



Financial Statements
Period From July 1, 2014 to March 31, 2015



Financial Statements
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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, 2015, and the related statements of activities, cash flows and functional expenses for the period from July 1, 2014 to March 31, 2015 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.



Other Matter

As described in Note 2 to the financial statements, the Foundation's Board of Directors approved a change to a March 31 fiscal year-end effective July 1, 2014.

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, 2015, and the results of its operations and its cash flows for the period from July 1, 2014 to March 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 14, 2015

National Kidney Foundation, Inc.

Balance Sheet

March 31, 2015

Assets	
Cash and cash equivalents	\$ 3,419,269
Investments, at fair value (Note 3)	6,785,718
Investments held under split-interest agreements (Notes 3 and 7)	488,834
Due from affiliates, principally share of affiliate contributions, less allowance for uncollectible amounts of \$293,494	489,926
Other receivables, less allowance for uncollectible amounts of \$81,461 (Note 4)	1,939,660
Inventories	153,250
Prepaid expenses	845,861
Other assets	87,284
Fixed assets, net	297,882
	\$14,507,684
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued expenses	\$ 6,121,334
Deferred income (Note 6)	3,765,926
Payable to beneficiaries (Note 7)	365,678
Total Liabilities	10,252,938
Commitments (Notes 7, 8 and 10)	
Net Assets (Deficit) (Notes 11 and 12):	
Unrestricted	(2,265,383)
Temporarily restricted	5,325,033
Permanently restricted	1,195,096
Total Net Assets	4,254,746
	\$14,507,684

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Activities

Period from July 1, 2014 to March 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Support from the public:				
Received directly - contributions	\$ 4,769,185	\$ 553,339	\$ -	\$ 5,322,524
Received indirectly - share of affiliate contributions	1,135,423	-	-	1,135,423
Received indirectly - contributions	527,266	40,343	-	567,609
	6,431,874	593,682	-	7,025,556
Revenue from sales of donated vehicles	2,238,172	-	-	2,238,172
Less cost of sales	(694,670)	-	-	(694,670)
Net Revenue From Sales of Donated Vehicles	1,543,502	-	-	1,543,502
Revenue from special events	6,463,991	-	-	6,463,991
Less direct benefit to donor costs	(639,133)	-	-	(639,133)
Net Revenue From Special Events	5,824,858	-	-	5,824,858
Total Support From the Public	13,800,234	593,682	-	14,393,916
Program service fees	8,544,648	-	-	8,544,648
Royalties	1,712,675	-	-	1,712,675
Dues - professional members	468,962	-	-	468,962
Investment income, including realized and unrealized net losses of \$(177,639)	1,002	(14,072)	-	(13,070)
Other, net	735,400	-	-	735,400
Net assets released from restrictions (Note 11)	1,052,694	(1,052,694)	-	-
	12,515,381	(1,066,766)	-	11,448,615
Total Revenue	26,315,615	(473,084)	-	25,842,531

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Activities

Period from July 1, 2014 to March 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses:				
Program services:				
Research	\$ 1,007,240	\$ -	\$ -	\$ 1,007,240
Public health education	3,114,601	-	-	3,114,601
Professional education	8,925,683	-	-	8,925,683
Patient services	3,176,242	-	-	3,176,242
Community services and assistance to affiliates	6,087,484	-	-	6,087,484
Total Program Services	22,311,250	-	-	22,311,250
Supporting services:				
Fundraising	2,126,014	-	-	2,126,014
Management and general:				
Administrative	2,618,283	-	-	2,618,283
Non-recurring (Note 10)	422,963	-	-	422,963
Total Supporting Services	5,167,260	-	-	5,167,260
Total Expenses	27,478,510	-	-	27,478,510
Change in Net Assets	(1,162,895)	(473,084)	-	(1,635,979)
Net (Deficit) Assets at Beginning of Year	(1,102,488)	5,798,117	1,195,096	5,890,725
Net (Deficit) Assets at End of Year	\$ (2,265,383)	\$5,325,033	\$1,195,096	\$ 4,254,746

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Cash Flows

Period From July 1, 2014 to March 31, 2015

Cash Flows From Operating Activities:	
Change in net assets	\$(1,635,979)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	84,610
Allowance for uncollectible accounts	(12,230)
Net realized and unrealized gains on investments	177,639
Donated stocks	(55,833)
Decrease (increase) in assets:	
Due from affiliates	120,177
Other receivables	(1,446,561)
Inventories	11,250
Prepaid expenses	(356,231)
Other assets	(2,555)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	2,060,078
Deferred income	439,748
Payable to beneficiaries	(44,472)
Net Cash Used In Operating Activities	(660,359)
Cash Flows From Investing Activities:	
Purchases of fixed assets	(69,418)
Proceeds from sale of investments	316,500
Purchases of investments	(390,029)
Net Cash Used In Investing Activities	(142,947)
Net Decrease in Cash and Cash Equivalents	(803,306)
Cash and Cash Equivalents, Beginning of Period	4,222,575
Cash and Cash Equivalents, End of Period	\$ 3,419,269
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	\$ 946

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Statement of Functional Expenses

Period From July 1, 2014 to March 31, 2015

	Program Services						Supporting Services				
	Research	Public Health Education	Professional Education	Patient Services	Community Services/ Assistance to Affiliates	Total	Fundraising	Management and General	Direct Benefit Costs and Donated Vehicles Costs and Expenses	Total Supporting Services	Total
Salaries	\$ 287,042	\$1,791,461	\$2,984,595	\$1,347,634	\$2,904,203	\$ 9,314,935	\$ 398,366	\$1,828,955	\$ -	\$2,227,321	\$11,542,256
Retirement benefits	7,401	46,191	76,955	34,747	74,882	240,176	10,271	47,158	-	57,429	297,605
Payroll taxes	22,488	140,350	233,825	105,579	227,528	729,770	31,210	143,287	-	174,497	904,267
Other employee benefits	27,703	162,698	492,928	178,359	448,103	1,309,791	36,179	166,102	-	202,281	1,512,072
Awards and grants	221,905	25	10,061	1,407	510	233,908	3,287	26	-	3,313	237,221
Patient financial assistance	-	-	-	641,094	-	641,094	-	-	-	-	641,094
Professional fees and contract services	329,979	131,233	2,256,801	119,450	388,993	3,226,456	91,229	129,574	149,538	370,341	3,596,797
Office supplies and expenses	6,818	44,655	114,047	32,923	322,420	520,863	19,716	44,263	50,898	114,877	635,740
Telephone	6,698	43,091	45,938	26,379	57,262	179,368	10,907	43,993	-	54,900	234,268
Postage and shipping	2,497	50,801	107,251	93,258	35,674	289,481	177,052	16,404	-	193,456	482,937
Building occupancy	51,074	328,632	356,148	193,588	366,894	1,296,336	73,070	335,477	-	408,547	1,704,883
Equipment repairs and maintenance	14,346	92,297	93,627	56,848	103,772	360,890	73,019	94,228	-	167,247	528,137
Insurance	4,444	28,590	28,965	16,843	46,686	125,528	6,358	29,188	-	35,546	161,074
Printing and publications	1,801	11,624	857,197	97,163	23,172	990,957	132,195	11,229	-	143,424	1,134,381
Marketing and promotion	456	88,085	10,085	14,279	265,664	378,569	418,474	2,994	-	421,468	800,037
Conferences and meetings	5,737	43,561	897,097	86,656	552,565	1,585,616	496,382	37,681	438,697	972,760	2,558,376
Meetings and travel	3,663	25,511	208,863	75,393	109,278	422,708	62,410	24,062	-	86,472	509,180
Cost of donated vehicles, provider fees	-	-	-	-	-	-	-	-	694,670	694,670	694,670
Dues and subscriptions	2,858	18,945	21,567	11,550	25,480	80,400	8,389	18,776	-	27,165	107,565
Cost of goods sold	-	-	15,995	-	-	15,995	-	-	-	-	15,995
Miscellaneous expenses	7,752	50,267	96,936	33,322	116,141	304,418	73,812	50,918	-	124,730	429,148
	1,004,662	3,098,017	8,908,881	3,166,472	6,069,227	22,247,259	2,122,326	3,024,315	1,333,803	6,480,444	28,727,703
Depreciation and amortization	2,578	16,584	16,802	9,770	18,257	63,991	3,688	16,931	-	20,619	84,610
	1,007,240	3,114,601	8,925,683	3,176,242	6,087,484	22,311,250	2,126,014	3,041,246	1,333,803	6,501,063	28,812,313
Less: Direct benefit costs	-	-	-	-	-	-	-	-	(639,133)	(639,133)	(639,133)
Donated vehicles cost of sales and selling expenses	-	-	-	-	-	-	-	-	(694,670)	(694,670)	(694,670)
Total Expenses Reported by Function in the Statement of Activities	\$1,007,240	\$3,114,601	\$8,925,683	\$3,176,242	\$6,087,484	\$22,311,250	\$2,126,014	\$3,041,246	\$ -	\$5,167,260	\$27,478,510
Current Period Percentages	3.67%	11.33%	32.49%	11.56%	22.15%	81.20%	7.74%	11.06%	-%	18.80%	100.00%

See accompanying notes to financial statements.

National Kidney Foundation, Inc.

Notes to Financial Statements

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 12 affiliated organizations ("Affiliates") and 25 regional offices as of March 31, 2015 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

(a) *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting.

(b) *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 of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position 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:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

(ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

(iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

The Foundation's Board of Directors approved a change to a March 31 fiscal year-end effective July 1, 2014. As a result the financial statements are presented for the nine month period July 1, 2014 to March 31, 2015.

(c) *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.

At times, the Foundation maintained cash equivalents in financial institutions which exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

National Kidney Foundation, Inc.

Notes to Financial Statements

(d) 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 maximized the use of observable inputs and minimized 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 can not 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 - Valuation 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 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

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

(e) Investments and Investment Income

The Foundation carries investments in marketable equity securities at their fair values based on quoted market prices. Investments in mutual funds and debt securities are carried at their quoted net asset value (“NAV”) and published net unit value, respectively.

Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets. Income earned from permanently restricted investments, including realized and unrealized gains and losses, is recorded as temporarily restricted and then released to unrestricted based upon the purpose as specified by the donor.

(f) 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.

(g) Inventories

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

National Kidney Foundation, Inc.

Notes to Financial Statements

(h) Fixed Assets

Fixed assets are stated on the basis of cost or, as to donated assets, fair value on the date contributed. 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
Furniture and equipment	5-7 years
Capitalized software	3-5 years

(i) 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 period from July 1, 2014 to March 31, 2015, there has been no such loss.

(j) 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.

(k) Support and Revenue

(i) Grants and Contributions

Grants and 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 temporarily restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(ii) 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.

(iii) 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 when earned.

National Kidney Foundation, Inc.

Notes to Financial Statements

(iv) Membership Dues and Subscriptions

Membership dues and subscriptions are recognized as revenue over the applicable membership and subscription periods.

(v) 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.

(vi) Other, Net

Other, net is comprised of pass-through grants provided to patients, sales, educational materials and rebates and commissions. Revenue is recognized when earned by the Foundation.

(l) Donated Services

The Foundation's volunteers, comprised of physicians, allied health professionals, business and community leaders, kidney patients and their families and others committed to the Foundation's mission, have made significant contributions of their time to the Foundation's programs and supporting services. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition as stated in ASC 958, "Not-for-Profit Entities".

(m) Components of Program Services

(i) Research

The Foundation sponsors research that seeks answers to 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.

(ii) 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, Your Kidneys and You educational program, online health guides on the Foundation's website and awareness through media outreach.

(iii) Professional Education

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

(iv) 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.

(v) Community Services/Program Assistance to Affiliates

The Foundation conducts programs to detect disease, develops plans to improve community health practices and conducts rehabilitation programs. In addition, the Foundation provides consultation, guidance, training and leadership to its Affiliates.

National Kidney Foundation, Inc.

Notes to Financial Statements

(n) Functional Allocation of Expenses

The majority of expenses can generally be directly identified with 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.

(o) 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. There was no unrelated business income tax payable for the period from July 1, 2014 to March 31, 2015.

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 tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The Foundation does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Foundation has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the period from July 1, 2014 to March 31, 2015, there were no interest or penalties recorded or included in the financial statements. The Foundation is no longer subject to income tax examination by U.S. Federal, state and local tax authorities for years before 2012, which is the standard statute of limitation look-back period.

(p) Endowment Funds

The Foundation's endowment fund consists of investments that are permanently restricted. The Foundation follows the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as they relate to its permanently restricted contributions and 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 permanently restricted net assets (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. The investment income earned on the accumulations to the endowment fund is classified as temporarily restricted net assets until appropriated in accordance with the Foundation's spending policy.

National Kidney Foundation, Inc.

Notes to 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.

The Foundation may appropriate endowment investment returns for distribution each year up to 4% 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; and
- purposes of donor-restricted endowment fund.

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

National Kidney Foundation, Inc.

Notes to Financial Statements

3. Investments at Fair Value

The fair value and cost of investments and investments held under split-interest agreements at March 31, 2015 consisted of the following:

	Cost	Fair Value
Assets		
Money market funds	\$ 285,284	\$ 285,284
Equity securities	165,201	478,792
Mutual funds	4,532,677	4,113,136
Fixed income	985,965	2,397,340
Total investments	\$5,969,127	\$7,274,552

Included in the above are assets held under split-interest agreements in the amount of \$488,834 at March 31, 2015.

The Foundation invests in various investment securities which 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.

The following table presents the financial instruments as of March 31, 2015, by caption on the balance sheet, within the ASC 820 valuation hierarchy defined above:

	Fair Value			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Assets				
Money market funds	\$ 285,284	\$ -	\$ -	\$ 285,284
Equity securities	478,792	-	-	478,792
Mutual funds:				
Commodities	178,866	-	-	178,866
Foreign large-cap blend	1,239,108	-	-	1,239,108
Large-cap blend	956,878	-	-	956,878
Large-cap growth	454,166	-	-	454,166
Large-cap value	409,135	-	-	409,135
Small-cap blend	300,729	-	-	300,729
Small-cap growth	299,095	-	-	299,095
Bond funds	275,159	-	-	275,159
Government bonds	-	185,442	-	185,442
Corporate bonds	-	2,211,898	-	2,211,898
Total investments	\$4,877,212	\$2,397,340	\$ -	\$7,274,552

Investments for which fair value is estimated using reported NAV or the equivalent are able to be redeemed on a daily basis. At March 31, 2015, there were no unfunded commitments. There were no transfers between levels during the period from July 1, 2014 to March 31, 2015.

National Kidney Foundation, Inc.

Notes to Financial Statements

4. Other Receivables

Other receivables as of March 31, 2015 are as follows:

Pledges receivable, net	\$ 86,959
Beneficial interest in charitable remainder trusts and estates	517,864
Contractual grants and miscellaneous receivables	1,334,837
	<hr/>
	\$1,939,660

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.

As of March 31, 2015, the following represents future payments due:

Within one year	\$43,906
Two to five years	43,279
Discount to present value	(226)
	<hr/>
	\$86,959

The discount rates to present value varied from 0.26% to 1.37%.

5. Fixed Assets

At March 31, 2015, fixed assets, net, consisted of the following:

Furniture and equipment	\$ 2,078,782
Leasehold improvements	264,965
Capitalized software	297,182
	<hr/>
	2,640,929
Less: Accumulated depreciation and amortization	(2,343,047)
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	\$ 297,882

National Kidney Foundation, Inc.

Notes to Financial Statements

6. Deferred Income

Deferred income as of March 31, 2015 is as follows:

Foundation headquarter's programs and projects	\$1,548,656
Membership and subscriptions	365,455
Special events	1,851,815
	<hr/>
	\$3,765,926

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.

At March 31, 2015, the total assets held under split-interest agreements were \$488,834 at fair value. The actuarial present value, which approximates fair value, of the Foundation's payable to beneficiaries was \$365,678 at March 31, 2015 and was calculated using interest rates ranging from 4.0% to 7.0%.

8. Line of Credit

During the period from July 1, 2014 to March 31, 2015, the Foundation extended its \$5,000,000 line of credit with a financial institution maturing on October 31, 2015, at which time all outstanding interest payments will be due and payable. Interest was charged monthly at the one-month London Interbank Offered Rate ("LIBOR"), plus an interest spread of 1.25% per annum (1.42% at March 31, 2015). The line of credit is secured by the Foundation's investments. There is no outstanding balance on the line of credit as of March 31, 2015.

9. Retirement/Savings Plans

(a) 403(b) Plan

The Foundation has a contributory retirement/savings plan. The plan covers substantially all full-time employees who meet certain age and service requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. Pension expense for the period from July 1, 2014 to March 31, 2015 amounted to approximately \$286,000.

National Kidney Foundation, Inc.

Notes to Financial Statements

(b) 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, 2015, the Plan was fully funded and the Foundation did not incur any benefit expense. The fully funded liability related to the Plan amounted to approximately \$227,000 at March 31, 2015, and is included in accounts payable and accrued expenses in the accompanying balance sheet.

10. Commitments

(a) Operating Leases

The Foundation occupies premises under non-cancelable operating leases in effect through 2021. Under the terms of these operating leases, rental payments increase annually. However, for financial statement purposes, rent expense is recorded on the straight-line basis over the term of the lease. The difference between rental payments made under the lease and rent expense calculated on the straight-line basis is recorded as deferred rent. At March 31, 2015, deferred rent of approximately \$593,000 is reflected in accounts payable and accrued expenses in the accompanying balance sheet.

Rent expense approximated \$1,569,000 for the period from July 1, 2014 to March 31, 2015.

Future minimum lease payments are as follows:

2016	\$1,643,107
2017	1,478,321
2018	1,395,650
2019	1,111,934
Thereafter	1,844,075
	<hr/>
	\$7,473,086

(b) Awards and Grants

As of March 31, 2015, 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 \$140,000 during the period from July 1, 2014 to March 31, 2015.

(c) Severance Payment

On March 18, 2015, the Foundation announced a change in its Chief Executive Officer ("CEO"). Based on the contract with the previous CEO, the amount of severance, including payroll taxes, totaled \$422,963. This amount is payable in installments through May 18, 2016 and reported as severance costs on the statement of activities for the period from July 1, 2014 to March 31, 2015.

National Kidney Foundation, Inc.

Notes to Financial Statements

11. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at March 31, 2015:

Young investigators and clinical scientists research	\$2,826,563
Other research	408,533
Other programs	2,089,937
	<hr/>
	\$5,325,033

Temporarily restricted net assets were released from restrictions in fiscal 2015 as follows:

Young investigators and clinical scientists research	\$ 140,000
Other research	126,302
Other programs	786,392
	<hr/>
	\$1,052,694

12. Permanently Restricted Net Assets

Permanently restricted net assets consist of investments that are to be held in perpetuity. The permanently restricted net assets held at March 31, 2015 are to be used as follows:

Enuresis research	\$ 174,237
Other research	292,208
Patient services	95,000
Community services	90,680
Professional education	11,929
Public education	97,872
Undesignated programs	433,170
	<hr/>
	\$1,195,096

The following table represents the endowment investment composition by type of fund as of March 31, 2015:

Cash and cash equivalents	\$ 52,813
Equity securities	179,083
Mutual funds	816,216
Government bonds	146,984
	<hr/>
	\$1,195,096

National Kidney Foundation, Inc.

Notes to Financial Statements

Changes in endowment net assets for the period from July 1, 2014 to March 31, 2015 consisted of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$244,724	\$1,195,096	\$1,439,820
Investment income	41,120	-	41,120
Appropriation of endowment assets for expenditure	(56,749)	-	(56,749)
Endowment net assets, end of year	\$229,095*	\$1,195,096	\$1,424,191

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

13. Subsequent Events

The Foundation's management has performed subsequent event procedures through July 14, 2015, which is the date the financial statements were available to be issued. Other than the event listed below, there were no additional subsequent events or disclosures that required adjustment to the financial statements.