

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

Audited Financial Statements
Years Ended June 30, 2023 and 2022

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 17



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, 2023 and 2022, 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, 2023 and 2022, 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.

Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

www.rpb.biz

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

Ridley, Penner & Benton LLP

September 25, 2023
Milwaukee, Wisconsin

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

Statements of Financial Position
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and equivalents	\$ 31,590	\$ 56,739
Investments	494,832	483,517
Accounts receivable - net	2,184	2,542
Prepaid expenses	5,075	2,175
Total current assets	<u>533,681</u>	<u>544,973</u>
Other assets		
Operating leases right-of-use asset	134,076	---
Finance lease right-of-use asset	7,899	---
Total other assets	<u>141,975</u>	<u>---</u>
Restricted assets:		
Cash and equivalents	---	32,579
Investments	43,358	71,670
Promises to give - net	185	423
Total restricted assets	<u>43,543</u>	<u>104,672</u>
Property and equipment:		
Equipment	18,655	18,655
Less: accumulated depreciation	(18,254)	(17,608)
Property and equipment - net	<u>401</u>	<u>1,047</u>
Total assets	<u>\$ 719,600</u>	<u>\$ 650,692</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 13,039	\$ 9,508
Accrued payroll and payroll taxes	12,380	2,558
Deferred revenue - Cool beans event	5,000	5,000
Deferred revenue - DLI grant	16,822	16,822
Current portion of operating lease liabilities	15,807	---
Current portion of financing lease liabilities	1,522	---
Total current liabilities	<u>64,570</u>	<u>33,888</u>
Long-term liabilities		
Operating lease liabilities - net of current portion	119,618	---
Financing lease liabilities - net of current portion	6,319	---
Total long-term liabilities	<u>125,937</u>	<u>---</u>
Total liabilities	<u>190,507</u>	<u>---</u>
Net assets:		
Without donor restrictions	455,718	544,711
With donor restrictions	73,375	72,093
Total net assets	<u>529,093</u>	<u>616,804</u>
Total liabilities and net assets	<u>\$ 719,600</u>	<u>\$ 650,692</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, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
Support from public:						
Received directly:						
Contributions	\$ 145,591	\$ ---	\$ 145,591	\$ 161,207	\$ ---	\$ 161,207
PPP loan forgiveness	---	---	---	45,428	---	45,428
Contributed nonfinancial assets	2,895	---	2,895	---	---	---
Received indirectly:						
Community Health Charities	8,544	185	8,729	9,965	423	10,388
<hr/>						
Total support from the public before special event fund-raisers	157,030	185	157,215	216,600	423	217,023
Special events:						
Revenue	85,133	---	85,133	22,903	---	22,903
Less: cost of direct benefit to donors	(25,669)	---	(25,669)	(14,880)	---	(14,880)
Net special events revenue	59,464	---	59,464	8,023	---	8,023
<hr/>						
Total support from the public	216,494	185	216,679	224,623	423	225,046
Other revenue:						
Investment Return:						
Realized loss on investments	(16,128)	---	(16,128)	---	---	---
Unrealized gain/(loss) on investments	49,877	---	49,877	(88,793)	---	(88,793)
Interest and dividends	18,864	1,520	20,384	24,389	1,665	26,054
Investment expense	(6,710)	---	(6,710)	(6,000)	---	(6,000)
Net investment return	45,903	1,520	47,423	(70,404)	1,665	(68,739)
Program service fees	12,716	---	12,716	3,250	---	3,250
Miscellaneous income	3,514	---	3,514	592	---	592
Net expense of donated vehicles	(1,203)	---	(1,203)	(2,383)	---	(2,383)
<hr/>						
Total other revenue	60,930	1,520	62,450	(68,945)	1,665	(67,280)
Net assets released from restrictions:						
Satisfaction of program restrictions	423	(423)	---	110,697	(110,697)	---
<hr/>						
Total support, other revenue and transfers	277,847	1,282	279,129	266,375	(108,609)	157,766
Expenses:						
Research	2,754	---	2,754	2,300	---	2,300
Public education	38,157	---	38,157	13,854	---	13,854
Professional education	41,534	---	41,534	22,455	---	22,455
Patient services	38,305	---	38,305	36,726	---	36,726
Community services	31,654	---	31,654	22,574	---	22,574
Total program expenses	152,404	---	152,404	97,909	---	97,909
Fund-raising	66,071	---	66,071	32,779	---	32,779
Management and general	148,365	---	148,365	172,540	---	172,540
<hr/>						
Total expenses	366,840	---	366,840	303,228	---	303,228
Change in net assets	(88,993)	1,282	(87,711)	(36,853)	(108,609)	(145,462)
Net assets, beginning of year	544,711	72,093	616,804	581,564	180,702	762,266
<hr/>						
Net assets, end of year	\$ 455,718	\$ 73,375	\$ 529,093	\$ 544,711	\$ 72,093	\$ 616,804

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (87,711)	\$ (145,462)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	646	754
Realized loss on investments	16,128	---
Unrealized (gain)/loss on investments	(49,877)	88,793
Changes in assets and liabilities:		
Accounts receivable - net	358	523
Prepaid expenses	(2,900)	2,313
Promises to give - net	238	77,692
Accounts payable	3,531	(1,477)
Accrued payroll and payroll taxes	9,822	(8,345)
Deferred revenue	---	(3,880)
Operating leases	1,349	---
Net cash and equivalents provided (used) by operating activities	(108,416)	10,911
Cash Flows from Investing Activities:		
Proceeds from sale of investments	243,813	---
Purchases of investments	(193,125)	(19,256)
Net cash and equivalents used by investing activities	50,688	(19,256)
Cash Flows from Financing Activities:		
Forgiveness on Paycheck Protection Program loan	---	(45,428)
Net cash and equivalents provided (used) by investing activities	---	(45,428)
Net change in cash and equivalents	(57,728)	(53,773)
Cash and equivalents, beginning of year	89,318	143,091
Cash and equivalents, end of year	\$ 31,590	\$ 89,318
Breakdown of cash and equivalents on Statement of Financial Position:		
Cash and equivalents - current assets	\$ 31,590	\$ 56,739
Cash and equivalents - restricted assets	-	32,579
Total cash and equivalents on Statement of Financial Position	\$ 31,590	\$ 89,318
Supplementary Information:		
Cash paid for amount included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 20,565	---
Operating cash flows from finance leases	\$ 43	---
Financing cash flows from finance leases	\$ 268	---
Right-of-use assets obtained in exchange for lease liabilities		
Finance leases	\$ 7,943	---

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, 2023

	<u>Program Services</u>						<u>Fund-raising</u>	<u>Management & General</u>	<u>Cost of Direct Benefits to Donor</u>	<u>Total</u>	<u>2023</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	\$ ---	\$ 21,205	\$ 15,700	\$ 8,724	\$ 14,991	\$ 60,620	\$ 26,810	\$ 97,403	\$ ---	\$ 124,213	\$ 184,833
Payroll taxes	---	1,444	1,115	626	1,097	4,282	1,965	7,158	---	9,123	13,405
Employee benefits	---	58	48	22	32	160	90	1,007	---	1,097	1,257
Professional fees and contract services	---	4,275	5,666	---	2,703	12,644	5,517	18,109	---	23,626	36,270
Direct assistance to patients	---	---	---	7,908	---	7,908	---	---	---	---	7,908
Office operations	---	663	520	505	614	2,302	3,215	2,710	---	5,925	8,227
Professional and patient programs	---	---	795	---	---	795	---	---	---	---	795
Special events	---	---	---	---	---	---	---	---	25,669	25,669	25,669
Telephone and fax	---	371	296	161	286	1,114	513	1,872	---	2,385	3,499
Postage and shipping	---	81	46	2,264	41	2,432	2,065	335	---	2,400	4,832
Lease expense	---	2,056	2,056	12,339	1,028	17,479	1,028	2,369	---	3,397	20,876
Insurance	---	---	---	---	---	---	---	2,837	---	2,837	2,837
Printing, publications and audiovisual	---	228	178	662	179	1,247	15,038	1,525	---	16,563	17,810
Meetings and travel	---	---	2,190	65	92	2,347	189	1,611	---	1,800	4,147
Subscriptions and publications	---	999	633	688	531	2,851	2,468	4,575	---	7,043	9,894
Miscellaneous	---	---	---	39	---	39	---	79	---	79	118
Marketing	---	2,601	75	36	43	2,755	264	280	---	544	3,299
Training and seminars	---	---	---	---	---	---	---	530	---	530	530
Revenue share payments to National	2,754	3,816	11,932	4,108	9,722	32,332	2,941	3,630	---	6,571	38,903
Bank fees	---	291	229	128	242	890	3,873	1,465	---	5,338	6,228
Furniture and equipment	---	---	---	---	---	---	---	526	---	526	526
Depreciation	---	69	55	30	53	207	95	344	---	439	646
Total expenses by function	2,754	38,157	41,534	38,305	31,654	152,404	66,071	148,365	25,669	240,105	392,509
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(25,669)	(25,669)	(25,669)
Total expenses included in expense section on the statement of activities	\$ 2,754	\$ 38,157	\$ 41,534	\$ 38,305	\$ 31,654	\$ 152,404	\$ 66,071	\$ 148,365	\$ ---	\$ 214,436	\$ 366,840
Percentage of total expenses after deducting direct expenses of special events	0.75%	10.40%	11.32%	10.44%	8.63%	41.54%	18.01%	40.44%	---%	58.45%	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, 2022

	<u>Program Services</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>	<u>Total</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

Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022
(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, 2023 and 2022.

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, 2023 and 2022, an allowance for doubtful accounts was not considered necessary. Accounts receivable at June 30, 2021 were \$3,065.

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

Notes to Financial Statements
June 30, 2023 and 2022
(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, 2023 and 2022
(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** – 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. Deferred revenue from events was \$8,880 at June 30, 2021.

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.

Implementation of New Standards

Contributed Nonfinancial Assets

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, 2023 and 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Implementation of New Standards (Continued)

Leases

Effective July 1, 2022, the Organization adopted FASB ASC 842, Leases and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, an operating lease liability of \$150,494, which represents the present value of the remaining operating lease payments of \$169,661, discounted using the risk-free rate of 2.92%, and a right-of-use asset of \$150,494 as of July 1, 2022. Results for years beginning prior to July 1, 2022, continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of FASB ASC 842 had a material impact on the Organization's balance sheets but did not have a material impact on the Organization's results of operations, cash flows or debt covenants. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Organization leases office space and determines if an arrangement is a lease at inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a short-term basis.

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

Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Implementation of New Standards (Continued)

Leases (Continued)

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization accounts for non-lease components separately.

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, 2023 and 2022, the cost and fair values of investments consisted of the following:

	2023		2022	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:				
Equity funds	\$ 223,553	\$ 238,072	\$ 172,545	\$ 223,407
Exchange traded funds	108,015	256,567	108,015	227,521
Bond funds	43,641	43,551	117,882	104,259
Total	\$ 375,209	\$ 538,190	\$ 398,442	\$ 555,187

For the years ended June 30, 2023 and 2022, the Organization had an unrealized gain/(loss) of \$49,877 and \$(88,793), 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, 2023:

<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	\$ 238,072	\$ 238,072	\$ ---
Exchange traded funds	256,567	256,567	---
Bond funds	43,551	43,551	---
Total	\$ 538,190	\$ 538,190	\$ ---

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

Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

2. Investments (Continued)

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>	<u>Fair Value Measurement at Reporting Date Using</u>		
	<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	\$ ---

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>2023</u>	<u>2022</u>	<u>2021</u>
Promises to give due within one year or less	\$ 185	\$ 423	\$ 78,115
Less: Allowance for uncollectible promises to give	---	---	---
Total promises to give - net	\$ 185	\$ 423	\$ 78,115

For the years ended June 30, 2023 and 2022, the Organization recorded write-offs of \$0.

4. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Patient services	\$ ---	\$ ---
Transplant games sponsorship	2,088	2,088
Professional education	71,102	69,582
Subject to satisfaction of time restriction:		
Promises to give - net	185	423
Total net assets with donor restrictions	\$ 73,375	\$ 72,093

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

Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

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:

	June 30,	
	2023	2022
Financial assets:		
Cash and equivalents	\$ 31,590	\$ 89,318
Investments	538,190	555,187
Accounts receivable - net	2,184	2,542
Promises to give - net	185	423
Total financial assets	572,149	647,470
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	(73,375)	(72,093)
Financial assets available to meet general expenditures and other contractual obligations within one year	\$ 498,774	\$ 575,377

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, 2023 and 2022.

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 \$38,903 and \$32,486 to National during 2023 and 2022, respectively. The amount due to National, \$2,061 and \$1,777 as of June 30, 2023 and 2022 respectively, is included in accounts payable in the accompanying statements of financial position.

8. Lease Commitments

The Company has operating and financing leases for office space and a printer.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term	
Operating leases	7.25 years
Finance leases	4.92 years
 Weighted Average Discount Rate	
Operating leases	2.92%
Finance leases	3.29%

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

Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

8. Lease Commitments (Continued)

The maturities of lease liabilities as of June 30, 2023 were as follows:

Year ending June 30,	<u>Operating</u>		<u>Finance</u>	
2024	\$	19,504	\$	1,752
2025		19,840		1,752
2026		20,274		1,752
2027		20,698		1,752
2028		21,112		1,460
Thereafter		49,017		---
Total lease payments		<u>150,445</u>		<u>8,468</u>
Less: Interest		(15,020)		(627)
Present value of lease liabilities	\$	<u>135,425</u>	\$	<u>7,841</u>

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease costs:		
Office space		\$ <u>20,565</u>
Finance lease costs:		
Amortization of right-of-use assets (vehicles)		\$ 268
Interest on lease liabilities included in interest expense		<u>43</u>
Total finance lease costs		\$ <u>20,876</u>

9. 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 Recognized		Utilization in Program/Activities	Classification on Statement of Activities
	2023	2022		
Advertising	\$ 2,100	\$ ---	Fundraising	Contributed nonfinancial assets
Conference Registration	<u>795</u>	---	Administrative	Contributed nonfinancial assets
Total revenue	\$ <u>2,895</u>	\$ <u>---</u>		

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

Notes to Financial Statements
June 30, 2023 and 2022
(Continued)

9. Contributed Nonfinancial Assets (Continued)

There were no donor restrictions on any of the contributed nonfinancial assets received for the years ended June 30, 2023 and 2022.

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.

10. 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.

11. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, September 25, 2023. There were no subsequent events that required recognition or disclosure.