



National Kidney Foundation, Inc.

Financial Statements
Year Ended March 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



National Kidney Foundation, Inc.

Financial Statements
Year Ended March 31, 2023

National Kidney Foundation, Inc.

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Independent Auditor's Report

The Board of Directors
National Kidney Foundation, Inc.
New York, New York

Opinion

We have audited the financial statements of the National Kidney Foundation, Inc. (the Foundation), which comprise the balance sheet as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter - Adoption of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)

As discussed in Notes 2 and 8 to the financial statements, the Foundation has changed its method for accounting for leases in 2023 due to the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements and our report, dated August 30, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P. C.

September 13, 2023

National Kidney Foundation, Inc.

Balance Sheet (with comparative totals for 2022)

March 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 14,795,457	\$ 18,095,710
Investments, at fair value (Note 4)	22,051,581	19,346,052
Investments held under split-interest agreements (Notes 4 and 7)	94,023	141,760
Due from Affiliates, principally share of Affiliate contributions	896,739	504,309
Notes receivable	300,000	-
Other receivables, less allowance for uncollectible amount of \$320,528 and \$313,358, respectively (Note 5)	1,740,145	998,966
Prepaid expenses and other assets	2,216,499	2,165,972
Total Current Assets	42,094,444	41,252,769
Long-Term Investments , at fair value (Note 4)	3,952,099	3,952,979
Investments Held Under Split-Interest Agreements , net of current portion (Notes 4 and 7)	137,963	138,395
Notes Receivables , net of current portion and discount for present value (Note 5)	672,455	488,175
Prepaid Expenses and Other Assets , net of current portion	207,306	180,084
Fixed Assets, Net (Note 6)	613,137	606,126
Beneficial Interest in a Perpetual Trust (Note 4)	2,408,300	2,663,065
Operating Lease Right-of-Use Asset, Net (Note 8)	9,843,087	-
Total Assets	\$ 59,928,791	\$ 49,281,593
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,335,029	\$ 5,000,049
Payable to beneficiaries	16,247	16,081
Deferred income (Note 9)	10,449,876	8,069,266
Operating lease liabilities, current portion (Note 8)	1,540,139	-
Total Current Liabilities	17,341,291	13,085,396
Payable to Beneficiaries , net of current portion	137,963	138,395
Deferred Income , net of current portion (Note 9)	748,070	899,324
Accrued Compensation (Note 12)	186,539	199,387
Deferred Rent	-	2,069,652
Operating Lease Liabilities , net of current portion (Note 8)	10,307,960	-
Total Liabilities	28,721,823	16,392,154
Commitments (Notes 5, 7, 10, 11, 12, 13, 14, 18, and 19)		
Net Assets (Notes 14 and 15)		
Without donor restrictions	21,429,920	21,833,150
With donor restrictions	9,777,048	11,056,289
Total Net Assets	31,206,968	32,889,439
Total Liabilities and Net Assets	\$ 59,928,791	\$ 49,281,593

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Activities (with comparative totals for 2022)

Year ended March 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Support and Revenue				
Support from the public:				
Received directly - contributions	\$ 10,160,221	\$ 1,005,540	\$ 11,165,761	\$ 15,198,001
Received indirectly - Affiliates contributions	1,620,614	-	1,620,614	1,928,630
Received indirectly - contributions	403,348	-	403,348	422,572
	12,184,183	1,005,540	13,189,723	17,549,203
Revenue from sales of donated vehicles	1,520,276	-	1,520,276	2,753,739
Less: cost of sales	191,833	-	191,833	380,461
Net Revenue from Sales of Donated Vehicles	1,328,443	-	1,328,443	2,373,278
Revenue from special events	10,495,587	-	10,495,587	8,233,299
Less: direct benefit to donor costs	1,221,744	-	1,221,744	1,330,394
Net Revenue from Special Events	9,273,843	-	9,273,843	6,902,905
Total Support from the Public	22,786,469	1,005,540	23,792,009	26,825,386
Program service support and fees	18,179,968	-	18,179,968	14,845,130
Royalties	2,404,661	-	2,404,661	2,365,855
Dues - professional members	727,453	-	727,453	820,068
Investment (loss) income, net	179,473	(528,035)	(348,562)	564,404
Government grants	477,163	-	477,163	538,601
Forgiveness of debt - Payroll Protection Program loans	-	-	-	3,618,715
Other, net	(312,612)	-	(312,612)	(39,094)
Net assets released from restrictions	1,756,746	(1,756,746)	-	-
Total Revenue	23,412,852	(2,284,781)	21,128,071	22,713,679
Total Support and Revenue	46,199,321	(1,279,241)	44,920,080	49,539,065
Expenses				
Program services:				
Research	3,525,721	-	3,525,721	3,374,980
Public health education	5,078,737	-	5,078,737	4,531,547
Professional education	15,087,127	-	15,087,127	12,007,538
Patient services	5,495,750	-	5,495,750	4,626,203
Community services and assistance to Affiliates	10,160,209	-	10,160,209	8,770,745
Total Program Services	39,347,544	-	39,347,544	33,311,013
Supporting services:				
Fundraising	3,186,430	-	3,186,430	1,605,865
Management and general	4,068,577	-	4,068,577	3,750,463
Total Supporting Services	7,255,007	-	7,255,007	5,356,328
Total Expenses	46,602,551	-	46,602,551	38,667,341
Change in Net Assets	(403,230)	(1,279,241)	(1,682,471)	10,871,724
Net Assets, beginning of year	21,833,150	11,056,289	32,889,439	22,017,715
Net Assets, end of year	\$ 21,429,920	\$ 9,777,048	\$ 31,206,968	\$ 32,889,439

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Cash Flows (with comparative totals for 2022)

Year ended March 31,	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (1,682,471)	\$ 10,871,724
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of debt - Payroll Protection Program	-	(3,618,715)
Depreciation and amortization	162,387	168,181
Non-cash operating lease right-of-use asset expense	1,711,486	-
Allowance for uncollectible accounts	7,170	(84,639)
Net present value discount	15,720	11,825
Net realized and unrealized loss (gains) on investments	1,952,406	(629,211)
Donated stocks	(70,212)	(716,143)
Decrease (increase) in assets:		
Due from Affiliates	(392,430)	3,407
Other receivables	(748,349)	737,186
Prepaid expenses and other assets	271,715	(893,510)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	334,980	1,888,916
Deferred income	2,229,356	1,145,057
Deferred rent	-	23,508
Payable to beneficiaries	(265)	(182,723)
Accrued compensation	(12,848)	14,134
Principal reduction in operating lease liabilities	(1,827,113)	-
Net Cash Provided by Operating Activities	1,951,532	8,738,997
Cash Flows from Investing Activities		
Purchases of fixed assets	(167,877)	(193,717)
Notes receivable	(500,000)	(500,000)
Proceeds from sale of investments	4,381,533	2,547,673
Purchases of investments	(8,965,441)	(4,557,502)
Change in short-term investments	-	(2,803,726)
Net Cash Used in Investing Activities	(5,251,785)	(5,507,272)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,300,253)	3,231,725
Cash and Cash Equivalents, beginning of year	18,095,710	14,863,985
Cash and Cash Equivalents, end of year	\$ 14,795,457	\$ 18,095,710
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 22,039	\$ 43,682
Right-of-use assets acquired through operating leases	2,069,652	-
Derecognition of deferred rent	(2,069,652)	-

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

**Statement of Functional Expenses
(with comparative totals for 2022)**

Year ended March 31,

	Program Services					Supporting Services					Total	
	Research	Public Health Education	Professional Education	Patient Services	Community Services and Assistance to Affiliates	Total Program Services	Fundraising	Management and General	Special Events, Direct Benefit Costs, and Donated Vehicles Costs and Expenses	Total Supporting Services	2023	2022
Salaries	\$ 1,249,151	\$ 2,439,563	\$ 5,885,275	\$ 2,590,938	\$ 4,948,256	\$ 17,113,183	\$ 614,154	\$ 2,397,855	\$ -	\$ 3,012,009	\$ 20,125,192	\$ 18,810,818
Retirement benefits	27,915	71,151	108,183	48,162	108,954	364,365	17,912	69,934	-	87,846	452,211	621,941
Payroll taxes	93,652	238,704	362,941	161,578	365,528	1,222,403	60,093	234,623	-	294,716	1,517,119	1,327,179
Other employee benefits	163,741	197,784	918,361	429,806	650,028	2,359,720	49,792	194,403	-	244,195	2,603,915	2,216,361
Awards and grants	692,061	-	-	-	-	692,061	-	-	-	-	692,061	870,805
Patient financial assistance	-	-	-	358,331	-	358,331	-	-	-	-	358,331	387,232
Professional fees and contract services	386,762	331,490	3,634,155	711,259	753,518	5,817,184	421,728	320,790	252,018	994,536	6,811,720	5,358,603
Office supplies and expenses	13,531	50,557	77,551	118,113	295,227	554,979	74,894	32,396	88,321	195,611	750,590	543,183
Telephone	9,380	20,850	46,382	20,857	38,307	135,776	5,249	20,493	-	25,742	161,518	142,151
Postage and shipping	3,509	7,397	42,890	28,705	84,492	166,993	227,454	6,260	-	233,714	400,707	378,484
Building occupancy	127,050	323,829	508,614	219,199	497,493	1,676,185	81,523	318,292	-	399,815	2,076,000	2,337,654
Equipment repairs and maintenance	65,752	167,590	257,780	114,537	256,990	862,649	235,450	164,724	-	400,174	1,262,823	758,992
Insurance	13,737	35,014	53,238	27,479	68,866	198,334	8,815	34,416	-	43,231	241,565	219,941
Printing and publications	521,047	13,176	915,349	75,779	29,756	1,555,107	168,478	5,485	-	173,963	1,729,070	1,308,591
Marketing and promotion	61,108	957,170	208,604	183,288	699,595	2,109,765	57,224	57,499	-	114,723	2,224,488	1,694,269
Conferences and meetings	22,557	40,654	1,514,723	207,237	952,069	2,737,240	891,151	31,391	881,405	1,803,947	4,541,187	2,030,050
Meetings and travel	8,624	20,575	238,643	59,461	72,272	399,575	50,597	19,635	-	70,232	469,807	66,005
Cost of donated vehicles, provider fees	-	-	-	-	-	-	-	-	191,833	191,833	191,833	380,461
Dues and subscriptions	7,466	19,049	34,378	33,076	81,189	175,158	5,279	18,704	-	23,983	199,141	222,584
Cost of goods sold	-	-	38,124	-	-	38,124	-	-	-	-	38,124	-
Miscellaneous expenses	48,654	118,634	203,088	90,650	218,544	679,570	210,205	116,564	-	326,769	1,006,339	534,711
	3,515,697	5,053,187	15,048,279	5,478,455	10,121,084	39,216,702	3,179,998	4,043,464	1,413,577	8,637,039	47,853,741	40,210,015
Depreciation and amortization	10,024	25,550	38,848	17,295	39,125	130,842	6,432	25,113	-	31,545	162,387	168,181
	3,525,721	5,078,737	15,087,127	5,495,750	10,160,209	39,347,544	3,186,430	4,068,577	1,413,577	8,668,584	48,016,128	40,378,196
Less: direct benefit costs	-	-	-	-	-	-	-	-	(1,221,744)	(1,221,744)	(1,221,744)	(1,330,394)
Donated vehicles cost of sales and selling expenses	-	-	-	-	-	-	-	-	(191,833)	(191,833)	(191,833)	(380,461)
Total Expenses Reported by Function in the Statement of Activities	\$ 3,525,721	\$ 5,078,737	\$ 15,087,127	\$ 5,495,750	\$ 10,160,209	\$ 39,347,544	\$ 3,186,430	\$ 4,068,577	\$ -	\$ 7,255,007	\$ 46,602,551	\$ 38,667,341
Current-year percentages (%)	7.57%	10.90%	32.37%	11.79%	21.80%	84.43%	6.84%	8.73%	-%	15.57%	100.00%	
Prior-year percentages (%)	8.73%	11.72%	31.05%	11.97%	22.68%	86.15%	4.15%	9.70%	-%	13.85%		100.00%

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

1. Nature of Organization

The National Kidney Foundation, Inc. (the Foundation), headquartered in New York City, is dedicated to the awareness, prevention, and treatment of kidney disease for hundreds of thousands of healthcare professionals, millions of patients and their families, and tens of millions of Americans at risk. The Foundation has a chartered network of nine affiliated organizations (Affiliates) and 29 regional offices as of March 31, 2023 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. Founded in 1950 to address the critical impact of the diseases referred to above, the Foundation conducts nationwide educational campaigns about the role of the kidney in maintaining overall health, the importance of early detection, and organ donation and transplantation. Under the provisions of a charter with the Foundation, each Affiliate must meet certain requirements regarding organizational structure, program services, and fundraising.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the balance sheet, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each class of net assets—with donor restrictions and without donor restrictions—be displayed in the balance sheet and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of the Foundation pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

Net Assets Without Donor Restrictions - This class consists of net assets that are without donor-imposed stipulations and/or net assets that the Board of Directors has discretionary control to use in carrying out the operations of the Foundation, in accordance with its charter and by-laws. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve as board-designated funds. In the case of need, the Board of Directors could appropriate resources from its board-designated fund. Note 14 provides more information about those funds.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

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 of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Foundation may have cash deposits at financial institutions in excess of FDIC limits. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment Income

Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets. Income earned from investments restricted in perpetuity, including realized and unrealized gains and losses, is recorded as net assets with donor restrictions

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

and then released to net assets without donor restrictions through appropriations made in accordance with the Foundation's spending policy.

Fixed Assets

Fixed assets are stated on the basis of cost or, as to donated assets, fair value on the date contributed. The Foundation capitalizes items of property and equipment that have a cost of \$1,000 or more and useful life of more than one year. Depreciation is computed using 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.

	Useful Lives (Years)
Furniture and equipment	5-7
Capitalized software	3-5

Impairment of Long-Lived Assets

The Foundation follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Foundation to review long-lived assets, including both fixed and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended March 31, 2023 and 2022, there has been no such loss.

Revenue Recognition from Exchange Transactions

On April 1, 2020, the Foundation adopted Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The majority of the Foundation's revenues come from donor contributions, including bequests, thrift, and cars, that are outside the scope of ASC 606. The Foundation's services that fall within the scope of ASC 606 are presented within the respective income and are recognized as revenue as the Foundation satisfies its obligation to the counterparty. Services within the scope of ASC 606 includes memberships, sponsorships for which a benefit is provided directly to the sponsor, and event tickets that includes an exchange component.

Contract liabilities represent payments received from customers prior to the satisfaction of the corresponding performance obligations. Contract liabilities are recognized as revenue once the corresponding performance obligations are satisfied based on the contract with the customer. Contract assets represent the Foundation's right to consideration based on satisfied performance obligations from contracts with customers. The changes in the contract balances occurred in the ordinary course of business.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Revenue with customers is comprised of the following:

March 31, 2023

Membership and subscriptions	\$	727,453
Corporate support		65,553
Sponsorships		276,250
Total Revenue Subject to ASC 606	\$	1,069,256

Sponsorships and Special Events

For sponsorships and event tickets that include an exchange component, the Foundation recognizes revenue as performance obligations are satisfied. Payments received are held in deferred revenue until the performance is completed. Obligations are reviewed monthly to ascertain completions status. Price is allocated based on associated cost of each obligation. The Foundation measures each satisfied obligation for completeness consistent with the contract. Event obligations are deemed to have been satisfied when the event occurs.

Royalties

The Foundation receives royalties on several of its publications that are provided to its medical professional members. The Foundation uses a third party for the management and distribution of these publications. Royalty revenue is recorded gross upon distribution of publications quarterly.

Membership Dues and Subscriptions

Membership dues comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Foundation recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately, if any. Membership dues are assessed on a fiscal-year basis. Membership dues paid in advance are deferred to the membership period to which they relate.

Program Services

The Foundation recognizes revenue from program service fees during the year in which the related services are provided. The performance obligation of delivering programmatic services is simultaneously received and consumed; therefore, the revenue is recognized as the performance obligation is satisfied at the point of time when services are delivered.

The following represent the components of program services that the Foundation offers:

Government Grants and Contracts

Revenues from government grants and contracts are recognized when earned, generally by incurring qualifying expenses. Expense-based grants are recognized as conditions are met by incurring allowable expenses.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Research

The Foundation sponsors research in the form of grants and scientific conferences, which seeks to answer key questions relating to various topics of kidney disease and transplantation. Grants are provided for studies aimed at finding treatments or to prevent kidney disease, as well as to improve the quality of life and long-term outlook for people with chronic kidney disease. Scientific conferences bring together experts to address the clinical importance of emerging science related to specific issues and controversies in kidney disease.

Public Health Education

The Foundation's public health education efforts strive to teach the public about kidney-related issues, such as causes of kidney disease and the importance of early detection. These efforts are made through the Foundation's legislative efforts, disbursement of educational brochures to the public, the Your Kidneys and You educational program, the Big Ask Big Give program, online health guides on the Foundation's website, and awareness through media outreach.

Professional Education

The Foundation's program provides medical and health care professionals with tools needed to provide optimum patient care, as well as to meet professional licensing requirements. Products provided include toolkits, best practices, evidence-based practice guidelines, medical journals, continuing education webinars, and professional education conferences.

Patient Services

The patient services programs include initiatives to improve patients' health and quality of life. Programs include the Foundation's Big Ask Big Give, newsletters, patient empowerment programs, the Foundation Cares Help Line, and the Foundation's Peers program.

Community Services and Assistance to Affiliates

The Foundation conducts free screening for individuals at risk through the KEEP Healthy program, develops plans to improve community health practices, and conducts rehabilitation programs. In addition, the Foundation provides consultation, guidance, training, and leadership to its Affiliates.

Other, Net

Other, net, is comprised of sub-lease or rental revenue, sales of educational materials and rebates, and commissions. The performance obligations of the exchange transactions are simultaneously received and consumed; therefore, the revenue is recognized as the performance obligation is satisfied at the point of time when services are delivered.

Revenue Recognition from Non-Exchange Transactions

Contributions and Unconditional Promises to Give (Pledges)

The Foundation receives contributions to support operating activities, endowments, and research and education projects. These contributions and grants can be from individuals, foundations, corporations, trusts, or government agencies. The Foundation's contributions are recorded as

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Contributions and unconditional promises to give are classified as either net assets with or without donor restrictions according to donor-imposed restrictions. Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using average risk-free interest rates adjusted by risk premiums applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Gifts of long-lived assets, cash, or other assets used to acquire long-lived assets are reported as additions to net assets with donor restrictions when stipulated by the donor. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Due from Affiliates and Share of Affiliate Contributions

The Foundation and its Affiliates have agreements under which a portion of unrestricted contributions received by Affiliates are shared with the Foundation. Under these agreements, the Foundation allows the Affiliates to utilize the Foundation's name, trademarks, and signature programs in the Affiliate territories. Amounts received but not remitted by Affiliates are recorded by the Foundation as due from Affiliates in the balance sheet.

Donated Vehicles

The Foundation uses a third party to administer its donated vehicles program. Donated vehicles are reported at the gross sales price on the statement of activities, which represents the fair market value at the time of the gift. There is no significant inventory of donated vehicles at any time during the fiscal year since the sale transaction mainly occurs immediately after the vehicle donation.

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 volunteer services has not been reflected in the accompanying financial statements, as it does not meet the criteria for revenue recognition, as stated in ASC 958, *Not-for-Profit Entities*.

Deferred Income (Contract Liabilities)

The Foundation's deferred income consists primarily of amounts received in advance for events, contracted programs, membership dues, and journal subscriptions that apply to future periods. The Foundation records deferred income, which represent contract liabilities under ASC 606, when payments for membership dues and subscription revenue are collected in advance of the Foundation's performance under the retrospective contracts, which are recognized as revenue as the performance obligation is satisfied. Revenues related to contracted programs are recognized upon expended efforts or progression of the program, in accordance with the applicable agreement.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Functional Allocation of Expenses

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

Operating Leases

Effective April 1, 2022, the Foundation adopted FASB ASU 2016-02, *Leases (Topic 842)*. The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The Foundation's ROU assets are included in operating lease right-of-use assets, net, and lease liabilities are included in operating lease liabilities in the Foundation's balance sheet as of March 31, 2023. The Foundation adopted ASU 2016-02 utilizing the modified retrospective approach, which allows for a cumulative effect of transition recognized at the beginning of the period of adoption. Rent expense is being recognized on a straight-line basis over the life of the leases. See Note 8 for further discussion.

Income Taxes

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. The Foundation also is exempt from New York State and City income taxes. Contributions to the Foundation are deductible for income tax purposes to the maximum extent allowed under the Code. Unrelated business income tax payable for the years ended March 31, 2023 and 2022 is not material to the financial statements.

The Foundation has not taken an uncertain tax position that would require provision of a liability under ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions for the years ended March 31, 2023 and 2022. The Foundation has filed for, and received, income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required.

Beneficial Interest in Perpetual Trust

Donors have established and funded trusts, which are administered by organizations other than the Foundation. Under the terms of these trusts, the Foundation has the irrevocable right to receive a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. The Foundation does not control the assets held by outside trusts. The value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted interest rate.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Endowment Funds

The Foundation's endowment funds consist of investments that are restricted in perpetuity. The Foundation follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to its contributions restricted in perpetuity and related net assets, effective upon New York State's enactment of the legislation in September 2010.

The following applies to the endowment fund:

Interpretation of Relevant Law

The Finance Committee of the Board of Directors of the Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment fund, (b) the original value of subsequent gifts to the endowment fund, and (c) accumulations to the endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Further, when reviewing its donor restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The investment income earned on the accumulations to the endowment fund is classified as net assets with donor restrictions until appropriated, in accordance with the Foundation's spending policy.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation's long-term strategy is to target diversified asset allocation that includes both equity and fixed-income securities.

As of March 31, 2023 and 2022, the Foundation may appropriate endowment investment returns for distribution each year up to 5% of the ending market value of the endowment fund over the previous three years, and considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- Availability of other funding sources.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Purposes of the donor-restricted endowment fund.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Recently Adopted Accounting Pronouncements

Accounting for Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The FASB issued ASU 2020-05, which deferred the effective date for the Foundation until annual periods beginning after December 15, 2021. The adoption of the ASU had a material impact on the Foundation's financial statements. See Note 8 for further discussion.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The ASU should be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021. The adoption of the ASU did not have a material impact on the Foundation's financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use new forward-looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the impact of this ASU on its financial statements.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

<i>Year ended March 31,</i>	2023		2022	
Cash and cash equivalents	\$	14,795,457	\$	18,095,710
Investments, at fair value		22,051,581		19,346,052
Investments held under split-interest agreements		94,023		141,760
Due from Affiliates, principally share of Affiliate contributions		896,739		504,309
Other receivables, net		1,740,145		998,966
Total Current Assets		39,577,945		39,086,797
Less:				
Contractual or donor-imposed restrictions:				
Donor-imposed restrictions - purpose		(6,082,944)		(6,327,920)
Investments held in annuity trust		(77,776)		(125,679)
Board designations - operating investment fund		(2,344,935)		(2,121,615)
Total Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$	31,072,290	\$	30,511,583

As part of the Foundation's liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$4,000,000, which it could draw upon. As of March 31, 2023 and 2022, there was no outstanding balance on the line of credit.

4. Fair Value Measurements

The following tables present the financial instruments by caption on the balance sheet, within the ASC 820 valuation hierarchy defined in Note 2 above:

March 31, 2023

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 5,802,898	\$ -	\$ -	\$ 5,802,898
Equity securities	9,589,885	-	-	9,589,885
Fixed income - bonds	192,165	-	-	192,165
Publicly traded mutual funds	3,537,668	-	-	3,537,668
Government securities	-	4,984,108	-	4,984,108
Other assets	-	-	208,942	208,942
Private equity - interest in realty holding corporation	-	-	1,920,000	1,920,000
Beneficial interest in a perpetual trust	-	-	2,408,300	2,408,300
Total Investments	\$ 19,122,616	\$ 4,984,108	\$ 4,537,242	\$ 28,643,966

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

March 31, 2022

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 5,455,749	\$ -	\$ -	\$ 5,455,749
Equity securities	3,013,853	-	-	3,013,853
Fixed income - bonds	203,006	-	-	203,006
Publicly traded mutual funds	13,227,378	-	-	13,227,378
Private equity - interest in realty holding corporation	-	-	1,679,200	1,679,200
Beneficial interest in a perpetual trust	-	-	2,663,065	2,663,065
Total Investments	\$ 21,899,986	\$ -	\$ 4,342,265	\$ 26,242,251

Included in the tables above are assets held under split-interest agreements in the amount of \$231,986 and \$280,156 as of March 31, 2023 and 2022, respectively.

The Foundation's holdings in equity securities, fixed income bonds, and publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value, which is determined by quoted market prices. Each of the above investments can be liquidated daily.

The Foundation invests in various investment securities that are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheet.

Level 3 Assets at Fair Value

Beneficial Interest in a Perpetual Trust

The Foundation is a beneficiary of a trust created by a donor, the assets of which are not in the possession or management control of the Foundation. The Foundation has legally enforceable rights and claims to such assets, including the right to income from the trust. Net unrealized gains (loss) related to the beneficial interest are reported within investment income, net on the statement of activities, as a change in net assets with donor restrictions, restricted in perpetuity, based on explicit donor stipulations.

The Foundation will receive quarterly income distributions for a period of 50 years, which began December 25, 2003, from the trust. The income is reported as part of investment income, net in the statement of activities. During the years ended March 31, 2023 and 2022, the value of the beneficial interest decreased and increased by \$254,765 and \$1,792, respectively. The Foundation expects to receive 5% of the market value of trust assets each year thereafter until December 25, 2053, at which time the remaining trust will be distributed to the beneficiaries. The quarterly distributions received are to be used at the discretion of the Foundation and, therefore, are recorded as income under net assets without donor restrictions when received.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Private Equity - Interest in a Realty Holding Corporation

In 2018, the Foundation received a bequest from a trust that included a 20% interest in a realty holding corporation. The investment is accounted for using the fair market value method of accounting. As of March 31, 2023 and 2022, the Foundation's interest in the private company had an estimated value of \$2,099,000 and \$2,099,000, respectively. Due to the coronavirus pandemic (the COVID-19 outbreak) and related economic factors, the Foundation recorded a reserve against its interest in the private company. As of March 31, 2023 and 2022, the Foundation's reserve totaled \$480,000 and \$419,800, respectively.

As of March 31, 2023, the Foundation's financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) represent the fair value of the Foundation's beneficial interest in a perpetual trust (\$2,408,300 and \$2,663,065, respectively) and its interest in the private equity realty holding corporation, net of reserves (\$1,920,000 and \$1,679,200, respectively). There currently is no market in which beneficial interests in trusts or the private equity holding trade; therefore, no observable exit price exists for either investment. The Foundation cannot make any investment decisions regarding the assets held by the trusts or the private equity realty holding corporation.

The following table represents the reconciliations of the beginning and ending balances of the Foundation's financial assets measured at fair value on a recurring basis using significant unobservable inputs:

Description	Balance, April 1, 2022	Contributions	Releases	Investment Income (Loss)	Reserve Adjustment	Balance, March 31, 2023
Beneficial interest in a perpetual trust	\$ 2,663,065	\$ 74,053	\$ (74,053)	\$ (254,765)	\$ -	\$ 2,408,300
Private equity - realty holding corporation	1,679,200	1,100,000	(1,100,000)	301,000	(60,200)	1,920,000
	\$ 4,342,265	\$ 1,174,053	\$ (1,174,053)	\$ 46,235	\$ (60,200)	\$ 4,328,300

Description	Balance, April 1, 2021	Contributions	Releases	Investment Income (Loss)	Reserve Adjustment	Balance, March 31, 2022
Beneficial interest in a perpetual trust	\$ 2,661,273	\$ 118,291	\$ (118,291)	\$ 1,792	\$ -	\$ 2,663,065
Private equity - realty holding corporation	1,535,200	103,000	(103,000)	180,000	(36,000)	1,679,200
	\$ 4,196,473	\$ 221,291	\$ (221,291)	\$ 181,792	\$ (36,000)	\$ 4,342,265

As of March 31, 2023 and 2022, there were no unfunded commitments nor transfers between levels. Quantitative Information about Level 3 Fair Value Measurements is as follows:

March 31, 2023

Description	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average) ^(c)
Private equity - Realty Holding Corporation	\$ 1,920,000	Market comparable companies	Discount for lack of marketability ^(b)	10% - 25% (20%)

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

March 31, 2022

Description	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average) ^(c)
Private equity - Realty Holding Corporation	\$ 1,679,200 ^(a)	Market comparable companies	Discount for lack of marketability ^(b)	10% - 25% (20%)

^(a) The fair value of the private equity - realty holding corporation is net of management's reserve of \$480,000 and \$419,800, as of March 31, 2023 and 2022, respectively.

^(b) Represents amounts used when the reporting entity has determined that market participants would take into account these premiums and discounts when pricing the investments.

^(c) Unobservable inputs were weighted by the relative fair value of the instruments.

5. Receivables

Receivables are as follows:

March 31,	2023	2022
Pledges receivable	\$ -	\$ 5,000
Contractual grants and other receivables	2,060,673	1,307,324
Notes receivable	1,000,000	500,000
	3,060,673	1,812,324
Less: allowance for uncollectible reserves	(320,528)	(313,358)
Less: discount for present value	(27,545)	(11,825)
	\$ 2,712,600	\$ 1,487,141

Notes Receivables

Notes receivables represent debt positions taken in selected companies to provide capital to accelerate the development of innovations to expedite the cure for kidney disease and improving the lives of patients. As of March 31, 2023 and 2022, the Foundation has five convertible promissory notes totaling \$1,000,000 with private companies and two convertible promissory notes totaling \$500,000 with private companies, respectively. The promissory notes bear interest and are convertible into shares of the company's preferred stock under certain conditions. The notes receivables are recorded at net realizable value at March 31, 2023 and 2022. The notes receivable have interest rates ranging from 3% to 7%.

Pledges Receivable

Included in other receivables are pledges receivable, which represent unconditional promises to give. Pledges receivable are reported at their net present value calculated using a discount rate equal to the risk-free interest rate, which is the U.S. Treasury note interest rate in effect at the time the pledges are made and equal in duration to the length of time that the pledge is expected to be paid over.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

The following table represents future receivables, notes, and pledges, that were discounted for their net present values as of March 31, 2023 and 2022:

<i>March 31,</i>	2023	2022
Within one year	\$ 300,000	\$ 5,000
Two to five years	700,000	500,000
Discount to present value	(27,545)	(11,825)
	\$ 972,455	\$ 493,175

The discount rates used to calculate present value varied from 3.81% to 4.06% and 2.28% to 2.45% for the years ended March 31, 2023 and 2022, respectively.

6. Fixed Assets, Net

Fixed assets, net, consisted of the following:

<i>March 31,</i>	2023	2022
Property, furniture, and equipment	\$ 2,804,435	\$ 2,636,557
Leasehold improvements	808,416	808,416
Capitalized software	374,588	374,588
	3,987,439	3,819,561
Less: accumulated depreciation and amortization	(3,374,302)	(3,213,435)
	\$ 613,137	\$ 606,126

Depreciation and amortization expense for the years ended March 31, 2023 and 2022 was \$162,387 and \$168,181, respectively.

7. 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, after which time the remaining assets are available for unrestricted use by the Foundation.

As of March 31, 2023 and 2022, the total assets held under split-interest agreements were \$231,986 and \$280,156, respectively, at fair value. The actuarial present value, which approximates fair value, of the Foundation's payable to beneficiaries was \$154,210 and \$154,475 as of March 31, 2023 and 2022, respectively, and was calculated using interest rates ranging from 4% to 8%.

8. Leases

As of March 31, 2023, the Foundation leases 12 facilities and other equipment under noncancelable operating leases with initial terms ranging from two to eight years. As detailed in Note 2, the

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Foundation adopted the provisions of ASU 2016-02 effective April 1, 2022. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in ASC 842, *Leases*. Each of the Foundation's leases were deemed to be operating leases.

For leases with initial terms of greater than one year, the Foundation records the related ROU assets and lease liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Foundation is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Foundation has elected to use the risk-free rate at the date of adoption. The Foundation has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Foundation accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and lease liabilities. The Foundation has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and lease liabilities in the balance sheet. The Foundation has elected the package of practical expedients which includes not reassessing whether any expired or existing contracts contain leases, not reassessing the lease classification for any expired or existing leases and an entity not reassessing initial direct costs for any leases.

The following tables summarize information related to the lease assets and liabilities as of and for the year ended March 31, 2023:

Year ended March 31, 2023

Lease costs:	
Operating lease cost	\$ 1,711,486

March 31, 2023

Right-of-use assets and liabilities:	
Operating lease right-of-use assets, net	\$ 9,843,087
Operating lease liabilities	11,848,099

Year ended March 31, 2023

Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 1,827,113

Weighted-average remaining lease term - operating leases	7.25 years
Weighted-average discount rate - operating leases	2.50%

For operating leases, ROU assets are recorded in operating lease right of use assets and lease liabilities are recorded in operating lease liabilities in the accompanying balance sheet.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying balance sheet on March 31, 2023:

Year ending March 31,

2024	\$	1,807,795
2025		1,765,748
2026		1,709,309
2027		1,716,667
2028		1,648,666
Thereafter		4,335,950
		12,984,135
Less: interest		(1,136,036)
		11,848,099
Less: current portion		(1,540,139)
Total	\$	10,307,960

9. Deferred Income

Deferred income is as follows:

<i>March 31,</i>	2023	2022
Foundation programs and projects	\$ 9,716,523	\$ 7,098,664
Membership and subscriptions	522,062	581,547
Special events	959,361	1,288,379
	11,197,946	8,968,590
Less: current portion	(10,449,876)	(8,069,266)
	\$ 748,070	\$ 899,324

10. Line of Credit

The Foundation has a line of credit with a financial institution with a limit of \$4,000,000. As of March 31, 2023, the interest rate was 1.28% plus a spread rate of 1.30%, for an all-in rate of 2.58%. The line of credit is secured by the Foundation's investments. As of March 31, 2023 and 2022, the Foundation did not have an outstanding balance.

11. Loan Payable - Paycheck Protection Program

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. In April 2020, the Foundation applied for and secured a PPP loan of approximately \$3,600,000. The Foundation has reported the PPP Loan as a liability on its balance sheet as of March 31, 2021. In April of 2021, the Foundation applied for and received full forgiveness of the PPP loan on June 22, 2021 from the SBA. The forgiven amount is

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

included on the statement of activities as forgiveness of debt - Payroll Protection Program for the year ended March 31, 2022.

12. Retirement/Savings Plans

403(b) Plan

The Foundation has a contributory retirement/savings plan that 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 March 31, 2023 and 2022 totaled \$452,211 and \$621,941, respectively.

457(f) Plan

The Foundation has a Section 457(f) Senior Staff Flexible Benefit Plan (the Plan) that provides senior management employees with a benefit allowance contributed by the Foundation, which can be used for various benefit options, including a capital accumulation account. At March 31, 2023, the Plan was fully funded, and the Foundation did not incur any benefit expense for the years ended March 31, 2023 and 2022. As of March 31, 2023 and 2022, the fully-funded liability related to the Plan totaled \$186,539 and \$199,387, respectively, and is included in accrued compensation and the plan asset totaled \$186,539 and \$199,387 and is included in investments on the accompanying balance sheet. This liability is fully funded by investments held in the Foundation's portfolio.

13. Commitments

Awards and Grants

The Foundation has entered into conditional multi-year research grant commitments. The Foundation recognizes as expense the portion of the research grant award that becomes unconditional during the fiscal period. The Foundation has expensed research grants of \$692,061 and \$870,805 during the years ended March 31, 2023 and 2022, respectively.

14. Net Assets Without Donor Restrictions

Net assets without donor restrictions are available as follows:

<i>March 31,</i>	2023	2022
Designated by the Board for operating investments	\$ 2,344,935	\$ 2,121,615
Undesignated	19,084,985	19,711,535
	\$ 21,429,920	\$ 21,833,150

The Foundation has designated a portion of its without donor restriction resources to be invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

15. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

<i>March 31,</i>	2023	2022
Restricted for a specific purpose:		
Young investigators and clinical scientists research	\$ 2,949,493	\$ 3,811,739
Other research	1,706,703	1,715,368
Other programs	1,146,883	1,555,213
Total Restricted for a Specific Purpose	5,803,079	7,082,320
Restricted in perpetuity:		
Enuresis research	174,237	174,237
Other research	800,724	800,724
Patient services	139,692	139,692
Community services	90,680	90,680
Professional education	11,929	11,929
Public education	97,872	97,872
Undesignated programs	2,658,835	2,658,835
Total Restricted in Perpetuity	3,973,969	3,973,969
	\$ 9,777,048	\$ 11,056,289

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose, as follows:

<i>Year ended March 31,</i>	2023	2022
Young investigators and clinical scientists research	\$ 190,000	\$ 140,000
Other research	694,436	654,789
Other programs	872,310	253,430
	\$ 1,756,746	\$ 1,048,219

16. Endowments

The following table represents the fair value of the endowment investment composition by type of fund:

<i>March 31,</i>	2023	2022
Cash and cash equivalents	\$ 108,579	\$ 658,175
Equity securities	2,785,323	2,677,662
Fixed income - bonds	677,426	277,170
Publicly traded mutual funds	402,641	360,962
	\$ 3,973,969	\$ 3,973,969

As of March 31, 2023 and 2022, the original donor-restricted endowment gift amount and amounts required to be retained by donors totaled \$3,973,969.

National Kidney Foundation, Inc.

Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

Changes in endowment net assets consisted of the following:

Year ended March 31, 2023

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 1,106,688	\$ 3,973,969	\$ 5,080,657
Investment loss	(620,779)	-	(620,779)
Appropriation of endowment assets for expenditure	(142,138)	-	(142,138)
Endowment Net Assets , end of year	\$ 343,771*	\$ 3,973,969	\$ 4,317,740

* Balance represents investment income earned on net assets restricted in perpetuity that have yet to be appropriated for expenditure at their respective year-ends.

Year ended March 31, 2022

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 1,104,197	\$ 3,973,969	\$ 5,078,166
Investment income	136,214	-	136,214
Appropriation of endowment assets for expenditure	(133,723)	-	(133,723)
Endowment Net Assets , end of year	\$ 1,106,688*	\$ 3,973,969	\$ 5,080,657

* Balance represents investment income earned on net assets restricted in perpetuity that have yet to be appropriated for expenditure at their respective year-ends.

17. Related-Party Transactions

During the year ended March 31, 2022, the Foundation had an arm's length transaction with a board member. The board member is a president of a marketing agency that has been engaged to work on the Foundation's Kidney Risk Campaign, known as the "Are you the 33%" awareness campaign (Campaign). The marketing agency assisted the Foundation with the creative aspects of the Campaign, as well as the engagement and distribution channels for the Campaign. The related-party transaction ended in October 2021 because the Board member retired.

During the year ended March 31, 2022, the amount paid to the marketing agency for the various deliverables of the Campaign totaled \$73,705. This amount includes both compensation for the marketing agency, as well as passthrough costs for the engagement and distribution aspects of the Campaign. There were no unpaid invoices due to the marketing agency as of March 31, 2023.

18. Risk and Uncertainties

Investments Risk

In the normal course of business, the Foundation enters into transactions in various financial instruments with off-balance sheet risk. Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. Liquidity risk represents the possibility

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Notes to Financial Statements (with comparative totals for the year ended March 31, 2022)

that the Foundation may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. The Foundation is subject to credit risk if the investment managers are unable to repay balances due or deliver securities in their custody. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in fair value of these investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

19. Subsequent Events

The Foundation qualified for an Employee Retention Credit under the CARES Act and the Taxpayer Certainty and Disaster Tax Relief Act (Relief Act). Under the CARES Act, the Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before June 30, 2021. The Foundation qualified for a total Employee Retention Credit of \$677,138 in July 2023 and will be recorded as other income in the fiscal year 2024 financial statements.

The Foundation's management has performed subsequent event procedures through September 13, 2023, which is the date the financial statements were available to be issued, and there were no other subsequent events requiring adjustment to the financial statements or disclosures as stated herein.