

AMERICAN KIDNEY FUND, INC.
Rockville, Maryland

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**AMERICAN KIDNEY FUND, INC.
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Kidney Fund, Inc.
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of American Kidney Fund, Inc. (AKF), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditors' 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 auditors' 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.

Board of Directors
American Kidney Fund, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AKF as of December 31 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenbelt, Maryland
March 24, 2021

FINANCIAL STATEMENTS

**AMERICAN KIDNEY FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 33,144,173	\$ 41,934,720
Contributions Receivable, Net	1,154,671	1,056,055
Other Assets	397,684	266,010
Total Current Assets	34,696,528	43,256,785
LONG-TERM ASSETS		
Investments at Fair Value	17,068,715	15,775,189
Other Assets, Net of Current Portion	1,420,024	1,166,847
Property and Equipment, Net	1,064,794	1,350,293
Total Long-Term Assets	19,553,533	18,292,329
Total Assets	\$ 54,250,061	\$ 61,549,114
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,962,125	\$ 1,768,656
Grants Payable	-	791,458
Refundable Advances	83,500	146,662
Annuities Payable	8,040	6,005
Total Current Liabilities	2,053,665	2,712,781
LONG-TERM LIABILITIES		
Deferred Rent	250,824	400,692
Other Liabilities	1,358,937	1,099,154
Annuities Payable, Net of Current Portion	176,781	184,821
Total Long-Term Liabilities	1,786,542	1,684,667
Total Liabilities	3,840,207	4,397,448
NET ASSETS		
Without Donor Restrictions - Undesignated	47,257,336	41,327,831
Without Donor Restrictions - Board Designated	89,000	13,476,000
Total Without Donor Restrictions	47,346,336	54,803,831
With Donor Restrictions	3,063,518	2,347,835
Total Net Assets	50,409,854	57,151,666
Total Liabilities and Net Assets	\$ 54,250,061	\$ 61,549,114

See accompanying Notes to Financial Statements.

AMERICAN KIDNEY FUND, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 328,706,475	\$ 4,516,215	\$ 333,222,690	\$ 314,726,161	\$ 2,945,067	\$ 317,671,228
Planned Giving	1,360,840	125,000	1,485,840	1,136,959	284,500	1,421,459
In-Kind Contributions	827,986	64,800	892,786	531,298	80,500	611,798
Special Events, Net of Direct Benefit Donor Costs of \$109,793 and \$380,374, Respectively	582,913	-	582,913	630,668	-	630,668
Specialty Programs	201,410	137,873	339,283	116,030	315,205	431,235
Mailing List Rental	47,723	-	47,723	46,343	-	46,343
Satisfaction of Program Restrictions	4,131,567	(4,131,567)	-	2,309,471	(2,309,471)	-
Total Operating Revenues, Gains, and Other Support	<u>335,858,914</u>	<u>712,321</u>	<u>336,571,235</u>	<u>319,496,930</u>	<u>1,315,801</u>	<u>320,812,731</u>
OPERATING EXPENSES						
Direct Patient Aid	325,567,497	-	325,567,497	270,646,791	-	270,646,791
Education, Advocacy, and Outreach	11,029,844	-	11,029,844	11,252,960	-	11,252,960
Research	332,596	-	332,596	279,143	-	279,143
Fundraising	4,944,597	-	4,944,597	4,913,953	-	4,913,953
Management and General	2,603,241	-	2,603,241	2,422,921	-	2,422,921
Total Operating Expenses	<u>344,477,775</u>	<u>-</u>	<u>344,477,775</u>	<u>289,515,768</u>	<u>-</u>	<u>289,515,768</u>
Contributions Designated by Board for Patient Assistance Programs	(89,000)	-	(89,000)	(13,476,000)	-	(13,476,000)
Excess (Deficiency) of Operating Revenues, Gains and Other Support Over Operating Expenses	(8,707,861)	712,321	(7,995,540)	16,505,162	1,315,801	17,820,963
Investment Return, Net	1,161,366	3,362	1,164,728	2,307,759	4,757	2,312,516
Contributions Designated by Board for Patient Assistance Programs	89,000	-	89,000	13,476,000	-	13,476,000
CHANGE IN NET ASSETS	(7,457,495)	715,683	(6,741,812)	32,288,921	1,320,558	33,609,479
Net Assets - Beginning of Year	<u>54,803,831</u>	<u>2,347,835</u>	<u>57,151,666</u>	<u>22,514,910</u>	<u>1,027,277</u>	<u>23,542,187</u>
NET ASSETS - END OF YEAR	<u>\$ 47,346,336</u>	<u>\$ 3,063,518</u>	<u>\$ 50,409,854</u>	<u>\$ 54,803,831</u>	<u>\$ 2,347,835</u>	<u>\$ 57,151,666</u>

See accompanying Notes to Financial Statements.

**AMERICAN KIDNEY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

EXPENSES	Program Services				Supporting Services			Total Expenses
	Direct Patient Aid	Education, Advocacy and Outreach	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants and Awards	\$ 320,884,466	\$ -	\$ 261,200	\$ 321,145,666	\$ -	\$ -	\$ -	\$ 321,145,666
Salaries and Related Benefits	2,666,010	5,007,583	50,961	7,724,554	1,992,604	2,111,405	4,104,009	11,828,563
Professional Fees	311,119	2,587,209	4,549	2,902,877	887,395	154,305	1,041,700	3,944,577
Advertising and Promotion	591	1,196,352	9	1,196,952	31,279	302	31,581	1,228,533
Printing	556	451,111	8	451,675	712,045	284	712,329	1,164,004
IT Related Costs	439,986	406,577	2,656	849,219	146,770	90,093	236,863	1,086,082
Postage and Shipping	1,635	289,481	9	291,125	574,474	55	574,529	865,654
Other Outside Services	769,711	45,184	4	814,899	43,373	149	43,522	858,421
Occupancy	212,363	366,387	3,204	581,954	148,055	108,681	256,736	838,690
Depreciation and Amortization	175,385	302,588	2,646	480,619	122,274	89,756	212,030	692,649
Office Expenses	63,599	111,790	914	176,303	47,085	31,017	78,102	254,405
Mailing List Rental	-	46,776	-	46,776	106,188	-	106,188	152,964
Data Processing	5,069	50,041	76	55,186	92,452	2,594	95,046	150,232
Conferences, Meetings and Travel	11,492	49,382	6,097	66,971	14,045	5,666	19,711	86,682
Dues and Subscriptions	5,476	55,188	83	60,747	18,164	2,803	20,967	81,714
Telephone	18,888	21,292	163	40,343	7,550	5,542	13,092	53,435
Fairs and Exhibits	-	40,918	-	40,918	42	-	42	40,960
Loss on Disposal of Equipment	1,151	1,985	17	3,153	802	589	1,391	4,544
Total Functional Expenses	<u>\$ 325,567,497</u>	<u>\$ 11,029,844</u>	<u>\$ 332,596</u>	<u>\$ 336,929,937</u>	<u>\$ 4,944,597</u>	<u>2,603,241</u>	<u>\$ 7,547,838</u>	<u>344,477,775</u>
Direct Benefit to Donor Costs								109,793
Total Expenses								<u>\$ 344,587,568</u>

See accompanying Notes to Financial Statements.

**AMERICAN KIDNEY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

EXPENSES	Program Services				Supporting Services			Total Expenses
	Direct Patient Aid	Education, Advocacy and Outreach	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants and Awards	\$ 266,030,979	\$ -	\$ 225,910	\$ 266,256,889	\$ -	\$ -	\$ -	\$ 266,256,889
Salaries and Related Benefits	2,581,619	4,590,417	37,058	7,209,094	1,929,098	1,928,318	3,857,416	11,066,510
Professional Fees	290,205	2,363,922	3,502	2,657,629	868,091	134,973	1,003,064	3,660,693
Printing	2,929	793,844	36	796,809	629,788	1,372	631,160	1,427,969
IT Related Costs	512,623	387,184	2,615	902,422	196,682	100,795	297,477	1,199,899
Advertising and Promotion	174	1,025,450	2	1,025,626	42,519	86	42,605	1,068,231
Occupancy	226,718	391,914	2,904	621,536	148,188	111,919	260,107	881,643
Postage and Shipping	6,384	269,803	21	276,208	530,308	697	531,005	807,213
Other Outside Services	674,047	88,811	2	762,860	38,436	62	38,498	801,358
Depreciation and Amortization	144,016	248,951	1,845	394,812	94,132	71,093	165,225	560,037
Conferences, Meetings and Travel	24,728	316,028	3,639	344,395	126,852	12,069	138,921	483,316
Office Expenses	99,361	179,659	1,185	280,205	71,165	45,681	116,846	397,051
Fairs and Exhibits	1,089	364,613	26	365,728	762	539	1,301	367,029
Data Processing	5,606	57,991	72	63,669	110,670	2,767	113,437	177,106
Mailing List Rental	-	47,688	-	47,688	101,245	-	101,245	148,933
Dues and Subscriptions	9,981	93,235	128	103,344	15,923	4,927	20,850	124,194
Telephone	26,941	17,217	78	44,236	3,956	2,987	6,943	51,179
Loss on Disposal of Equipment	9,391	16,233	120	25,744	6,138	4,636	10,774	36,518
Total Functional Expenses	<u>\$ 270,646,791</u>	<u>\$ 11,252,960</u>	<u>\$ 279,143</u>	<u>\$ 282,178,894</u>	<u>\$ 4,913,953</u>	<u>\$ 2,422,921</u>	<u>\$ 7,336,874</u>	<u>289,515,768</u>
Direct Benefit to Donor Costs								380,374
Total Expenses								<u>\$ 289,896,142</u>

See accompanying Notes to Financial Statements.

AMERICAN KIDNEY FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 334,673,552	\$ 318,970,191
Cash Received from Special Events, Net	578,188	642,668
Cash Received Mailing List Rental	47,723	46,343
Cash Paid to Patients, Suppliers, and Employees	(343,766,545)	(287,394,041)
Investment Income Received	379,496	573,745
Net Cash (Used) Provided by Operating Activities	(8,087,586)	32,838,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale/Maturity of Investments	4,874,523	4,941,476
Purchase of Investments	(5,165,789)	(5,280,175)
Purchases of Property and Equipment	(411,695)	(493,978)
Net Cash Used by Investing Activities	(702,961)	(832,677)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,790,547)	32,006,229
Cash and Cash Equivalents - Beginning of Year	41,934,720	9,928,491
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 33,144,173	\$ 41,934,720
RECONCILIATION OF NET ASSETS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (6,741,812)	\$ 33,609,479
Adjustments to Reconcile Change in Net Assets to Cash Flows from Operating Activities:		
Depreciation and Amortization	692,649	560,037
Loss on Disposal of Assets	4,544	36,518
Realized and Unrealized Gains on Investments	(785,232)	(1,738,771)
Donated Stock	(217,027)	(31,804)
Effects of Changes in Operating Assets and Liabilities:		
Contribution Receivables	(98,616)	(649,146)
Other Assets	(384,851)	(315,750)
Accounts Payable and Accrued Expenses	193,469	382,180
Grants Payable	(791,458)	791,458
Refundable Advances	(63,162)	90,701
Deferred Rent	(149,868)	(124,623)
Other Liabilities	259,783	307,978
Annuities Payable	(6,005)	(79,351)
Net Cash (Used) Provided by Operating Activities	\$ (8,087,586)	\$ 32,838,906

See accompanying Notes to Financial Statements.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Founded in 1971, the American Kidney Fund (AKF) is a nonprofit voluntary health organization whose mission is to fight kidney disease and help people live healthier lives. AKF's comprehensive programs of kidney disease awareness, prevention, and treatment-related financial assistance help people no matter where they are in the fight against kidney disease from being at risk, to managing kidney disease, to coping with dialysis, to living post-transplant. AKF's major sources of revenue are from contributions from the general public. The fiscal year-end is December 31. Significant accounting policies followed by AKF are presented below.

Use of Estimates

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

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification).

The accompanying financial statements do not include the accounts of its affiliate, the American Kidney Fund Service Organization (AKFSO). The Board approved that AKFSO would become dormant effective December 31, 2010, and there was no activity for the years ended December 31, 2020 and 2019.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include highly liquid investments with an original maturity of three months or less when purchased that are used to fund current obligations. Money market accounts and certificates of deposit held for investment are recorded and classified as investments.

Contributions Receivable

These amounts are recorded at net realizable value. AKF provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable (Continued)

At December 31, 2020 and 2019, amounts are deemed to be fully collectible. A 4% discount was calculated for pledges made for the year ended December 31, 2020 for gifts beyond one year. The amount of the discount totals to \$2,171 for the year ended December 31, 2020. No discount has been calculated for 2019. All other significant receivables are due within one year at December 31, 2020 and 2019.

Investments

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. Net appreciation or depreciation in fair value of investments includes AKF's gains and losses on investments bought and sold, as well as held during the year. Investment income or loss is included in the change in without donor restrictions unless their use is restriction by donor stipulations or by law.

Net Assets

For financial statement purposes, net assets are as follows:

Net Assets Without Donor Restrictions – These net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Net Assets With Donor Restrictions – These net assets include those net assets whose use by AKF has been donor restricted by specified time or purpose limitations.

Net assets to be held in perpetuity are subject to donor-imposed stipulations that are required to be maintained permanently by AKF.

Revenue Recognition

Contributions are recognized as revenue when received or pledged, whichever is earlier.

Contributions recognized as without or with donor restrictions depending on existence and/or nature of donor restrictions and recorded when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, either by the passage of time or incurrence of donor specified expenses, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Donated assets are recognized as contribution revenue at their estimated fair market value on the date of donation.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over an estimated useful life of three to ten years. Leasehold improvements are amortized over the life of the lease. AKF capitalizes assets over \$5,000.

Impairment of Long-Lived Assets

AKF reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Annuities Payable

AKF has received charitable gift annuities as contributions from donors who have stipulated that AKF is to make annuity payments for life to an annuitant designated by the donor with the principal reverting to AKF after the death of the annuitant. AKF has recorded the assets at fair value and the liabilities to the annuitant at the present value of the estimated future payments to be distributed by AKF to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as without donor restriction revenue, unless otherwise restricted by the donor. AKF invests these assets in cash and marketable securities in accordance with the governing state's investment regulations.

Planned Giving

AKF is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by a probate court and the proceeds are measurable.

AKF records planned giving receivables that are expected to be collected within one year at net realizable value. Planned giving receivables 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 risk-free interest rates applicable to the years in which the promises are expected to be received. In 2020 and 2019, no discount was made.

In-Kind Contributions

In-kind contributions, such as donated nutritional supplements, property and equipment and free advertising, are included in the statement of activities within public support as in-kind contributions at their estimated fair market value on the date of donation and either capitalized, as it relates to equipment, or shown in the representative functional expense category the gift relates to.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement of Operation

AKF does not consider investment returns and contributions designed by board for patient assistance program to be revenues, gains and support from its operations.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation and amortization, the executive office, financial department, information technology and administrative services, which are both allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of time and effort.

The following program and supporting services are included in the accompanying financial statements:

Direct Patient Aid – AKF is the leading provider of charitable, treatment-related financial assistance to people in the United States who are living with kidney failure. In 2020, AKF helped more than 94,200 kidney patients by providing them need-based assistance for health care expenses. AKF's Health Insurance Premium Program helps dialysis and transplant patients maintain health insurance coverage. Its other programs assist with treatment-related expenses including the cost of transportation to dialysis, vital nutritional supplements, medications, and other expenses not covered by insurance. AKF also provides patients with disaster relief grants when disaster strikes a local community; grants to pediatric patients who wish to attend summer or day camps; and grants to living kidney donors who need help with the cost of expenses. In 2020, AKF also launched a Coronavirus Emergency Relief grant program to assist patients affected by the pandemic

Education, Advocacy and Outreach – AKF educates the American public about the symptoms, causes, treatment and prevention of kidney disease. AKF's website, KidneyFund.org, received 17.7 million page views in 2020 from individuals searching for health information. AKF develops multichannel awareness campaigns to educate the public about kidney disease and its comorbid conditions. AKF's educational offerings include a toll-free HelpLine; free, monthly webinars for patients and caregivers; a Kidney Health Coach peer-to-peer community outreach program; and a comprehensive series of printed health education and disease management materials for people with kidney disease and kidney failure. AKF's prevention program, Know Your Kidneys, combats preventable kidney disease by providing services to individuals at highest risk for CKD. Through this program, AKF offers free health screenings, nutrition and fitness presentations, follow-up services and public education materials. In 2020, AKF held a Kidney Action Week virtual event with more than 2,000 joining with nearly 27,000 comments and interactions to the interactive educational information. AKF also runs an annual nationwide art contest for pediatric kidney patients. AKF's advocacy network grew to nearly 16,000 in 2020. There were 62,300 advocacy interactions generated in social media relating to advocacy and public policy issues. In 2020, AKF's patient advocates went to AKF's website to send 9,500 action alerts to their elected officials.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Research – Since 1989, AKF’s Clinical Scientist in Nephrology Program has been improving the quality of care provided to kidney patients and promoting clinical research in nephrology. The program helps to build the nationwide pipeline of top nephrology researchers by providing fellowships to enhance the training of nephrologists who want to pursue an academic career and whose primary professional commitment is to scholarship in the provision of patient care. A nationally recognized panel of experts in the field selects award recipients.

Fundraising – AKF’s comprehensive development program solicits and secures financial support across all traditional nonprofit fundraising channels including individual giving; corporate and foundation giving; special events; direct mail; planned giving; digital fundraising; and KidneyNation, AKF’s DIY peer-to-peer fundraising platform. AKF has nearly 70,000 active donors.

Management and General – Management and general services provide for the direction of the overall affairs of AKF through executive, financial, information technology, and administrative services.

Income Taxes

AKF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is designated a "publicly supported" organization under Section 509(a)(1) of the Internal Revenue Code.

NOTE 2 INVESTMENTS

A fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value is established by generally accepted accounting principles. 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 generally accepted accounting principles are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- 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.

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019

NOTE 2 INVESTMENTS (CONTINUED)

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 methodologies used or any unfunded commitments at December 31, 2020 and 2019.

Corporate Stocks, Mutual Funds, and Money Market Accounts – Fair values are based on market prices obtained from recognized automated pricing services, records of any exchange, standard financial periodicals, or any newspaper of general circulation

Corporate and Asset Backed Bonds and Notes, Certificates of Deposit, and Government Securities – Valued using quoted market prices for similar assets and liabilities in active markets.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
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NOTE 2 INVESTMENTS (CONTINUED)

The following summarizes AKF's investments using fair value measurements at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total Fair Value</u>
Without Donor Restriction and Purpose Restriction:			
Money Market Accounts	\$ 138,030	\$ -	\$ 138,030
Certificates of Deposit	-	16,096	16,096
Mutual Funds, Exchange-Traded, and Closed-End Funds - Fixed Income Corporate and Asset Backed Bonds	4,039,211	-	4,039,211
U.S. Government Securities and U.S. Government Securities from Mutual, Exchange-Traded and Closed-End Funds	124,692	1,718,021	1,842,713
Corporate Stocks, Mutual, Exchange-Traded and Closed-End Funds:			
Large Cap	5,100,609	-	5,100,609
Small and Mid Cap	2,130,692	-	2,130,692
International	2,509,134	-	2,509,134
Other	434,911	-	434,911
Total Without Donor Restriction and Purpose Restriction	<u>14,615,989</u>	<u>2,277,709</u>	<u>16,893,698</u>
Endowment:			
U. S. Government Securities	<u>175,017</u>	<u>-</u>	<u>175,017</u>
Total Endowment	<u>175,017</u>	<u>-</u>	<u>175,017</u>
Total Investments	<u>\$ 14,791,006</u>	<u>\$ 2,277,709</u>	<u>\$ 17,068,715</u>

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019

NOTE 2 INVESTMENTS (CONTINUED)

The following summarizes AKF's investments using fair value measurements at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total Fair Value</u>
Without Donor Restriction and Purpose Restriction:			
Money Market Accounts	\$ 1,202,902	\$ -	\$ 1,202,902
Certificates of Deposit	-	16,199	16,199
Mutual Funds, Exchange-Traded, and Closed-End Funds - Fixed Income	3,283,146	-	3,283,146
Corporate and Asset Backed Bonds	117,004	1,336,456	1,453,460
U.S. Government Securities and U.S. Government Securities from Mutual, Exchange-Traded and Closed- End Funds	125,228	790,607	915,835
Corporate Stocks, Mutual, Exchange- Traded and Closed-End Funds:			
Large Cap	4,465,545	-	4,465,545
Small and Mid Cap	1,531,665	-	1,531,665
International	2,314,643	-	2,314,643
Other	416,777	-	416,777
Total Without Donor Restriction and Purpose Restriction	<u>13,456,910</u>	<u>2,143,262</u>	<u>15,600,172</u>
Endowment:			
U. S. Government Securities	<u>175,017</u>	<u>-</u>	<u>175,017</u>
Total Endowment	<u>175,017</u>	<u>-</u>	<u>175,017</u>
 Total Investments	 <u>\$ 13,631,927</u>	 <u>\$ 2,143,262</u>	 <u>\$ 15,775,189</u>

Investment income (loss) for the years ended December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Dividends and Interest	\$ 447,142	\$ 645,681
Realized and Unrealized Appreciation	785,232	1,738,771
Investment Advisory Fees	(67,646)	(71,936)
Total	<u>\$ 1,164,728</u>	<u>\$ 2,312,516</u>

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
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NOTE 3 LIQUIDITY

AKF's financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 33,144,173	\$ 41,934,720
Contribution Receivable	1,154,671	1,056,055
Equity Securities and Money Market	<u>14,791,006</u>	<u>13,631,927</u>
Total Financial Assets Available Within One Year	49,089,850	56,622,702
Less:		
Amounts Unavailable for General Expenditure Within Year due to:		
Restricted by Donors in Perpetuity	(175,017)	(175,017)
Restricted by Donors with Purpose Restrictions	<u>(2,888,501)</u>	<u>(2,172,818)</u>
Total Amounts Unavailable for General Expenditures Within One Year	(3,063,518)	(2,347,835)
Amounts Unavailable to Management Without Board's Approval:		
Board Designated - Patient Assistance Grants	<u>(89,000)</u>	<u>(13,476,000)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 45,937,332</u>	<u>\$ 40,798,867</u>

As described in Note 16, AKF also has a line of credit in the amount of \$8,561,880 and \$8,865,900 as of December 31, 2020 and 2019, respectively, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 4 CREDIT RISK

Financial instruments, which potentially subject AKF to concentration of credit risk, include cash and cash equivalents, and investments. It is AKF's practice to place its cash and cash equivalents, and investments in high credit quality institutions to mitigate this risk. AKF maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. At December 31, 2020 and 2019, total cash deposits held at financial institutions were \$42,280,419 and \$49,645,244, respectively.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 5 PROPERTY AND EQUIPMENT

AKF's property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Software and Office Equipment	\$ 3,177,110	\$ 3,469,252
Furniture and Fixtures	139,464	139,464
Leasehold Improvements	<u>229,837</u>	<u>183,600</u>
Total	3,546,411	3,792,316
Less: Accumulated Depreciation	<u>(2,481,617)</u>	<u>(2,442,023)</u>
Total	<u>\$ 1,064,794</u>	<u>\$ 1,350,293</u>

NOTE 6 BOARD DESIGNATED NET ASSETS

The American Kidney Fund's Board of Trustees has designated net assets without restrictions from surplus contributions for patient assistance programs at December 31, 2020 and 2019 and these were \$89,000 and \$13,476,000, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose:		
Research	\$ 713,446	\$ 680,930
Patient Aid	50,436	502,554
Public and Professional Education	<u>2,111,668</u>	<u>976,719</u>
Total	2,875,550	2,160,203
Subject to AKF Spending Policy and Appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$175,017), the income from which is expendable to support:		
Research	5,991	5,991
Patient Aid	<u>181,977</u>	<u>181,641</u>
Total	<u>187,968</u>	<u>187,632</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,063,518</u>	<u>\$ 2,347,835</u>

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from donor restrictions are comprised of the following for years ended December 31:

	2020	2019
Purpose Restrictions Accomplished:		
Research	\$ 332,599	\$ 279,143
Patient Aid	516,918	463,426
Public and Professional Education	3,282,050	1,566,902
Total Restrictions Released	\$ 4,131,567	\$ 2,309,471

NOTE 8 COMMITMENTS AND CONTINGENCIES

Leases

In December 2011, AKF entered into a 10-year lease for its headquarters located in Rockville, Maryland. The lease commenced May 2012 and AKF received six months of free rent and 24 months of free parking. Additionally, the lease, among other items, requires rent increases based on the consumer price index, real estate taxes, and operating costs. The deferred rent and rent increases are being recognized on a straight-line basis over the life of the 10-year lease. Total deferred rent was \$250,824 and \$400,692 at December 31, 2020 and 2019, respectively.

In addition, AKF is obligated under leases for office space in Long Island, New York which was subleased through the lease term of March 31, 2021.

Occupancy expense for office space was \$838,690 and \$881,643 in 2020 and 2019, respectively. Future minimum obligations under noncancellable office leases and other operating leases/contracts are as follows at December 31:

<u>Year Ending December 31,</u>	<u>Office Leases</u>	<u>Contracts/ Other Leases</u>	<u>Total</u>
2021	\$ 966,794	\$ 52,077	\$ 1,018,871
2022	323,852	40,476	364,328
2023	-	6,816	6,816
2024	-	6,816	6,816
2025	-	6,816	6,816
Thereafter	-	568	568
Total	\$ 1,290,646	\$ 113,569	\$ 1,404,215

Contingencies

In the ordinary course of activities, AKF is party to various legal and administrative actions. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of AKF.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020 AND 2019**

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, AKF received proceeds in the amount of \$1,540,500 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection program (the PPP Loan). The PPP loan could be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers as outlined in the loan agreement and the CARES Act. As of December 31, 2020, the SBA has formally forgiven the entire portion of AKF's obligation under this PPP loan. Therefore, AKF recognized \$1,540,500 of contributions revenue for the year ended December 31, 2020.

NOTE 10 PUBLIC SUPPORT

During 2020 and 2019, AKF continued its tradition of broad-based public support with approximately 70,000 and 63,000 active contributors, respectively. AKF received public support from two corporations in the amount of \$286,287,862, and \$273,641,183 for 2020 and 2019, respectively. These contributions represented 85% of the total support and revenue as of December 31, 2020 and 2019.

NOTE 11 JOINT COSTS

For the years ended December 31, 2020 and 2019, AKF incurred joint costs of \$2,314,338 and \$2,133,717, respectively, for educational materials and activities that included fundraising appeals. The joint costs incurred for these activities for the years ended December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Fundraising	\$ 1,606,614	\$ 1,450,501
Public Education	707,724	683,216
Total	<u>\$ 2,314,338</u>	<u>\$ 2,133,717</u>

NOTE 12 IN-KIND CONTRIBUTIONS

In-kind contributions for the years ended December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Advertising, Printing, and Donated Items for Patients and Events	\$ 740,019	\$ 611,798
Donated Services	152,767	-
Total In-Kind Contributions	<u>\$ 892,786</u>	<u>\$ 611,798</u>

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
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NOTE 13 RETIREMENT PLANS

AKF maintains a Section 403(b) retirement plan allowing employees to elect to defer compensation up to the maximum allowed under IRS regulations. AKF contributes 2% of participants' eligible compensation, plus matches the lesser of 100% of amounts deferred under the Section 403(b) Plan, or 5% of compensation. AKF's contributions were \$609,827 and \$543,964 for the years ended December 31, 2020 and 2019, respectively.

AKF also maintains a nonqualified Section 457(b) deferred compensation plan allowing top hat executives to elect to defer compensation up to the maximum allowed under IRS regulations. AKF does not contribute to this 457(b) plan. AKF also maintains a nonqualified Section 457(f) deferred compensation plan for its President and CEO, contributing a certain amount each year approved by the Board. Due to risk of forfeiture both the 457(b) and 457(f) plan balances are included in other assets and plan obligations are included within other liabilities on the statements of financial position. Additionally, total assets included in the 457(b) and 457(f) represent mutual funds invested in equities and bonds valued at fair value based on quoted market prices in active markets and are Level 1 within their fair value hierarchy. Total amounts recorded by AKF were \$1,358,937 and \$1,099,154 at December 31, 2020 and 2019, respectively.

NOTE 14 ENDOWMENTS

AKF was provided a contribution for investment in perpetuity in the early 1980s. The purpose of this contribution was to support patient-related grants with a balance of \$169,026, and a smaller balance of \$5,991 to support research, as of December 31, 2020 and 2019. These amounts are kept in a separate investment account and conservatively invested in fixed income securities. The interest earned on this account supports their respective purpose.

AKF is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the purpose restrictions have been met.

Interpretation of Relevant Law

The Board of AKF has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, AKF classifies net assets held in perpetuity as:

1. The duration and preservation of the fund.
2. The purpose of AKF and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of AKF.
7. The investment policies of AKF.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
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NOTE 14 ENDOWMENTS (CONTINUED)

Endowment net asset with donor restrictions were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor Portion Subject to Appropriation Under SPMIFA	\$ 175,017	\$ 175,017
Total Funds	<u>12,951</u> <u>\$ 187,968</u>	<u>12,615</u> <u>\$ 187,632</u>

Changes in endowment net assets were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Endowment Net Assets - Beginning of Year	\$ 187,632	\$ 186,273
Investment Income	3,362	4,757
Appropriation of Endowment Assets for Expenditure	<u>(3,026)</u>	<u>(3,398)</u>
Endowment Net Assets - End of Year	<u>\$ 187,968</u>	<u>\$ 187,632</u>

NOTE 15 INCOME TAXES

AKF follows the income tax standard for uncertain tax positions. AKF evaluated its tax positions and determined that they are more-likely-than-not to be sustained on examination. AKF's tax returns are subject to review and examination by federal, state, and local authorities.

NOTE 16 LINE OF CREDIT

AKF has a line of credit with Raymond James Financial in the amount of \$8,561,880 and \$8,865,900 for the years ended December 31, 2020 and 2019, respectively, which is secured by AKF's Raymond James securities. The available amount is based on the investments in the account and their individual release rate. The line of credit bears interest at the 30-day LIBOR plus 2%. At December 31, 2020 and 2019, this was approximately 2.14% and 3.76%, respectively. There were no outstanding borrowings as of December 31, 2020 and 2019.

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENT
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NOTE 17 RISKS AND UNCERTAINTIES

AKF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position and activities.

The US District Court, Central District of California granted a preliminary injunction preventing California law AB 290 from becoming law on December 30, 2019. The impact on future grant assistance is unknown pending a trial on the merits. The trial was originally scheduled for mid-July 2020 but delayed due to the pandemic.

COVID-19 Pandemic

During the year ended December 31, 2020, the World Health Organization declared the spread of the coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, nonprofits, businesses, and communities. Specific to AKF, COVID-19 may impact various parts of its FY21 operations and financial results, including, but not limited to, reductions in certain revenue streams as well as increases in expenses. As of March 24, 2021, the amount and likelihood of loss relating to these events is not determined and cannot be reasonably estimated as these events are still developing.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 24, 2021, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2020, but prior to March 24, 2021, that provided additional evidence about conditions that existed at December 31, 2020, have been recognized in the financial statements for the year ended December 31, 2020.