

**NATIONAL KIDNEY FOUNDATION
OF WISCONSIN, INC.**
West Allis, Wisconsin

Audited Financial Statements
Years Ended June 30, 2020 and 2019

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Independent Auditors' Report

Board of Directors
National Kidney Foundation of Wisconsin, Inc.
West Allis, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of National Kidney Foundation of Wisconsin, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years 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 ("U.S. GAAP"); 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.

Auditors' 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 auditors' 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.

Reilly, Penner & Benton LLP

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Kidney Foundation of Wisconsin, Inc. as of June 30, 2020 and 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with U.S. GAAP.

September 21, 2020
Milwaukee, Wisconsin

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.

West Allis, Wisconsin

Statements of Financial Position

June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 82,155	\$ 36,394
Investments	422,525	446,754
Accounts receivable - net	3,278	6,186
Prepaid expenses	9,467	18,592
Total current assets	<u>517,425</u>	<u>507,926</u>
Restricted assets:		
Cash and equivalents	32,575	32,553
Investments	68,970	67,687
Promises to give - net	5,585	9,736
Total restricted assets	<u>107,130</u>	<u>109,976</u>
Property and equipment:		
Equipment	18,566	20,169
Less: accumulated depreciation	(16,028)	(16,759)
Property and equipment - net	<u>2,538</u>	<u>3,410</u>
Total assets	<u>\$ 627,093</u>	<u>\$ 621,312</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 6,595	\$ 11,290
Accrued payroll and payroll taxes	16,555	15,813
Deferred rent expense	597	2,896
Deferred revenue - organ donation awareness	5,545	5,190
Deferred revenue - other events	300	---
Deferred revenue - DLI grant	16,822	16,822
Total current liabilities	<u>46,414</u>	<u>52,011</u>
Net assets:		
Without donor restrictions	473,549	459,325
With donor restrictions	107,130	109,976
Total net assets	<u>580,679</u>	<u>569,301</u>
Total liabilities and net assets	<u>\$ 627,093</u>	<u>\$ 621,312</u>

The accompanying notes to financial statements
are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Statements of Activities
Years Ended June 30, 2020 and 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2020</u>	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2019</u>
Support from public:						
Received directly:						
Contributions	\$ 226,644	\$ ---	\$ 226,644	\$ 214,754	\$ ---	\$ 214,754
In-kind donations	68,377	---	68,377	94,336	---	94,336
Received indirectly:						
Community Health Charities	---	7,690	7,690	---	17,876	17,876
<hr/>						
Total support from the public before special event fund-raisers	295,021	7,690	302,711	309,090	17,876	326,966
Special events:						
Revenue	110,481	---	110,481	146,584	---	146,584
Less: cost of direct benefit to donors	(36,781)	---	(36,781)	(42,032)	---	(42,032)
Net special events revenue	<u>73,700</u>	<u>---</u>	<u>73,700</u>	<u>104,552</u>	<u>---</u>	<u>104,552</u>
<hr/>						
Total support from the public	368,721	7,690	376,411	413,642	17,876	431,518
Other revenue:						
Investment Return:						
Realized loss on investments	(15,361)	---	(15,361)	(2,342)	---	(2,342)
Unrealized gain/(loss) on investments	(12,779)	---	(12,779)	18,915	---	18,915
Interest and dividends	16,434	1,305	17,739	18,594	1,568	20,162
Investment expense	(6,000)	---	(6,000)	(6,000)	---	(6,000)
Net investment return	<u>(17,706)</u>	<u>1,305</u>	<u>(16,401)</u>	<u>29,167</u>	<u>1,568</u>	<u>30,735</u>
Program service fees	42,142	---	42,142	41,945	---	41,945
Miscellaneous income	1,375	---	1,375	---	---	---
Net expense of donated vehicles	(1,852)	---	(1,852)	(2,846)	---	(2,846)
<hr/>						
Total other revenue	23,959	1,305	25,264	68,266	1,568	69,834
Net assets released from restrictions:						
Satisfaction of program restrictions	11,841	(11,841)	---	12,812	(12,812)	---
<hr/>						
Total support, other revenue and transfers	404,521	(2,846)	401,675	494,720	6,632	501,352
Expenses:						
Research	2,469	---	2,469	2,171	---	2,171
Public education	62,424	---	62,424	83,100	---	83,100
Professional education	87,247	---	87,247	88,283	---	88,283
Patient services	147,985	---	147,985	172,414	---	172,414
Community services	22,174	---	22,174	22,157	---	22,157
Total program expenses	<u>322,299</u>	<u>---</u>	<u>322,299</u>	<u>368,125</u>	<u>---</u>	<u>368,125</u>
Fund-raising	21,876	---	21,876	39,805	---	39,805
Management and general	46,122	---	46,122	39,093	---	39,093
<hr/>						
Total expenses	390,297	---	390,297	447,023	---	447,023
<hr/>						
Change in net assets	14,224	(2,846)	11,378	47,697	6,632	54,329
<hr/>						
Net assets at beginning	459,325	109,976	569,301	411,628	103,344	514,972
<hr/>						
Net assets at end	<u>\$ 473,549</u>	<u>\$ 107,130</u>	<u>\$ 580,679</u>	<u>\$ 459,325</u>	<u>\$ 109,976</u>	<u>\$ 569,301</u>

The accompanying notes to financial statements
are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 11,378	\$ 54,329
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	872	584
Realized loss on investments	15,361	2,342
Unrealized (gain)/loss on investments	12,779	(18,915)
Changes in assets and liabilities:		
Accounts receivable	2,908	(1,665)
Prepaid expenses	9,125	(3,557)
Pledge receivable	4,151	(5,064)
Accounts payable	(4,695)	6,511
Accrued payroll and payroll taxes	742	(1,854)
Deferred revenue	(1,644)	(18,649)
Net cash and equivalents provided by operating activities	50,977	14,062
Cash Flows from Investing Activities:		
Purchase of property and equipment	---	(3,030)
Proceeds from sale of investments	198,291	42,425
Purchases of investments	(203,485)	(54,577)
Net cash and equivalents used by investing activities	(5,194)	(15,182)
Net change in cash and equivalents	45,783	(1,120)
Cash and equivalents, beginning of year	68,947	70,067
Cash and equivalents, end of year	\$ 114,730	\$ 68,947
Breakdown of cash and equivalents on Statement of Financial Position:		
Cash and equivalents - current assets	\$ 82,155	\$ 36,394
Cash and equivalents - restricted assets	32,575	32,553
Total cash and equivalents on Statement of Financial Position	\$ 114,730	\$ 68,947

The accompanying notes to financial statements
are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Statement of Functional Expenses
Year Ended June 30, 2020

	<u>Program Services</u>					<u>Total</u>	<u>Fund-raising</u>	<u>Management & General</u>	<u>Cost of Direct Benefits to Donor</u>	<u>Total</u>	<u>2020</u>
	<u>Research</u>	<u>Public Education</u>	<u>Professional Education</u>	<u>Patient Services</u>	<u>Community Services</u>						
Expenses:											
Salaries	\$ ---	\$ 28,027	\$ 20,360	\$ 61,167	\$ 2,306	\$ 111,860	\$ 1,508	\$ 23,632	\$ ---	\$ 25,140	\$ 137,000
Payroll taxes	---	1,632	1,245	5,441	304	8,622	108	1,296	---	1,404	10,026
Employee benefits	---	540	412	1,800	100	2,852	36	429	---	465	3,317
Professional fees and contract services	---	15,787	2,824	12,385	499	31,495	499	997	---	1,496	32,991
Direct assistance to patients	---	---	---	5,518	---	5,518	---	---	---	---	5,518
Office operations	---	1,001	779	1,779	98	3,657	2,366	6,724	---	9,090	12,747
Organ donation awareness programs	---	---	---	27,252	---	27,252	---	---	---	---	27,252
Professional and patient programs	---	---	41,710	3,282	5,226	50,218	---	---	---	---	50,218
Special events	---	---	---	---	---	---	---	---	36,781	36,781	36,781
Telephone and fax	---	340	340	2,051	170	2,901	156	340	---	496	3,397
Postage and shipping	---	62	225	4,090	---	4,377	5,469	537	---	6,006	10,383
Building occupancy	---	1,646	1,646	9,878	823	13,993	823	1,645	---	2,468	16,461
Insurance	---	---	---	---	---	---	---	2,698	---	2,698	2,698
Printing, publications and audiovisual	---	4,490	1,127	4,323	128	10,068	6,242	305	---	6,547	16,615
Meetings and travel	---	866	900	121	12	1,899	9	447	---	456	2,355
Subscriptions and publications	---	2,874	289	2,550	145	5,858	363	1,714	---	2,077	7,935
Revenue share payments to National	2,469	4,565	14,908	5,270	12,144	39,356	4,188	4,969	---	9,157	48,513
Write-off of CHC pledges	---	409	297	893	34	1,633	22	344	---	366	1,999
Depreciation	---	185	185	185	185	740	87	45	---	132	872
Total expenses by function	2,469	62,424	87,247	147,985	22,174	322,299	21,876	46,122	36,781	104,779	427,078
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(36,781)	(36,781)	(36,781)
Total expenses included in expense section on the statement of activities	\$ 2,469	\$ 62,424	\$ 87,247	\$ 147,985	\$ 22,174	\$ 322,299	\$ 21,876	\$ 46,122	\$ ---	\$ 67,998	\$ 390,297
Percentage of total expenses after deducting direct expenses of special events	0.63%	15.99%	22.35%	37.92%	5.68%	82.57%	5.60%	11.82%	---%	17.42%	99.99%

The accompanying notes to financial statements
are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Program Services</u>						<u>Fund-raising</u>	<u>Management & General</u>	<u>Cost of Direct Benefits to Donor</u>	<u>Total</u>	<u>2019</u>
	<u>Research</u>	<u>Public Education</u>	<u>Professional Education</u>	<u>Patient Services</u>	<u>Community Services</u>	<u>Total</u>					
Expenses:											
Salaries	\$ ---	\$ 38,193	\$ 19,766	\$ 61,138	\$ 5,285	\$ 124,382	\$ 10,206	\$ 16,948	\$ ---	\$ 27,154	\$ 151,536
Payroll taxes	---	2,662	1,096	5,863	207	9,828	557	1,078	---	1,635	11,463
Employee benefits	---	1,017	419	2,241	79	3,756	213	412	---	625	4,381
Professional fees and contract services	---	20,333	610	19,101	305	40,349	305	610	---	915	41,264
Direct assistance to patients	---	---	---	8,025	---	8,025	---	---	---	---	8,025
Office operations	---	6,549	6,811	1,076	316	14,752	4,989	6,941	---	11,930	26,682
Organ donation awareness programs	---	---	---	26,190	---	26,190	---	---	---	---	26,190
Professional and patient programs	---	---	38,104	12,344	1,750	52,198	---	---	---	---	52,198
Special events	---	---	---	---	---	---	3,822	---	42,032	45,854	45,854
Telephone and fax	---	342	342	2,055	171	2,910	171	342	---	513	3,423
Postage and shipping	---	199	227	8,265	84	8,775	6,081	1,183	---	7,264	16,039
Building occupancy	---	1,841	1,841	11,043	435	15,160	435	868	---	1,303	16,463
Insurance	---	---	---	---	---	---	---	2,852	---	2,852	2,852
Printing, publications and audiovisual	---	3,663	1,583	6,726	145	12,117	6,203	553	---	6,756	18,873
Meetings and travel	---	653	706	436	85	1,880	143	577	---	720	2,600
Subscriptions and publications	---	2,702	368	2,728	321	6,119	291	1,120	---	1,411	7,530
Miscellaneous	---	---	---	---	---	---	1,810	---	---	1,810	1,810
Revenue share payments to National	2,171	5,304	16,535	5,831	12,917	42,758	4,650	5,793	---	10,443	53,201
Recovery of CHC pledges	---	(482)	(249)	(772)	(67)	(1,570)	(129)	(214)	---	(343)	(1,913)
Depreciation	---	124	124	124	124	496	58	30	---	88	584
Total expenses by function	2,171	83,100	88,283	172,414	22,157	368,125	39,805	39,093	42,032	120,930	489,055
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(42,032)	(42,032)	(42,032)
Total expenses included in expense section on the statement of activities	\$ 2,171	\$ 83,100	\$ 88,283	\$ 172,414	\$ 22,157	\$ 368,125	\$ 39,805	\$ 39,093	\$ ---	\$ 78,898	\$ 447,023
Percentage of total expenses after deducting direct expenses of special events	0.48%	18.59%	19.75%	38.57%	4.96%	82.35%	8.90%	8.75%	---	17.65%	100.00%

The accompanying notes to financial statements
are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019

1. Summary of Significant Accounting Policies

Nature of Activities

National Kidney Foundation of Wisconsin, Inc. ("Organization") is a nonprofit corporation organized under the laws of the State of Wisconsin for the purpose of educating and supporting patients, health professionals, and the general public regarding the causes, treatments, and rehabilitation options for kidney and urinary tract diseases. The Organization's support comes primarily through Wisconsin donor contributions, bequests, and special fund-raising events.

Basis of Preparation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization does not have any restrictions that are perpetual in nature.

Use of Estimates in Preparation of Financial Statements

The presentation 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.

Cash and Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash or equivalents, excluding restricted amounts.

Investments

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; 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 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Realized gains and losses and unrealized appreciation and depreciation of plan assets are reported in the statement of activities available for benefits as net appreciation in fair value of investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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

Restricted Assets

Restricted cash and investments are assets set aside for patient services and professional education, and consist of cash and equivalents and investments in mutual funds. The carrying value of their assets approximates their fair value. Pledges receivable are restricted by time rather than purpose.

Accounts Receivable

Accounts receivable are reported at contract value, less the Organization's estimate for uncollectible amounts based on our experience relative to the total population of accounts receivable. Receivables are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. Based upon management's evaluation as of June 30, 2020 and 2019, an allowance for doubtful accounts was not considered necessary.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost and capitalized. The costs of these items are charged to expense as depreciation computed on the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from performance obligations satisfied at a point in time consists of the following:

- **Program service fees** – recognized as performance obligations (programming) are met

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash and promises to give** – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using risk-free interest rates applicable to the years in which the contributions are promised and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.
- **Contributions of goods and services** – The Organization receives various types of contributed goods and services support, professional services, facilities supplies, and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed facilities are recorded at the fair market value of the space. Contributed tangible assets are recognized at fair market value as determined by the donor when received. No amounts have been reflected for these types of donated services, as there is no objective available to measure the value of such services.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – Gross special events revenue includes contributions for the events and fees charged to participants. The cost of direct benefits to donors are subtracted from this amount to arrive at net special event revenue.

Income Taxes

The Organization is a nonprofit voluntary health agency as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code under the exemption granted to The National Kidney Foundation, Inc.

The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. Management of the Organization evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The Organization recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. In management's opinion, the Organization has not taken any uncertain tax positions, and accordingly, has not reported a corresponding liability in the Organization's financial statements.

Functional Allocation of Expenses

The costs of program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amongst the program, management and general and fundraising. The expenses were allocated by management based on an estimate of time spent basis.

Change in Accounting Principle

Financial Accounting Standards Board ("FASB") Accounting Standards Updated ("ASU") 2016-14 Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendment has been applied retrospectively. Accordingly, there is no effect on net assets in connection with the implementation of 2016-14.

In June 2018, the FASB issued ASU 2018-08 – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under the full prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
West Allis, Wisconsin

Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

2. Investments

At June 30, 2020 and 2019, the cost and fair values of investments consisted of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds:				
Equity funds	\$ 149,804	\$ 189,257	\$ 162,802	\$ 215,384
Exchange traded funds	108,015	190,226	107,468	190,940
Bond funds	111,836	112,012	109,552	108,117
Total	\$ 369,655	\$ 491,495	\$ 379,822	\$ 514,441

For the years ended June 30, 2020 and 2019, the Organization had an unrealized gain (loss) of \$(12,779) and \$18,915, respectively.

The following summarizes the classification of investments by classification and method of valuation in accordance with accounting principles generally accepted in the United States of America as of June 30, 2020:

Description	Fair Value Measurement at Reporting Date Using					
	Level 1		Level 2		Level 3	
Mutual funds:						
Equity funds	\$ 189,257	\$ 189,257	\$ ---	\$ ---		
Exchange traded funds	190,226	190,226	---	---		
Bond funds	112,012	112,012	---	---		
Total	\$ 491,495	\$ 491,495	\$ ---	\$ ---		

The following summarizes the classification of investments by classification and method of valuation in accordance with accounting principles generally accepted in the United States of America as of June 30, 2019:

Description	Fair Value Measurement at Reporting Date Using					
	Level 1		Level 2		Level 3	
Mutual funds:						
Equity funds	\$ 215,384	\$ 215,384	\$ ---	\$ ---		
Exchange traded funds	190,940	190,940	---	---		
Bond funds	108,117	108,117	---	---		
Total	\$ 514,441	\$ 514,441	\$ ---	\$ ---		

3. Promises to Give

Unconditional promises are included in the financial statements as promises to give and revenue of the appropriate net asset category.

Unconditional promises are expected to be realized in the following periods:

	2020	2019
Promises to give due within one year or less	\$ 8,146	\$ 12,341
Less: Allowance for uncollectible promises to give	(2,561)	(2,605)
Total promises to give, net	\$ 5,585	\$ 9,736

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June 30, 2020 and 2019
(Continued)

3. Promises to Give (Continued)

For the years ended June 30, 2020 and 2019, the Organization recorded write-offs (recovery) of \$1,999 and \$(1,913), respectively.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Patient services	\$ 32,577	\$ 32,555
Transplant games sponsorship	2,088	2,088
Professional education	66,880	65,597
Subject to satisfaction of time restriction:		
Pledges receivable	5,585	9,736
Total net assets with donor restrictions	<u>\$ 107,130</u>	<u>\$ 109,976</u>

5. Liquidity and Availability

Financial assets available for general expenditure and other contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and equivalents	\$ 114,730	\$ 68,947
Investments	491,495	514,441
Accounts receivable - net	3,278	6,186
Promises to give - net	5,585	9,736
Total financial assets	<u>615,088</u>	<u>599,310</u>
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	<u>(107,130)</u>	<u>(109,976)</u>
Financial assets available to meet general expenditures and other contractual obligations within one year	<u>\$ 507,958</u>	<u>\$ 489,334</u>

In addition to financial assets available to meet general expenditures and other contractual obligations over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures and other contractual obligations not covered by donor-restricted resources.

6. Retirement Plan

The Organization has a 403(b) Tax Sheltered Annuity Plan ("Plan") for those full-time employees who have attained the age of twenty-one and have completed one year of service. The amount of the contributions to the Plan is at the discretion of the Organization's Board of Directors. The Organization made no contributions to the Plan for the years ended June 30, 2020 and 2019.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
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Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

7. Related-Party Transactions

As an affiliate of National Kidney Foundation, Inc., (“National”) the Organization is required to allocate 25% of the adjusted contributions it receives from the public to support National activities. The Organization paid \$48,513 and \$53,201 to National during 2020 and 2019, respectively. The amount due to National, \$1,296 and \$929 as of June 30, 2020 and 2019 respectively, is included in accounts payable in the accompanying statements of financial position.

8. Lease Commitments

Effective October 1, 2015, the Organization signed a lease for office space under an operating lease which expired in September 2020. In June 2020, the Organization exercised a 5-year option on the lease which now expires in September 2025. The lease allowed the Organization to utilize the space rent free from October 1, 2015 through March 31, 2016. Beginning in April 2016, the lease calls for base monthly payments beginning at \$1,405 and gradually by 2 percentage each year. Rent expense in the accompanying financial statements was \$18,161 and \$17,805 for 2020 and 2019, respectively.

The future minimum rental payments required under the terms of the leases described above are as follows:

Years Ended June 30,		
2021	\$	18,525
2022		18,895
2023		19,273
2024		19,658
2025		20,052
2026		5,038
Total	\$	<u>101,441</u>

9. Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as 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 investments securities will occur in the near term and that such changes could materially affect account balances and the amounts reported on the statements of financial position.

10. Concentrations

Approximately 18% and 11% of the Organization’s revenue during the years ended June 30, 2020 and 2019 was received from one individual donor.

11. Reclassification of Prior Year Presentation

Certain reclassifications have been made to the period ending June 30, 2019 financial statement presentation to correspond to the current year’s format. Net asset and changes in net assets are unchanged due to these reclassifications.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.

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Notes to Financial Statements

June 30, 2020 and 2019

(Continued)

12. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed September 21, 2020. The COVID-19 outbreak in the United States has caused economic disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of it. As a result, economic uncertainties have arisen which are likely to negatively impact future revenues. Other financial impact could occur though such potential impact is unknown at this time. There were no other subsequent events that required recognition or disclosure.