

AMERICAN KIDNEY FUND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



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**AMERICAN KIDNEY FUND, INC.
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of American Kidney Fund, Inc. (AKF) (a District of Columbia corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AKF as of December 31, 2021 and 2020, and change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AKF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AKF's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AKF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AKF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Greenbelt, Maryland
March 24, 2022

AMERICAN KIDNEY FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 40,026,680	\$ 33,144,173
Contributions Receivable, Net	658,382	1,154,671
Other Assets	465,493	397,684
Total Current Assets	41,150,555	34,696,528
LONG-TERM ASSETS		
Investments at Fair Value	18,970,442	17,068,715
Other Assets, Net of Current Portion	889,552	1,420,024
Property and Equipment, Net	1,247,307	1,064,794
Total Long-Term Assets	21,107,301	19,553,533
Total Assets	\$ 62,257,856	\$ 54,250,061
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 2,482,763	\$ 1,962,125
Refundable Advances	-	83,500
Deferred Rent	13,712	-
Annuities Payable	8,329	8,040
Total Current Liabilities	2,504,804	2,053,665
Long-Term Liabilities:		
Deferred Rent	-	250,824
Other Liabilities	828,466	1,358,937
Annuities Payable, Net of Current Portion	180,617	176,781
Total Long-Term Liabilities	1,009,083	1,786,542
Total Liabilities	3,513,887	3,840,207
NET ASSETS		
Without Donor Restrictions:		
Undesignated	54,615,670	47,257,336
Board-Designated	880,700	89,000
Total Without Donor Restrictions	55,496,370	47,346,336
With Donor Restrictions	3,247,599	3,063,518
Total Net Assets	58,743,969	50,409,854
Total Liabilities and Net Assets	\$ 62,257,856	\$ 54,250,061

See accompanying Notes to Financial Statements.

AMERICAN KIDNEY FUND, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 343,720,231	\$ 3,282,475	\$ 347,002,706	\$ 328,706,475	\$ 4,516,215	\$ 333,222,690
Planned Giving	1,200,734	-	1,200,734	1,360,840	125,000	1,485,840
In-Kind Contributions	847,977	-	847,977	827,986	64,800	892,786
Special Events, Net of Direct Benefit Donor Costs of \$136,399 and \$109,793, Respectively	812,107	-	812,107	582,913	-	582,913
Specialty Programs	249,890	141,868	391,758	201,410	137,873	339,283
Mailing List Rental	67,497	-	67,497	47,723	-	47,723
Satisfaction of Program Restrictions	3,244,269	(3,244,269)	-	4,131,567	(4,131,567)	-
Total Operating Revenues, Gains, and Other Support	<u>350,142,705</u>	<u>180,074</u>	<u>350,322,779</u>	<u>335,858,914</u>	<u>712,321</u>	<u>336,571,235</u>
OPERATING EXPENSES						
Direct Patient Aid	323,040,716	-	323,040,716	325,567,497	-	325,567,497
Education, Advocacy, and Outreach	12,208,573	-	12,208,573	11,029,844	-	11,029,844
Research	303,459	-	303,459	332,596	-	332,596
Fundraising	5,024,090	-	5,024,090	4,944,597	-	4,944,597
Management and General	3,131,538	-	3,131,538	2,603,241	-	2,603,241
Total Operating Expenses	<u>343,708,376</u>	<u>-</u>	<u>343,708,376</u>	<u>344,477,775</u>	<u>-</u>	<u>344,477,775</u>
CONTRIBUTIONS DESIGNATED BY BOARD FOR PATIENT ASSISTANCE PROGRAMS	<u>(880,700)</u>	<u>-</u>	<u>(880,700)</u>	<u>(89,000)</u>	<u>-</u>	<u>(89,000)</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES, GAINS, AND OTHER SUPPORT OVER OPERATING EXPENSES	5,553,629	180,074	5,733,703	(8,707,861)	712,321	(7,995,540)
INVESTMENT RETURN, NET	1,715,705	4,007	1,719,712	1,161,366	3,362	1,164,728
CONTRIBUTIONS DESIGNATED BY BOARD FOR PATIENT ASSISTANCE PROGRAMS	<u>880,700</u>	<u>-</u>	<u>880,700</u>	<u>89,000</u>	<u>-</u>	<u>89,000</u>
CHANGE IN NET ASSETS	8,150,034	184,081	8,334,115	(7,457,495)	715,683	(6,741,812)
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 55,496,370</u>	<u>\$ 3,247,599</u>	<u>\$ 58,743,969</u>	<u>\$ 47,346,336</u>	<u>\$ 3,063,518</u>	<u>\$ 50,409,854</u>

See accompanying Notes to Financial Statements.

AMERICAN KIDNEY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			Total Expenses	
	Direct Patient Aid	Education, Advocacy, and Outreach	Research	Total Program Services	Fundraising	Management and General		Total Supporting Services
EXPENSES								
Grants and Awards	\$ 318,392,117	\$ -	\$ 240,000	\$ 318,632,117	\$ -	\$ -	\$ -	\$ 318,632,117
Salaries and Related Benefits	2,833,860	5,229,028	50,717	8,113,605	1,816,326	2,667,555	4,483,881	12,597,486
Professional Fees	153,639	2,570,967	2,148	2,726,754	813,979	82,894	896,873	3,623,627
Advertising and Promotion	2,415	1,937,983	754	1,941,152	39,708	1,302	41,010	1,982,162
Printing	-	563,413	-	563,413	889,103	-	889,103	1,452,516
IT Related Costs	514,996	442,586	3,513	961,095	208,481	135,592	344,073	1,305,168
Postage and Shipping	-	341,293	-	341,293	661,348	-	661,348	1,002,641
Other Outside Services	678,883	65,127	8	744,018	57,389	302	57,691	801,709
Occupancy	187,008	309,481	2,615	499,104	117,279	100,913	218,192	717,296
Depreciation and Amortization	176,125	291,470	2,463	470,058	110,454	95,040	205,494	675,552
Office Expenses	78,490	140,142	1,041	219,673	57,057	40,177	97,234	316,907
Mailing List Rental	-	67,689	-	67,689	132,753	-	132,753	200,442
Data Processing	5,099	53,540	71	58,710	98,392	2,751	101,143	159,853
Conferences, Meetings, and Travel	-	-	-	-	-	-	-	-
	5,828	20,764	81	26,673	9,251	3,145	12,396	39,069
Dues and Subscriptions	1,730	55,451	24	57,205	11,485	934	12,419	69,624
Telephone	10,526	5,708	24	16,258	1,085	933	2,018	18,276
Fairs and Exhibits	-	113,931	-	113,931	-	-	-	113,931
Total Functional Expenses	\$ 323,040,716	\$ 12,208,573	\$ 303,459	\$ 335,552,748	\$ 5,024,090	\$ 3,131,538	\$ 8,155,628	343,708,376
Direct Benefit to Donor Costs								136,399
Total Expenses								\$ 343,844,775

See accompanying Notes to Financial Statements.

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

	Program Services			Supporting Services				Total Expenses
	Direct Patient Aid	Education, Advocacy, and Outreach	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	
EXPENSES								
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	\$ 325,567,497	\$ 11,029,844	\$ 332,596	\$ 336,929,937	\$ 4,944,597	\$ 2,603,241	\$ 7,547,838	344,477,775
Direct Benefit to Donor Costs								109,793
Total Expenses								\$ 344,587,568

See accompanying Notes to Financial Statements.

AMERICAN KIDNEY FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 348,849,437	\$ 334,673,552
Cash Received from Special Events, Net	810,832	578,188
Cash Received from Mailing List Rental	67,497	47,723
Cash Paid to Patients, Suppliers, and Employees	(341,963,729)	(343,766,545)
Investment Income Received	287,688	379,496
Net Cash Provided (Used) by Operating Activities	8,051,725	(8,087,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale/Maturity of Investments	6,662,403	4,874,523
Purchase of Investments	(6,973,556)	(5,165,789)
Purchases of Property and Equipment	(858,065)	(411,695)
Net Cash Used by Investing Activities	(1,169,218)	(702,961)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,882,507	(8,790,547)
Cash and Cash Equivalents - Beginning of Year	33,144,173	41,934,720
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 40,026,680	\$ 33,144,173
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,334,115	\$ (6,741,812)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	675,552	692,649
Loss on Disposal of Assets	-	4,544
Realized and Unrealized Gains on Investments	(1,432,024)	(785,232)
Donated Stock	(158,550)	(217,027)
Effects of Changes in Operating Assets and Liabilities:		
Contribution Receivables	496,289	(98,616)
Other Assets	462,663	(384,851)
Accounts Payable and Accrued Expenses	520,638	193,469
Grants Payable	-	(791,458)
Refundable Advances	(83,500)	(63,162)
Deferred Rent	(237,112)	(149,868)
Other Liabilities	(530,471)	259,783
Annuities Payable	4,125	(6,005)
Net Cash Provided (Used) by Operating Activities	\$ 8,051,725	\$ (8,087,586)

See accompanying Notes to Financial Statements.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Founded in 1971, the American Kidney Fund, Inc. (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 accepted accounting principles generally accepted in the United States of America 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, 2021 and 2020.

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 STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable (Continued)

At December 31, 2021 and 2020, amounts are deemed to be fully collectible. The discount rate was 3% and 4% for 2021 and 2020, respectively, and the discount amount was \$1,899 and \$2,171 for the years ended December 31, 2021 and 2020, respectively. The discount rate is the average of the annual one-month Secured Overnight Financing Rate (SOFR) plus a credit adjustment spread. All other significant receivables are due within one year at December 31, 2021 and 2020.

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 STATEMENTS
DECEMBER 31, 2021 AND 2020

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 3 to 10 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 2021 and 2020, 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 STATEMENTS
DECEMBER 31, 2021 AND 2020

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 AKF. Expenses allocated on a square footage basis include depreciation and amortization, the executive office, financial department, information technology and administrative services. Expenses allocated on the basis of time and effort are salaries and benefits.

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 2021, AKF helped more than 81,000 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.

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 over 19 million page views in 2021 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 free, monthly webinars for patients and caregivers; a nutrition website, Kidney Kitchen; a Kidney Health Coach peer-to-peer community outreach program; and comprehensive health education and disease management information for people with kidney disease and kidney failure. In 2021, AKF held its second annual Kidney Action Week virtual event to provide interactive education and support to kidney patients and those at risk. AKF also runs an annual nationwide art contest for pediatric kidney patients. AKF's advocacy network grew to more than 17,000 Ambassadors in 2021. In 2021, AKF's patient Ambassadors went to AKF's website to send more than 12,000 action alerts to their elected officials.

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Research – Since 1988, 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 over 80,000 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 (IRC) and is designated a “publicly supported” organization under Section 509(a)(1) of the IRC.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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 AFK 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;

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NOTE 2 INVESTMENTS (CONTINUED)

- 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 methodologies used or any unfunded commitments at December 31, 2021 and 2020.

Mutual Funds, Exchange-Traded Funds, and Corporate Stocks - Valued 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 U.S. Government Securities – Valued using quoted market prices for similar assets and liabilities in active markets.

The following summarizes AKF's investments using fair value measurements at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Without Donor Restriction and Purpose Restriction:				
Cash	\$ -	\$ -	\$ -	\$ 169,867
Mutual Funds and Exchange-Traded Funds - Fixed Income	5,635,503	-	-	5,635,503
Corporate Stocks, Mutual Funds, and Exchange-Traded Funds				
Large Cap	7,043,985	-	-	7,043,985
Small and Mid Cap	2,499,191	-	-	2,499,191
International	2,856,130	-	-	2,856,130
Other	590,749	-	-	590,749
Total Without Donor Restriction and Purpose Restriction	18,625,558	-	-	18,795,425
Endowment:				
Cash				15,621
Mutual Funds and Exchange-Traded Funds - Fixed Income	159,396	-	-	159,396
Total Endowment	159,396	-	-	175,017
Total Investments	<u>\$ 18,784,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,970,442</u>

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

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

	Level 1	Level 2	Level 3	Total
Without Donor Restriction and Purpose Restriction:				
Cash	\$ -	\$ -	\$ -	\$ 138,030
Certificates of Deposit	-	16,096	-	16,096
Mutual Funds and Exchange-Traded Funds - Fixed Income	4,039,211	-	-	4,039,211
Corporate and Asset Backed Bonds	124,692	1,718,021	-	1,842,713
U.S. Government Securities	138,710	543,592	-	682,302
Corporate Stocks, Mutual Funds, and Exchange-Traded 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	14,477,959	2,277,709	-	16,893,698
Endowment:				
U.S. Government Securities	175,017	-	-	175,017
Total Endowment	175,017	-	-	175,017
Total Investments	<u>\$ 14,652,976</u>	<u>\$ 2,277,709</u>	<u>\$ -</u>	<u>\$ 17,068,715</u>

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

	2021	2020
Dividends and Interest	\$ 360,758	\$ 447,142
Realized and Unrealized Appreciation	1,432,024	785,232
Investment Advisory Fees	(73,070)	(67,646)
Total	<u>\$ 1,719,712</u>	<u>\$ 1,164,728</u>

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 40,026,680	\$ 33,144,173
Contribution Receivable	658,382	1,154,671
Investments at Fair Value	<u>18,970,442</u>	<u>17,068,715</u>
Total Financial Assets Available within One Year	59,655,504	51,367,559
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>(3,072,582)</u>	<u>(2,888,501)</u>
Total Amounts Unavailable for General Expenditures within One Year	(3,247,599)	(3,063,518)
Amounts Unavailable to Management Without Board's Approval:		
Board-Designated - Patient Assistance Grants	<u>(880,700)</u>	<u>(89,000)</u>
Total Financial Assets Available to Management for General Expenditure within One Year	<u>\$ 55,527,205</u>	<u>\$ 48,215,041</u>

As described in Note 16, AKF also has a line of credit in the amount of \$7,241,557 and \$8,561,880 as of December 31, 2021 and 2020, respectively, which it could draw upon in the event of an unanticipated liquidity need.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, total cash deposits held at financial institutions were \$46,453,485 and \$42,280,419, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Software and Office Equipment	\$ 3,666,635	\$ 3,177,110
Furniture and Fixtures	124,745	139,464
Leasehold Improvements	<u>243,567</u>	<u>229,837</u>
Total	4,034,947	3,546,411
Less: Accumulated Depreciation	<u>(2,787,640)</u>	<u>(2,481,617)</u>
Total	<u><u>\$ 1,247,307</u></u>	<u><u>\$ 1,064,794</u></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, 2021 and 2020, and these were \$880,700 and \$89,000, respectively.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to Expenditure for Specific Purpose:		
Research	\$ 600,124	\$ 713,446
Patient Aid	40,436	50,436
Public and Professional Education	2,417,926	2,111,668
Total	3,058,486	2,875,550
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	183,122	181,977
Total	189,113	187,968
Total Net Assets with Donor Restrictions	\$ 3,247,599	\$ 3,063,518

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

	2021	2020
Purpose Restrictions Accomplished:		
Research	\$ 303,459	\$ 332,599
Patient Aid	151,868	516,918
Public and Professional Education	2,788,942	3,282,050
Total Restrictions Released	\$ 3,244,269	\$ 4,131,567

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. In December 2021, AKF modified the existing lease and extended it through August 31, 2025. The lease commenced January 2022 and AKF received three months of free rent. 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 lease.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

Total deferred rent was \$13,712 and \$250,824 at December 31, 2021 and 2020, respectively.

Occupancy expense for office space was \$717,296 and \$838,690 in 2021 and 2020, 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>
2022	\$ 647,955	\$ 111,156	\$ 759,111
2023	887,698	100,296	987,994
2024	912,110	100,296	1,012,406
2025	624,795	69,136	693,931
2026	-	568	568
Total	<u>\$ 3,072,558</u>	<u>\$ 381,451</u>	<u>\$ 3,454,009</u>

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.

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 2021 and 2020, AKF continued its tradition of broad-based public support with approximately 80,400 and 70,000 active contributors, respectively. AKF received public support from two corporations in the amount of \$302,100,092 and \$286,287,862 for 2021 and 2020, respectively. These contributions represented 86% and 85% of the total support and revenue as of December 31, 2021 and 2020, respectively.

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 JOINT COSTS

For the years ended December 31, 2021 and 2020, AKF incurred joint costs of \$2,732,537 and \$2,314,338, 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>2021</u>	<u>2020</u>
Fundraising	\$ 1,809,758	\$ 1,606,614
Public Education	922,779	707,724
Total	<u>\$ 2,732,537</u>	<u>\$ 2,314,338</u>

NOTE 12 IN-KIND CONTRIBUTIONS

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

	<u>2021</u>	<u>2020</u>
Advertising, Printing, and Donated Items for Patients and Events	\$ 792,969	\$ 740,019
Donated Services	55,008	152,767
Total In-Kind Contributions	<u>\$ 847,977</u>	<u>\$ 892,786</u>

The in-kind contributions supported Education and Outreach programs for 2021 and 2020.

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 \$585,631 and \$609,827 for the years ended December 31, 2021 and 2020, 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. In 2021, a benefit of approximately \$570,000 was paid to a participant at retirement. AKF also maintained a nonqualified Section 457(f) deferred compensation plan for its president and CEO, contributing a certain amount each year approved by the board. In 2021, a benefit of approximately \$179,000 was paid to AKF's president and CEO and the 457(f) plan was discontinued. 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 \$828,466 and \$1,358,937 at December 31, 2021 and 2020, respectively.

**AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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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, 2021 and 2020. 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:

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

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

	2021	2020
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and		
Amounts Required to be Retained by Donor	\$ 175,017	\$ 175,017
Portion Subject to Appropriation under SPMIFA	14,096	12,951
Total Funds	\$ 189,113	\$ 187,968

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

	2021	2020
Endowment Net Assets - Beginning of Year	\$ 187,968	\$ 187,632
Investment Income	4,007	3,362
Appropriation of Endowment Assets for		
Expenditure	(2,862)	(3,026)
Endowment Net Assets - End of Year	\$ 189,113	\$ 187,968

AMERICAN KIDNEY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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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 \$7,241,557 and \$8,561,880 for the years ended December 31, 2021 and 2020, 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 CME one-month SOFR plus a credit adjustment spread fixed at .11% and 2%. At December 31, 2021 and 2020, this was approximately 2.17% and 2.14%, respectively. There were no outstanding borrowings as of December 31, 2021 and 2020.

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. The trial has now been rescheduled for mid-July 2022 but the case could be decided on summary judgement in mid-May.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 24, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to March 24, 2022, that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021.