

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2023 AND 2022

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
YEARS ENDED JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

| | Page |
|--|-------|
| Independent auditors' report | 1-3 |
| Financial statements: | |
| Statements of financial position | 4 |
| Statements of activities | 5-6 |
| Statements of functional expenses | 7-8 |
| Statements of cash flows | 9 |
| Notes to financial statements | 10-23 |
| Supplementary information: | |
| Supplementary schedule of share reconciliation | 24 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Kidney Foundation of Florida, Inc.
Orlando, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Kidney Foundation of Florida, Inc., which are comprised of the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of National Kidney Foundation of Florida, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 (GAAS). 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 National Kidney Foundation of Florida, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Foundation'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 Foundation'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of share reconciliation on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Orlando, Florida
October 2, 2023

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| | ASSETS | |
|--|--------------|--------------|
| | 2023 | 2022 |
| Current assets: | | |
| Cash and cash equivalents (Note 8) | \$ 204,975 | \$ 402,868 |
| Accounts receivable (Note 8) | 5,000 | 17,000 |
| Total current assets | 209,975 | 419,868 |
| Investments (Note 3) | 742,578 | 556,057 |
| Restricted cash (Notes 8 and 9) | 90,343 | 85,035 |
| Restricted investments (Notes 3 and 8) | 378,916 | 400,120 |
| Right of use asset - operating | 95,779 | |
| Other assets | 6,266 | 9,316 |
| | 1,313,882 | 1,050,528 |
| Total assets | \$ 1,523,857 | \$ 1,470,396 |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------|--------------|
| Current liabilities: | | |
| Operating lease liability - current (Note 6) | \$ 32,250 | |
| Accounts payable and accrued expenses | 24,395 | \$ 35,362 |
| Due to related party (Note 4) | 22,164 | 12,389 |
| Deferred revenue | 85,073 | 94,796 |
| Total current liabilities | 163,882 | 142,547 |
| Operating lease liability, less current obligations (Note 6) | 64,736 | |
| Total liabilities | 228,618 | 142,547 |
| Commitments (Note 6) | | |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 825,980 | 842,694 |
| Designated for visiting professorship at University of Miami | 76,092 | 79,000 |
| Total net assets without donor restrictions | 902,072 | 921,694 |
| With donor restrictions (Note 7) | 393,167 | 406,155 |
| Total net assets | 1,295,239 | 1,327,849 |
| Total liabilities and net assets | \$ 1,523,857 | \$ 1,470,396 |

See independent auditors' report and notes to financial statements.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Revenues and other support: | | | |
| Fundraising events | \$ 921,282 | | \$ 921,282 |
| Less cost of fundraising events | 329,242 | | 329,242 |
| | 592,040 | | 592,040 |
| Contributions of cash and other financial assets | 254,879 | \$ 45,315 | 300,194 |
| Contributions of nonfinancial assets | 17,000 | | 17,000 |
| Thrift store revenue | 54,651 | | 54,651 |
| Revenue from donated vehicles, net | 33,681 | | 33,681 |
| Investment income, including net realized gains on sale of securities | 34,912 | 17,708 | 52,620 |
| Net assets released from restrictions | 76,011 | (76,011) | |
| Total revenues, gains and other support | 1,063,174 | (12,988) | 1,050,186 |
| Expenses: | | | |
| Program services: | | | |
| Patient service | 364,504 | | 364,504 |
| Community service | 169,691 | | 169,691 |
| Professional education | 198,391 | | 198,391 |
| Public health education | 131,230 | | 131,230 |
| Research | 14,156 | | 14,156 |
| Total program services | 877,972 | | 877,972 |
| Supporting services: | | | |
| Management and general | 119,244 | | 119,244 |
| Fundraising | 85,580 | | 85,580 |
| | 204,824 | | 204,824 |
| Total expenses | 1,082,796 | | 1,082,796 |
| Change in net assets | (19,622) | (12,988) | (32,610) |
| Net assets, beginning of year | 921,694 | 406,155 | 1,327,849 |
| Net assets, end of year | <u>\$ 902,072</u> | <u>\$ 393,167</u> | <u>\$ 1,295,239</u> |

See independent auditors' report and notes to financial statements.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|---------------------|
| Revenues and other support: | | | |
| Fundraising events | \$ 897,285 | | \$ 897,285 |
| Less cost of fundraising events | 302,125 | | 302,125 |
| | <u>595,160</u> | | <u>595,160</u> |
| Contributions of cash and other financial assets | 244,455 | \$ 83,563 | 328,018 |
| Contributions of nonfinancial assets | 13,869 | | 13,869 |
| Thrift store revenue | 49,493 | | 49,493 |
| Revenue from donated vehicles, net | 28,615 | | 28,615 |
| Government grant | 18,951 | | 18,951 |
| Investment income, including net realized gain on sale of securities | (72,603) | (38,248) | (110,851) |
| Net assets released from restrictions | 155,977 | (155,977) | |
| Total revenues, losses and other support | <u>1,033,917</u> | <u>(110,662)</u> | <u>923,255</u> |
| Expenses: | | | |
| Program services: | | | |
| Patient service | 369,124 | | 369,124 |
| Community service | 164,754 | | 164,754 |
| Professional education | 159,272 | | 159,272 |
| Public health education | 114,239 | | 114,239 |
| Research | 15,592 | | 15,592 |
| Total program services | <u>822,981</u> | | <u>822,981</u> |
| Supporting services: | | | |
| Management and general | 103,393 | | 103,393 |
| Fundraising | 83,387 | | 83,387 |
| | <u>186,780</u> | | <u>186,780</u> |
| Total expenses | <u>1,009,761</u> | | <u>1,009,761</u> |
| Change in net assets | 24,156 | (110,662) | (86,506) |
| Net assets, beginning of year | <u>897,538</u> | <u>516,817</u> | <u>1,414,355</u> |
| Net assets, end of year | <u>\$ 921,694</u> | <u>\$ 406,155</u> | <u>\$ 1,327,849</u> |

See independent auditors' report and notes to financial statements.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

| | Program Services | | | | | Supporting Services | | | Total Expenses | |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------------|------------------|---------------------|------------------------|------------------|-------------------|---------------------|
| | Patient Services | Community Service | Professional Education | Public Health Education | Research | Total | Management and General | Fundraising | | Total |
| Salaries | \$ 68,968 | \$ 75,536 | \$ 55,831 | \$ 65,684 | | \$ 266,019 | \$ 16,420 | \$ 45,979 | \$ 62,399 | \$ 328,418 |
| Direct assistance to patients | 233,474 | | | | | 233,474 | 2,358 | | 2,358 | 235,832 |
| Revenue share payment to National | 20,110 | 44,956 | 56,421 | 19,280 | \$ 14,156 | 154,923 | 16,920 | 12,479 | 29,399 | 184,322 |
| Building occupancy | 9,908 | 10,851 | 8,021 | 9,436 | | 38,216 | 2,359 | 6,605 | 8,964 | 47,180 |
| Employee benefits | 11,260 | 12,333 | 9,115 | 10,724 | | 43,432 | 2,681 | 7,507 | 10,188 | 53,620 |
| Professional fees | 675 | 795 | 20,759 | 8,028 | | 30,257 | 48,300 | 450 | 48,750 | 79,007 |
| Patient advocate | 5,995 | 9,993 | 4,854 | 4,854 | | 25,696 | 857 | 1,999 | 2,856 | 28,552 |
| Payroll taxes | 5,701 | 6,244 | 4,615 | 5,429 | | 21,989 | 1,357 | 3,800 | 5,157 | 27,146 |
| Office supplies and services | 3,873 | 4,242 | 3,135 | 3,689 | | 14,939 | 922 | 2,582 | 3,504 | 18,443 |
| Telephone | 1,432 | 1,568 | 1,159 | 1,364 | | 5,523 | 340 | 955 | 1,295 | 6,818 |
| Printing and publications | 1,387 | 1,520 | 1,123 | 1,321 | | 5,351 | 331 | 925 | 1,256 | 6,607 |
| Meetings and travel | | | 32,395 | | | 32,395 | 16,745 | | 16,745 | 49,140 |
| Insurance | 860 | 941 | 696 | 819 | | 3,316 | 204 | 573 | 777 | 4,093 |
| Postage and shipping | 544 | 65 | 10 | | | 619 | 5,886 | 1,515 | 7,401 | 8,020 |
| Other | | 300 | | 300 | | 600 | 3,489 | | 3,489 | 4,089 |
| Dues and subscriptions | 317 | 347 | 257 | 302 | | 1,223 | 75 | 211 | 286 | 1,509 |
| Total expenses | \$ 364,504 | \$ 169,691 | \$ 198,391 | \$ 131,230 | \$ 14,156 | \$ 877,972 | \$ 119,244 | \$ 85,580 | \$ 204,824 | \$ 1,082,796 |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

| | Program Services | | | | | Supporting Services | | | Total Expenses | |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------------|------------------|---------------------|------------------------|------------------|-------------------|---------------------|
| | Patient Services | Community Service | Professional Education | Public Health Education | Research | Total | Management and General | Fundraising | | Total |
| Salaries | \$ 61,584 | \$ 67,449 | \$ 49,854 | \$ 58,651 | | \$ 237,538 | \$ 14,663 | \$ 41,056 | \$ 55,719 | \$ 293,257 |
| Direct assistance to patients | 248,376 | | | | | 248,376 | 2,509 | | 2,509 | 250,885 |
| Revenue share payment to National | 23,255 | 55,033 | 67,541 | 21,604 | \$ 15,592 | 183,025 | 20,546 | 16,649 | 37,195 | 220,220 |
| Building occupancy | 9,109 | 9,976 | 7,374 | 8,675 | | 35,134 | 2,169 | 6,073 | 8,242 | 43,376 |
| Employee benefits | 8,981 | 9,836 | 7,270 | 8,553 | | 34,640 | 2,140 | 5,987 | 8,127 | 42,767 |
| Professional fees | | 1,262 | 13,142 | 716 | | 15,120 | 34,139 | 30 | 34,169 | 49,289 |
| Patient advocate | 3,729 | 6,216 | 3,019 | 3,019 | | 15,983 | 533 | 1,243 | 1,776 | 17,759 |
| Payroll taxes | 4,904 | 5,371 | 3,970 | 4,671 | | 18,916 | 1,168 | 3,270 | 4,438 | 23,354 |
| Office supplies and services | 4,146 | 4,541 | 3,356 | 3,949 | | 15,992 | 988 | 2,764 | 3,752 | 19,744 |
| Telephone | 1,276 | 1,398 | 1,033 | 1,215 | | 4,922 | 304 | 851 | 1,155 | 6,077 |
| Printing and publications | 1,549 | 1,696 | 1,254 | 1,475 | | 5,974 | 368 | 1,033 | 1,401 | 7,375 |
| Meetings and travel | | | | | | | 15,216 | | 15,216 | 15,216 |
| Insurance | 834 | 914 | 675 | 795 | | 3,218 | 199 | 556 | 755 | 3,973 |
| Postage and shipping | 418 | 8 | 5 | | | 431 | 3,647 | 3,234 | 6,881 | 7,312 |
| Other | 664 | 727 | 537 | 632 | | 2,560 | 4,733 | 442 | 5,175 | 7,735 |
| Dues and subscriptions | 299 | 327 | 242 | 284 | | 1,152 | 71 | 199 | 270 | 1,422 |
| Total expenses | \$ 369,124 | \$ 164,754 | \$ 159,272 | \$ 114,239 | \$ 15,592 | \$ 822,981 | \$ 103,393 | \$ 83,387 | \$ 186,780 | \$ 1,009,761 |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|-------------|-------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (32,610) | \$ (86,506) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Investment income, including net realized (gains) losses on sale of securities | (52,620) | 110,851 |
| Reduction in right of use asset - operating | 31,007 | |
| (Decrease) increase in assets: | | |
| Accounts receivable | 12,000 | 8,000 |
| Other assets | 3,050 | (95) |
| Increase (decrease) in liabilities: | | |
| Operating lease liability | (29,800) | |
| Accounts payable and accrued expenses | (10,967) | 6,115 |
| Due to related party | 9,775 | (13,190) |
| Deferred revenue | (9,723) | 72,996 |
| Net cash provided by (used in) operating activities | (79,888) | 98,171 |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 159,522 | 347,051 |
| Purchase of investments | (272,219) | (479,592) |
| Net cash used in investing activities | (112,697) | (132,541) |
| Net decrease in cash, cash equivalents and restricted cash | (192,585) | (34,370) |
| Cash, cash equivalents and restricted cash, beginning of year | 487,903 | 522,273 |
| Cash, cash equivalents and restricted cash, end of year | \$ 295,318 | \$ 487,903 |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

1. Nature of organization:

National Kidney Foundation of Florida, Inc. (the “Foundation”) is a not-for-profit corporation founded in 1981 and established with a mission to prevent kidney and urinary tract diseases, improve the health and well-being of individuals and families affected by these diseases and increase the availability of all organs for transplantation. The Foundation is an affiliate of National Kidney Foundation, Inc. (the “National Foundation”), a not-for-profit corporation chartered in the State of New York. As an affiliate, the Foundation is a separately incorporated not-for-profit entity chartered by the National Foundation providing services that support the mission within its one designated territory, the State of Florida.

2. Summary of significant accounting policies:

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation has adopted the provisions of FASB ASC 958-605, Contributions Received (“ASC 958-605”), and FASB ASC 958-205, Not-for-Profit Entities: Presentation of Financial Statements (“ASC 958-205”). ASC 958-605 requires that contributions received, including unconditional promises to give, be recognized as increases in net assets in the period received at their fair value. ASC 958-205 establishes the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. It also requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions.

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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 Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When such stipulations end or are fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as released from restriction.

Support and revenue, as well as income and realized and unrealized net gains and losses on any invested assets, are reported as increases or decreases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of donor restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the restricted time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions, which are met in the same year as received, are reported as support and revenue without donor restrictions.

Cash, cash equivalents and restricted cash:

Cash and cash equivalents includes all highly liquid debt instruments purchased with a maturity of three months or less (cash equivalents). Cash also includes accounts with donor-imposed restrictions for specific program activities. At June 30, 2023 and 2022, the balance of the restricted cash accounts was \$90,343 and \$85,035, respectively.

The Foundation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash, cash equivalents and restricted cash.

Accounts receivable:

Accounts receivable are stated at net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Accounts receivable (continued):

determined to be uncollectible. At June 30, 2023 and 2022, outstanding accounts receivable totaled \$5,000 and \$17,000, respectively. There was no bad debt expense for the years ended June 30, 2023 and 2022.

Investments:

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment income in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on actual cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and equipment:

Property and equipment consist of production and office equipment and leasehold improvements. Property and equipment in excess of \$5,000 and an estimated useful life exceeding one year are capitalized and recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range between three to seven years.

Deferred revenue:

Deferred revenue consists of funds collected for sponsorships for various walk and golf events that will occur in the subsequent year. Revenue for these sponsorships will be recorded when the event occurs.

Contributions and promises to give:

The Foundation receives contributions to support program and operating activities from various sources, including but not limited to individuals, local businesses and other foundations. The Foundation recognizes revenue from contributions when cash is received or when donors make unconditional promises to give. Conditional

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Contributions and promises to give (continued):

promises to give are recognized as revenue when the conditions upon which they depend on are substantially met. Promises to give are recorded at their estimated net realizable value.

Sponsorships:

Sponsorships for special events that include exchange components, such as admission to the event, advertising and event space for promotional products, are recognized as revenue as performance obligations are satisfied. Payments received are recorded as deferred revenue until the performance is completed. Obligations are reviewed monthly to ascertain completions status. The Foundation measures each satisfied obligation for completeness consistent with the contract. Event obligations are deemed to have been satisfied when the event occurs.

Thrift store:

The Foundation has a contractual arrangement with a for-profit marketing company to solicit and collect donations of used clothing and household goods on behalf of the National Kidney Foundation of Florida, Inc. The Foundation receives \$0.125 per pound for items donated into drop boxes and a variable rate for curbside pickup donations. This curbside variable rate ranges from \$0.90 to \$1.25 per pickup depending on donor response range for a given week. The Foundation recognizes revenue from this agreement when payment is received from the for-profit marketing company.

Donated vehicles:

National Foundation uses a third party to administer its donated vehicles program. Upon sale of the donated vehicles, National Foundation forwards net proceeds to the Foundation. The Foundation recognizes revenue from the sale of donated vehicles, net of applicable expenses, when received from National Foundation.

Donated materials and services:

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and would typically need to be purchased

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Donated materials and services (continued):

if not provided by contributions. Contributed materials are recorded at their fair value at the date of the gift. The estimated fair value of contributed materials and services is reflected as contributions and expenses in the accompanying statements of activities and statements of functional expenses. For the year ended June 30, 2023, the Foundation's contributed nonfinancials assets totaled \$17,000 and was comprised of professional services from attorneys for the preparation of the Foundation's federal income tax return and the use of a facility for a fundraiser at no charge to the Foundation. For the year ended June 30, 2022, the Foundation's contributed nonfinancials assets totaled \$13,869 and was comprised of professional services from attorneys for the preparation of the Foundation's federal income tax return. Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services. The donated use of facilities is valued using the estimated cost that the Foundation would incur if it were to enter into an agreement with a third party for the use of similar facilities. Many hours of additional donated time have not been reflected in the accompanying statements of activities and changes in net assets as these donated services do not meet either of the two recognition criteria described above.

Government grants:

Revenues from government grants are recognized when earned, generally by incurring qualifying expenses. Expense-based grants are recognized as conditions are met by incurring allowable expenses. During the year ended June 30, 2022, the Foundation received \$18,951 of employee retention credits established under the Coronavirus Aid, Relief and Economic Security Act. The Foundation accounted for these funds as government grants and recognized income during the period in which the related expenses were incurred. As such, \$18,951 was recognized as grant income on the statement of activities for the year ended June 30, 2022.

Investment income:

Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets. Income earned from investments restricted in perpetuity, including realized and unrealized gains and losses, is recorded as net assets with donor restrictions and then released to net assets without donor restrictions through appropriations made in accordance with the Foundation's spending policy.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Functional allocation of expenses:

The cost of providing the Foundation's program services and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among program services and support activities of the Foundation. These allocations have been made based on an estimate of the relative benefit provided and considerations of time spent on the related activities.

Income taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Internal Revenue Code. Additionally, the Foundation is exempt from state income taxes pursuant to Chapter 220.13 of the Florida Statutes. The Foundation is subject to tax on income from any unrelated business. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Leases:

The Foundation recognizes and measures its leases in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, Leases. The Foundation is a lessee in noncancellable operating leases for office space and equipment. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Foundation uses the implicit rate of the lease agreement, if readily determinable, as the discount rate to determine present value. If the implicit rate is not readily determinable, the Foundation will use its incremental borrowing rate or the risk-free rate based on information available at the commencement date as well as the asset class. The Foundation's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Leases (continued):

economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e. present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

The Foundation made an accounting policy election by class of the underlying asset, for office space and equipment, to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard:

In February 2016, FASB issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842), which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. ROU assets represent the Foundation’s right to use an underlying asset for the lease term and lease liabilities represent the

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

2. Summary of significant accounting policies (continued):

Adoption of new accounting standard (continued):

Foundation's obligation to make lease payments arising from the lease. The new guidance requires the Foundation to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the income statement. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements.

In July 2018, the FASB issued ASU No. 2018-11, which provided entities with an additional transition method. Under the new transition method, an entity initially applies the new standard at the adoption date, versus at the beginning of the earliest period presented, and recognizes a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Foundation elected this transition method and adopted Topic 842 using a modified retrospective approach as of July 1, 2022. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous lease accounting guidance in Accounting Standards Codification (“ASC”) Topic 840 – Leases. There was no material cumulative effect on beginning net assets.

Upon adoption, the Foundation elected the package of transition practical expedients which allowed the Foundation to carry forward prior conclusions related to: (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) initial direct costs for existing leases. Additionally, the Foundation elected the practical expedient to not separate lease components from nonlease components for all leases within the portfolio.

3. Investments:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation’s asset or liability based on independently derived and

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

3. Investments (continued):

observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) for identical assets and liabilities in an active market.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. The Foundations does not use Level 2 inputs for any of its fair value measurements.

Level 3: Inputs that represent financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The Foundation does not use Level 3 inputs for any of its fair value measurements.

The fair value hierarchy for assets measured at fair value is as follows:

June 30, 2023:

| | <u>Level 1</u> | <u>Total</u> |
|------------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 28,993 | \$ 28,993 |
| Publicly traded mutual funds | 702,907 | 702,907 |
| Exchange traded funds | 329,800 | 329,800 |
| Fixed income funds | <u>59,794</u> | <u>59,794</u> |
| | <u>\$ 1,121,494</u> | <u>\$ 1,121,494</u> |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

3. Investments (continued):

June 30, 2022:

| | Level 1 | Total |
|------------------------------|------------|------------|
| Cash and cash equivalents | \$ 24,749 | \$ 24,749 |
| Publicly traded mutual funds | 651,352 | 651,352 |
| Exchange traded funds | 280,023 | 280,023 |
| Fixed income funds | 53 | 53 |
| | \$ 956,177 | \$ 956,177 |

4. Related party transactions:

As an affiliate of the National Kidney Foundation, Inc., as described in Note 1, the Foundation is required to remit 25% of unrestricted public support to the National Foundation. Share payments for the years ended June 30, 2023 and 2022 totaled \$184,322 and \$220,220, respectively, and are recorded as an expense that is allocated among the various program and supporting services of the Foundation.

During the years ended June 30, 2023 and 2022, an affiliate of the Foundation's board member contributed professional services that the Foundation would otherwise have had to purchase. The Foundation recorded contributed nonfinancial assets of \$12,000 and \$13,869 on the statement of activities and \$12,000 and \$13,869 of professional fees on the statement of functional expenses for the years ended June 30, 2023 and 2022, respectively, for these services.

During the year, donors and supporters may make donations to the Foundation via the National Foundation. These donations are posted as credits against the monthly share payments. As of June 30, 2023 and 2022, the net amount due to the National Foundation was \$22,164 and \$12,389, respectively.

5. Employee benefit plan:

The Foundation has a tax-deferred 403(b) plan through the National Affiliate covering all eligible employees. Employees become eligible to participate after one year of service. The Foundation can provide a discretionary matching contribution

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

5. Employee benefit plan (continued):

up to a maximum of 5% of participant salaries. During the years ended June 30, 2023 and 2022, the Foundation contributed \$10,612 and \$8,547, respectively, to the Plan which is included as a component of employee benefit expense on the statement of functional expenses.

6. Lease commitments:

The Foundation has obligations as a lessee for office space and equipment with initial noncancellable terms in excess of one year. The Foundation's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments under the lease contracts include fixed payments plus variable payments, as applicable. The Foundation's office space lease requires variable payments over the lease term for the Foundation's proportionate share of the buildings' property taxes, insurance and common area maintenance. These variable payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The following is a schedule by years of minimum future lease payments on the operating leases and the amortization of net present value of the lease liability as of June 30:

| | <u>Operating leases</u> |
|------------------------------------|-------------------------|
| 2024 | \$ 33,313 |
| 2025 | 34,214 |
| 2026 | 26,966 |
| 2027 | 3,141 |
| 2028 | <u>1,571</u> |
| Total lease payments | 99,205 |
| Less imputed interest | <u>(2,219)</u> |
| Present value of lease liabilities | 96,986 |
| Less current obligations | <u>(32,250)</u> |
| Long-term lease obligations | <u>\$ 64,736</u> |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

6. Lease commitments (continued):

The components of lease cost for the year ended June 30:

| | | |
|-----------------------|----|---------------|
| Operating lease cost | \$ | 32,067 |
| Short-term lease cost | | 3,638 |
| Variable lease cost | | 9,565 |
| Total lease cost | \$ | <u>45,270</u> |

Other information:

Cash paid for amounts included in the measurement of lease liabilities:

| | | |
|--|----|---------|
| Operating cash flows used in operating leases | \$ | 32,067 |
| Weighted-average remaining lease term – operating leases | | 3 years |
| Weighted-average discount rate – operating leases | | 1.3% |

For the year ended June 30, 2023, office lease expense of \$39,944 and equipment lease expense of \$1,688 are included on the statement of functional expenses under building occupancy and postage and shipping, respectively.

Additionally, under ASC Topic 840, expenses associated with operating lease agreements totaled \$38,189 for the year ended June 30, 2022.

7. Net assets with donor restrictions:

Net assets with donor restrictions consist of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------|-------------------|
| Hawthorne Fund | \$ 302,824 | \$ 321,120 |
| Franco Foundation | 78,913 | 74,481 |
| Transplant games | 7,955 | 7,654 |
| J. Karan scholarship fund | 500 | |
| Employee giving fund | 2,975 | 2,900 |
| | <u>\$ 393,167</u> | <u>\$ 406,155</u> |

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

7. Net assets with donor restrictions (continued):

Net assets with donor restrictions were released from net assets as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|------------------|-------------------|
| Satisfaction of purpose restrictions: | | |
| Patient aid | \$ 76,011 | \$ 145,717 |
| Public education | | 10,260 |
| | <u>\$ 76,011</u> | <u>\$ 155,977</u> |

8. Liquidity:

Financial assets available within one year for general expenditures are as follows as of June 30:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 295,318 | \$ 487,903 |
| Accounts receivable | 5,000 | 17,000 |
| Investments at fair value | 1,121,494 | 956,177 |
| Total liquid assets | 1,421,812 | 1,461,080 |
| Less: | | |
| Donor imposed restrictions | (393,167) | (406,155) |
| Board designated funds | <u>(76,092)</u> | <u>(79,000)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 952,553</u> | <u>\$ 976,925</u> |

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As part of its liquidity management, the Foundation has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which were approximately \$270,000 and \$249,000 as of June 30, 2023 and 2022, respectively. The Foundation's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

9. Supplemental cash flow information:

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported with the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 204,975 | \$ 402,868 |
| Restricted cash included in assets restricted to incurring expenses which satisfy the restricted purpose | <u>90,343</u> | <u>85,035</u> |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | <u>\$ 295,318</u> | <u>\$ 487,903</u> |

No cash was paid for interest or income taxes for the years ended June 30, 2023 and 2022.

10. Subsequent events:

Subsequent events were evaluated through October 2, 2023, which is the date the financial statements were available to be issued.

NATIONAL KIDNEY FOUNDATION OF FLORIDA, INC.
SCHEDULE OF SHARE RECONCILIATION
YEAR ENDED JUNE 30, 2023

| | |
|--------------------------|----------------------------|
| Per audit: | |
| Total revenues | \$ 1,050,186 |
| Add back: | |
| Direct benefit costs | <u>329,242</u> |
| Gross revenues per audit | <u><u>\$ 1,379,428</u></u> |

PER SHARE REPORT

| | <u>Gross</u> <u>Revenue</u> | <u>Allowable</u> <u>Deductions</u> | <u>Non-Shareable</u> <u>Revenues</u> | <u>Shareable</u> <u>Revenue</u> | <u>Share</u> <u>Reported</u> |
|--|--------------------------------|---------------------------------------|---|------------------------------------|---------------------------------|
| July 2022 | \$ 50,625 | \$ 3,738 | \$ 3,060 | \$ 43,827 | \$ 10,957 |
| August 2022 | 93,456 | 2,626 | (13,019) | 103,849 | 25,962 |
| September 2022 | (11,804) | 5,283 | (35,418) | 18,331 | 4,583 |
| October 2022 | 155,049 | 34,388 | 33,899 | 86,762 | 21,691 |
| November 2022 | 142,942 | 69,141 | 24,168 | 49,633 | 12,408 |
| December 2022 | 6,648 | 16,034 | (18,697) | 9,311 | 2,328 |
| January 2023 | 153,019 | 7,223 | 54,761 | 91,035 | 22,759 |
| February 2023 | 69,370 | 14,489 | (11,730) | 66,611 | 16,653 |
| March 2023 | 138,432 | 40,298 | 15,115 | 83,019 | 20,755 |
| April 2023 | 183,310 | 25,854 | 40,939 | 116,517 | 29,129 |
| May 2023 | 103,375 | 36,022 | (624) | 67,977 | 16,993 |
| June 2023 | 40,624 | 2,374 | 24,513 | 13,737 | 3,433 |
| June 2023 Adjustments | | | <u>13,321</u> | <u>(13,321)</u> | <u>(3,329)</u> |
| Total per share reports | 1,125,046 | 257,470 | 130,288 | 737,288 | 184,322 |
| Calculated share | | | | | <u>184,322</u> |
| Difference in Share | | | | | <u>0</u> |
| Gross revenues difference <i>Audit compared to Share</i> | <u>254,382</u> | | | | |
| Reconciling adjustments: | | | | | |
| Difference in investment income, including net realized and unrealized loss on sale of securities | 27,349 | | 27,349 | | |
| Cost of car sales included in gross revenue on statement of activities; excluded from gross revenue on share reports | (7,001) | (7,001) | | | |
| Revenue restricted for local use (Surf 2022) | 156,270 | | 156,270 | | |
| Timing difference (accrual vs modified cash) | 60,764 | | 60,764 | | |
| Contributed nonfinancial services | 17,000 | | 17,000 | | |
| Adjusted share gross income | <u>\$ 1,379,428</u> | <u>\$ 250,469</u> | <u>\$ 391,671</u> | <u>\$ 737,288</u> | |
| Adjusted calculated share | | | | | <u>\$ 184,322</u> |
| Difference in gross revenues | <u>0</u> | | | | |
| Difference in calculated share amounts | | | | | <u>0</u> |

The above schedule is provided to reconcile the Foundation's gross revenues reported to the National Kidney Foundation in its share reports to the public support and revenue in the statement of activities.