

TENNESSEE KIDNEY FOUNDATION, INC.

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

JUNE 30, 2018 AND 2017

TENNESSEE KIDNEY FOUNDATION, INC.
Financial Statements
JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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 consolidated 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, 2018 and 2017, 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.

Thomason Financial Resources

October 11, 2018

TENNESSEE KIDNEY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 377,805	\$ 346,911
Contributions receivable	104,930	56,800
Grants receivable	9,158	-
Prepays	25,093	6,922
Total current assets	<u>\$ 516,986</u>	<u>\$ 410,633</u>
Noncurrent Assets		
Contributions receivable	13,945	39,239
Equipment and Computer Software		
Equipment	-	12,054
Less: accumulated depreciation	<u>-</u>	<u>(12,054)</u>
Total equipment and computer software	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 530,931</u></u>	<u><u>\$ 449,872</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 36,327	\$ 32,593
Accrued liabilities	<u>6,500</u>	<u>10,891</u>
Total current liabilities	<u>42,827</u>	<u>43,484</u>

Net Assets

Unrestricted	471,177	386,388
Temporarily restricted	<u>16,927</u>	<u>20,000</u>
Total net assets	<u>488,104</u>	<u>406,388</u>
Total liabilities and net assets	<u><u>\$ 530,931</u></u>	<u><u>\$ 449,872</u></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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Public support:			
Received directly - Grant income	\$ 89,478	\$ 16,927	\$ 106,405
Received directly - Contributions	91,255	-	91,255
Received indirectly - United Way	3,798	-	3,798
Received indirectly - Combined federal campaign	2,204	-	2,204
Special event revenue:			
Revenue	496,782	-	496,782
Less direct costs	(226,167)	-	(226,167)
Net revenue from special events	<u>270,615</u>	<u>-</u>	<u>270,615</u>
Total public support	457,350	16,927	474,277
Other revenue:			
Interest income	379	-	379
Total other revenue	<u>379</u>	<u>-</u>	<u>379</u>
Net assets released from restrictions	20,000	(20,000)	-
Total public support and other revenue	<u>477,729</u>	<u>(3,073)</u>	<u>474,656</u>
Expenses			
Program services:			
Preventive services & community education	41,059	-	41,059
Professional education	37,160	-	37,160
Transportation & emergency assistance	266,946	-	266,946
Total program services	<u>345,165</u>	<u>-</u>	<u>345,165</u>
Supporting services:			
Fundraising	37,158	-	37,158
Management and general	10,617	-	10,617
Total supporting services	<u>47,775</u>	<u>-</u>	<u>47,775</u>
Total expenses	<u>392,940</u>	<u>-</u>	<u>392,940</u>
Change in net assets	84,789	(3,073)	81,716
Net assets at beginning of year	386,388	20,000	406,388
Net assets at end of year	<u>\$ 471,177</u>	<u>\$ 16,927</u>	<u>\$ 488,104</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Public support:			
Received directly - Grant income	\$ 90,051	\$ 20,000	\$ 110,051
Received directly - Contributions	94,734		94,734
Received indirectly - United Way	3,276	-	3,276
Received indirectly - Combined federal campaign	2,605	-	2,605
Special event revenue:			
Revenue	391,905	-	391,905
Less direct costs	(168,924)	-	(168,924)
Net revenue from special events	<u>222,981</u>	<u>-</u>	<u>222,981</u>
Total public support	413,647	20,000	433,647
Other revenue:			
Interest income	335	-	335
Total other revenue	<u>335</u>	<u>-</u>	<u>335</u>
Net assets released from restrictions	20,000	(20,000)	-
Total public support and other revenue	<u>433,982</u>	<u>-</u>	<u>433,982</u>
Expenses			
Program services:			
Preventive services & community education	37,796	-	37,796
Professional education	33,895	-	33,895
Transportation & emergency assistance	209,645	-	209,645
Total program services	<u>281,336</u>	<u>-</u>	<u>281,336</u>
Supporting services:			
Fundraising	33,894	-	33,894
Management and general	9,683	-	9,683
Total supporting services	<u>43,577</u>	<u>-</u>	<u>43,577</u>
Total expenses	<u>324,913</u>	<u>-</u>	<u>324,913</u>
Change in net assets	109,069	-	109,069
Net assets at beginning of year	277,319	20,000	297,319
Net assets at end of year	<u>\$ 386,388</u>	<u>\$ 20,000</u>	<u>\$ 406,388</u>

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, 2018 AND 2017

Cash Flows From Operating Activities:	<u>2018</u>	<u>2017</u>
Change in net assets	\$ 81,716	\$ 109,069
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	-
Changes in operating assets and liabilities:		
Contributions receivable	(22,836)	7,820
Grants receivable	(9,158)	-
Prepays	(18,171)	628
Accounts payable	3,734	18,034
Accrued liabilities	(4,391)	10,891
Net cash provided by (used in) operating activities	<u>30,894</u>	<u>146,442</u>
Net change in cash and cash equivalents	30,894	146,442
Cash and cash equivalents at beginning of year	346,911	200,469
Cash and cash equivalents at end of year	<u>\$ 377,805</u>	<u>\$ 346,911</u>
<u>Supplemental schedule of noncash operating activities:</u>		
In-kind donations	<u>\$ 31,600</u>	<u>\$ 4,850</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, 2018

	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	\$ 24,236	\$ 24,236	\$ 93,482	\$ 141,954	\$ 6,925	\$ 24,236	\$ 31,161	\$ 173,115
Employee benefits	417	417	1,604	2,438	118	416	534	2,972
Payroll taxes	1,796	1,796	6,927	10,519	513	1,796	2,309	12,828
Total compensation	26,449	26,449	102,013	154,911	7,556	26,448	34,004	188,915
Professional fees	1,773	1,773	6,836	10,382	506	1,772	2,278	12,660
Direct assistance to patients	3,899	-	124,347	128,246	-	-	-	128,246
Office supplies and services	1,899	1,899	7,322	11,120	542	1,899	2,441	13,561
Telephone and fax	573	573	2,209	3,355	164	573	737	4,092
Postage and shipping	488	488	1,884	2,860	140	488	628	3,488
Building occupancy	2,830	2,830	10,916	16,576	809	2,830	3,639	20,215
Insurance	656	656	2,532	3,844	188	656	844	4,688
Technology	1,274	1,274	4,914	7,462	364	1,274	1,638	9,100
Meetings and travel	530	530	2,046	3,106	152	530	682	3,788
Strategic planning	233	233	895	1,361	66	233	299	1,660
Marketing	455	455	1,032	1,942	130	455	585	2,527
Direct expenses of special events	-	-	-	-	-	226,167	226,167	226,167
Total expenses	41,059	37,160	266,946	345,165	10,617	263,325	273,942	619,107
Less: expenses netted with revenue on statement of activities:	-	-	-	-	-	(226,167)	(226,167)	(226,167)
Direct expenses of special events	\$ 41,059	\$ 37,160	\$ 266,946	\$ 345,165	\$ 10,617	\$ 37,158	\$ 47,775	\$ 392,940
Total expenses by function								
Current year's percentages	10.45%	9.46%	67.94%	87.84%	2.70%	9.46%	12.16%	100.00%

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, 2017

	Program Services				Supporting Services			Total Expenses
	Preventive Services & Community Education	Professional Education	Transportation & Emergency Assistance	Program Services	Management and General	Fundraising	Supporting Services	
Salaries	\$ 20,046	\$ 20,046	\$ 77,320	\$ 117,412	\$ 5,727	\$ 20,046	\$ 25,773	\$ 143,185
Payroll taxes	1,480	1,479	5,706	8,665	423	1,479	1,902	10,567
Total compensation	21,526	21,525	83,026	126,077	6,150	21,525	27,675	153,752
Professional fees	2,407	2,407	9,284	14,098	688	2,407	3,095	17,193
Direct assistance to patients	3,899	-	78,908	82,807	-	-	-	82,807
Office supplies and services	2,738	2,737	10,559	16,034	782	2,737	3,519	19,553
Telephone and fax	547	547	2,110	3,204	157	547	704	3,908
Postage and shipping	423	423	1,631	2,477	121	423	544	3,021
Building occupancy	4,186	4,186	16,146	24,518	1,195	4,186	5,381	29,899
Insurance	777	777	2,996	4,550	222	777	999	5,549
Meetings and travel	334	334	1,289	1,957	95	334	429	2,386
Strategic planning	709	709	2,732	4,150	202	708	910	5,060
Miscellaneous	250	250	964	1,464	71	250	321	1,785
Direct expenses of special events	-	-	-	-	-	168,924	168,924	168,924
Total expenses	37,796	33,895	209,645	281,336	9,683	202,818	212,501	493,837
Less: expenses netted with revenue on statement of activities:								
Direct expenses of special events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (168,924)	\$ (168,924)	\$ (168,924)
Total expenses by function	37,796	33,895	209,645	281,336	9,683	33,894	43,577	324,913
Current year's percentages	11.63%	10.43%	64.52%	86.59%	2.98%	10.43%	13.41%	100.00%

The accompanying notes are an integral part of these financial statements

TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2018 and 2017

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. It’s 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:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

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. There were no permanently restricted net assets as of June 30, 2018 or 2017.

TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Equipment

Equipment is recorded at cost to the Organization, or if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful life is 5 years for equipment.

Expenditures for repairs and maintenance are charged to operations when incurred.

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, 2018 and 2017 is \$31,600 and \$4,850, respectively, and is properly reflected in the financial statements. The value of time contributed by volunteers is not estimable.

Expense 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. Accordingly, certain costs have been allocated among programs and supporting services based on actual or estimated time employees spend on each function.

TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2018 and 2017

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, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition. Tax years that remain open to examination include years ended June 30, 2015 through June 30, 2018.

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. Contributions that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2018 and 2017, are due as follows:

	<u>2018</u>	<u>2017</u>
Less than 1 year	104,930	\$ 56,800
1 year to 5 years	<u>15,000</u>	<u>45,000</u>
	\$119,930	\$101,800
Less unamortized discount at 5% rate	<u>(1,055)</u>	<u>(5,761)</u>
	<u>\$118,875</u>	<u>\$ 96,039</u>

NOTE 3 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017 for the following purposes:

	<u>2018</u>	<u>2017</u>
Transportation and Emergency Assistance	\$ 16,927	\$ 20,000

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>2018</u>	<u>2017</u>
Transportation and Emergency Assistance	\$ 20,000	\$ 21,384

TENNESSEE KIDNEY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2018 and 2017

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, 2018 and 2017 totaled \$20,215 and \$29,899, respectively.

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

Year Ending	Amount
<u>June 30,</u>	
2019	\$ 21,408
2020	21,408
2021	21,408
2022	<u>14,272</u>
	<u>\$ 78,496</u>

NOTE 5 – 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 \$427 and \$0 for the years ending June 30, 2018 and 2017, respectively.

NOTE 6 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 11, 2018, the issuance of the Organization's financial statements.