



Financial Statements  
Year Ended March 31, 2020



National **Kidney** Foundation®

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Financial Statements  
Year Ended March 31, 2020

# National Kidney Foundation, Inc.

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the National Kidney Foundation, Inc. (the Foundation), which are comprised of the balance sheet as of March 31, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Kidney Foundation, Inc. as of March 31, 2020, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Foundation's 2019 financial statements and our report, dated August 8, 2019, 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, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BDO USA, LLP*

August 7, 2020

# National Kidney Foundation, Inc.

## Balance Sheet (with comparative totals for 2019)

March 31,	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,243,210	\$ 4,873,808
Investments, at fair value (Note 4)	10,609,410	9,108,216
Investments held under split-interest agreements (Notes 4 and 7)	120,975	138,513
Due from Affiliates, principally share of Affiliate contributions, less allowance for uncollectible amounts of \$221,716 and \$229,626, respectively	305,489	446,131
Other receivables, less allowance for uncollectible amount of \$320,986 and \$386,101, respectively (Note 5)	1,574,262	1,546,645
Prepaid expenses and other assets	1,695,895	1,325,472
<b>Total Current Assets</b>	<b>20,549,241</b>	<b>17,438,785</b>
<b>Long-Term Investments, at fair value (Note 4)</b>	<b>3,398,053</b>	<b>3,145,814</b>
<b>Investments Held Under Split-Interest Agreements, net of current portion (Notes 4 and 7)</b>	<b>315,021</b>	<b>330,840</b>
<b>Other Receivables, net of current portion and discount for present value (Note 5)</b>	<b>10,014</b>	<b>19,592</b>
<b>Prepaid Expenses and Other Assets, net of current portion</b>	<b>133,827</b>	<b>143,198</b>
<b>Fixed Assets, Net (Note 6)</b>	<b>644,043</b>	<b>348,446</b>
<b>Beneficial Interest in a Perpetual Trust (Note 8)</b>	<b>1,954,555</b>	<b>2,183,332</b>
<b>Total Assets</b>	<b>\$ 27,004,754</b>	<b>\$ 23,610,007</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,816,652	\$ 2,981,666
Payable to beneficiaries	43,814	41,447
Deferred income (Note 9)	7,552,801	5,625,649
<b>Total Current Liabilities</b>	<b>11,413,267</b>	<b>8,648,762</b>
<b>Payable to Beneficiaries, net of current portion</b>	<b>315,021</b>	<b>330,840</b>
<b>Deferred Income, net of current portion (Note 9)</b>	<b>495,260</b>	<b>417,910</b>
<b>Accrued Compensation (Note 11)</b>	<b>129,502</b>	<b>142,891</b>
<b>Deferred Rent</b>	<b>1,915,939</b>	<b>1,741,066</b>
<b>Total Liabilities</b>	<b>14,268,989</b>	<b>11,281,469</b>
<b>Commitments (Note 12)</b>		
Net assets (Notes 13 and 14):		
Without donor restrictions	6,299,905	4,774,740
With donor restrictions	6,435,860	7,553,798
<b>Total Net Assets</b>	<b>12,735,765</b>	<b>12,328,538</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 27,004,754</b>	<b>\$ 23,610,007</b>

*See accompanying notes to financial statements.*

# National Kidney Foundation, Inc.

## Statement of Activities (with comparative totals for 2019)

Year ended March 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Support and Revenue</b>				
Support from the public:				
Received directly - contributions	\$ 8,465,457	\$ 849,937	\$ 9,315,394	\$ 8,976,012
Received indirectly - share of Affiliate contributions	1,377,927	-	1,377,927	1,811,949
Received indirectly - contributions	558,382	17,316	575,698	597,023
	10,401,766	867,253	11,269,019	11,384,984
Revenue from sales of donated vehicles	2,501,107	-	2,501,107	2,916,693
Less: cost of sales	725,246	-	725,246	915,990
<b>Net Revenue from Sales of Donated Vehicles</b>	<b>1,775,861</b>	<b>-</b>	<b>1,775,861</b>	<b>2,000,703</b>
Revenue from special events	12,108,453	-	12,108,453	13,071,783
Less: direct benefit to donor costs	1,180,170	-	1,180,170	1,213,051
<b>Net Revenue from Special Events</b>	<b>10,928,283</b>	<b>-</b>	<b>10,928,283</b>	<b>11,858,732</b>
<b>Total Support from the Public</b>	<b>23,105,910</b>	<b>867,253</b>	<b>23,973,163</b>	<b>25,244,419</b>
Program service support and fees	14,835,271	-	14,835,271	10,198,851
Royalties	2,330,797	-	2,330,797	2,259,810
Dues - professional members	760,796	-	760,796	758,293
Investment (loss) income, net	338,919	(1,022,142)	(683,223)	203,191
Government grants	555,977	-	555,977	615,869
Other, net	461,513	-	461,513	416,558
Net assets released from restrictions	963,049	(963,049)	-	-
<b>Total Revenue</b>	<b>20,246,322</b>	<b>(1,985,191)</b>	<b>18,261,131</b>	<b>14,452,572</b>
<b>Total Support and Revenue</b>	<b>\$ 43,352,232</b>	<b>\$ (1,117,938)</b>	<b>\$ 42,234,294</b>	<b>\$ 39,696,991</b>

*See accompanying notes to financial statements.*

# National Kidney Foundation, Inc.

## Statement of Activities (with comparative totals for 2019)

Year ended March 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Expenses</b>				
Program services:				
Research	\$ 3,653,719	\$ -	\$ 3,653,719	\$ 2,604,007
Public health education	4,747,697	-	4,747,697	3,406,060
Professional education	12,056,653	-	12,056,653	11,511,326
Patient services	4,242,084	-	4,242,084	4,325,990
Community services and assistance to Affiliates	10,253,695	-	10,253,695	9,625,752
<b>Total Program Services</b>	<b>34,953,848</b>	<b>-</b>	<b>34,953,848</b>	<b>31,473,135</b>
Supporting services:				
Fundraising	3,250,929	-	3,250,929	3,164,364
Management and general	3,622,290	-	3,622,290	3,397,646
<b>Total Supporting Services</b>	<b>6,873,219</b>	<b>-</b>	<b>6,873,219</b>	<b>6,562,010</b>
<b>Total Expenses</b>	<b>41,827,067</b>	<b>-</b>	<b>41,827,067</b>	<b>38,035,145</b>
<b>Change in Net Assets</b>	<b>1,525,165</b>	<b>(1,117,938)</b>	<b>407,227</b>	<b>1,661,846</b>
<b>Net Assets, beginning of year</b>	<b>4,774,740</b>	<b>7,553,798</b>	<b>12,328,538</b>	<b>10,666,692</b>
<b>Net Assets, end of year</b>	<b>\$ 6,299,905</b>	<b>\$ 6,435,860</b>	<b>\$ 12,735,765</b>	<b>\$ 12,328,538</b>

*See accompanying notes to financial statements.*



# National Kidney Foundation, Inc.

## Statement of Cash Flows (with comparative totals for 2019)

Year ended March 31,	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 407,227	\$ 1,661,846
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	128,392	122,008
Allowance for uncollectible accounts	(73,025)	150,351
Net realized and unrealized losses on investments	977,460	135,630
Donated stocks	(123,323)	(239,120)
Decrease (increase) in assets:		
Due from Affiliates	140,642	(285,551)
Other receivables	54,986	715,200
Prepaid expenses and other assets	(361,052)	137,110
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	834,986	554,316
Deferred income	2,004,502	129,380
Deferred rent	174,873	212,465
Payable to beneficiaries	(13,452)	51,261
Accrued compensation	(13,389)	6,324
<b>Net Cash Provided by Operating Activities</b>	<b>4,138,827</b>	<b>3,351,220</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(423,989)	(258,695)
Proceeds from sale of investments	3,358,856	5,784,566
Purchases of investments	(5,704,292)	(7,091,422)
<b>Net Cash Used in Investing Activities</b>	<b>(2,769,425)</b>	<b>(1,565,551)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from line of credit	500,000	-
Repayments on line of credit	(500,000)	-
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,369,402</b>	<b>1,785,669</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>4,873,808</b>	<b>3,088,139</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 6,243,210</b>	<b>\$ 4,873,808</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 4,485	\$ 7,861

*See accompanying notes to financial statements.*

**National Kidney Foundation, Inc.**

**Statement of Functional Expenses  
(with comparative totals for 2019)**

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	2020	2019
Salaries	\$ 866,158	\$ 2,089,551	\$ 4,521,702	\$ 2,049,578	\$ 4,988,910	\$ 14,515,899	\$ 535,507	\$ 2,113,796	\$ -	\$ 2,649,303	\$ 17,165,202	\$ 16,038,004
Retirement benefits	24,190	71,840	99,627	48,384	131,619	375,660	18,411	72,674	-	91,085	466,745	342,626
Payroll taxes	64,867	192,649	267,161	129,746	352,952	1,007,375	49,372	194,884	-	244,256	1,251,631	1,234,335
Other employee benefits	106,977	180,514	713,340	304,231	664,224	1,969,286	46,262	182,609	-	228,871	2,198,157	1,641,170
Awards and grants	1,089,336	-	-	-	-	1,089,336	-	-	-	-	1,089,336	741,207
Patient financial assistance	-	-	-	458,190	-	458,190	-	-	-	-	458,190	588,328
Professional fees and contract services	852,767	147,452	2,741,179	377,816	402,589	4,521,803	307,277	145,458	164,636	617,371	5,139,174	4,328,989
Office supplies and expenses	15,013	47,756	79,994	71,805	502,394	716,962	18,512	44,236	92,819	155,567	872,529	860,426
Telephone	12,597	34,763	57,459	29,117	73,996	207,932	9,493	35,167	-	44,660	252,592	264,202
Postage and shipping	3,572	11,069	48,887	29,221	95,389	188,138	231,696	10,055	-	241,751	429,889	452,901
Building occupancy	146,781	435,921	620,619	293,587	800,707	2,297,615	112,351	440,979	-	553,330	2,850,945	2,856,686
Equipment repairs and maintenance	49,569	147,213	215,836	100,069	271,478	784,165	256,578	148,921	-	405,499	1,189,664	1,063,735
Insurance	10,299	30,587	42,417	21,647	78,614	183,564	8,315	30,942	-	39,257	222,821	226,852
Printing and publications	1,757	5,929	794,206	22,383	99,035	923,310	177,369	3,044	-	180,413	1,103,723	1,185,919
Marketing and promotion	109,190	1,165,624	85,430	19,682	535,957	1,915,883	278,725	17,322	-	296,047	2,211,930	1,061,145
Conferences and meetings	175,382	48,477	1,335,359	143,438	818,820	2,521,476	963,571	44,742	922,714	1,931,027	4,452,503	4,417,428
Meetings and travel	91,260	38,571	228,016	66,108	151,995	575,950	76,693	36,567	-	113,260	689,210	659,939
Cost of donated vehicles, provider fees	-	-	-	-	-	-	-	-	725,246	725,246	725,246	915,990
Dues and subscriptions	5,397	15,463	28,654	10,397	97,551	157,462	4,945	15,617	-	20,562	178,024	182,248
Cost of goods sold	-	-	29,673	-	-	29,673	-	-	-	-	29,673	43,679
Miscellaneous expenses	21,953	64,556	119,689	53,376	151,259	410,833	150,787	65,286	-	216,073	626,906	936,369
	3,647,065	4,727,935	12,029,248	4,228,775	10,217,489	34,850,512	3,245,864	3,602,299	1,905,415	8,753,578	43,604,090	40,042,178
Depreciation and amortization	6,654	19,762	27,405	13,309	36,206	103,336	5,065	19,991	-	25,056	128,392	122,008
	3,653,719	4,747,697	12,056,653	4,242,084	10,253,695	34,953,848	3,250,929	3,622,290	1,905,415	8,778,634	43,732,482	40,164,186
Less: direct benefit costs	-	-	-	-	-	-	-	-	(1,180,170)	(1,180,170)	(1,180,170)	(1,213,051)
Donated vehicles cost of sales and selling expenses	-	-	-	-	-	-	-	-	(725,245)	(725,245)	(725,245)	(915,990)
<b>Total Expenses Reported by Function in the Statement of Activities</b>	<b>\$ 3,653,719</b>	<b>\$ 4,747,697</b>	<b>\$ 12,056,653</b>	<b>\$ 4,242,084</b>	<b>\$ 10,253,695</b>	<b>\$ 34,953,848</b>	<b>\$ 3,250,929</b>	<b>\$ 3,622,290</b>	<b>\$ -</b>	<b>\$ 6,873,219</b>	<b>\$ 41,827,067</b>	<b>\$ 38,035,145</b>
Current-Year Percentages (%)	8.74	11.35	28.83	10.14	24.51	83.57	7.77	8.66	-	16.43	100.00	
Last Year's Percentages (%)	6.85	8.96	30.26	11.37	25.31	82.75	8.32	8.93	-	17.25		100.00

See accompanying notes to financial statements.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### 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, 2020 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 (U.S. 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 a 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.

#### *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.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### *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 maximize the use of observable inputs and minimize 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 and then released to net assets without donor restrictions through appropriations made in accordance with the Foundation's spending policy.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### ***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 in the balance sheet.

### ***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.

Fixed Assets	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, 2020 and 2019, there has been no such loss.

### ***Deferred Income***

Deferred income consists primarily of amounts received in advance for events, 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 related to contracted programs are recognized upon expended efforts or progression of the program, in accordance with the applicable agreement.

### ***Deferred Rent***

Rent expense is recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the balance sheet.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### *Revenue Recognition*

#### *Contributions*

Contributions are recorded as revenue when received, or pledged unconditionally, at their net present value. Contributions received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. When a donor restriction expires—that is, when a time restriction ends, or purpose restriction is fulfilled—net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### *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.

#### *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 and subscriptions are recognized as revenue over the applicable membership and subscription periods.

#### *Program Service Fees*

Program service fees represent revenue recognized on Foundation programs. Revenue is recognized upon expended efforts or progression of the program, in accordance with the applicable agreement.

#### *Other, Net*

Other, net, is comprised of sub-lease or rental revenue, sales of educational materials and rebates, and commissions. Revenue is recognized when earned by the Foundation.

#### *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*.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### *Components of Program Services*

#### *Research*

The Foundation sponsors research in the form of grants and scientific conferences, which seeks to answer key questions relating to kidney disease. 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 free screening for individuals at risk through the Kidney Early Evaluation Program (KEEP Healthy), newsletters and a magazine, patient empowerment programs, the NKF Cares Help Line, and NKF 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.

### *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.

### *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

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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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. There was no unrelated business income tax payable for the years ended March 31, 2020 and 2019.

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, 2020 and 2019. 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. For the years ended March 31, 2020 and 2019, there were no interest or penalties recorded or included in the financial statements.

### ***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.

### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in one donor-restricted endowment fund, which had an original gift value of \$2,225,166, a current fair value of \$1,954,555 and \$2,183,332, and a deficiency of \$270,611 and \$41,834 as of March 31, 2020 and 2019, respectively.



# National Kidney Foundation, Inc.

## Notes to Financial Statements

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These deficiencies resulted from unfavorable market fluctuations that occurred for the year ended March 31, 2020 and 2019. Additionally, see Notes 8 and 14 of the financial statements.

### *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, 2020 and 2019, 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

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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.

### *Recently Issued but Not Yet Adopted Accounting Pronouncements*

#### *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2020-05 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### *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 statement of financial position 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 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

### *Reclassifications*

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications have no effect on the net assets or operating results of the prior year.

### **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>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 6,243,210	\$ 4,873,808
Investments, at fair value	10,609,410	9,108,216
Investments held under split-interest agreements	120,975	138,513
Due from Affiliates, principally share of Affiliate contributions	172,945	446,131
Other receivables, net	1,574,262	1,546,645
<b>Total Current Assets</b>	<b>18,720,802</b>	<b>16,113,313</b>
Less:		
Contractual or donor-imposed restrictions:		
Donor-imposed restrictions - purpose	(2,312,301)	(3,287,660)
Investments held in annuity trust	(77,161)	(97,066)
Board designations - operating investment fund	(713,058)	(1,000,000)
<b>Total Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year</b>	<b>\$ 15,618,282</b>	<b>\$ 11,728,587</b>

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 million, which it could draw upon.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

### 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, 2020**

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,936,932	\$ -	\$ -	\$ 1,936,932
Equity securities	1,536,581	-	-	1,536,581
Fixed income - bonds	252,422	-	-	252,422
Publicly traded mutual funds	9,107,524	-	-	9,107,524
Private equity - interest in realty holding corporation	-	-	1,610,000	1,610,000
Beneficial interest in a perpetual trust	-	-	1,954,555	1,954,555
<b>Total Investments</b>	<b>\$ 12,833,459</b>	<b>\$ -</b>	<b>\$ 3,564,555</b>	<b>\$ 16,398,014</b>

**March 31, 2019**

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,142,460	\$ -	\$ -	\$ 2,142,460
Equity securities	1,553,303	-	-	1,553,303
Fixed income - bonds	760,846	-	-	760,846
Publicly traded mutual funds	7,100,036	-	-	7,100,036
Private equity - interest in realty holding corporation	-	-	1,166,738	1,166,738
Beneficial interest in a perpetual trust	-	-	2,183,332	2,183,332
<b>Total Investments</b>	<b>\$ 11,556,645</b>	<b>\$ -</b>	<b>\$ 3,350,070</b>	<b>\$ 14,906,715</b>

Included in the table above are assets held under split-interest agreements in the amount of \$435,996 and \$469,353 as of March 31, 2020 and 2019, respectively.

The Foundation's holdings in equity securities 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.

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

# National Kidney Foundation, Inc.

## Notes to Financial Statements

accounting. As of March 31, 2020 and 2019, the Foundation's interest in the private company had an estimated value of \$2,110,000 and \$1,166,738, respectively. Due to the coronavirus pandemic (the COVID-19 outbreak), the Foundation recorded a reserve of \$500,000 as of the year ended March 31, 2020.

As of March 31, 2020, 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 of \$1,954,555 and their interest in the private equity realty holding corporation. 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, 2019	Contributions	Releases	Investment Income (Loss)	Reserve	Balance, March 31, 2020
Beneficial interest in a perpetual trust	\$ 2,183,332	\$ 77,518	\$ (77,518)	\$ (228,777)	\$ -	\$ 1,954,555
Private equity - realty holding corporation	1,166,738	173,000	(173,000)	943,262	(500,000)	1,610,000
	\$ 3,350,070	\$ 250,518	\$ (250,518)	\$ 714,485	\$ (500,000)	\$ 3,564,555

Description	Balance, April 1, 2018	Contributions	Releases	Investment Loss	Balance, March 31, 2019
Beneficial interest in a perpetual trust	\$ 2,225,166	\$ 76,208	\$ (76,208)	\$ (41,834)	\$ 2,183,332
Private equity - realty holding corporation	1,166,738	184,000	(184,000)	-	1,166,738
	\$ 3,391,904	\$ 260,208	\$ (260,208)	\$ (41,834)	\$ 3,350,070

As of March 31, 2020 and 2019, there were no unfunded commitments nor transfers between levels.

### 5. Other Receivables

Other receivables are as follows:

March 31,	2020	2019
Pledges receivable, net	\$ 21,463	\$ 47,165
Beneficial interest in charitable remainder trusts and estates	57,466	350,723
Contractual grants and miscellaneous receivables	1,505,347	1,168,349
	\$ 1,584,276	\$ 1,566,237

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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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.

The following represents future payments due:

<i>March 31,</i>		2020		2019
Within one year	\$	11,449	\$	27,687
Two to five years		10,040		20,040
Discount to present value		(26)		(562)
	\$	21,463	\$	47,165

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The discount rates used to calculate present value varied from 0.23% to 0.55% and 2.21% to 2.40% for the years ended March 31, 2020 and 2019, respectively.

### 6. Fixed Assets

Fixed assets, net, consisted of the following:

<i>March 31,</i>		2020		2019
Property, furniture and equipment	\$	2,603,083	\$	2,486,657
Leasehold improvements		806,541		498,978
Capitalized software		374,588		374,588
		3,784,212		3,360,223
Less: accumulated depreciation and amortization		(3,140,169)		(3,011,777)
	\$	644,043	\$	348,446

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Depreciation and amortization expense for the years ended March 31, 2020 and 2019 was \$128,392 and \$122,008, 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, 2020 and 2019, the total assets held under split-interest agreements were \$435,996 and \$469,353, respectively, at fair value. The actuarial present value, which approximates fair value, of the Foundation's payable to beneficiaries was \$358,835 and \$372,287 as of March 31, 2020 and 2019, respectively, and was calculated using interest rates ranging from 1.2% to 7.4%.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### 8. 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 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 (loss) income, net in the statement of activities. During the year ended March 31, 2020 and 2019, the value of the beneficial interest decreased by \$228,777 and \$41,834, respectively. The Foundation expects to receive 5% of the market value of trust assets each year thereafter until December 25, 2053. 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.

### 9. Deferred Income

Deferred income is as follows:

<i>March 31,</i>	<b>2020</b>	<b>2019</b>
Foundation programs and projects	\$ 6,748,469	\$ 4,584,741
Membership and subscriptions	562,341	620,595
Special events	737,251	838,223
	<b>\$ 8,048,061</b>	<b>\$ 6,043,559</b>

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### 10. Line of Credit

The Foundation has a line of credit with a financial institution of up to \$4,000,000. For the fiscal years ended March 31, 2020 and 2019, interest was charged monthly on the outstanding balance at the one-month London Interbank Offered Rate plus an interest spread of 1.25% per annum. The line of credit is secured by the Foundation's investments. As of March 31, 2020 and 2019, the Foundation did not have an outstanding balance. The line of credit matures on October 31, 2020, at which time all outstanding principal and interest amounts will be due and payable.

### 11. 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, 2020 and 2019 amounted to approximately \$467,000 and \$343,000, respectively.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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### **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, 2020, the Plan was fully funded, and the Foundation did not incur any benefit expense for the current fiscal year. The fully funded liability related to the Plan amounted to approximately \$130,000 and \$143,000 at March 31, 2020 and 2019, respectively, and is included in accrued compensation in the accompanying balance sheet. This liability is fully funded by investments held in the Foundation's portfolio.

## **12. Commitments**

### ***Operating Leases***

The Foundation occupies premises under non-cancelable operating leases with expiration dates that range between fiscal years 2020 through 2031. 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.

Rent expense was \$2,363,312 and \$2,423,898 for the years ended March 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

#### *Year ending March 31,*

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2021	\$	1,868,019
2022		1,670,036
2023		1,352,746
2024		1,343,350
2025		1,375,759
Thereafter		8,654,995
	\$	16,264,905

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### ***Awards and Grants***

As of March 31, 2020, 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 \$1,089,336 and \$741,207 during the years ended March 31, 2020 and 2019, respectively.

# National Kidney Foundation, Inc.

## Notes to Financial Statements

### 13. Net Assets Without Donor Restrictions

Net assets without donor restrictions are available as follows:

<i>March 31,</i>	2020	2019
Designated by the Board for operating investments	\$ 713,058	\$ 1,000,000
Undesignated	5,586,847	3,774,740
	\$ 6,299,905	\$ 4,774,740

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. In 2020, Board designated net assets amounting to \$286,942 was approved by the Board for release.

### 14. Net Assets with Donor Restrictions

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

<i>March 31,</i>	2020	2019
Restricted for a specific purpose:		
Young investigators and clinical scientists research	\$ 1,497,188	\$ 1,628,188
Other research	565,226	1,372,509
Other programs	670,087	620,965
<b>Total Restricted for a Specific Purpose</b>	<b>2,732,501</b>	<b>3,621,662</b>
Restricted in perpetuity:		
Enuresis research	174,237	174,237
Other research	800,723	800,723
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	2,658,837	2,658,837
Underwater endowments	(270,611)	(41,834)
<b>Total Restricted in Perpetuity</b>	<b>3,703,359</b>	<b>3,932,136</b>
	\$ 6,435,860	\$ 7,553,798

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>	2020	2019
Young investigators and clinical scientists research	\$ 131,000	\$ 112,447
Other research	255,906	108,478
Other programs	576,143	687,630
	\$ 963,049	\$ 908,555



# National Kidney Foundation, Inc.

## Notes to Financial Statements

### 15. Endowments

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

<i>March 31,</i>	<b>2020</b>		<b>2019</b>	
Cash and cash equivalents	\$	215,210	\$	178,779
Equity securities		2,268,143		2,571,456
Fixed income - bonds		781,019		758,441
Publicly traded mutual funds		438,987		423,460
	\$	<b>3,703,359</b>	\$	<b>3,932,136</b>

Changes in endowment net assets consisted of the following:

#### *Year ended March 31, 2020*

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
<b>Endowment Net Assets</b> , beginning of year	\$ 294,150	\$ 3,932,136	\$ 4,226,286
Investment income (loss)	(239,355)	-	(239,355)
Underwater loss	-	(228,777)	(228,777)
Appropriation of endowment assets for expenditure	-	-	-
<b>Endowment Net Assets</b> , end of year	\$ 54,795*	\$ 3,703,359	\$ 3,758,154

#### *Year ended March 31, 2019*

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
<b>Endowment Net Assets</b> , beginning of year	\$ 285,234	\$ 3,973,970	\$ 4,259,204
Investment income	121,990	-	121,990
Underwater loss	-	(41,834)	(41,834)
Appropriation of endowment assets for expenditure	(113,074)	-	(113,074)
<b>Endowment Net Assets</b> , end of year	\$ 294,150*	\$ 3,932,136	\$ 4,226,286

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

### 16. Related-Party

During the year ended March 31, 2020, 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.

During the year ended March 31, 2020, the amounts paid to the marketing agency for the various deliverables of the Campaign approximated \$685,000. This amount includes both compensation for

# National Kidney Foundation, Inc.

## Notes to Financial Statements

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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, 2020.

### 17. Subsequent Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to accurately estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. The Foundation's operations are heavily dependent on private and public donations from individuals, foundations, and corporations for all its events around the United States. To offset the loss of revenue from cancelled or postponed events, the Foundation has enacted several expense levers and performed a detailed analysis of several different scenarios, all of which show the result will not have a material effect on the Foundation's financial statements.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also 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 \$3.6 million. Based on the current guidance of the SBA, the Foundation expects that this amount will be forgiven. The Foundation will continue to examine the impact that the CARES Act may have on their business.

The Foundation's management has performed subsequent event procedures through August 7, 2020, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.