

**Kidneylife Foundation, Inc.  
dba National Kidney Registry**

**FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

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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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Managements 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 judgment, including the assessment of the risk 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, 2018 and 2017, 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.

*Michelle G. D'Amico CPA*

Mooresville, NC  
November 13, 2019

# Kidneylife Foundation, Inc.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

### ASSETS

	<u>2018</u>	<u>2017</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,359,321	\$ 864,034
Accounts receivable	1,776,707	1,344,326
Prepaid expenses	21,095	21,095
Total current assets	<u>3,157,123</u>	<u>2,229,455</u>
<b>Property and equipment:</b>		
Property & equipment	488,610	364,155
Less accumulated depreciation	<u>333,345</u>	<u>302,141</u>
Total property and equipment - net	<u>155,265</u>	<u>62,014</u>
<b>Other assets:</b>		
Security deposits	<u>70,140</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 3,382,528</u>	<u>\$ 2,291,469</u>

### LIABILITIES & NET ASSETS

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,117,014	\$ 823,402
<b>Long-term liabilities:</b>		
Donor protection fund	<u>825,457</u>	<u>448,068</u>
<b>Total liabilities</b>	<u>\$ 1,942,471</u>	<u>\$ 1,271,470</u>
<b>Net assets:</b>		
Unrestricted net assets	<u>1,440,057</u>	<u>1,019,999</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,382,528</u>	<u>\$ 2,291,469</u>

The accompanying notes are an integral part of these financial statements

# Kidneylife Foundation, Inc.

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Unrestricted net assets:</b>		
<b>Revenues:</b>		
Billings	\$ 9,896,549	\$6,703,051
Donations	13,545	13,213
Symposium income	17,000	26,248
Other income	-	14,225
Interest income	194	178
Total unrestricted support	<u>9,927,288</u>	<u>6,756,915</u>
<b>General program expenses:</b>		
Conferences & events	330,434	298,130
Depreciation	31,204	42,789
Insurance	214,258	70,141
Marketing & mailings	47,588	18,565
Office supplies & miscellaneous	211,308	127,925
Payroll expenses	799,261	616,546
Accounting fees	29,600	36,025
Legal fees	50,117	31,600
Office rent	108,064	97,852
Shipped kidney courier expense	893,498	767,430
CT Imaging expense	32,352	35,292
Cryo Preservation	1,165,415	642,645
Cross match kit expense	308,852	121,471
Organ packaging	716,921	417,695
Research expense	197,630	140,800
Hospital professional fees	93,397	74,963
Technology & license fees	3,713,865	2,510,430
Telecommunications	42,932	42,631
Travel	117,108	98,283
Serology expense	344,626	103,225
Outside services	58,800	-
Total expenses	<u>9,507,230</u>	<u>6,294,438</u>
Change in unrestricted net assets	420,058	462,477
Net assets, beginning	<u>1,019,999</u>	<u>557,522</u>
Net assets, ending	<u>\$ 1,440,057</u>	<u>\$ 1,019,999</u>

The accompanying notes are an integral part of these financial statements

# Kidneylife Foundation, Inc.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 420,058	\$ 462,477
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	31,204	42,789
(Increase) decrease in assets:		
Accounts receivable	(432,381)	(311,481)
Prepaid expenses	-	3,152
Other assets	(70,140)	-
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	293,611	(152,733)
Donor protection fund	377,389	283,818
Total adjustments to net assets	<u>199,683</u>	<u>(134,455)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>619,741</u>	<u>328,022</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(124,454)</u>	<u>-</u>
<b>Net cash (used) by investing activities</b>	<u>(124,454)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	495,287	328,022
<b>Cash and cash equivalents, beginning</b>	<u>864,034</u>	<u>536,012</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,359,321</u>	<u>\$ 864,034</u>

The accompanying notes are an integral part of these financial statements

# Kidneylife Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of activities and significant accounting policies:

**Nature of activities:** Kidneylife Foundation, Inc. is a private non-profit entity incorporated under the laws of the State of New York in 2007. Kidneylife works to save and improve lives of people facing kidney failure by increasing the quality, speed and number of living donor transplants in the world.

**Income taxes:** Kidneylife Foundation, Inc. is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code and applicable state law.

**Property and equipment:** 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.

**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.

# Kidneylife Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

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

**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.

### 2. Property and Equipment:

Property and equipment at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 316,399	\$ 280,368
Building improvements	63,239	-
Furniture and fixtures	27,114	1,928
Website	75,247	75,247
Startup costs	6,611	6,611
	<u>488,610</u>	<u>364,154</u>
Less: accumulated depreciation	333,345	302,141
	<u>\$ 155,265</u>	<u>\$ 62,013</u>

### 3. Donor Protection Program:

Kidneylife has established a donor protection program. The donor protection program ensures that any donor who participates in a Kidneylife swap is never asked to pay (either directly or through their health insurance) for a post-surgical complication that is a result of their kidney donation. Member centers that opt into Kidneylife's donor protection program agree to cover all uncovered donor complications for Kidneylife donors that undergo donor surgery at the member center's hospital, or member centers that do not opt in are charged a fee that is added to the Kidneylife donor protection fund to cover uncovered donor complications. The total billed for the donor protection program for the year ended December 31, 2018 and 2017 was \$388,891 and \$283,818, respectively. The total donor protection liability as of December 31, 2018 and 2017 was \$825,457 and \$448,068, respectively.

# Kidneylife Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

### 4. Commitments:

As of November 1, 2016, Kidneylife entered into a three-year operating lease for its office facility requiring monthly rent of \$900 for the first year, \$925 for the second year and \$950 for the third year.

As of May 1, 2016, Kidneylife entered into a two-year operating lease for office space requiring a monthly rent of \$1,159 for the first 9 months and \$1,079 for the next 15 months.

As of May 1, 2016, Kidneylife entered into a two-year operating lease for office space requiring a monthly rent of \$1,079 for the first year and the \$1,230 for the second year.

As of April 28, 2017, Kidneylife was added as a tenant on the monthly lease for office space along with an affiliate that started on August 1, 2016. Rent for the first year is \$510 and for the second year is \$522.

As of August 2, 2018, Kidneylife entered a ten-year operating lease for office space. The beginning monthly rent is \$14,028.

Kidneylife rents its fifth office facility on a month to month basis.

Rent expense for the year ended December 31, 2018 and 2017 was \$108,064 and 97,852, respectively.

As of December 31, 2018, the total remaining lease payments under the current operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 108,730
2020	178,261
2021	175,350
2022	180,160
2023	185,112
Thereafter	<u>1,112,200</u>
Total	<u>\$ 1,939,813</u>

## **Kidneylife Foundation, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

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 passthrough of payments made by member centers for database management and technology support.