

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

FINANCIAL STATEMENTS

December 31, 2020, 2019, and 2018

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Michelle G. D'Amico CPA
165 Laurel Glen Drive
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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, 2020, 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, 2020, 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
June 25, 2021

Kidneylife Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020, 2019, and 2018

ASSETS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets:			
Cash and cash equivalents	\$ 4,097,166	\$ 1,893,724	\$ 1,359,321
Accounts receivable	3,586,449	2,475,140	1,776,707
Prepaid expenses	-	30,000	21,095
Total current assets	<u>7,683,615</u>	<u>4,398,864</u>	<u>3,157,123</u>
Property and equipment:			
Property & equipment	695,086	667,865	488,610
Less accumulated depreciation	<u>506,121</u>	<u>395,548</u>	<u>333,345</u>
Total property and equipment - net	<u>188,965</u>	<u>272,317</u>	<u>155,265</u>
Other assets:			
Security deposits	<u>410,140</u>	<u>70,140</u>	<u>70,140</u>
Total assets	<u>\$ 8,282,720</u>	<u>\$ 4,741,321</u>	<u>\$ 3,382,528</u>

LIABILITIES & NET ASSETS

Current liabilities:			
Accounts payable and accrued expenses	\$ 3,013,408	\$ 1,120,577	\$ 1,117,014
Long-term liabilities:			
Donor protection fund	<u>1,479,914</u>	<u>1,172,727</u>	<u>825,457</u>
Total liabilities	<u>\$ 4,493,322</u>	<u>\$ 2,293,304</u>	<u>\$ 1,942,471</u>
Net assets:			
Unrestricted net assets	<u>3,789,398</u>	<u>2,448,017</u>	<u>1,440,057</u>
Total liabilities and net assets	<u>\$ 8,282,720</u>	<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, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unrestricted net assets:			
Revenues:			
Program revenue	\$ 16,957,249	\$ 13,610,614	\$ 9,803,152
Center to center billings	597,389	692,168	93,397
Donations	8,494	15,185	13,545
Other income	54,389	30,300	17,000
Interest income	<u>113</u>	<u>88</u>	<u>194</u>
Total unrestricted revenue	<u>17,617,634</u>	<u>14,348,355</u>	<u>9,927,288</u>
Expenses:			
Direct transplant costs	11,562,075	9,108,071	7,163,970
Center to center reimbursements	597,389	692,168	93,397
Marketing and conferences	413,344	564,676	378,022
Depreciation	110,573	62,203	31,204
Insurance	264,368	57,217	51,812
Administrative and miscellaneous	668,866	417,785	313,040
Salaries and wages	988,652	777,531	668,097
Payroll taxes	75,268	70,101	56,041
Employee benefit programs	118,686	95,894	75,123
Legal and professional fees	125,250	107,575	79,717
Rent and utilities	252,598	182,991	108,064
Research funding and grants	261,950	405,790	197,630
Donor protection and support	647,405	425,888	188,042
Travel and meetings	74,699	192,505	103,071
Bad debt expense	111,366	180,000	-
Interest expense	<u>3,764</u>	<u>-</u>	<u>-</u>
Total expenses	<u>16,276,253</u>	<u>13,340,395</u>	<u>9,507,230</u>
Change in unrestricted net assets	1,341,381	1,007,960	420,058
Net assets, beginning	<u>2,448,017</u>	<u>1,440,057</u>	<u>1,019,999</u>
Net assets, ending	<u>\$ 3,789,398</u>	<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, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:			
Change in net assets	\$ 1,341,381	\$ 1,007,960	\$ 420,058
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	110,573	62,203	31,204
(Increase) decrease in assets:			
Accounts receivable	(1,111,309)	(698,433)	(432,381)
Prepaid expenses	30,000	(8,905)	-
Other assets	(340,000)	-	(70,140)
Increase (decrease) in liabilities:			
Accounts payable & accrued expenses	1,892,830	3,562	293,611
Donor protection fund	<u>307,187</u>	<u>347,270</u>	<u>377,389</u>
Total adjustments to net assets	<u>889,281</u>	<u>(294,303)</u>	<u>199,683</u>
Net cash provided by (used in) operating activities	<u>2,230,662</u>	<u>713,657</u>	<u>619,741</u>
Cash flows from investing activities:			
Purchase of property and equipment	<u>(27,220)</u>	<u>(179,254)</u>	<u>(124,454)</u>
Net cash (used) by investing activities	<u>(27,220)</u>	<u>(179,254)</u>	<u>(124,454)</u>
Net increase in cash and cash equivalents	2,203,442	534,403	495,287
Cash and cash equivalents, beginning	<u>1,893,724</u>	<u>1,359,321</u>	<u>864,034</u>
Cash and cash equivalents, ending	<u>\$ 4,097,166</u>	<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. (the “Foundation”) 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.

Advertising expenses: Marketing and advertising costs are expensed as incurred.

2. Property and Equipment:

Property and equipment at December 31, 2020, 2019, and 2018 are summarized as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Equipment	\$ 350,974	\$ 341,710	\$ 316,399
Building improvements	91,196	73,239	63,239
Furniture and fixtures	51,728	51,728	27,114
Website	194,577	194,577	75,247
Startup costs	6,611	6,611	6,611
	<u>695,086</u>	<u>667,865</u>	<u>488,610</u>
Less: accumulated depreciation	506,121	395,548	333,345
	<u>\$ 188,965</u>	<u>\$ 272,317</u>	<u>\$ 155,265</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, 2020, 2019, and 2018 was \$307,187, 347,270 and \$388,891, respectively. The total donor protection liability as of December 31, 2020, 2019, and 2018 was 1,479,914, \$1,172,727, and 825,457, respectively.

Kidneylife Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

4. Commitments:

Kidneylife has entered into various operating lease for office space. The effective dates, terms and monthly lease payments are as follows:

<u>Effective</u>	<u>Term</u>	<u>Monthly Rent</u>
4/28/2017	Mo. to Mo.	\$ 522
8/2/2018	10 Years	\$ 14,028 <i>Ending 7/31/21</i>
1/1/2020	3 Years	\$ 950
8/1/2021	10 Years	\$ 40,200

Rent expense for the year ended December 31, 2020, 2019, and 2018 was \$252,598, 182,991, and 108,064, respectively.

As of December 31, 2020, the total remaining lease payments under the current operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 302,302
2022	490,842
2023	505,567
2024	520,734
2025	536,356
Thereafter	<u>3,195,276</u>
Total	<u>\$ 5,551,078</u>

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.

Kidneylife Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

5. Subsequent events:

The Foundation has evaluated subsequent events through June 25, 2021, the date the financial statements were available to be issued and has determined that there are no reportable subsequent events or transactions that need to be disclosed in these financial statements.

6. COVID-19 contingency:

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. A health pandemic is a disease outbreak that spreads rapidly and widely by infection and affects many individuals in an area or population at the same time.

This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, which has led to an economic downturn. The public has avoided public gatherings and local, regional, and national governments have limited and banned public gatherings in an attempt to halt or delay the spread of the disease. The COVID-19 outbreak in the United States has resulted in the temporary mandatory closing of non-essential businesses. It is not possible for the Foundation to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company at this time.