Kidney Foundation, Inc.

We have audited the accompanying balance sheet of the National Kidney Foundation, Inc. (the "Foundation") as of June 30, 2005, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2004 financial statements and, in our report dated September 10, 2004, we expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Foundation's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Kidney Foundation, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

September 12, 2005

Ernst & Young LLP
## National Kidney Foundation, Inc. | Balance Sheet

### June 30 2005 2004

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,557,759</td>
<td>$4,873,652</td>
</tr>
<tr>
<td>Investments (Note 3)</td>
<td>11,286,563</td>
<td>11,190,845</td>
</tr>
<tr>
<td>Investments held under split-interest agreements (Notes 3 and 12)</td>
<td>817,004</td>
<td>571,328</td>
</tr>
<tr>
<td>Due from Affiliates, principally share of affiliate contributions, less allowance for uncollectible amounts of $200,000 in 2005 and 2004</td>
<td>1,863,048</td>
<td>1,998,673</td>
</tr>
<tr>
<td>Other receivables (Note 4 and Note 8)</td>
<td>2,197,924</td>
<td>570,481</td>
</tr>
<tr>
<td>Inventories</td>
<td>636,309</td>
<td>735,068</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>833,178</td>
<td>1,873,829</td>
</tr>
<tr>
<td>Fixed assets, at cost, less accumulated depreciation and amortization (Note 5)</td>
<td>550,412</td>
<td>527,840</td>
</tr>
<tr>
<td>Other assets</td>
<td>41,564</td>
<td>37,240</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$25,783,761</strong></td>
<td><strong>$22,378,956</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities and net assets</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$2,945,139</td>
<td>$2,307,842</td>
</tr>
<tr>
<td>Payable to beneficiaries and Affiliates (Note 12)</td>
<td>436,103</td>
<td>268,706</td>
</tr>
<tr>
<td>Funds held in trust</td>
<td>409,377</td>
<td>381,556</td>
</tr>
<tr>
<td>Deferred income</td>
<td>4,952,409</td>
<td>5,449,248</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>8,743,028</strong></td>
<td><strong>8,407,352</strong></td>
</tr>
</tbody>
</table>

### Commitments and contingencies (Notes 7 and 8)

<table>
<thead>
<tr>
<th><strong>Net assets:</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>5,842,613</td>
<td>3,430,571</td>
</tr>
<tr>
<td>Temporarily restricted (Note 10)</td>
<td>11,023,883</td>
<td>10,366,796</td>
</tr>
<tr>
<td>Permanently restricted (Note 11)</td>
<td>174,237</td>
<td>174,237</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>17,040,733</strong></td>
<td><strong>13,971,604</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$25,783,761</strong></td>
<td><strong>$22,378,956</strong></td>
</tr>
</tbody>
</table>

See accompanying notes.
Year ended June 30, 2005 with summarized financial information for the year ended June 30, 2004

<table>
<thead>
<tr>
<th>Support, revenue and reclassifications</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2005 Total</th>
<th>2004 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support from the public:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received directly— contributions</td>
<td>$979,578</td>
<td>$353,696</td>
<td>$ -</td>
<td>$1,333,274</td>
<td>$1,109,530</td>
</tr>
<tr>
<td>Received indirectly— share of Affiliate contributions</td>
<td>7,431,009</td>
<td>108,683</td>
<td>-</td>
<td>7,539,692</td>
<td>8,094,799</td>
</tr>
<tr>
<td>Total support from the public</td>
<td>8,410,587</td>
<td>462,379</td>
<td>-</td>
<td>8,872,966</td>
<td>9,204,329</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program service support and fees</td>
<td>19,676,768</td>
<td>-</td>
<td>-</td>
<td>19,676,768</td>
<td>13,505,965</td>
</tr>
<tr>
<td>Royalties</td>
<td>1,384,298</td>
<td>-</td>
<td>-</td>
<td>1,384,298</td>
<td>1,406,225</td>
</tr>
<tr>
<td>Dues— professional members</td>
<td>733,819</td>
<td>-</td>
<td>-</td>
<td>733,819</td>
<td>730,208</td>
</tr>
<tr>
<td>Investment income, including net realized and unrealized gain on appreciation of securities of $422,140 in 2005 and $1,275,754 in 2004</td>
<td>144,710</td>
<td>909,069</td>
<td>-</td>
<td>1,053,779</td>
<td>1,556,492</td>
</tr>
<tr>
<td>Other, net</td>
<td>237,704</td>
<td>-</td>
<td>-</td>
<td>237,704</td>
<td>366,868</td>
</tr>
<tr>
<td>Gain from settlement of litigation (Note 8)</td>
<td>2,200,000</td>
<td>-</td>
<td>-</td>
<td>2,200,000</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue and support</td>
<td>32,787,886</td>
<td>1,371,448</td>
<td>-</td>
<td>34,159,334</td>
<td>26,770,087</td>
</tr>
<tr>
<td>Net assets released from restrictions (Note 10)</td>
<td>714,361</td>
<td>(714,361)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total support, revenue and reclassifications</td>
<td>33,502,247</td>
<td>657,087</td>
<td>-</td>
<td>34,159,334</td>
<td>26,770,087</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>3,030,340</td>
<td>-</td>
<td>-</td>
<td>3,030,340</td>
<td>3,040,245</td>
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<tr>
<td>Public health education</td>
<td>3,900,490</td>
<td>-</td>
<td>-</td>
<td>3,900,490</td>
<td>1,948,138</td>
</tr>
<tr>
<td>Professional education</td>
<td>9,761,647</td>
<td>-</td>
<td>-</td>
<td>9,761,647</td>
<td>7,703,907</td>
</tr>
<tr>
<td>Patient services</td>
<td>5,461,476</td>
<td>-</td>
<td>-</td>
<td>5,461,476</td>
<td>4,917,675</td>
</tr>
<tr>
<td>Assistance to Affiliates</td>
<td>4,349,260</td>
<td>-</td>
<td>-</td>
<td>4,349,260</td>
<td>4,007,606</td>
</tr>
<tr>
<td>Total program services</td>
<td>26,503,213</td>
<td>-</td>
<td>-</td>
<td>26,503,213</td>
<td>21,617,571</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,371,271</td>
<td>-</td>
<td>-</td>
<td>1,371,271</td>
<td>1,114,550</td>
</tr>
<tr>
<td>Management and general</td>
<td>3,215,721</td>
<td>-</td>
<td>-</td>
<td>3,215,721</td>
<td>2,282,710</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>4,586,992</td>
<td>-</td>
<td>-</td>
<td>4,586,992</td>
<td>3,397,260</td>
</tr>
<tr>
<td>Total expenses</td>
<td>31,090,205</td>
<td>-</td>
<td>-</td>
<td>31,090,205</td>
<td>25,014,831</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>2,412,042</td>
<td>657,087</td>
<td>-</td>
<td>3,069,129</td>
<td>1,755,256</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>3,430,571</td>
<td>10,366,796</td>
<td>174,237</td>
<td>13,971,604</td>
<td>12,216,348</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$5,842,613</td>
<td>$11,023,883</td>
<td>$174,237</td>
<td>$17,040,733</td>
<td>$13,971,604</td>
</tr>
</tbody>
</table>

See accompanying notes.
National Kidney Foundation, Inc. | Statement of Cash Flows

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 3,069,129</td>
<td>$ 1,755,256</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>148,077</td>
<td>165,639</td>
</tr>
<tr>
<td>Deferred Rent</td>
<td>90,623</td>
<td>----</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>----</td>
<td>140,950</td>
</tr>
<tr>
<td>Write-off of inventory</td>
<td>126,802</td>
<td>----</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>(422,140)</td>
<td>(1,275,754)</td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Affiliates</td>
<td>135,625</td>
<td>88,307</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(1,627,443)</td>
<td>16,979</td>
</tr>
<tr>
<td>Inventories</td>
<td>(28,043)</td>
<td>(46,256)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,040,651</td>
<td>(1,130,284)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(4,324)</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>546,674</td>
<td>168,129</td>
</tr>
<tr>
<td>Payable to beneficiaries and Affiliates</td>
<td>167,397</td>
<td>55,603</td>
</tr>
<tr>
<td>Funds held in trust</td>
<td>27,821</td>
<td>153,513</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(496,839)</td>
<td>2,427,123</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>2,774,010</td>
<td>2,514,205</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |              |              |
| Purchases of fixed assets | (170,649)   | (374,474)    |
| Proceeds from sale of investments | 7,587,702  | 1,666,896    |
| Purchases of investments | (7,506,956) | (1,904,749)  |
| Net cash used in investing activities | (89,903)   | (612,327)    |

Net increase in cash and cash equivalents | 2,684,107   | 1,901,878    |
Cash and cash equivalents at beginning of year | 4,873,652   | 2,971,774    |
Cash and cash equivalents at end of year | $ 7,557,759 | $ 4,873,652  |

**Supplemental disclosure of cash flow information**

Unrelated business income taxes paid | $ 250       | $ 16,345     |

See accompanying notes.
### National Kidney Foundation, Inc. | Statement of Functional Expenses

Year ended June 30, 2005 with summarized financial information for the year ended June 30, 2004

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>Public Health Education</td>
</tr>
<tr>
<td>Salaries</td>
<td>$268,894</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>51,457</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>20,570</td>
</tr>
<tr>
<td>Awards and grants (Note 9)</td>
<td>2,474,529</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>24,077</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>17,780</td>
</tr>
<tr>
<td>Telephone</td>
<td>8,065</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>9,873</td>
</tr>
<tr>
<td>Building occupancy</td>
<td>39,326</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>-</td>
</tr>
<tr>
<td>Meetings and travel — volunteers</td>
<td>-</td>
</tr>
<tr>
<td>Meetings and travel — staff</td>
<td>20,518</td>
</tr>
<tr>
<td>Meetings and travel — medical</td>
<td>6,843</td>
</tr>
<tr>
<td>Transplant games</td>
<td>-</td>
</tr>
<tr>
<td>Special projects programs</td>
<td>-</td>
</tr>
<tr>
<td>Special projects marketing</td>
<td>-</td>
</tr>
<tr>
<td>Subscriptions and publications</td>
<td>-</td>
</tr>
<tr>
<td>Membership dues and support</td>
<td>15,561</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>53,086</td>
</tr>
<tr>
<td><strong>Total expenses reported by function in the statement of activities</strong></td>
<td>$3,012,343</td>
</tr>
</tbody>
</table>

| Depreciation and amortization | 17,997 | 11,532 | 45,604 | 29,110 | 23,723 | 127,966 | 6,598 | 13,513 | 20,111 | 148,077 | 165,639 |
| **Less cost of sales** | $(273,876) | $(273,875) | $(547,751) | - | - | - | - | - | - | $(547,751) | $(574,331) |
| **Total expenses reported by function in the statement of activities** | $3,030,340 | $3,900,490 | $9,761,647 | $5,461,476 | $4,349,260 | $26,503,213 | $1,371,271 | $3,215,721 | $4,586,992 | $31,090,205 | $25,014,831 |

| Current year's percentages | 9.75% | 12.55% | 31.40% | 17.56% | 13.99% | 85.25% | 4.41% | 10.34% | 14.75% | 100.00% | - |
| Last year's percentages | 12.15% | 7.79% | 30.80% | 19.66% | 16.02% | 86.42% | 4.46% | 9.12% | 13.58% | - | 100.00% |

See accompanying notes.
1. Organization and Summary of Significant Accounting Policies

The National Kidney Foundation, Inc. (the “Foundation”), headquartered in New York City, has chartered a network of 49 Affiliates across the country to implement its mission to prevent kidney and urinary tract diseases, improve the health and well-being of individuals and families affected by these diseases and increase the availability of all organs for transplantation. The Foundation is committed to making lives better. Through programs of research, patient services, continuing professional education, public education, health policy development and fund-raising, the Foundation is seeking the total answer to kidney and urological diseases-prevention, treatment and cure.

Founded in 1950 to address the critical impact of these diseases, the Foundation conducts nationwide educational campaigns about the role of the kidney in health and disease and organ donation and transplantation of all organs. The Foundation maintains a Washington office to help the Foundation represent the needs of those afflicted with renal failure, and supports an extensive scientifically meritorious research program. The Foundation’s office in Kansas City provides services and assistance to all Foundation Affiliates regarding organizational and fund-raising matters.

Under the provisions of a charter with the Foundation, each Affiliate must meet certain requirements regarding organizational structure, program services, fund-raising practices and the like.

Fund Accounting and Net Asset Classifications

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the Foundation’s accounts are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into three net asset classes: unrestricted, temporarily restricted and permanently restricted.

1. Organization and Summary of Significant Accounting Policies (continued)

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the Foundation’s Board of Directors has discretionary control and are used to carry out the Foundation’s operations in accordance with its bylaws. Included in unrestricted net assets are funds used to account for fixed asset acquisitions, improvements and related activities.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Support and Revenue

Grants and contributions are recorded as revenue when received or pledged unconditionally, at fair value. Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Due from Affiliates and Share of Affiliate Contributions

The Foundation and its Affiliates have agreements under which a portion of contributions received by Affiliates is shared with the Foundation. Amounts received but not remitted by Affiliates are recorded by the Foundation as due from Affiliates. The Affiliates’ share of contributions solicited by Affiliates and received directly by the Foundation is credited to Affiliate receivables.

From time to time, the Foundation makes cash advances or short-term loans to various Affiliates for the purpose of funding operations. The loans are interest bearing (at approximately 5% per annum) and repayable based on mutually agreeable terms. These advances and short-term loans are included in due from Affiliates in the accompanying balance sheet.
Expense Allocations

The majority of expenses can generally be directly identified with program or supporting service to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting service classifications primarily on the basis of the employees' time allocations or other bases determined by management.

Deferred Income

Deferred income consists primarily of amounts received in advance for contracted programs, membership dues and journal subscriptions that apply to future periods. Membership dues and subscription revenue are recognized as revenue over the respective membership and subscription periods. Revenues and expenses related to contracted programs are recognized upon progression of the program in accordance with the applicable agreement.

Donated Services

The Foundation's volunteers, comprised of physicians, allied health professionals, business and community leaders, kidney patients and their families, and others committed to the Foundation's mission, have made significant contributions of their time to the Foundation's programs and supporting services. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition established by Statement of Financial Accounting Standards No. 116, Contributions Received and Contributions Made.

Cash and Cash Equivalents

The Foundation considers highly liquid financial instruments, excluding cash held in trust or held as part of the investment portfolio, with maturities when purchased of three months or less to be cash equivalents.

Inventories

Inventories, which consist of educational publications in print and on CD-ROM, are stated at the lower of cost or market determined by the first-in, first-out method.

Investments and Investment Income

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the accompanying balance sheet. Fair values are based on quoted market prices. Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets with the exception of permanently restricted net assets. Income earned from permanently restricted investments, including realized and unrealized gains and losses, is recorded as temporarily restricted for purposes specified by the donor.

Fixed Assets

Fixed assets are stated on the basis of cost or, as to donated assets, fair value on the date donated. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the remaining period of the lease or their estimated useful lives.

Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2004 from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that 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 reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the 2004 financial statements have been reclassified to conform to the 2005 presentation.
2. Tax-Exempt Status

The Foundation is a not-for-profit voluntary health agency as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Foundation is exempt from Federal income taxes under Section 501(a) of the Code and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Code. Contributions to the Foundation are deductible for income tax purposes to the maximum extent allowed under the Code.

3. Investments

The fair value of investments at June 30, 2005 and 2004, consisted of the following:

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>International equity fund</td>
<td>$1,911,026</td>
<td>$2,371,588</td>
</tr>
<tr>
<td>Fixed income securities fund</td>
<td>4,226,598</td>
<td>3,712,494</td>
</tr>
<tr>
<td>iShares index funds</td>
<td>5,139,542</td>
<td>5,658,887</td>
</tr>
<tr>
<td>Small cap stock fund</td>
<td>806,122</td>
<td>–</td>
</tr>
<tr>
<td>Cash and U.S. Government securities</td>
<td>20,279</td>
<td>19,204</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,103,567</strong></td>
<td><strong>$11,762,173</strong></td>
</tr>
</tbody>
</table>

Included in the above are assets held under split-interest agreements in the amount of approximately $817,000 and $571,000 at June 30, 2005 and 2004, respectively (see Note 12).

At June 30, 2005 and 2004, investments include investments held in trust of approximately $409,000 and $382,000, respectively.

4. Contributions Receivable

Included in other receivables are contributions receivable which represent unconditional promises to give. At June 30, 2005, these contributions receivable, with the non-current portion discounted (at a rate of 6%) to present value, are due to be collected as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>One to five years</th>
<th>Discount to present value</th>
<th>$103,953</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>$30,000</td>
<td>90,000</td>
<td>(16,047)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$103,953</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Fixed Assets

Furniture and equipment, leasehold improvements, capitalized software and accumulated depreciation and amortization as of June 30, 2005 and 2004 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$929,629</td>
<td>$780,989</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>175,940</td>
<td>153,931</td>
</tr>
<tr>
<td>Capitalized software</td>
<td>65,096</td>
<td>65,096</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,170,665</strong></td>
<td><strong>1,000,016</strong></td>
</tr>
</tbody>
</table>

6. Retirement/Savings Plan

The Foundation has a contributory retirement/savings plan. The plan covers substantially all full-time employees who meet certain age and service requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. Pension expense for the years ended June 30, 2005 and 2004 amounted to approximately $540,000 and $439,000, respectively.

7. Commitments

The Foundation occupies premises under noncancelable operating leases in effect through 2019. Under the terms of these operating leases, rental payments increase annually. However, for financial statement purposes, rent expense is recorded on the straight-line basis over the term of the lease. The difference between rental payments made under the lease and rent expense calculated on the straight-line basis is recorded as deferred rent. At June 30, 2005, deferred rent of $90,623 is reflected in accounts payable and accrued expenses in the accompanying balance sheet.

Rent expense approximated $953,000 and $799,000 for the years ended June 30, 2005 and 2004, respectively.
7. Commitments (continued)
Approximate future minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$693,000</td>
</tr>
<tr>
<td>2007</td>
<td>657,000</td>
</tr>
<tr>
<td>2008</td>
<td>642,000</td>
</tr>
<tr>
<td>2009</td>
<td>658,000</td>
</tr>
<tr>
<td>2010</td>
<td>673,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>5,578,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,901,000</strong></td>
</tr>
</tbody>
</table>

The Foundation has a line of credit not to exceed $1,000,000 at June 30, 2005. At June 30, 2005, there was no balance outstanding under this credit line.

8. Litigation
The Foundation has been involved in a litigation matter with a former affiliate involving claims and counterclaims. The Foundation's claims arose from the nonpayment of a contractually required percentage of the affiliate's income when it was affiliated with the Foundation, as well as from the Foundation's share of proceeds received by the affiliate from a subsequent real estate transaction. In November 2004, the parties entered into a settlement agreement, whereby the former affiliate agreed to pay the Foundation the sum of $2,200,000. At June 30, 2005, $1,371,000 related to the settlement agreement is reflected in other receivables in the accompanying balance sheet. Such amount was fully collected subsequent to June 30, 2005.

9. Awards and Grants
As of June 30, 2005 and 2004, the Foundation has entered into conditional multi-year research grant commitments. The Foundation recognizes as expense the portion of the research grant award that is unconditional in the year it becomes unconditional. The Foundation has expensed research grants of approximately $2,475,000 and $2,393,000 for the years ended June 30, 2005 and 2004, respectively.

The outstanding commitments for research projects, which are conditional at June 30, 2005, are scheduled for funding approximately as follows: 2006-$2,104,000 and 2007-$1,540,000. These projects will be funded by unrestricted and certain temporarily restricted net assets and support and revenue to be generated by the Foundation.

10. Temporarily Restricted Net Assets
Temporarily restricted net assets are restricted for the following purposes at June 30, 2005 and 2004:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Endowment Funds</td>
<td>$10,793,980</td>
<td>$10,352,850</td>
</tr>
<tr>
<td>Transplantation guidelines</td>
<td>$158,275</td>
<td>-</td>
</tr>
<tr>
<td>Transplant Games—travel support</td>
<td>35,413</td>
<td>9,593</td>
</tr>
<tr>
<td>Enuresis Research</td>
<td>20,005</td>
<td>4,353</td>
</tr>
<tr>
<td>Other programs</td>
<td>16,210</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,023,883</strong></td>
<td><strong>$10,366,796</strong></td>
</tr>
</tbody>
</table>

Temporarily restricted net assets were released from restrictions in fiscal 2005 and 2004 as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Endowment Funds</td>
<td>$497,704</td>
<td>$604,016</td>
</tr>
<tr>
<td>Other research</td>
<td>203,367</td>
<td>240,460</td>
</tr>
<tr>
<td>Other</td>
<td>13,290</td>
<td>40,804</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$714,361</strong></td>
<td><strong>$885,280</strong></td>
</tr>
</tbody>
</table>

11. Permanently Restricted Net Assets
Permanently restricted net assets consist of investments that are to be held in perpetuity with income there from available to support clinical research in enuresis.

12. Split-Interest Agreements
The Foundation receives contributions under charitable gift annuities. The Foundation has segregated these assets as separate and distinct funds, independent from other funds and not to be applied to payment of the debts and obligations of the Foundation or any other purpose other than annuity benefits specified in the agreements. In addition, this portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law. The Foundation agrees to pay a stated return annually to the beneficiaries as long as they live, at which time the remaining assets are available for unrestricted use of the Foundation.
12. Split-Interest Agreements (continued)

At June 30, 2005 and 2004, the total assets held under split-interest agreements were approximately $817,000 and $571,000, respectively, at fair value. The actuarial present value of the Foundation’s interest in the gift annuities was approximately $381,000 and $302,000 at June 30, 2005 and 2004, respectively, and was calculated using interest rates ranging from 5% to 6%.

Payable to beneficiaries and Affiliates as of June 30, 2005 and 2004 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to beneficiaries</td>
<td>$276,737</td>
<td>$138,154</td>
</tr>
<tr>
<td>Payable to Affiliates</td>
<td>159,366</td>
<td>130,552</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$436,103</strong></td>
<td><strong>$268,706</strong></td>
</tr>
</tbody>
</table>

Payable to beneficiaries is the present value of the expected future cash flows to be paid to the beneficiaries. Payable to Affiliates is the shared beneficial interest due to the Foundation’s Affiliates.

1. Accounting Standards

The Foundation follows the standards of accounting and reporting for voluntary health and welfare agencies developed by the National Health Council and National Social Welfare Assembly. The cost of capitalized Fixed Assets is depreciated by the straight-line method over their useful lives.

2. Expenses

Expenses have been allocated to various classifications by using time records and estimation.

3. Composition of Financial Statements

The accompanying combined financial statements have been prepared by the National Office from the individual financial reports of each Affiliate and are not covered by the report of Ernst& Young LLP. Each of the individual Affiliate financial statements has been audited by other auditors as a separate entity, and those reports are available from the Affiliate upon request.
National Kidney Foundation and its Affiliates (unaudited) as of June 30, 2005

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$23,056,587</td>
</tr>
<tr>
<td>Investments</td>
<td>34,300,116</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>6,976,434</td>
</tr>
<tr>
<td>Inventories of Educational &amp; Campaign Material</td>
<td>675,268</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1,581,095</td>
</tr>
<tr>
<td>Property, Plant, and Equipment (at cost)</td>
<td>8,969,656</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>(4,124,980)</td>
</tr>
<tr>
<td>Property, Plant, and Equipment (net)</td>
<td>4,844,676</td>
</tr>
<tr>
<td>Other Assets</td>
<td>778,199</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$72,212,375</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

#### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Payable</td>
<td>$654,033</td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Expenses</td>
<td>5,597,722</td>
</tr>
<tr>
<td>Deferred Income</td>
<td>5,723,378</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>473,252</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$12,448,355</strong></td>
</tr>
</tbody>
</table>

#### Net Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$37,271,242</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>20,000,327</td>
</tr>
<tr>
<td>Permanently Restricted</td>
<td>2,492,451</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$59,764,020</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Net Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$72,212,375</strong></td>
</tr>
</tbody>
</table>

Note: Figures from the NKF of Texas Coastal Bend were not received when this Annual Report went to press.
**Support, Revenue and Reclassifications:**

**Support from the Public:**

- **Received Directly:**
  - Contributions: $24,377,810
  - Special Events Revenue: $23,968,444
  - Less: Direct Benefit Costs: $(10,881,619)
  - Net Support from Special Events: $13,086,825
- **Received Indirectly:**
  - United & Federated Funds: $852,674
  - Combined Federal Campaign: $478,786
  - Total Support from the Public: $38,796,095

**Government Grants:** $3,131,167

**Other Revenue:**

- Program Service Fees: $20,568,201
- Membership Dues: $784,817
- Sale of Literature & Drugs: $358,506
- Investment Income: $1,224,070
- Sale of Donated Vehicles: $13,001,157
- Less: Cost of Sale & Selling Expenses: $(15,838,057)
- Net Sales of Donated Vehicles: $2,836,900
- Miscellaneous Revenue: $4,101,960
- Total Other Revenue: $24,200,654

**Total Support and Other Revenue:** $66,127,916

**Net Assets Released from Restrictions:** $5,740,233

**Total Support, Revenue, and Reclassifications:** $71,868,149

**Expenses:**

**Program Services:**

- Research: $5,208,421
- Public Health Education: $11,895,219
- Professional Education: $12,511,775
- Patient Services: $16,786,000
- Community Services: $8,796,050
- Total Program Services: $55,197,465

**Supporting Services:**

- Fund Raising: $6,564,157
- Management & General: $6,806,870
- Total Supporting Services: $13,371,027

**Total Expenses:** $68,568,492

**Change in Net Assets:** $3,299,657

**Net Assets at Beginning of Year:** 33,971,585

**Net Assets at End of Year:** $37,271,242

National Kidney Foundation and Its Affiliates (unaudited) for the Year ended June 30, 2005

**Cash Flows from operating activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$6,027,450</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization</td>
<td>786,524</td>
</tr>
<tr>
<td>Unrealized loss on investment</td>
<td>(634,871)</td>
</tr>
<tr>
<td>Loss on Disposal of Fixed Assets</td>
<td>39,092</td>
</tr>
<tr>
<td>Donated Stocks</td>
<td>(30,190)</td>
</tr>
<tr>
<td>Donation of Fixed Assets</td>
<td>(13,851)</td>
</tr>
<tr>
<td>Donation of Vehicles</td>
<td>(700,663)</td>
</tr>
<tr>
<td>Realized Gain on Investments</td>
<td>(215,105)</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>90,623</td>
</tr>
</tbody>
</table>

Changes in operating assets and liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>(1,196,909)</td>
</tr>
<tr>
<td>Inventories of Educational &amp; Campaign Material</td>
<td>127,057</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1,114,301</td>
</tr>
<tr>
<td>Other Assets</td>
<td>(94,389)</td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Expenses</td>
<td>(1,380,357)</td>
</tr>
<tr>
<td>Deferred Income</td>
<td>(696,113)</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>(13,033)</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities: 3,209,566

**Cash flows from investing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of fixed assets</td>
<td>(458,982)</td>
</tr>
<tr>
<td>Proceeds from disposition of fixed assets</td>
<td>16,079</td>
</tr>
<tr>
<td>Proceeds from disposition of donated vehicles</td>
<td>688,535</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>13,139,882</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(16,859,507)</td>
</tr>
</tbody>
</table>

Net cash used in investing activities: (3,473,993)

**Cash flows from financing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from contributions restricted for investment in endowment</td>
<td>2,761</td>
</tr>
<tr>
<td>Contributions to Endowment</td>
<td>(2,761)</td>
</tr>
<tr>
<td>Proceeds from Loans Payable</td>
<td>104,231</td>
</tr>
<tr>
<td>Repayment of Loans Payable</td>
<td>(217,017)</td>
</tr>
</tbody>
</table>

Net cash used in financing activities: (112,786)

Net increase/(decrease) in cash and cash equivalents: (377,213)

Cash and cash equivalents at beginning of year, as restated: 23,433,800

Cash and cash equivalents at end of year: $23,056,587

**Supplemental disclosure of cash flow information**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>15,561</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>250</td>
</tr>
<tr>
<td>Noncash Investing and Financing Activities-In kind donations</td>
<td>536,557</td>
</tr>
</tbody>
</table>
### National Kidney Foundation and its Affiliates (unaudited) for the Year ended June 30, 2005

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Research</td>
<td>Public Health Education</td>
<td>Professional Education</td>
</tr>
<tr>
<td>Salaries</td>
<td>$794,476</td>
<td>$4,163,124</td>
<td>$2,168,667</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>105,435</td>
<td>588,859</td>
<td>346,049</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>60,491</td>
<td>333,000</td>
<td>176,148</td>
</tr>
<tr>
<td>Awards and Grants</td>
<td>3,591,267</td>
<td>180,763</td>
<td>22,441</td>
</tr>
<tr>
<td>Professional Fees &amp; Contract Services</td>
<td>71,221</td>
<td>473,298</td>
<td>611,469</td>
</tr>
<tr>
<td>Assistance to Patients</td>
<td>55,298</td>
<td>411,982</td>
<td>134,162</td>
</tr>
<tr>
<td>Office Supplies and Expenses</td>
<td>52,683</td>
<td>467,292</td>
<td>187,544</td>
</tr>
<tr>
<td>Telephone</td>
<td>30,674</td>
<td>129,331</td>
<td>64,217</td>
</tr>
<tr>
<td>Postage and Shipping</td>
<td>22,976</td>
<td>211,832</td>
<td>94,367</td>
</tr>
<tr>
<td>Building Occupancy</td>
<td>144,980</td>
<td>571,279</td>
<td>400,323</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,802</td>
<td>38,150</td>
<td>18,981</td>
</tr>
<tr>
<td>Printing, Publication and Audio-Visual</td>
<td>15,481</td>
<td>488,229</td>
<td>697,900</td>
</tr>
<tr>
<td>Meetings, Symposia and Related Travel</td>
<td>55,419</td>
<td>346,980</td>
<td>466,817</td>
</tr>
<tr>
<td>Membership Dues and Subscriptions</td>
<td>764</td>
<td>24,935</td>
<td>1,478</td>
</tr>
<tr>
<td>Revenue Share Payment to National</td>
<td>16,752</td>
<td>22,804</td>
<td>18,799</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>76,902</td>
<td>342,921</td>
<td>237,956</td>
</tr>
<tr>
<td>Unallocated Direct Benefit Costs</td>
<td>1,140</td>
<td>177,827</td>
<td>46,802</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>57,749</td>
<td>160,958</td>
<td>104,048</td>
</tr>
<tr>
<td>Special Projects</td>
<td>46,910</td>
<td>3,037,383</td>
<td>6,766,609</td>
</tr>
<tr>
<td>Donated Vehicles-Cost of Sales/Selling Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$5,208,421</strong></td>
<td><strong>$12,170,948</strong></td>
<td><strong>$12,565,136</strong></td>
</tr>
</tbody>
</table>

Less: Expenses Netted with revenues on the Statement of Activities:

| Direct Expenses of Special Events | - | - | - | - | - | - | - | - | - | - | $11,016,394 | - | - | - | - | - | - | - | - | - | - | $11,016,394 |
| Cost of Sales Selling | - | 275,729 | 53,361 | 375,978 | 16,843 | - | - | - | - | 721,911 |
| Cost of Sales/Selling Expenses of Donated Vehicles | - | - | - | - | - | - | - | - | - | 15,838,057 | 15,838,057 |

### Total Expenses Reported by Function

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
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</tr>
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<td></td>
<td>Research</td>
<td>Public Health Education</td>
<td>Professional Education</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$5,208,421</strong></td>
<td><strong>$11,895,219</strong></td>
<td><strong>$12,511,775</strong></td>
</tr>
</tbody>
</table>

Current year's percentages: 7.6% 17.3% 18.2% 24.5% 12.8% 9.7% 9.9% 100.0%
“Some people say my wife and I are joined at the hip, but we’re really joined at the kidneys!”

“I suffered from chronic kidney disease most of my life, but I didn’t even know it. Last year, my wife lovingly agreed to donate one of her kidneys to me and since then, we’ve been working Side by Side with the people of the National Kidney Foundation.

If you’ve got high blood pressure, diabetes or a family history of kidney disease, you’re at risk. But 3 simple tests can tell if your kidneys are doing their job right. Ask your doctor to check out your kidneys and learn more about all this by contacting us today!”

National Kidney Foundation
1-800-622-9010  www.kidney.org
Side by Side for Life™