

KIDNEYLIFE FOUNDATION, INC.
dba NATIONAL KIDNEY REGISTRY

YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

KIDNEYLIFE FOUNDATION, INC.

YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kidneylife Foundation, Inc.
Babylon, New York

We have audited the accompanying financial statements of Kidneylife Foundation, Inc., (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2013, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kidneylife Foundation, Inc. as of December 31, 2013, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Babylon, New York
April 3, 2014



KIDNEYLIFE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013, 2012 AND 2011

	<u>ASSETS</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets:			
Cash and cash equivalents	\$ 176,554	\$ 195,127	\$ 147,719
Accounts receivable	422,767	291,248	190,761
Property and equipment, net of accumulated depreciation of \$136,365, \$117,794 & \$94,627 (Note 2)	32,711	39,911	44,859
Prepaid Expenses	<u>19,499</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 651,531</u>	<u>\$ 526,286</u>	<u>\$ 383,339</u>

	<u>LIABILITIES</u>		
Liabilities:			
Accounts payable and accrued expenses	<u>\$ 197,385</u>	<u>\$ 233,418</u>	<u>\$ 21,454</u>
Commitments (Note 3)			

	<u>NET ASSETS</u>		
Net Assets:			
Unrestricted net assets	<u>\$ 454,146</u>	<u>\$ 292,868</u>	<u>\$ 361,885</u>
Total Liabilities and Net Assets	<u>\$ 651,531</u>	<u>\$ 526,286</u>	<u>\$ 383,339</u>

See notes to financial statements.

KIDNEYLIFE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unrestricted net assets:			
Revenues			
Billings	\$ 2,335,711	\$ 1,494,375	\$ 1,118,925
Donations	21,800	33,344	56,752
Grants	-	8,500	127,221
Symposium Income	<u>43,175</u>	<u>-</u>	<u>-</u>
Total unrestricted support	<u>2,400,686</u>	<u>1,536,219</u>	<u>1,302,898</u>
General program expenses:			
Conferences & events	135,550	65,903	54,056
Depreciation	18,571	23,167	21,343
Insurance	29,563	25,913	13,856
Marketing & mailings	86,619	79,241	60,823
Office supplies & miscellaneous	63,193	37,730	31,872
Payroll expenses	133,530	118,928	61,804
Accounting fees	20,095	11,060	7,326
Legal fees	2,375	12,344	2,246
Office rent	20,100	19,656	13,200
Shipped kidney courier expense	430,432	236,512	152,170
Technology & license fees	1,253,090	900,166	791,308
Telecommunications	34,751	36,900	23,846
Travel	<u>11,539</u>	<u>37,716</u>	<u>61,574</u>
Total Expenses	<u>2,239,408</u>	<u>1,605,236</u>	<u>1,295,424</u>
Change in unrestricted net assets	161,278	(69,017)	7,474
Net assets, beginning	<u>292,868</u>	<u>361,885</u>	<u>354,411</u>
Net assets, ending	<u>\$ 454,146</u>	<u>\$ 292,868</u>	<u>\$ 361,885</u>

See notes to financial statements.

KIDNEYLIFE FOUNDATION, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:			
Change in net assets	\$ 161,278	(\$ 69,017)	\$ 7,474
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	18,571	23,167	21,343
(Increase) or decrease in operating assets:			
Accounts receivable	(131,519)	(100,487)	(91,111)
Prepaid Expenses	(19,499)	-	-
Increase or (decrease) in operating liabilities:			
Accounts payable & accrued expenses	(36,033)	211,964	14,159
Net cash provided by (used in) operating activities	(7,202)	65,627	(48,135)
Cash flows from investing activities:			
Purchase of fixed assets	(11,371)	(18,219)	(19,934)
Net cash used by investing activities	(11,371)	(18,219)	(19,934)
Net increase (decrease) in cash and cash equivalents	(18,573)	47,408	(68,069)
Cash and cash equivalents, beginning	<u>195,127</u>	<u>147,719</u>	<u>215,788</u>
Cash and cash equivalents, ending	<u>\$ 176,554</u>	<u>\$ 195,127</u>	<u>\$ 147,719</u>

See notes to financial statements.

KIDNEYLIFE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

1. Nature of activities and significant accounting policies:

Organization and activities

Kidneylife Foundation, Inc. was incorporated and began operations in 2007. Kidneylife works to save and improve the lives of people facing kidney failure by increasing the quality, speed and number of living donor transplants in the world.

Income taxes

Income taxes are not provided since Kidneylife is a tax exempt organization under section 501(C) (3) of the Internal Revenue Code.

Equipment and depreciation

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis.

Financial Statement Presentation

In 2008, Kidneylife elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No.117, Kidneylife is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, Kidneylife is required to present a statement of cash flows.

KIDNEYLIFE FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

1. Nature of activities and significant accounting policies (continued):

Donations

In 2008, Kidneylife also elected to adopt Statement of Financial Accounting Standards (SFAS) No.116, "Accounting For Contributions Received and Contributions Made." Under SFAS No.116, donations received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time and purpose restrictions.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Recognition of donor restricted contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

KIDNEYLIFE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

2. Property and Equipment:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equipment	\$ 85,290	\$ 73,919	\$ 55,700
Furniture and Fixtures	1,928	1,928	1,928
Website	75,247	75,247	75,247
Startup costs	<u>6,611</u>	<u>6,611</u>	<u>6,611</u>
	169,076	157,705	139,486
Less accumulated depreciation	<u>136,365</u>	<u>117,794</u>	<u>94,627</u>
	<u>\$ 32,711</u>	<u>\$ 39,911</u>	<u>\$ 44,859</u>

3. Commitments:

Premises:

Kidneylife rents its premises on a month to month basis from a company wholly owned by its founder. Rent expense for the years ended December 31, 2013, 2012 and 2011 was \$20,100, \$19,656 and \$13,200, respectively.

Software License Agreement:

On May 10, 2012, Kidneylife (“Licensee”) entered into a software licensing agreement (“Agreement”) with a company wholly owned by its founder. The software is used for kidney matching, transplant center connectivity, database management and other automated processes that support Kidneylife operations.

The term of the Agreement is for five years with automatic renewals for successive three year periods unless terminated by either party to the Agreement. The Agreement calls for the pass-through of payments made by member centers for database management and technology support.