

# American Association of Kidney Patients, Inc.

## Financial Statements

June 30, 2024 and 2023



**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.  
TABLE OF CONTENTS**

---

<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>3 - 4</b>
Financial Statements for the Years Ended June 30, 2024 and 2023:	
Statements of Financial Position.....	5
Statements of Activities.....	6 - 7
Statement of Functional Expenses .....	8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10 - 17

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
American Association of Kidney Patients, Inc.  
Tampa, FL

### Opinion

We have audited the accompanying financial statements of American Association of Kidney Patients, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended June 30, 2024, 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 American Association of Kidney Patients, Inc. as of June 30, 2024 and 2023, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Association of Kidney Patients, Inc. 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; 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.

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 American Association of Kidney Patients, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's 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 auditor's 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 generally accepted auditing standards 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.

**CONTINUED**

## INDEPENDENT AUDITOR'S REPORT – CONTINUED

### Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with generally accepted auditing standards, 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 American Association of Kidney Patients, Inc.'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 American Association of Kidney Patients, Inc.'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.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PDR CPAs + Advisors*

Oldsmar, Florida  
November 12, 2024

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,927,960	\$ 2,734,808
Accounts receivable	85,127	75,000
Contributions receivable	90,000	124,960
Educational brochures and program supplies	81,186	55,327
Prepaid expenses	95,357	31,549
	4,279,630	3,021,644
<b>Total current assets</b>	<b>4,279,630</b>	<b>3,021,644</b>
Furniture and equipment, net	4,758	9,332
Operating lease right-of-use assets	39,885	83,028
Other assets	3,125	3,125
	\$ 4,327,398	\$ 3,117,129
<b>Total Assets</b>	<b>\$ 4,327,398</b>	<b>\$ 3,117,129</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,642	\$ 70,622
Accrued expenses	44,906	36,487
Deferred revenue	885,342	455,222
Current portion of lease liabilities	43,436	41,878
	994,326	604,209
<b>Total current liabilities</b>	<b>994,326</b>	<b>604,209</b>
Lease liabilities, net of current portion	-	43,436
	994,326	647,645
<b>Total liabilities</b>	<b>994,326</b>	<b>647,645</b>
<b>Net Assets</b>		
Without donor restrictions	3,205,916	2,329,097
With donor restrictions	127,156	140,387
	3,333,072	2,469,484
<b>Total net assets</b>	<b>3,333,072</b>	<b>2,469,484</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,327,398</b>	<b>\$ 3,117,129</b>

See accompanying notes to financial statements

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
<b>Operating Support and Revenue</b>				
<b>Public support</b>				
Contributions	\$ 118,018	\$ -	\$ 118,018	\$ 51,153
Special events, net of \$8,147 of expenses	9,515	-	9,515	19,266
Bequests and memorials	621,493	-	621,493	445,730
Contributed nonfinancial assets	3,321	-	3,321	4,355
Total public support	752,347	-	752,347	520,504
<b>Revenue</b>				
Grants and contracts	814,806	-	814,806	736,359
Annual meeting fees	291,115	-	291,115	409,455
Policy Summit fees	90,000	-	90,000	148,750
Global Summit fees	-	-	-	236,075
Membership dues	608,985	-	608,985	588,980
Advertising revenue	10,422	-	10,422	-
Sales of brochures and supplies	17,119	-	17,119	22,901
Interest income and other revenue	82,240	-	82,240	19,522
Net assets released from restrictions	13,231	(13,231)	-	-
Total revenue	1,927,918	(13,231)	1,914,687	2,162,042
<b>Total operating public support and revenue</b>	2,680,265	(13,231)	2,667,034	2,682,546
<b>Operating Expenses</b>				
Program services	1,409,538	-	1,409,538	1,738,007
Supporting services:				
Management and general	343,178	-	343,178	354,886
Fundraising	50,730	-	50,730	43,495
<b>Total operating expenses</b>	1,803,446	-	1,803,446	2,136,388
<b>Change in net assets</b>	876,819	(13,231)	863,588	546,158
<b>Net Assets at Beginning of Year</b>	2,329,097	140,387	2,469,484	1,923,326
<b>Net Assets at End of Year</b>	\$ 3,205,916	\$ 127,156	\$ 3,333,072	\$ 2,469,484

See accompanying notes to financial statements

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Support and Revenue</b>			
<b>Public support</b>			
Contributions	\$ 51,153	\$ -	\$ 51,153
Special events, net of \$18,295 of expenses	19,266	-	19,266
Bequests and memorials	445,730	-	445,730
Contributed nonfinancial assets	4,355	-	4,355
Total public support	<u>520,504</u>	<u>-</u>	<u>520,504</u>
<b>Revenue</b>			
Grants and contracts	736,359	-	736,359
Annual meeting fees	409,455	-	409,455
Policy Summit fees	148,750	-	148,750
Global Summit fees	236,075	-	236,075
Membership dues	588,980	-	588,980
Sales of brochures and supplies	22,901	-	22,901
Interest income and other revenue	19,522	-	19,522
Net assets released from restrictions	37,015	(37,015)	-
Total revenue	<u>2,199,057</u>	<u>(37,015)</u>	<u>2,162,042</u>
<b>Total operating public support and revenue</b>	2,719,561	(37,015)	2,682,546
<b>Operating Expenses</b>			
Program services	1,738,007	-	1,738,007
Supporting services:			
Management and general	354,886	-	354,886
Fundraising	43,495	-	43,495
<b>Total operating expenses</b>	<u>2,136,388</u>	<u>-</u>	<u>2,136,388</u>
<b>Change in net assets</b>	583,173	(37,015)	546,158
<b>Net Assets at Beginning of Year</b>	<u>1,745,924</u>	<u>177,402</u>	<u>1,923,326</u>
<b>Net Assets at End of Year</b>	<u>\$ 2,329,097</u>	<u>\$ 140,387</u>	<u>\$ 2,469,484</u>

See accompanying notes to financial statements

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fundraising	Total Supporting Services	2024	2023
Salaries	\$ 566,030	\$ 196,535	\$ 18,584	\$ 215,119	\$ 781,149	\$ 642,748
Payroll taxes	32,124	24,773	1,052	25,825	57,949	46,689
Employee benefits	43,390	15,066	1,425	16,491	59,881	45,566
<b>Total salaries and related expenses</b>	<b>641,544</b>	<b>236,374</b>	<b>21,061</b>	<b>257,435</b>	<b>898,979</b>	<b>735,003</b>
Annual meeting and program expenses	294,342	283	1,284	1,567	295,909	640,960
Professional fees	82,743	55,429	550	55,979	138,722	240,660
Printing and publication	39,057	1,393	10,894	12,287	51,344	105,605
Advertising and marketing	150,521	512	-	512	151,033	141,377
Occupancy	30,635	10,637	1,006	11,643	42,278	44,212
Postage and shipping	18,526	11,252	26	11,278	29,804	32,224
Equipment rental and maintenance	43,915	15,248	1,442	16,690	60,605	78,165
Travel and meetings	97,114	24	300	324	97,438	70,570
Fees, dues, and subscriptions	2,006	1,820	12,438	14,258	16,264	14,945
Other	46	3,672	1,586	5,258	5,304	17,156
Supplies	1,233	1,820	-	1,820	3,053	3,725
Contributed nonfinancial assets	3,500	471	-	471	3,971	4,354
Telephone	1,042	362	34	396	1,438	1,325
Insurance	-	2,730	-	2,730	2,730	2,491
<b>Total expenses before depreciation</b>	<b>1,406,224</b>	<b>342,027</b>	<b>50,621</b>	<b>392,648</b>	<b>1,798,872</b>	<b>2,132,772</b>
Depreciation	3,314	1,151	109	1,260	4,574	3,616
<b>Total expenses</b>	<b>\$ 1,409,538</b>	<b>\$ 343,178</b>	<b>\$ 50,730</b>	<b>\$ 393,908</b>	<b>\$ 1,803,446</b>	<b>\$ 2,136,388</b>

**See accompanying notes to financial statements**



**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 863,588	\$ 546,158
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	4,574	3,616
Noncash operating lease expense	43,143	41,981
<b>(Increase) decrease in operating assets:</b>		
Receivables	24,833	154,106
Educational brochures and program supplies	(25,859)	(11,738)
Prepaid expenses and other assets	(63,808)	(10,711)
<b>(Decrease) increase in operating liabilities:</b>		
Accounts payable and accrued expenses	(41,561)	(8,555)
Change in lease liability	(41,878)	(39,695)
Deferred revenue	430,120	(141,905)
<b>Net cash provided by operating activities</b>	<b>1,193,152</b>	<b>533,257</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	-	(2,873)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(2,873)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,193,152</b>	<b>530,384</b>
<b>Total Cash and Cash Equivalents Beginning of Year</b>	<b>2,734,808</b>	<b>2,204,424</b>
<b>Total Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,927,960</b>	<b>\$ 2,734,808</b>

See accompanying notes to financial statements

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE A - NATURE OF ORGANIZATION**

Founded in 1969, American Association of Kidney Patients, Inc. (the Organization) is the oldest and largest, independent kidney patient organization in the U.S. – the Organization is dedicated to improving the lives and long-term outcomes of kidney patients through education, advocacy, patient engagement and the fostering of patient communities. The Organization fights for early disease detection and the appropriate diagnosis of rare/genetic conditions; increased kidney transplantation and pre-emptive transplantation; full patient choice of either in-center or home dialysis; protection of the patient/physician relationship; promotion of research and innovation including artificial implantable and wearable kidneys and xenotransplantation; and the elimination of barriers for patient access to available treatment options. The Organization operates under a National Strategy which includes its Center for Patient Research and Education and Center for Patient Engagement and Advocacy.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of accounts receivable, determination of the useful lives of the furniture and equipment and the allocation of functional expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit with financial institutions. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time throughout the years ended June 30, 2024 and 2023, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

**Receivables**

**Contributions Receivable**

The Organization's contributions receivable consists of amounts due from supporting companies in the healthcare industry and are due in less than one year. Contributions receivable are stated at the amount that management expects to collect from outstanding balances. Management monitors the collection of contributions receivable on an ongoing basis and provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance when, in management's estimation, it is probable the receivable is not collectible. Management has determined that all amounts are collectible; accordingly, no allowance for potentially uncollectible contributions receivable has been recorded at June 30, 2024 and 2023. Contributions receivable were \$90,000, \$124,960, and \$190,616 at June 30, 2024, 2023, and 2022, respectively.

**Accounts Receivable**

Accounts receivable consist primarily of membership dues and sponsorship and exhibitor fees due from supporting companies in the healthcare industry, all due within one year. Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management periodically assesses the collectability of its accounts receivable by reviewing each outstanding balance, as well as bad debt write-offs experienced in the past, and current and developing general economic conditions, and provides for expected credit losses. Determination of delinquent accounts receivable is based upon the contractual terms of the Organization's membership, sponsorship and exhibitor agreements. The Organization provides for expected credit losses through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2024 and 2023, no allowance for credit losses was necessary, as management determined all receivables to be fully collectible. Historically, the Organization has not experienced any bad debt. Accounts receivable were \$85,127, \$75,000, and \$169,750 at June 30, 2024, 2023, and 2022, respectively.

**Educational Brochures and Program Supplies**

Educational brochures and program supplies consist of publications and literature related to kidney disease and its treatment and other items used in program and outreach activities. The brochures and supplies are carried at original cost and charged to expense when sold or consumed in program activities.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Furniture and Equipment**

Furniture and equipment are stated at cost, if purchased, or at estimated fair value at the date of receipt, if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from 3 - 5 years. Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the Organization's policy to capitalize all items which have a unit cost greater than \$1,000.

**Revenue Recognition**

Certain grants received by the Organization are considered conditional contributions since the grant agreements require the Organization to perform services, incur expenses, or meet contract objectives in order to earn the grant funding. Payments received under these grants are deferred until earned. Revenue is earned and recognized in the financial statements when eligible expenses are incurred, services performed or grant objectives met. Deferred revenue from these conditional grants was approximately \$390,000, \$16,000, and \$69,000 at June 30, 2024, 2023, and 2022, respectively, and is included in deferred revenue in the accompanying statements of financial position.

Other grants and contributions without conditions are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are reported at present value at the date the promise is received to the extent estimated to be collected by the Organization. Other conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenues from meetings, conferences, meeting sponsorships and memberships are considered exchange transactions. Revenues from exchange transactions are recognized when control of the goods and services are transferred to the Organization's members or program participants in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

The Organization typically satisfies its performance obligations for membership dues over time as the related services are provided during the membership agreement period as a stand ready obligation. Revenues from meetings, conferences and sponsorships are recognized at the conclusion of the individual event.

Payments in general are required to be made in advance prior to the beginning of the membership period or prior to the individual event. Differences between the timing of billing and the recognition of revenue are recognized as either accounts receivable or deferred revenues in the statements of financial position.

Unearned billings and cash receipts from exchange transactions was approximately \$495,000, \$439,000, and \$528,000 at June 30, 2024, 2023, and 2022, respectively, and is included in deferred revenue in the accompanying statements of financial position.

**Donated Services**

Donated services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense was \$151,033 and \$141,377 for the years ended June 30, 2024 and 2023, respectively.

**Functional Allocation of Expenses**

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of functional expenses and on a functional basis in the statements of activities. Expenses that can be identified with a specific program or supporting activity are charged directly to the program or supporting activity as a direct cost. Certain costs have been allocated based on their estimated usage in each program or supporting activity. The expenses that are allocated include the following:

<b><u>Expense</u></b>	<b><u>Method of Allocation</u></b>
Salaries and related expenses	Time and effort
Occupancy	Time and effort
Equipment rental and maintenance	Time and effort
Telephone	Time and effort
Depreciation	Time and effort

**Income Tax Status**

The Organization is recognized by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal taxes on related income.

**Uncertain Tax Positions**

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 scrutiny 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. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

**Leases**

The Organization leases office space and office equipment under non-cancellable operating leases. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms or conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and current and long-term operating lease liabilities in the accompanying combined statement of financial position.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Leases - Continued**

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate in the lease when it is readily determinable.

To determine the present value of lease payments, management has elected to use a risk-free rate at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives.

For leases with an initial term of 12 months or less, an ROU asset and lease liability is not recognized and lease expense is recognized on a straight-line basis over the lease term.

**Adoption of New Accounting Standard**

Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of ASU 2016-13 did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**Summarized Comparative Financial For 2023**

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE C - AVAILABILITY AND LIQUIDITY**

At June 30, 2024 and 2023, the Organization's financial assets available to meet general expenditures within one year were as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 3,927,960	\$ 2,734,808
Accounts and contributions receivable	<u>175,127</u>	<u>199,960</u>
Total financial assets	<u>\$ 4,103,087</u>	<u>\$ 2,934,768</u>
Less Amounts Not Available to be Used Within One Year:		
Net assets with donor restrictions	<u>127,156</u>	<u>140,387</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,975,931</u>	<u>\$ 2,794,381</u>

The Organization is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments.

**NOTE D - FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 52,983	\$ 52,983
Less accumulated depreciation	<u>(48,225)</u>	<u>(43,651)</u>
	<u>\$ 4,758</u>	<u>\$ 9,332</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$4,574 and \$3,616, respectively.

**NOTE E - LEASES**

The Organization leases office equipment and its office space under non-cancellable operating leases which expire through June 2025. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has determined these extensions are not reasonably certain to be elected and therefore these extensions are not included in the lease calculations. Total rent expense under these leases was approximately \$45,000 for each of the years ended June 30, 2024 and 2023.

**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE E – LEASES - CONTINUED**

Future minimum lease payments under noncancelable operating leases (with initial or remaining terms in excess of one year) as of June 30, 2024 are as follows:

Year Ending June 30,	Operating Leases
2025	\$ 43,996
Total undiscounted cash flows	43,996
Less: present value discount	(560)
Total lease liabilities	\$ 43,436

As of June 30, 2024 and 2023, the weighted-average remaining lease term for the Organization’s operating leases is .99 and 1.98 years, respectively. The weighted-average discount rate associated with operating leases is 2.85% for 2024 and 2023. Cash paid in connection with operating leases was approximately \$44,000 and \$43,000 for the years ended June 30, 2024 and 2023, respectively. Rent expense incurred by the Organization for short-term leases was approximately \$400 and \$350 for the years ended June 30, 2024 and 2023, respectively.

**NOTE F - NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2024 and 2023, net assets with donor restrictions related to the following:

	2024	2023
Patient Safety Lectureship Program	\$ 98,762	\$ 99,471
Scholarships	28,394	40,916
	\$ 127,156	\$ 140,387

Net assets released from restrictions were comprised of the following:

	2024	2023
Purpose restriction:		
Patient Safety Lectureship Program	\$ 709	\$ 19,200
Scholarships	12,522	17,815
	\$ 13,231	\$ 37,015

**NOTE G - CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets for the years ended June 30, 2024 and 2023 were \$3,321 and \$4,355, respectively, and consisted primarily of donated professional services. All donated services were used by the Organization’s programs and supporting services. There were no donor imposed restrictions associated with the contributions. Donated professional services are valued at the standard hourly rates charged for those services.



**AMERICAN ASSOCIATION OF KIDNEY PATIENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

---

**NOTE H - CONCENTRATIONS OF CREDIT RISK**

At June 30, 2024 and 2023, amounts due from two corporate donors comprise 100% and 91%, respectively, of total contributions receivable.

At June 30, 2024 and 2023, amounts due from two companies comprise 88% and 100%, respectively, of total accounts receivable.

**NOTE I - RETIREMENT PLAN**

The Organization sponsors a 401(k)-retirement savings plan (the Plan) which covers all employees who meet the Plan's participation requirements. During the years ended June 30, 2024 and 2023, the Organization did not make any contributions to the Plan. No expenses were incurred for the years ended June 30, 2024 and 2023.

**NOTE J - SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through November 12, 2024, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the financial statements.