

**National Kidney Foundation
of Illinois, Inc.**

Financial Statements and
Independent Auditor's Report

March 31, 2018 and 2017



NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to the Financial Statements	10 - 16

INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Kidney Foundation of Illinois, Inc.

We have audited the accompanying financial statements of National Kidney Foundation of Illinois, Inc. (the "Foundation"), which comprise of the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses, 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 control 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 National Kidney Foundation of Illinois, Inc. as of March 31, 2018 and 2017, 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.

FGMK, LLC

Bannockburn, Illinois
November 20, 2018

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2018 AND 2017

	ASSETS	
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 881,184	\$ 649,363
Investments	4,980,031	4,720,997
Accounts receivable	229,654	169,498
Prepaid expenses	151,648	136,975
	<u>6,242,517</u>	<u>5,676,833</u>
PROPERTY AND EQUIPMENT	1,084,976	1,076,686
Less: Accumulated depreciation and amortization	<u>682,537</u>	<u>631,770</u>
	<u>402,439</u>	<u>444,916</u>
OTHER ASSETS	<u>36,545</u>	<u>36,545</u>
	<u>\$ 6,681,501</u>	<u>\$ 6,158,294</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 111,717	\$ 101,580
Deferred revenue	<u>221,818</u>	<u>61,344</u>
	<u>333,535</u>	<u>162,924</u>
NET ASSETS		
Unrestricted	3,478,702	3,349,347
Temporarily restricted	2,862,264	2,639,023
Permanently restricted	<u>7,000</u>	<u>7,000</u>
	<u>6,347,966</u>	<u>5,995,370</u>
	<u>\$ 6,681,501</u>	<u>\$ 6,158,294</u>

The accompanying notes are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Support from the public				
Received directly				
Contributions	\$ 198,040	\$ 16,295	\$ -	\$ 214,335
Received indirectly				
United Way campaign	40,452	7,500	-	47,952
Combined federal campaign	3,815	-	-	3,815
	<u>242,307</u>	<u>23,795</u>	<u>-</u>	<u>266,102</u>
Special events fund raisers				
Revenues	1,284,441	334,433	-	1,618,874
Less: Direct costs	690,590	-	-	690,590
	<u>593,851</u>	<u>334,433</u>	<u>-</u>	<u>928,284</u>
Net support from special events				
Total support from the public	<u>836,158</u>	<u>358,228</u>	<u>-</u>	<u>1,194,386</u>
Government grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other revenues				
Sales of donated vehicles	34,750	-	-	34,750
Less: Cost of sales and selling expenses	10,553	-	-	10,553
	<u>24,197</u>	<u>-</u>	<u>-</u>	<u>24,197</u>
Net sales of donated vehicles				
Program services	20,565	656,158	-	676,723
Investment return	272,890	-	-	272,890
Other	1,709	-	-	1,709
	<u>319,361</u>	<u>656,158</u>	<u>-</u>	<u>975,519</u>
Total other revenues				
Net assets released from restrictions	<u>791,145</u>	<u>(791,145)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES (to page 4)	<u>\$ 1,946,664</u>	<u>\$ 223,241</u>	<u>\$ -</u>	<u>\$ 2,169,905</u>

The accompanying notes are an integral part of this statement.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
TOTAL REVENUES (from page 3)	<u>\$ 1,946,664</u>	<u>\$ 223,241</u>	<u>\$ -</u>	<u>\$ 2,169,905</u>
EXPENSES				
Program services				
Research	81,392	-	-	81,392
Public education	310,341	-	-	310,341
Professional education	276,650	-	-	276,650
Patient services	404,855	-	-	404,855
Community services	<u>382,488</u>	<u>-</u>	<u>-</u>	<u>382,488</u>
	<u>1,455,726</u>	<u>-</u>	<u>-</u>	<u>1,455,726</u>
Supporting services				
Fund-raising	299,336	-	-	299,336
Management and general	<u>62,247</u>	<u>-</u>	<u>-</u>	<u>62,247</u>
	<u>361,583</u>	<u>-</u>	<u>-</u>	<u>361,583</u>
	<u>1,817,309</u>	<u>-</u>	<u>-</u>	<u>1,817,309</u>
CHANGE IN NET ASSETS	129,355	223,241	-	352,596
NET ASSETS				
Beginning of year	<u>3,349,347</u>	<u>2,639,023</u>	<u>7,000</u>	<u>5,995,370</u>
End of year	<u><u>\$ 3,478,702</u></u>	<u><u>\$ 2,862,264</u></u>	<u><u>\$ 7,000</u></u>	<u><u>\$ 6,347,966</u></u>

The accompanying notes are an integral part of this statement.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Support from the public				
Received directly				
Contributions	\$ 201,162	\$ 5,942	\$ -	\$ 207,104
Received indirectly				
United Way campaign	37,458	30,000	-	67,458
Combined federal campaign	6,122	-	-	6,122
	<u>244,742</u>	<u>35,942</u>	<u>-</u>	<u>280,684</u>
Special events fund raisers				
Revenues	1,253,652	258,159	-	1,511,811
Less: Direct costs	630,142	-	-	630,142
	<u>623,510</u>	<u>258,159</u>	<u>-</u>	<u>881,669</u>
Net support from special events				
Total support from the public	<u>868,252</u>	<u>294,101</u>	<u>-</u>	<u>1,162,353</u>
Government grants	<u>181</u>	<u>-</u>	<u>-</u>	<u>181</u>
Other revenues				
Sales of donated vehicles	60,575	-	-	60,575
Less: Cost of sales and selling expenses	10,864	-	-	10,864
	<u>49,711</u>	<u>-</u>	<u>-</u>	<u>49,711</u>
Net sales of donated vehicles				
Program services	16,325	584,099	-	600,424
Investment return	347,726	-	-	347,726
Other	2,550	-	-	2,550
	<u>416,312</u>	<u>584,099</u>	<u>-</u>	<u>1,000,411</u>
Total other revenues				
Net assets released from restrictions	<u>585,845</u>	<u>(585,845)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES (to page 6)	<u>\$ 1,870,590</u>	<u>\$ 292,355</u>	<u>\$ -</u>	<u>\$ 2,162,945</u>

The accompanying notes are an integral part of this statement.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
TOTAL REVENUES (from page 5)	\$ 1,870,590	\$ 292,355	\$ -	\$ 2,162,945
EXPENSES				
Program services				
Research	110,701	-	-	110,701
Public education	311,628	-	-	311,628
Professional education	197,368	-	-	197,368
Patient services	324,027	-	-	324,027
Community services	364,900	-	-	364,900
	<u>1,308,624</u>	<u>-</u>	<u>-</u>	<u>1,308,624</u>
Supporting services				
Fund-raising	275,691	-	-	275,691
Management and general	37,822	-	-	37,822
	<u>313,513</u>	<u>-</u>	<u>-</u>	<u>313,513</u>
	<u>1,622,137</u>	<u>-</u>	<u>-</u>	<u>1,622,137</u>
CHANGE IN NET ASSETS	248,453	292,355	-	540,808
NET ASSETS				
Beginning of year	<u>3,100,894</u>	<u>2,346,668</u>	<u>7,000</u>	<u>5,454,562</u>
End of year	<u>\$ 3,349,347</u>	<u>\$ 2,639,023</u>	<u>\$ 7,000</u>	<u>\$ 5,995,370</u>

The accompanying notes are an integral part of this statement.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2018

	Program Services			
	Research	Public Education	Professional Education	Patient Services
Salaries	\$ 8,068	\$ 180,829	\$ 72,617	\$ 195,542
Program material and services	-	-	91,390	70,171
Direct benefit costs - Special events	-	-	-	-
Professional fees and contract services	849	19,032	7,643	20,580
Revenue share payment to National Kidney Foundation, Inc.	7,779	24,366	70,421	25,441
Employee benefits	921	20,638	8,287	22,317
Depreciation of property and equipment	539	12,089	4,855	13,072
Payroll taxes	624	13,996	5,620	15,135
Office supplies	761	17,049	6,846	18,437
Occupancy	222	4,969	1,995	5,373
Donated vehicles - Cost of sales	-	-	-	-
Postage and shipping	31	686	276	742
Awards and grants	60,854	-	-	-
Printing and visual aids	184	4,121	1,655	4,456
Meetings and travel	143	3,212	1,290	3,473
Telephone	189	4,227	1,697	4,571
General insurance	98	2,202	884	2,382
Miscellaneous	130	2,925	1,174	3,163
	<u>81,392</u>	<u>310,341</u>	<u>276,650</u>	<u>404,855</u>
Less:				
Direct benefit costs - Special events	-	-	-	-
Donated vehicles - Cost of sales	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,392</u>	<u>\$ 310,341</u>	<u>\$ 276,650</u>	<u>\$ 404,855</u>
Current year's percentages	<u>4.47%</u>	<u>17.08%</u>	<u>15.22%</u>	<u>22.28%</u>

The accompanying notes are an integral part of this statement.

Community Services	Total	Supporting Services			Total Program and Supporting
		Fund-Raising	Management and General	Total	
\$ 104,891	\$ 561,947	\$ 176,083	\$ 21,358	\$ 197,441	\$ 759,388
162,177	323,738	-	-	-	323,738
-	-	690,590	-	690,590	690,590
11,040	59,144	18,532	2,248	20,780	79,924
54,429	182,436	20,866	25,487	46,353	228,789
11,971	64,134	20,097	5,421	25,518	89,652
7,012	37,567	11,772	1,428	13,200	50,767
8,118	43,493	13,629	1,653	15,282	58,775
9,890	52,983	16,602	2,014	18,616	71,599
2,882	15,441	4,838	587	5,425	20,866
-	-	-	10,553	10,553	10,553
398	2,133	668	81	749	2,882
-	60,854	-	-	-	60,854
2,390	12,806	4,013	487	4,500	17,306
1,863	9,981	3,128	379	3,507	13,488
2,452	13,136	4,115	499	4,614	17,750
1,278	6,844	2,145	260	2,405	9,249
1,697	9,089	2,848	345	3,193	12,282
<u>382,488</u>	<u>1,455,726</u>	<u>989,926</u>	<u>72,800</u>	<u>1,062,726</u>	<u>2,518,452</u>
-	-	690,590	-	690,590	690,590
-	-	-	10,553	10,553	10,553
-	-	690,590	10,553	701,143	701,143
<u>\$ 382,488</u>	<u>\$ 1,455,726</u>	<u>\$ 299,336</u>	<u>\$ 62,247</u>	<u>\$ 361,583</u>	<u>\$ 1,817,309</u>
<u>21.05%</u>	<u>80.10%</u>	<u>16.47%</u>	<u>3.43%</u>	<u>19.90%</u>	<u>100.00%</u>

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2017

	Program Services			
	Research	Public Education	Professional Education	Patient Services
Salaries	\$ 28,221	\$ 180,346	\$ 53,354	\$ 164,913
Program material and services	-	-	44,429	36,836
Direct benefit costs - Special events	-	-	-	-
Professional fees and contract services	3,788	24,212	7,163	22,140
Revenue share payment to National Kidney Foundation, Inc.	6,120	23,967	67,837	24,146
Employee benefits	3,015	19,268	5,701	17,620
Depreciation of property and equipment	1,854	11,845	3,504	10,832
Payroll taxes	2,335	14,923	4,414	13,646
Office supplies	2,468	15,771	4,666	14,422
Occupancy	899	5,746	1,700	5,254
Donated vehicles - Cost of sales	-	-	-	-
Postage and shipping	75	479	142	439
Awards and grants	59,567	-	-	-
Printing and visual aids	523	3,344	990	3,058
Meetings and travel	583	3,727	1,103	3,408
Telephone	629	4,019	1,189	3,675
General insurance	352	2,253	666	2,060
Miscellaneous	272	1,728	510	1,578
	<u>110,701</u>	<u>311,628</u>	<u>197,368</u>	<u>324,027</u>
Less:				
Direct benefit costs - Special events	-	-	-	-
Donated vehicles - Cost of sales	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 110,701</u>	<u>\$ 311,628</u>	<u>\$ 197,368</u>	<u>\$ 324,027</u>
Current year's percentages	<u>6.81%</u>	<u>19.21%</u>	<u>12.17%</u>	<u>19.98%</u>

The accompanying notes are an integral part of this statement.

Community Services	Total	Supporting Services			Total Program and Supporting
		Fund-Raising	Management and General	Total	
\$ 110,677	\$ 537,511	\$ 159,622	\$ 8,378	\$ 168,000	\$ 705,511
132,613	213,878	-	-	-	213,878
-	-	630,142	-	630,142	630,142
14,859	72,162	21,430	1,125	22,555	94,717
55,752	177,822	21,086	24,459	45,545	223,367
11,825	57,429	17,054	895	17,949	75,378
7,269	35,304	10,484	550	11,034	46,338
9,158	44,476	13,208	693	13,901	58,377
9,679	47,006	13,959	733	14,692	61,698
3,526	17,125	5,086	267	5,353	22,478
-	-	-	10,864	10,864	10,864
294	1,429	425	22	447	1,876
-	59,567	-	-	-	59,567
2,052	9,967	2,960	155	3,115	13,082
2,287	11,108	3,298	173	3,471	14,579
2,466	11,978	3,557	187	3,744	15,722
1,383	6,714	1,994	105	2,099	8,813
1,060	5,148	1,528	80	1,608	6,756
<u>364,900</u>	<u>1,308,624</u>	<u>905,833</u>	<u>48,686</u>	<u>954,519</u>	<u>2,263,143</u>
-	-	630,142	-	630,142	630,142
-	-	-	10,864	10,864	10,864
-	-	630,142	10,864	641,006	641,006
<u>\$ 364,900</u>	<u>\$ 1,308,624</u>	<u>\$ 275,691</u>	<u>\$ 37,822</u>	<u>\$ 313,513</u>	<u>\$ 1,622,137</u>
<u>22.50%</u>	<u>80.67%</u>	<u>17.00%</u>	<u>2.33%</u>	<u>19.33%</u>	<u>100.00%</u>

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 352,596	\$ 540,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,767	46,338
Net unrealized gain on investments	(117,904)	(270,558)
Increase (decrease) in:		
Accounts receivable	(60,156)	(30,938)
Prepaid expenses	(14,673)	(29,432)
Accounts payable and accrued expenses	10,137	2,930
Deferred revenue	<u>160,474</u>	<u>(8,424)</u>
Net Cash Provided By Operating Activities	<u>381,241</u>	<u>250,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,044,521)	(652,699)
Proceeds from sale of investments	1,903,392	589,340
Purchases of property and equipment	<u>(8,291)</u>	<u>(58,174)</u>
Net Cash Used In Investing Activities	<u>(149,420)</u>	<u>(121,533)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	231,821	129,191
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>649,363</u>	<u>520,172</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 881,184</u></u>	<u><u>\$ 649,363</u></u>

The accompanying notes are an integral part of these statements.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Activities. The National Kidney Foundation of Illinois, Inc. (the “Foundation”) is a not-for-profit voluntary health organization. The Foundation provides public education, professional education, patient services, community services and research grants relating to kidney disease and transplantation in Illinois. The Foundation is an affiliate of the National Kidney Foundation, Inc. (the “National Office”).

Basis of Presentation. These financial statements have been prepared on the accrual basis of accounting. These financial statements report amounts separately by class of net assets. The separate classes of net assets are defined as follows:

Unrestricted - Amounts that are currently available for use in the Foundation’s operation and for acquisition of property and equipment.

Temporarily Restricted - Amounts that are stipulated by donors for specific operating purposes or for use in future periods.

Permanently Restricted - Amounts that are stipulated by donors to be maintained permanently by the Foundation.

Research. The NKFI Research Grant program funds young investigators who have research projects that will increase the understanding of kidney, urologic and related diseases and transplantation as well as improve the clinical management and treatment or cure of these diseases. Grant submissions are reviewed and selected by the NKFI Research Review Committee on a biennial basis. Award winners received up to \$60,000 per year for a total of \$120,000 award period.

Public Education. World Kidney Day is a global awareness campaign aimed at raising awareness of the importance of our kidneys.

The Advocacy program drives legislative change to guarantee thoughtful policies are in place for individuals living with kidney disease as well as dialysis patients and transplant recipients.

Build a Better Basket is a program that follows a Jewel-Osco dietitian as they go on a virtual tour of a typical grocery store, giving demonstrations and tips on healthy food prep, while showing samples of kidney-friendly meals and serving sizes.

Health is in Style is a collaboration of barbers and stylists and the National Kidney Foundation of Illinois to educate the African American community about the risks of kidney disease.

Patient Services. Living with Kidney Disease and Transplantation is a series of one-day conferences offered for people affected by or at risk for kidney disease, individuals on dialysis, people waiting for a kidney transplant and those who have already been transplanted, as well as their family members. Experts present on current topics such as treatment options for kidney failure, medications and their side effects, insurance options and financial assistance, as well as psychological effects of living with kidney disease.

Kidney Camp is a free week-long overnight camp in northern Illinois for kids ages 7-15 who have had organ transplants, are on dialysis or are living with kidney disease.

Professional Education. Citywide Grand Rounds follows a Clinical Pathologic Case Presentation model, with the evening including interesting case presentations. The audience participates by asking questions and voting during each case.

(Continued)

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Professional Education (Concluded). Controversies in Nephrology is a program presented through an interactive, participatory debate among nephrology fellows representing Chicago's medical academic centers. Debate topics are chosen based on their relevance and association with the nephrology and transplant fields. This program provides an evening of networking and education for nephrologists, transplant surgeons and allied health professionals.

The Illinois Council on Renal Nutrition's Spring Clinical Meeting is an intensive one-day professional development course specifically geared toward renal dietitians, to provide information and education on the most cutting-edge practices and treatment currently available to renal patients.

The Interdisciplinary Nephrology Conference is an intensive one-day course geared specifically to the needs of nephrology nurses, dietitians, social workers and technicians. The Interdisciplinary Nephrology Conference provides information to renal professionals on the most cutting-edge practices and treatment currently available to renal patients and creates an opportunity to network and share information with colleagues.

Community Services. The KidneyMobile is the nation's first mobile screening and education vehicle for kidney disease, diabetes and high blood pressure. It travels throughout Illinois, focusing on medically underserved communities to provide comprehensive early detection screenings and education to individuals considered most at risk. On average, there are 70 KidneyMobile screenings a year. In the lifetime of the program, KidneyMobile has screened more than 54,000 participants.

Investment Valuation and Income Recognition. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment return includes the Foundation's gains and losses on investments bought and sold as well as held during the year and are included in the statements of activities.

Contributions and Grants. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues applicable to special events in a future period are considered to be deferred revenue until the special events occur, at which time the deferred revenue is reclassified as special events revenue.

Affiliations. Twenty-five percent of gross unrestricted contributed income, as defined, less certain allowed expenses, are remitted to the National Office. The Foundation had an outstanding balance due to the National Office of \$45,991 and \$30,837 as of March 31, 2018 and 2017, respectively, which is included in accounts payable and accrued expenses on the accompanying statements of financial position.

Cash and Cash Equivalents. Cash and cash equivalents include temporary investments purchased with a maturity of three months or less. The Foundation maintains cash and cash equivalents in bank accounts that may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

(Continued)

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates based on the long-term federal rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Depreciation. Property and equipment are recorded at cost as of the date of acquisition or at fair market value at the date of donation. Property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no impairment charges for the year ended March 31, 2018 and 2017. Depreciation is provided on straight-line methods over the estimated useful lives of the assets generally as follows:

	Useful Life Estimated (Years)
Building	27.5
Equipment	3 - 7
Furnishings	5 - 7
KidneyMobile	7

Allocation of Costs. Expenses, which cannot be directly identified with specific functions, are allocated based on estimates of staff hours devoted to the respective functions. The revenue share payment to the National Office is allocated to specific functions based on percentages provided by the National Office as follows for the years ended March 31, 2018 and 2017:

	2018	2017
Research	3.40%	2.74%
Public education	10.65%	10.73%
Professional education	30.78%	30.37%
Patient services	11.12%	10.81%
Community services	23.79%	24.96%
Fundraising	9.12%	9.44%
Management and general	11.14%	10.95%
	<u>100.00%</u>	<u>100.00%</u>

Management Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of net assets and changes therein. Actual results could differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

(Continued)

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Recent Accounting Pronouncements. In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenues from Contracts and Customers* (Topic 606). This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of good or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, *Revenue for Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2018. Early adoption is permitted for reporting periods beginning after December 15, 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. Management is currently evaluating this standard, including which transition approach to use.

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU is an update to the presentation of the Statement of Activities and liquidity measures. The effective date is for annual periods beginning after June 15, 2018.

NOTE 2 – INVESTMENTS

Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1.** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2.** Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3.** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of March 31, 2018 and 2017.

Mutual Funds and Money Market Funds. Valued at the net asset value of shares held by the Plan at year end, based on quoted market price.

(Continued)

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – INVESTMENTS (Concluded)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of March 31, 2018 and 2017:

	Assets at Fair Value as of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash and Equivalents	\$ 16,417	\$ -	\$ -	\$ 16,417
Mutual Funds:				
Equities	1,979,650	-	-	1,979,650
Alternatives	912,480	-	-	912,480
Fixed Income – Bonds	2,071,484	-	-	2,071,484
Total investment assets at fair value	<u>\$ 4,980,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,980,031</u>
	Assets at Fair Value as of March 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and Equivalents	\$ 27,620	\$ -	\$ -	\$ 27,620
Mutual Funds:				
Equities	1,537,312	-	-	1,537,312
Alternatives	1,093,969	-	-	1,093,969
Fixed Income – Bonds	2,062,096	-	-	2,062,096
Total investment assets at fair value	<u>\$ 4,720,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,720,997</u>

The components of the investment return as shown in the accompanying statements of activities are as follows:

Year Ended March 31	Interest and Dividends	Net Realized Gain (Loss)	Net Unrealized Gain (Loss)	Total Investment Return
2018	<u>\$ 110,454</u>	<u>\$ 44,532</u>	<u>\$ 117,904</u>	<u>\$ 272,890</u>
Year Ended March 31	Interest and Dividends	Net Realized Gain (Loss)	Net Unrealized Gain (Loss)	Total Investment Return
2017	<u>\$ 77,585</u>	<u>\$ (417)</u>	<u>\$ 270,558</u>	<u>\$ 347,726</u>

Investment management fees were \$13,855 and \$13,771 for the years ended March 31, 2018 and 2017, respectively, and are included in professional fees and contract services in the accompanying statements of functional expenses.

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building	\$ 852,868	\$ 852,868
Equipment	106,104	103,306
Furnishings	81,603	76,111
KidneyMobile	<u>44,401</u>	<u>44,401</u>
	<u>\$ 1,084,976</u>	<u>\$ 1,076,686</u>

NOTE 4 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently restricted net assets are comprised of \$7,000 in gifts. The principal of these gifts is to be held in perpetuity. All earnings thereon are included as unrestricted net assets.

Temporarily restricted net assets were available for the following purposes in Illinois as of March 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Research	\$ 1,338,452	\$ 1,389,159
Program services	<u>1,523,812</u>	<u>1,249,864</u>
	<u>\$ 2,862,264</u>	<u>\$ 2,639,023</u>

NOTE 5 – INCOME TAX STATUS

The Foundation is a not-for-profit voluntary health agency exempt from income tax under Section 501(c)(3) of the Internal Revenue Code under the exemption granted to the National Office. Contributions from individuals qualify as a charitable contribution deduction subject to the 50% limitation. The National Office has been designated by the Internal Revenue Service as a “publicly supported organization.”

NOTE 6 – EMPLOYEE BENEFIT PLANS

The Foundation has a 401(k) plan that covers substantially all the employees. Employees are immediately eligible and may enter the plan at semiannual entry dates.

The Plan document allows for a discretionary employer match. The Foundation contributed approximately \$22,000 and \$17,000 for the years ended March 31, 2018 and 2017, respectively.

NOTE 7 – COMMITMENTS

The Foundation leases certain office equipment under various non-cancelable operating leases which expire in July 2019. Monthly rent expense related to these leases average approximately \$1,005.

(Continued)

NATIONAL KIDNEY FOUNDATION OF ILLINOIS, INC.**NOTES TO THE FINANCIAL STATEMENTS****NOTE 7 – COMMITMENTS (Concluded)**

The Foundation has awarded an approximately \$60,000 research grant to a doctor at Northwestern University. The grant is for research during the period July 1, 2017 through June 30, 2018 and is to be paid in installments of \$30,000. The Foundation has disbursed \$60,000 relating to this grant during the year ended March 31, 2018.

The Foundation has awarded an approximately \$60,000 research grant to a doctor at Northwestern University. The grant is for research during the period July 1, 2016 through June 30, 2017 and is to be paid in installments of \$30,000. The Foundation has disbursed \$59,567 relating to this grant during the year ended March 31, 2017.

NOTE 8 – CONCENTRATIONS

The Gift of Life Gala is an annual general fundraising event which generated gross revenues of \$297,446 and \$401,957, respectively, and accounted for approximately 10% and 14% of total revenues for the years ended March 31, 2018 and 2017, respectively. The increase in net assets from this event totaled \$150,040 and \$242,429 for the years ended March 31, 2018 and 2017, respectively.

The Middle Market Open is an annual golf tournament and fundraiser targeting middle market companies. This event generated gross revenues of \$952,164 and \$614,775, respectively, and accounted for approximately 34% and 22% of total revenues for the years ended March 31, 2018 and 2017, respectively. The increase in net assets from this event totaled \$548,683 and \$309,351 for the years ended March 31, 2018 and 2017.

The Walk for Kidneys is an annual general fundraising event which generated gross revenues of \$255,214 and \$344,411, respectively, and accounted for approximately 9% and 12% of total revenues for the years ended March 31, 2018 and 2017, respectively. The increase in net assets from this event totaled \$202,081 and \$234,520 for the years ended March 31, 2018 and 2017, respectively.

The KidneyMobile is a mobile, interactive exhibit that travels throughout Illinois providing free prevention education and health screening for high blood pressure, diabetes and chronic kidney disease. Contributions for the operation of the KidneyMobile and general contributions to the Foundation generated from the KidneyMobile's operations totaled \$342,756 and \$386,200, respectively, and accounted for approximately 12% and 14% of total revenues for the years ended March 31, 2018 and 2017, respectively. Included in the special events revenue for the year ended March 31, 2018 and 2017 is a contribution from Weiss Memorial Hospital totaling \$337,750 per year, all of which was collected during the period. After considering operations, maintenance, and other costs, the increase in net assets for the operation of the KidneyMobile was \$197,122 and \$224,865 for the years ended March 31, 2018 and 2017, respectively.

NOTE 9 – VOLUNTEER SERVICES

The Foundation utilizes experts in the medical profession related to Kidney disease to perform services at KidneyMobile screenings held throughout the year. The services donated by these volunteers are valued at rates published by Docimity.com. For the year ended March 31, 2018, the Foundation recorded \$38,000 of specialized volunteer services.

The Foundation utilizes non-specialized volunteers to perform services at their special events. These services are not recorded in the accompanying financial statements. The number of hours estimated for these services in the year ended March 31, 2018 is 1,600 hours.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from March 31, 2018 through November 20, 2018, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.