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TENNESSEE KIDNEY FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020 AND 2019

TENNESSEE KIDNEY FOUNDATION, INC.
Financial Statements
JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Tennessee Kidney Foundation, Inc.

We have audited the accompanying statements of financial position of Tennessee Kidney Foundation, Inc. as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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 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 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 Tennessee Kidney Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 10, 2020

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TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 515,278	\$ 478,597
Contributions receivable	67,728	69,171
Grants receivable	48,466	22,633
Prepays	13,889	4,618
Total assets	<u>\$ 645,361</u>	<u>\$ 575,019</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 38,454	\$ 46,209
Accrued liabilities	4,789	-
Note payable	61,100	-
Total liabilities	<u>104,343</u>	<u>46,209</u>
Net Assets		
Without donor restrictions	518,796	528,810
With donor restrictions	22,222	-
Total net assets	<u>541,018</u>	<u>528,810</u>
Total liabilities and net assets	<u>\$ 645,361</u>	<u>\$ 575,019</u>

The accompanying notes are an integral part of these financial statements

TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public support:			
Grant income	\$ 154,227	\$ 22,222	\$ 176,449
Contributions	112,982	-	112,982
Special event revenue:			
Revenue	464,259	-	464,259
Less direct costs	(90,359)	-	(90,359)
Net revenue from special events	373,900	-	373,900
Total public support	641,109	22,222	663,331
Other revenue:			
Interest income	1,716	-	1,716
Total other revenue	1,716	-	1,716
Net assets released from restrictions	-	-	-
Total public support and other revenue	642,825	22,222	665,047
Expenses			
Program services:			
Preventive services & community education	62,180	-	62,180
Professional education	58,281	-	58,281
Transportation & emergency assistance	457,730	-	457,730
Total program services	578,191	-	578,191
Supporting services:			
Fundraising	57,997	-	57,997
Management and general	16,651	-	16,651
Total supporting services	74,648	-	74,648
Total expenses	652,839	-	652,839
Change in net assets	(10,014)	22,222	12,208
Net assets at beginning of year	528,810	-	528,810
Net assets at end of year	\$ 518,796	\$ 22,222	\$ 541,018

The accompanying notes are an integral part of these financial statements

TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public support:			
Grant income	\$ 164,792	\$ -	\$ 164,792
Contributions	124,146		124,146
Special event revenue:			
Revenue	599,249	-	599,249
Less direct costs	(281,745)	-	(281,745)
Net revenue from special events	317,504	-	317,504
Total public support	606,442	-	606,442
Other revenue:			
Interest income	1,626	-	1,626
Total other revenue	1,626	-	1,626
Net assets released from restrictions	16,927	(16,927)	-
Total public support and other revenue	624,995	(16,927)	608,068
Expenses			
Program services:			
Preventive services & community education	55,341	-	55,341
Professional education	51,442	-	51,442
Transportation & emergency assistance	358,460	-	358,460
Total program services	465,243	-	465,243
Supporting services:			
Fundraising	69,439	-	69,439
Management and general	32,680	-	32,680
Total supporting services	102,119	-	102,119
Total expenses	567,362	-	567,362
Change in net assets	57,633	(16,927)	40,706
Net assets at beginning of year	471,177	16,927	488,104
Net assets at end of year	\$ 528,810	\$ -	\$ 528,810

The accompanying notes are an integral part of these financial statements

TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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Cash Flows From Operating Activities:	<u>2020</u>	<u>2019</u>
Change in net assets	\$ 12,208	\$ 40,706
Changes in operating assets and liabilities:		
Contributions receivable	1,443	49,704
Grants receivable	(25,833)	(13,475)
Prepays	(9,271)	20,475
Accounts payable	(7,755)	9,882
Accrued liabilities	4,789	(6,500)
Net cash (used in) provided by operating activities	<u>(24,419)</u>	<u>100,792</u>
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	<u>61,100</u>	<u>-</u>
Net cash provided by financing activities	<u>61,100</u>	<u>-</u>
Net change in cash and cash equivalents	36,681	100,792
Cash and cash equivalents at beginning of year	<u>478,597</u>	<u>377,805</u>
Cash and cash equivalents at end of year	<u><u>\$ 515,278</u></u>	<u><u>\$ 478,597</u></u>
<u>Supplemental schedule of noncash operating activities:</u>		
In-kind donations	<u><u>\$ -</u></u>	<u><u>\$ 47,273</u></u>

The accompanying notes are an integral part of these financial statements

TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		Total Expenses
	Preventive Services & Community Education	Professional Education	Transportation & Emergency Assistance	Management and General	Fundraising	
Salaries	\$ 39,414	\$ 39,414	\$ 152,027	\$ 11,261	\$ 39,415	\$ 281,531
Employee benefits	3,438	3,438	13,259	982	3,437	24,554
Payroll taxes	3,015	3,015	11,630	861	2,737	21,258
Total compensation	45,867	45,867	176,916	13,104	45,589	327,343
Professional fees	433	433	1,669	124	431	3,090
Direct assistance to patients	3,899	-	232,937	-	-	236,836
Office supplies and services	4,208	4,208	16,230	1,202	4,206	30,054
Telephone and internet	736	736	2,836	210	736	5,254
Postage and shipping	565	565	2,179	161	565	4,035
Building occupancy	3,170	3,170	12,226	906	3,169	22,641
Insurance	486	486	1,876	139	487	3,474
Technology	1,507	1,507	5,811	430	1,506	10,761
Meetings and travel	472	472	1,819	135	471	3,369
Strategic planning	247	247	954	71	247	1,766
Marketing and annual giving	590	590	2,277	169	590	4,216
Direct expenses of special events	-	-	-	-	90,359	90,359
Total expenses	62,180	58,281	457,730	16,651	148,356	743,198
Less: expenses netted with revenue on statement of activities;	-	-	-	-	(90,359)	(90,359)
Direct expenses of special events	62,180	58,281	457,730	16,651	57,997	652,839
Total expenses by function	\$ 62,180	\$ 58,281	\$ 457,730	\$ 16,651	\$ 57,997	\$ 652,839
Current year's percentages	9.52%	8.93%	70.11%	2.55%	8.88%	100.00%
			88.57%		11.43%	

The accompanying notes are an integral part of these financial statements

**TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services				Supporting Services			Total Expenses
	Preventive Services & Community Education	Professional Education	Transportation & Emergency Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 33,856	\$ 33,856	\$ 130,587	\$ 198,299	\$ 9,672	\$ 33,856	\$ 43,528	\$ 241,827
Employee benefits	1,865	1,865	7,194	10,924	533	1,864	2,397	13,321
Payroll taxes	2,690	2,690	9,990	15,370	753	2,690	3,443	18,813
Total compensation	38,411	38,411	147,771	224,593	10,958	38,410	49,368	273,961
Professional fees	2,062	2,062	7,952	12,076	589	2,060	2,649	14,725
Direct assistance to patients	3,899	-	160,433	164,332	-	-	-	164,332
Office supplies and services	2,602	2,602	10,036	15,240	743	2,602	3,345	18,585
Telephone and internet	550	550	2,120	3,220	157	550	707	3,927
Postage and shipping	600	600	2,313	3,513	171	599	770	4,283
Building occupancy	3,095	3,095	11,939	18,129	884	3,097	3,981	22,110
Insurance	533	533	2,055	3,121	152	533	685	3,806
Technology	1,763	1,763	6,802	10,328	504	1,763	2,267	12,595
Meetings and travel	829	829	3,196	4,854	237	828	1,065	5,919
Strategic planning	340	340	1,312	1,992	97	340	437	2,429
Marketing and annual giving	237	237	913	1,387	68	237	305	1,692
Bad debt expense	-	-	-	-	18,000	18,000	36,000	36,000
Miscellaneous	420	420	1,618	2,458	120	420	540	2,998
Direct expenses of special events	-	-	-	-	-	281,745	281,745	281,745
Total expenses	55,341	51,442	358,460	465,243	32,680	351,184	383,864	849,107
Less: expenses netted with revenue on statement of activities;	-	-	-	-	-	(281,745)	(281,745)	(281,745)
Direct expenses of special events	\$ 55,341	\$ 51,442	\$ 358,460	\$ 465,243	\$ 32,680	\$ 69,439	\$ 102,119	\$ 567,362
Total expenses by function	9.75%	9.07%	63.18%	82.00%	5.76%	12.24%	18.00%	100.00%
Current year's percentages								

The accompanying notes are an integral part of these financial statements

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Tennessee Kidney Foundation, Inc. (the “Organization”) is a not-for-profit organization located in Nashville, Tennessee. The Organization’s purpose is to empower and support those at risk or affected by kidney disease. Its vision is a Tennessee where the rate of kidney disease is minimized and those to need care receive care. The Organization fulfills its mission through programs, including Transportation and Emergency Assistance, Preventive Services and Community Education and Professional Education.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. All contributions are expected to be collected in less than one year.

Contributions

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Donated Material and Services

A substantial number of unpaid volunteers have made contributions of their time to assist the Organization, and substantial contributions of materials for use in special events have been received. The value of contributed materials for years ended June 30, 2020 and 2019 is \$0 and \$47,273, respectively, and is properly reflected in the financial statements. The value of time contributed by volunteers is not estimable.

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Building occupancy, technology, telephone, and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$609,250 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$493,056, contributions receivable of \$67,728 and grants receivable of \$48,466. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet one year of normal operating expenses. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020, net assets with donor restrictions are available for the following purpose or period:

	<u>2020</u>
<u>Purpose restriction</u>	
Transportation and Emergency Assistance	\$ 7,222
<u>Time restriction</u>	
Community impact	15,000
	<u>\$ 22,222</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2019</u>
Transportation and Emergency Assistance	\$ 16,927

NOTE 4 – LEASE COMMITMENT

The Organization leases office facilities under an operating lease which expires on February 28, 2022. Rent expense for the years ended June 30, 2020 and 2019 totaled \$22,641 and \$22,110, respectively.

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 4 – LEASE COMMITMENT - continued

Future minimum lease payments under the office operating lease are as follows:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2021	\$ 22,464
2022	<u>14,976</u>
	<u>\$ 37,440</u>

NOTE 5 – NOTE PAYABLE

On April 15, 2020, the Organization was granted a loan from Pinnacle Bank in the aggregate amount of \$61,100, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES”), which was enacted March 27, 2020. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, and utilities. The Company intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months.

Maturities of debt are as follows:

2021	\$ 27,156
2022	<u>33,944</u>
	<u>\$ 61,100</u>

NOTE 6 – RETIREMENT PLAN

The Organization has a simplified employee pension plan for essentially all employees developed pursuant to Internal Revenue Code Section 403(b). Contributions by the Organization equal 5% of annual salary and totaled \$8,914 and \$4,083 for the years ending June 30, 2020 and 2019, respectively.

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TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 7 – CONCENTRATION OF RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts

NOTE 8 – OTHER RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2021.

NOTE 9 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 10, 2020, the issuance of the Organization’s financial statements.