

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

**FINANCIAL STATEMENTS**

**December 31, 2019 and 2018**

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Michelle G. D'Amico CPA  
165 Laurel Glen Drive  
 Mooresville, NC 28115

## **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, 2019 and 2018, 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, 2019 and 2018, 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 30, 2020

# Kidneylife Foundation, Inc.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

### ASSETS

	<u>2019</u>	<u>2018</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,893,724	\$ 1,359,321
Accounts receivable	2,475,140	1,776,707
Prepaid expenses	30,000	21,095
Total current assets	<u>4,398,864</u>	<u>3,157,123</u>
<b>Property and equipment:</b>		
Property & equipment	667,865	488,610
Less accumulated depreciation	<u>395,548</u>	<u>333,345</u>
Total property and equipment - net	<u>272,317</u>	<u>155,265</u>
<b>Other assets:</b>		
Security deposits	<u>70,140</u>	<u>70,140</u>
<b>Total assets</b>	<u>\$ 4,741,321</u>	<u>\$ 3,382,528</u>

### LIABILITIES & NET ASSETS

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,120,577	\$ 1,117,014
<b>Long-term liabilities:</b>		
Donor protection fund	<u>1,172,727</u>	<u>825,457</u>
<b>Total liabilities</b>	<u>\$ 2,293,304</u>	<u>\$ 1,942,471</u>
<b>Net assets:</b>		
Unrestricted net assets	<u>2,448,017</u>	<u>1,440,057</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,741,321</u>	<u>\$ 3,382,528</u>

The accompanying notes are an integral part of these financial statements

# Kidneylife Foundation, Inc.

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Unrestricted net assets:</b>		
<b>Revenues:</b>		
Billings	\$ 14,302,782	\$9,896,549
Donations	15,185	13,545
Symposium income	30,300	17,000
Interest income	88	194
Total unrestricted support	<u>14,348,355</u>	<u>9,927,288</u>
<b>General program expenses:</b>		
Conferences & events	453,907	330,434
Depreciation	62,203	31,204
Insurance	345,854	214,258
Marketing & mailings	110,769	47,588
Office supplies & miscellaneous	274,787	211,308
Payroll expenses	943,526	799,261
Accounting fees	40,975	29,600
Legal fees	66,600	50,117
Office rent	182,991	108,064
Shipped kidney courier expense	1,455,359	893,498
CT Imaging expense	38,233	32,352
Cryo Preservation	1,487,247	1,165,415
Cross match kit expense	314,133	281,051
Lost wage reimbursement	299,057	27,801
Organ packaging	417,659	716,921
Research expense	405,790	197,630
Hospital professional fees	692,168	93,397
Technology & license fees	4,371,318	3,713,865
Telecommunications	51,352	42,932
Travel	324,654	117,108
Repairs and maintenance	486	-
Serology expense	730,167	344,626
Outside services	91,160	58,800
Bad debt expense	180,000	-
Total expenses	<u>13,340,395</u>	<u>9,507,230</u>
Change in unrestricted net assets	1,007,960	420,058
Net assets, beginning	1,440,057	1,019,999
Net assets, ending	<u>\$ 2,448,017</u>	<u>\$ 1,440,057</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,007,960	\$ 420,058
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	62,203	31,204
(Increase) decrease in assets:		
Accounts receivable	(698,433)	(432,381)
Prepaid expenses	(8,905)	-
Other assets	-	(70,140)
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	3,562	293,611
Donor protection fund	<u>347,270</u>	<u>377,389</u>
Total adjustments to net assets	<u>(294,303)</u>	<u>199,683</u>
<b>Net cash provided by (used in) operating activities</b>	<u>713,657</u>	<u>619,741</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(179,254)</u>	<u>(124,454)</u>
<b>Net cash (used) by investing activities</b>	<u>(179,254)</u>	<u>(124,454)</u>
<b>Net increase in cash and cash equivalents</b>	534,403	495,287
<b>Cash and cash equivalents, beginning</b>	<u>1,359,321</u>	<u>864,034</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,893,724</u>	<u>\$ 1,359,321</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, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 341,710	\$ 316,399
Building improvements	73,239	63,239
Furniture and fixtures	51,728	27,114
Website	194,577	75,247
Startup costs	6,611	6,611
	<u>667,865</u>	<u>488,610</u>
Less: accumulated depreciation	395,548	395,548
	<u>\$ 272,317</u>	<u>\$ 93,062</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, 2019 and 2018 was \$347,270 and \$388,891, respectively. The total donor protection liability as of December 31, 2019 and 2018 was \$1,172,727 and \$825,457, 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 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, 2019 and 2018 was \$182,991 and 108,064, respectively.

As of December 31, 2019, the total remaining lease payments under the current operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 170,661
2021	175,350
2022	180,160
2023	185,112
2024	190,200
Thereafter	<u>922,000</u>
Total	<u>\$ 1,823,483</u>

## **Kidneylife Foundation, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

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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.