

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

Audited Financial Statements
Years Ended June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 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.

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.

Reilly Penner Benton LLP

October 20, 2024
Milwaukee, Wisconsin

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

Statements of Financial Position
June 30, 2024 and 2023

ASSETS	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and equivalents	\$ 33,016	\$ 31,590
Investments	364,262	494,832
Other receivables	2,250	2,184
Promises to give - net	15,000	185
Prepaid expenses	2,662	5,075
Total current assets	<u>417,190</u>	<u>533,866</u>
Other assets:		
Operating leases right-of-use asset	117,209	134,076
Finance lease right-of-use asset, net of amortization	6,293	7,899
Total other assets	<u>123,502</u>	<u>141,975</u>
Restricted assets:		
Investments	44,479	43,358
Property and equipment:		
Equipment	18,655	18,655
Less: accumulated depreciation	(18,607)	(18,254)
Property and equipment - net	<u>48</u>	<u>401</u>
Total assets	<u><u>\$ 585,219</u></u>	<u><u>\$ 719,600</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 9,334	\$ 13,039
Accrued payroll and payroll taxes	18,662	12,380
Deferred revenue - other events	1,000	---
Deferred revenue - Cool beans event	---	5,000
Deferred revenue - DLI grant	16,822	16,822
Current portion of operating lease liabilities	16,616	15,807
Current portion of financing lease liabilities	1,572	1,522
Total current liabilities	<u>64,006</u>	<u>64,570</u>
Long-term liabilities:		
Operating lease liabilities - net of current portion	103,002	119,618
Financing lease liabilities - net of current portion	4,746	6,319
Total long-term liabilities	<u>107,748</u>	<u>125,937</u>
Total liabilities	<u>171,754</u>	<u>190,507</u>
Net assets:		
Without donor restrictions	324,054	455,718
With donor restrictions	89,411	73,375
Total net assets	<u>413,465</u>	<u>529,093</u>
Total liabilities and net assets	<u><u>\$ 585,219</u></u>	<u><u>\$ 719,600</u></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, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>
Support from public:						
Received directly:						
Contributions	\$ 164,991	\$ 15,000	\$ 179,991	\$ 145,591	\$ ---	\$ 145,591
Contributed nonfinancial assets	41,871	---	41,871	31,474	---	31,474
Received indirectly:						
Community Health Charities	1,107	---	1,107	8,544	185	8,729
Total support from the public before special event fund-raisers	207,969	15,000	222,969	185,609	185	185,794
Special events:						
Revenue	103,346	---	103,346	85,133	---	85,133
Less: cost of direct benefit to donors	(25,393)	---	(25,393)	(14,639)	---	(14,639)
Net special events revenue	77,953	---	77,953	70,494	---	70,494
Total support from the public	285,922	15,000	300,922	256,103	185	256,288
Other revenue:						
Investment Return:						
Realized gain/(loss) on investments	204,714	---	204,714	(16,128)	---	(16,128)
Unrealized gain/(loss) on investments	(176,590)	---	(176,590)	49,877	---	49,877
Interest and dividends	12,933	1,221	14,154	18,864	1,520	20,384
Investment expense	(7,103)	---	(7,103)	(6,710)	---	(6,710)
Net investment return	33,954	1,221	35,175	45,903	1,520	47,423
Program service fees	31,135	---	31,135	12,716	---	12,716
Miscellaneous income	1,955	---	1,955	3,514	---	3,514
Net expense of donated vehicles	(1,247)	---	(1,247)	(1,203)	---	(1,203)
Total other revenue	65,797	1,221	67,018	60,930	1,520	62,450
Net assets released from restrictions:						
Satisfaction of program restrictions	185	(185)	---	423	(423)	---
Total support, other revenue and transfers	351,904	16,036	367,940	317,456	1,282	318,738
Expenses:						
Research	2,898	---	2,898	2,754	---	2,754
Public education	75,708	---	75,708	43,196	---	43,196
Professional education	79,827	---	79,827	49,334	---	49,334
Patient services	69,904	---	69,904	52,389	---	52,389
Community services	37,555	---	37,555	31,654	---	31,654
Total program expenses	265,892	---	265,892	179,327	---	179,327
Fund-raising	94,569	---	94,569	78,757	---	78,757
Management and general	123,107	---	123,107	148,365	---	148,365
Total expenses	483,568	---	483,568	406,449	---	406,449
Change in net assets	(131,664)	16,036	(115,628)	(88,993)	1,282	(87,711)
Net assets, beginning of year	455,718	73,375	529,093	544,711	72,093	616,804
Net assets, end of year	\$ 324,054	\$ 89,411	\$ 413,465	\$ 455,718	\$ 73,375	\$ 529,093

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, 2024

	<u>Program Services</u>						<u>Fund-raising</u>	<u>Management & General</u>	<u>Cost of Direct Benefits to Donor</u>	<u>Total</u>	<u>2024</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	\$ ---	\$ 42,502	\$ 30,815	\$ 19,436	\$ 17,397	\$ 110,150	\$ 38,545	\$ 74,315	\$ ---	\$ 112,860	\$ 223,010
Payroll taxes	---	3,148	2,322	1,445	1,278	8,193	2,896	5,494	---	8,390	16,583
Employee benefits	---	155	97	69	60	381	138	983	---	1,121	1,502
Professional fees and contract services	---	16,410	26,365	16,746	3,893	63,414	11,334	16,808	---	28,142	91,556
Direct assistance to patients	---	---	---	9,747	---	9,747	---	---	---	---	9,747
Office operations	---	895	732	706	404	2,737	1,144	3,062	---	4,206	6,943
Special events	---	---	---	---	---	---	15,917	---	25,393	41,310	41,310
Telephone and fax	---	669	629	323	269	1,890	589	1,230	---	1,819	3,709
Postage and shipping	---	343	402	3,143	165	4,053	3,472	1,069	---	4,541	8,594
Lease expense	---	2,056	2,056	12,339	1,028	17,479	1,028	3,895	---	4,923	22,402
Insurance	---	---	---	---	---	---	---	3,194	---	3,194	3,194
Printing, publications and audiovisual	---	11	77	31	50	169	6,235	214	---	6,449	6,618
Meetings and travel	---	155	1,470	375	596	2,596	1,193	1,963	---	3,156	5,752
Subscriptions and publications	---	1,268	1,219	686	575	3,748	1,069	5,393	---	6,462	10,210
Miscellaneous	---	---	---	---	---	---	701	45	---	746	746
Marketing and advertising	---	3,535	676	201	1,382	5,794	5,000	419	---	5,419	11,213
Revenue share payments to National	2,898	4,016	12,556	4,323	10,230	34,023	3,095	3,820	---	6,915	40,938
Bank fees	---	479	360	226	200	1,265	2,152	872	---	3,024	4,289
Furniture and equipment	---	---	---	77	---	77	---	215	---	215	292
Depreciation	---	66	51	31	28	176	61	116	---	177	353
Total expenses by function	2,898	75,708	79,827	69,904	37,555	265,892	94,569	123,107	25,393	243,069	508,961
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(25,393)	(25,393)	(25,393)
Total expenses included in expense section on the statement of activities	\$ 2,898	\$ 75,708	\$ 79,827	\$ 69,904	\$ 37,555	\$ 265,892	\$ 94,569	\$ 123,107	\$ ---	\$ 217,676	\$ 483,568
Percentage of total expenses after deducting direct expenses of special events	0.60%	15.66%	16.51%	14.46%	7.77%	55.00%	19.56%	25.44%	---%	45.00%	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, 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	---	9,314	13,466	14,084	2,703	39,567	7,173	18,109	---	25,282	64,849
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	---	---	---	---	---	---	11,030	---	14,639	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 and advertising	---	2,601	75	36	43	2,755	264	280	---	544	3,299
Training and seminars	---	---	---	---	---	---	---	530	---	530	530
Revenue share payments to National Bank fees	2,754	3,816	11,932	4,108	9,722	32,332	2,941	3,630	---	6,571	38,903
Furniture and equipment	---	291	229	128	242	890	3,873	1,465	---	5,338	6,228
Depreciation	---	69	55	30	53	207	95	344	---	439	646
Total expenses by function	2,754	43,196	49,334	52,389	31,654	179,327	78,757	148,365	14,639	241,761	421,088
Less: expenses netted with revenues on the statements of activities											
Cost of direct benefits to donors	---	---	---	---	---	---	---	---	(14,639)	(14,639)	(14,639)
Total expenses included in expense section on the statement of activities	\$ 2,754	\$ 43,196	\$ 49,334	\$ 52,389	\$ 31,654	\$ 179,327	\$ 78,757	\$ 148,365	\$ ---	\$ 227,122	\$ 406,449
Percentage of total expenses after deducting direct expenses of special events	0.68%	10.63%	12.14%	12.89%	7.79%	44.13%	19.38%	36.49%	---	55.87%	100.00%

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (115,628)	\$ (87,711)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	353	646
Realized (gain)/loss on investments	(204,714)	16,128
Unrealized (gain)/loss on investments	176,590	(49,877)
Changes in assets and liabilities:		
Other receivables	(66)	358
Promises to give - net	(14,815)	238
Prepaid expenses	2,413	(2,900)
Accounts payable	(3,705)	3,531
Accrued payroll and payroll taxes	6,282	9,822
Deferred revenue	(5,000)	---
Operating leases	2,409	1,349
Net cash and equivalents used by operating activities	(155,881)	(108,416)
Cash Flows from Investing Activities:		
Proceeds from sale of investments	683,136	243,813
Purchases of investments	(525,829)	(193,125)
Net cash and equivalents provided by investing activities	157,307	50,688
Net change in cash and equivalents	1,426	(57,728)
Cash and equivalents, beginning of year	31,590	89,318
Cash and equivalents, end of year	\$ 33,016	\$ 31,590
Supplementary Information:		
Cash paid for amount included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 19,504	20,565
Operating cash flows from finance leases	\$ 235	43
Financing cash flows from finance leases	\$ 1,517	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

Notes to Financial Statements
June 30, 2024 and 2023

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.

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, 2024 and 2023
(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, 2024 and 2023.

Stock: Valued at the closing price reported on the active market on which individual securities are traded.

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 investments are assets set aside for patient services and professional education and consist of investments in mutual funds. The carrying value of their assets approximates their fair value.

Other Accounts Receivable

Other accounts receivable are reported at contract values, less an allowance for uncollectible accounts. Management determines the need for an allowance for doubtful accounts based on experience relative to the possibility of collection. Management believes all amounts to be collectible as of June 30, 2024, 2023, and 2022. Bad debt expense amounted to \$0 for the years ending June 30, 2024, 2023, and 2022.

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

Notes to Financial Statements
June 30, 2024 and 2023
(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.

Depreciation expenses amount to \$353 and \$646 for the years ending June 30, 2024 and 2023, respectively.

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 at a point in time

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.

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.

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

Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Contributions of non-cash goods and services are stated at their fair value in the period received. Donated goods and services meeting recognition criteria under U.S. GAAP are recorded as support and an expense or additions to property and equipment, prepaid expense or supplies inventory. The Organization does not monetize any contributed nonfinancial assets unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

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

In June 2016, the FASB issued guidance FASB ASC 326, Financial Instruments – Credit Losses (FASB ASC 326), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model, that is referred to as the current expected credit loss ("CECL") methodology. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization has implemented the standard using the modified retrospective approach and has elected the practical expedient to not adjust the comparative periods presented in the financial statements. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 as of June 30, 2024 were trade receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only. Although the Organization implemented the policy, it was determined that the Organization had no items that were impacted for the years ending June 30, 2024, 2023, and 2022.

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

Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Marketing and Advertising

The Organization expenses nondirect-response marketing and advertising costs as they are incurred. Marketing and advertising expense was \$11,213 and \$3,299 for the years ended June 30, 2024 and 2023, respectively.

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. 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,	
	2024	2023
Financial assets:		
Cash and equivalents	\$ 33,016	\$ 31,590
Investments	408,741	538,190
Other receivables	2,250	2,184
Promises to give - net	15,000	185
Total financial assets	459,007	572,149
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	(89,411)	(73,375)
Financial assets available to meet general expenditures and other contractual obligations within one year	\$ 369,596	\$ 498,774

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.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
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Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

3. Investments

At June 30, 2024 and 2023, the cost and fair values of investments consisted of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Domestic stocks	\$ 54,597	\$ 65,818	\$ ---	\$ ---
Mutual funds:				
Equity funds	321,803	340,653	223,553	238,072
Exchange traded funds	---	---	108,015	256,567
Bond funds	---	---	43,641	43,551
REIT's	2,310	2,270	---	---
Total	\$ 378,710	\$ 408,741	\$ 375,209	\$ 538,190

For the years ended June 30, 2024 and 2023, the Organization had an unrealized gain/(loss) of \$(176,590) and \$49,877, 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, 2024:

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Domestic stocks	\$ 65,818	\$ 65,818	\$ ---	\$ ---
Mutual funds:				
Equity funds	340,653	340,653	---	---
REIT's	2,270	2,270	---	---
Total	\$ 408,741	\$ 408,741	\$ ---	\$ ---

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	\$ ---	\$ ---

4. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give, such as planned giving, are not included as support until the conditions are substantially met. The Organization had no conditional promises to give to disclose for the periods ending June 30, 2024 and 2023.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
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Notes to Financial Statements

June 30, 2024 and 2023
(Continued)

4. Promises to Give (Continued)

Included in promises to give are the following unconditional promises to give at June 30:

	<u>2024</u>	<u>2023</u>
Promises to give due within one year or less	\$ 15,000	\$ 185
Less: Allowance for uncollectible promises to give	---	---
Less: Unamortized discount (none – all current)	---	---
Total promises to give - net	<u>\$ 15,000</u>	<u>\$ 185</u>

Payments on promises to give at June 30, 2024 are expected to be received as follows:

Year Ending June 30,

2025	\$ <u>15,000</u>
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Management believes all amounts to be collectible.

5. Lease Commitments

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

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

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating leases	6.25 years	7.25 years
Finance leases	3.92 years	4.92 years
Weighted Average Discount Rate		
Operating leases	2.92%	2.92%
Finance leases	3.29%	3.29%

The maturities of lease liabilities as of June 30, 2024 were as follows:

	<u>Operating</u>	<u>Finance</u>
<u>Year ending June 30,</u>		
2025	\$ 19,840	\$ 1,752
2026	20,274	1,752
2027	20,698	1,752
2028	21,112	1,460
2029	21,534	---
Thereafter	27,483	---
Total undiscounted cash flows	<u>130,941</u>	<u>6,716</u>
Less: present value discount	(11,322)	(397)
Total lease liabilities	<u>\$ 119,619</u>	<u>\$ 6,319</u>

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Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

5. Lease Commitments (Continued)

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Lease expense – operating	\$ <u>20,565</u>	\$ <u>20,565</u>
Finance lease costs:		
Amortization of right of use assets included in operating expenses	\$ 1,607	\$ 268
Interest on lease liabilities included in operating expenses	<u>230</u>	<u>43</u>
Total finance lease costs	\$ <u>1,837</u>	\$ <u>311</u>

6. Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Transplant games sponsorship	2,088	2,088
Professional education	72,323	71,102
Subject to satisfaction of time restriction:		
Promises to give - net	<u>15,000</u>	<u>185</u>
Total net assets with donor restrictions	\$ <u>89,411</u>	\$ <u>73,375</u>

7. 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 statements 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 Statements of Activities
	<u>2024</u>	<u>2023</u>		
Revenue:				
Professional services	\$ 40,215	\$ 26,923	Program	Contributed nonfinancial assets
Professional services	1,656	1,656	Fundraising	Contributed nonfinancial assets
Advertising	---	2,100	Fundraising	Contributed nonfinancial assets
Conference registration	---	<u>795</u>	Administrative	Contributed nonfinancial assets
Total revenue	\$ <u>41,871</u>	\$ <u>31,474</u>		

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Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

7. Contributed Nonfinancial Assets (Continued)

The Organization used the following valuation techniques and inputs to recognize contributed nonfinancial assets:

Advertising, professional services and conference registration – Valued at the estimated fair value based on retail rates for similar services.

There were no donor restrictions on any of the contributed nonfinancial assets received for the years ended June 30, 2024 and 2023.

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.

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. From July 1, 2023 to December 31, 2023, the Organization paid \$40,938 to National. For the period ending June 30, 2023 the Organization paid \$38,903 to National. The amount due to National, \$0 and \$2,061 as of June 30, 2024 and 2023 respectively, is included in accounts payable in the accompanying statements of financial position.

Beginning January 1, 2024, the Organization entered into a new agreement with National. The initial agreement has an initial term of five years. At the conclusion of the initial agreement the contract will be automatically renewed annually unless either party elects not to renew. Under the new agreement, the Organization is required to submit monthly licensing fee payments to National. The licensing fee calculation is based off a 3-year rolling average of net revenues derived from the audited financial statements. The estimated amount owed to National will be similar to previous years.

9. 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, 2024 and 2023.

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, October 20, 2024. There were no subsequent events that required recognition or disclosure.

NATIONAL KIDNEY FOUNDATION OF WISCONSIN, INC.
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Notes to Financial Statements
June 30, 2024 and 2023
(Continued)

12. Special Events

Special event activities are reported by their natural classification in the statements of activities. Gross special event revenues and expenses are as follows for the years ended June 30:

	<u>2024</u>		<u>2023</u>
Revenue:			
Non-exchange contributions	\$ 77,953	\$	70,494
Exchange direct benefit to donor	25,393		14,639
Total revenue	<u>103,346</u>		<u>85,133</u>
Less: Direct benefit to donor	(25,393)		(14,639)
Net special events	<u>77,953</u>		<u>70,494</u>
Less: Incidental benefits	(15,917)		(11,030)
Special events, net	<u>\$ 62,036</u>	\$	<u>59,464</u>