

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

Audited Financial Statements
Years Ended June 30, 2022 and 2021

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of National Kidney Foundation of Wisconsin, Inc. ("Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

September 26, 2022
Milwaukee, Wisconsin

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.

West Allis, Wisconsin

Statements of Financial Position

June 30, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents	\$ 89,318	\$ 110,512
Investments	483,517	554,716
Accounts receivable - net	2,542	3,065
Prepaid expenses	2,175	4,488
Total current assets	<u>577,552</u>	<u>672,781</u>
Restricted assets:		
Cash and equivalents	---	32,579
Investments	71,670	70,008
Promises to give - net	423	78,115
Total restricted assets	<u>72,093</u>	<u>180,702</u>
Property and equipment:		
Equipment	18,655	18,655
Less: accumulated depreciation	(17,608)	(16,854)
Property and equipment - net	<u>1,047</u>	<u>1,801</u>
Total assets	<u>\$ 650,692</u>	<u>\$ 855,284</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 9,508	\$ 10,985
Accrued payroll and payroll taxes	2,558	10,903
Paycheck protection program loan	---	45,428
Deferred revenue - Cool beans event	5,000	8,880
Deferred revenue - DLI grant	16,822	16,822
Total current liabilities	<u>33,888</u>	<u>93,018</u>
Net assets:		
Without donor restrictions	544,711	581,564
With donor restrictions	72,093	180,702
Total net assets	<u>616,804</u>	<u>762,266</u>
Total liabilities and net assets	<u>\$ 650,692</u>	<u>\$ 855,284</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, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
Support from public:						
Received directly:						
Contributions	\$ 161,207	\$ ---	\$ 161,207	\$ 234,753	\$ 77,412	\$ 312,165
PPP loan forgiveness	45,428	---	45,428	---	---	---
Contributed nonfinancial assets	---	---	---	28,726	---	28,726
Received indirectly:						
Community Health Charities	9,965	423	10,388	5,598	703	6,301
Total support from the public before special event fund-raisers	216,600	423	217,023	269,077	78,115	347,192
Special events:						
Revenue	22,903	---	22,903	59,211	---	59,211
Less: cost of direct benefit to donors	(14,880)	---	(14,880)	(15,663)	---	(15,663)
Net special events revenue	8,023	---	8,023	43,548	---	43,548
Total support from the public	224,623	423	225,046	312,625	78,115	390,740
Other revenue:						
Investment Return:						
Unrealized gain/(loss) on investments	(88,793)	---	(88,793)	123,699	---	123,699
Interest and dividends	24,389	1,665	26,054	14,408	1,042	15,450
Investment expense	(6,000)	---	(6,000)	(6,000)	---	(6,000)
Net investment return	(70,404)	1,665	(68,739)	132,107	1,042	133,149
Program service fees	3,250	---	3,250	41,624	---	41,624
Miscellaneous income	592	---	592	2,232	---	2,232
Net expense of donated vehicles	(2,383)	---	(2,383)	(2,142)	---	(2,142)
Total other revenue	(68,945)	1,665	(67,280)	173,821	1,042	174,863
Net assets released from restrictions:						
Satisfaction of program restrictions	110,697	(110,697)	---	5,585	(5,585)	---
Total support, other revenue and transfers	266,375	(108,609)	157,766	492,031	73,572	565,603
Expenses:						
Research	2,300	---	2,300	3,854	---	3,854
Public education	13,854	---	13,854	31,155	---	31,155
Professional education	22,455	---	22,455	54,893	---	54,893
Patient services	36,726	---	36,726	93,741	---	93,741
Community services	22,574	---	22,574	19,404	---	19,404
Total program expenses	97,909	---	97,909	203,047	---	203,047
Fund-raising	32,779	---	32,779	43,553	---	43,553
Management and general	172,540	---	172,540	137,416	---	137,416
Total expenses	303,228	---	303,228	384,016	---	384,016
Change in net assets	(36,853)	(108,609)	(145,462)	108,015	73,572	181,587
Net assets, beginning of year	581,564	180,702	762,266	473,549	107,130	580,679
Net assets, end of year	\$ 544,711	\$ 72,093	\$ 616,804	\$ 581,564	\$ 180,702	\$ 762,266

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (145,462)	\$ 181,587
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	754	826
Unrealized (gain)/loss on investments	88,793	(123,699)
Changes in assets and liabilities:		
Accounts receivable - net	523	213
Prepaid expenses	2,313	4,979
Promises to give - net	77,692	(72,530)
Accounts payable	(1,477)	4,390
Accrued payroll and payroll taxes	(8,345)	(5,652)
Deferred revenue	(3,880)	2,438
Net cash and equivalents provided (used) by operating activities	10,911	(7,448)
Cash Flows from Investing Activities:		
Purchase of property and equipment	---	(89)
Purchases of investments	(19,256)	(9,530)
Net cash and equivalents used by investing activities	(19,256)	(9,619)
Cash Flows from Financing Activities:		
Forgiveness on Paycheck Protection Program loan	(45,428)	---
Borrowings on Paycheck Protection Program loan	---	45,428
Net cash and equivalents provided (used) by investing activities	(45,428)	45,428
Net change in cash and equivalents	(53,773)	28,361
Cash and equivalents, beginning of year	143,091	114,730
Cash and equivalents, end of year	\$ 89,318	\$ 143,091
Breakdown of cash and equivalents on Statement of Financial Position:		
Cash and equivalents - current assets	\$ 89,318	\$ 110,512
Cash and equivalents - restricted assets	-	32,579
Total cash and equivalents on Statement of Financial Position	\$ 89,318	\$ 143,091

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, 2022

	<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>2022</u>
	<u>Research</u>	<u>Public Education</u>	<u>Professional Education</u>	<u>Patient Services</u>	<u>Community Services</u>						
Expenses:											
Salaries	\$ ---	\$ 5,427	\$ 5,316	\$ 10,996	\$ 9,034	\$ 30,773	\$ 15,284	\$ 111,264	\$ ---	\$ 126,548	\$ 157,321
Payroll taxes	---	448	433	879	699	2,459	1,184	9,061	---	10,245	12,704
Employee benefits	---	18	19	45	37	119	88	1,170	---	1,258	1,377
Professional fees and contract services	---	1,232	3,730	358	2,533	7,853	2,140	23,770	---	25,910	33,763
Direct assistance to patients	---	---	---	7,167	---	7,167	---	---	---	---	7,167
Office operations	---	265	481	689	492	1,927	1,792	6,420	---	8,212	10,139
Special events	---	---	---	---	---	---	---	---	14,880	14,880	14,880
Telephone and fax	---	107	115	203	178	603	440	2,351	---	2,791	3,394
Postage and shipping	---	34	35	389	101	559	1,991	1,039	---	3,030	3,589
Building occupancy	---	1,921	1,921	11,531	901	16,274	1,021	1,921	---	2,942	19,216
Insurance	---	---	---	---	---	---	---	3,240	---	3,240	3,240
Printing, publications and audiovisual	---	33	30	342	82	487	996	931	---	1,927	2,414
Meetings and travel	---	---	---	---	---	---	279	1,088	---	1,367	1,367
Subscriptions and publications	---	1,155	196	575	195	2,121	568	5,012	---	5,580	7,701
Miscellaneous	---	---	---	---	---	---	1,671	51	---	1,722	1,722
Revenue share payments to National	2,300	3,187	9,963	3,431	8,118	26,999	2,456	3,031	---	5,487	32,486
Bank fees	---	---	190	69	162	421	2,798	1,655	---	4,453	4,874
Depreciation	---	27	26	52	42	147	71	536	---	607	754
Total expenses by function	2,300	13,854	22,455	36,726	22,574	97,909	32,779	172,540	14,880	220,199	318,108
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(14,880)	(14,880)	(14,880)
Total expenses included in expense section on the statement of activities	\$ 2,300	\$ 13,854	\$ 22,455	\$ 36,726	\$ 22,574	\$ 97,909	\$ 32,779	\$ 172,540	\$ ---	\$ 205,319	\$ 303,228
Percentage of total expenses after deducting direct expenses of special events	0.76%	4.57%	7.41%	12.11%	7.44%	32.29%	10.81%	56.90%	---%	67.71%	100.00%

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, 2021

	<u>Program Services</u>						<u>Fund-raising</u>	<u>Management & General</u>	<u>Cost of Direct Benefits to Donor</u>	<u>Total</u>	<u>2021</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	\$ ---	\$ 8,663	\$ 14,156	\$ 44,622	\$ 1,223	\$ 68,664	\$ 16,998	\$ 86,556	\$ ---	\$ 103,554	\$ 172,218
Payroll taxes	---	666	1,088	3,430	94	5,278	1,307	6,654	---	7,961	13,239
Employee benefits	---	16	26	82	2	126	31	3,992	---	4,023	4,149
Professional fees and contract services	---	6,162	17,525	7,657	318	31,662	318	16,156	---	16,474	48,136
Direct assistance to patients	---	---	---	5,392	---	5,392	---	---	---	---	5,392
Office operations	---	3,157	243	460	7	3,867	7,964	6,258	---	14,222	18,089
Organ donation awareness programs	---	---	---	1,871	---	1,871	---	---	---	---	1,871
Professional and patient programs	---	---	---	643	---	643	---	---	---	---	643
Special events	---	---	---	---	---	---	---	---	15,663	15,663	15,663
Telephone and fax	---	330	341	1,965	159	2,795	191	491	---	682	3,477
Postage and shipping	---	17	28	2,293	2	2,340	1,952	1,732	---	3,684	6,024
Building occupancy	---	2,072	2,072	12,437	1,036	17,617	1,036	1,476	---	2,512	20,129
Insurance	---	---	---	---	---	---	---	2,455	---	2,455	2,455
Printing, publications and audiovisual	---	420	189	1,277	92	1,978	1,932	588	---	2,520	4,498
Meetings and travel	---	---	---	---	---	---	---	1,264	---	1,264	1,264
Subscriptions and publications	---	3,506	56	4,626	181	8,369	337	2,916	---	3,253	11,622
Miscellaneous	---	---	---	---	---	---	4,175	10	---	4,185	4,185
Revenue share payments to National	3,854	5,946	18,954	6,685	16,111	51,550	5,459	6,167	---	11,626	63,176
Bank fees	---	---	---	1	---	1	1,723	419	---	2,142	2,143
Furniture and equipment	---	24	39	124	3	190	47	243	---	290	480
Depreciation	---	176	176	176	176	704	83	39	---	122	826
Total expenses by function	3,854	31,155	54,893	93,741	19,404	203,047	43,553	137,416	15,663	196,632	399,679
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(15,663)	(15,663)	(15,663)
Total expenses included in expense section on the statement of activities	\$ 3,854	\$ 31,155	\$ 54,893	\$ 93,741	\$ 19,404	\$ 203,047	\$ 43,553	\$ 137,416	\$ ---	\$ 180,969	\$ 384,016
Percentage of total expenses after deducting direct expenses of special events	1.00%	8.11%	14.30%	24.41%	5.05%	52.87%	11.34%	35.79%	---%	47.13%	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, 2022 and 2021

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, 2022 and 2021
(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 the Organization's assets are reported in the statement of activities.

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, 2022 and 2021.

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. Promises to give are restricted by time rather than purpose.

Accounts Receivable - Net

Accounts receivable - net 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, 2022 and 2021, an allowance for doubtful accounts was not considered necessary.

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

Notes to Financial Statements
June 30, 2022 and 2021
(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. The Organization capitalizes items over \$5,000.

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 nonfinancial assets** – The Organization receives various types of contributed nonfinancial assets. 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.

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

Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- **Paycheck Protection Program loan forgiveness** – recognized when conditions of loan are satisfied and forgiven by lender.

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

- **Special event revenue** – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference. Special events exchange revenue is recognized when the event takes place.

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.

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.

Changes in Accounting Principle

Financial Accounting Standards Board ("FASB") Accounting Standards Updated ("ASU") 2020-07 Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets. The standard requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires that the not-for-profit disclose certain attributes of the contributed nonfinancial assets including, qualitative information, monetizing versus utilizing, any donor-imposed restrictions, valuation techniques and the principal market used to arrive at fair value. We have implemented Topic 958 and have 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 our implementation of 2020-07.

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

Notes to Financial Statements
June 30, 2022 and 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. Investments

At June 30, 2022 and 2021, the cost and fair values of investments consisted of the following:

	2022		2021	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:				
Equity funds	\$ 172,545	\$ 223,407	\$ 155,787	\$ 244,072
Exchange traded funds	108,015	227,521	108,015	267,626
Bond funds	117,882	104,259	115,384	113,030
Total	\$ 398,442	\$ 555,187	\$ 379,186	\$ 624,724

For the years ended June 30, 2022 and 2021, the Organization had an unrealized gain/(loss) of \$88,793 and \$(123,699), 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, 2022:

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:				
Equity funds	\$ 223,407	\$ 223,407	\$ ---	\$ ---
Exchange traded funds	227,521	227,521	---	---
Bond funds	104,259	104,259	---	---
Total	\$ 555,187	\$ 555,187	\$ ---	\$ ---

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, 2021:

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:				
Equity funds	\$ 244,072	\$ 244,072	\$ ---	\$ ---
Exchange traded funds	267,626	267,626	---	---
Bond funds	113,030	113,030	---	---
Total	\$ 642,728	\$ 642,728	\$ ---	\$ ---

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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:

	<u>2022</u>	<u>2021</u>
Promises to give due within one year or less	\$ 423	\$ 78,115
Less: Allowance for uncollectible promises to give	---	---
Total promises to give - net	<u>\$ 423</u>	<u>\$ 78,115</u>

For the years ended June 30, 2022 and 2021, the Organization recorded write-offs of \$0.

4. Paycheck Protection Program Loan

In January 2021, the Organization received a loan in the amount of \$22,714 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first 10 months. The Organization recorded the PPP Loan as a current liability as of June 30, 2021. In September 2021, the Organization received notification that the first PPP Loan has been forgiven in full. The Organization recorded the PPP loan forgiveness as revenue on the statement of activities during the year ended June 30, 2022.

In April 2021, the Organization received a second PPP Loan in the amount of \$22,714 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over 5 years at an interest rate of 1%, with a deferral of payments for the first 10 months. The Organization recorded the PPP Loan as a current liability as of June 30, 2021. In October 2021, the Organization received notification that the second PPP Loan has been forgiven in full. The Organization recorded the PPP loan forgiveness as revenue on the statement of activities during the year ended June 30, 2022.

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(Continued)

5. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Patient services	\$ ---	\$ 32,580
Transplant games sponsorship	2,088	2,088
Professional education	69,582	67,919
Subject to satisfaction of time restriction:		
Promises to give - net	423	78,115
Total net assets with donor restrictions	<u>\$ 72,093</u>	<u>\$ 180,702</u>

6. 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and equivalents	\$ 89,318	\$ 143,091
Investments	555,187	624,724
Accounts receivable - net	2,542	3,065
Promises to give - net	423	78,115
Total financial assets	<u>647,470</u>	<u>848,995</u>
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	<u>(72,093)</u>	<u>(180,702)</u>
Financial assets available to meet general expenditures and other contractual obligations within one year	<u>\$ 575,377</u>	<u>\$ 668,293</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.

7. 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, 2022 and 2021.

8. 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 \$32,486 and \$63,177 to National during 2022 and 2021, respectively. The amount due to National, \$1,777 and \$3,044 as of June 30, 2022 and 2021 respectively, is included in accounts payable in the accompanying statements of financial position.

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Notes to Financial Statements
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(Continued)

9. 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 \$19,216 and \$20,129 for 2022 and 2021, respectively.

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

Years Ended	
<u>June 30,</u>	
2023	\$ 19,273
2024	19,658
2025	20,052
2026	5,038
Total	\$ <u>64,021</u>

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets of non-cash supplies and services are recorded as revenue and expenses at their fair value. Contributed services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or as additions to property and equipment. The statement of activities includes the following contributed nonfinancial assets recognized by category for the years ended June 30:

Type	Amounts		Utilization in	Classification on
	<u>Recognized</u>			
	<u>2022</u>	<u>2021</u>		
Professional fees and contract services	\$ ---	\$ 26,212	Public and Public Education and Patient Services	Contributed nonfinancial assets
Organ donation awareness programs	---	1,871	Patient Services	Contributed nonfinancial assets
Professional and patient programs	---	643	Patient Services	Contributed nonfinancial assets
Total revenue	\$ <u>---</u>	\$ <u>28,726</u>		

There were no donor restrictions on any of the contributed nonfinancial assets received for the years ended June 30, 2022 and 2021.

The Organization also received contributed services for its various programs from volunteers which do not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

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(Continued)

11. 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.

12. Concentrations

Approximately 25% of the Organization's revenue during the year ended June 30, 2022 was received from the PPP loan forgiveness.

Approximately 27% of the Organization's revenue during the year ended June 30, 2021 was received from two individual donors.

13. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, September 26, 2022. There were no subsequent events that required recognition or disclosure.