

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**Lexington, Kentucky**



**FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Kidney Health Alliance of Kentucky, Inc.  
Lexington, Kentucky

We have reviewed the accompanying financial statements of Kidney Health Alliance of Kentucky, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A stylized, handwritten-style logo for RFH.

RFH, PLLC  
January 6, 2016

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30,**

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<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
Current assets		
Cash and cash equivalents	\$ 9,238	\$ 15,683
Investments	31,642	41,444
Accounts receivable	6,543	1,936
Inventory	<u>483</u>	<u>577</u>
Total current assets	47,906	59,640
Property and equipment, net	<u>71,120</u>	<u>73,123</u>
Total assets	<u>\$ 119,026</u>	<u>\$ 132,763</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 4,684	\$ 2,428
Accrued expenses	<u>800</u>	<u>772</u>
Total current liabilities	<u>5,484</u>	<u>3,200</u>
Net Assets		
Unrestricted	95,413	108,724
Temporarily restricted	<u>18,129</u>	<u>20,839</u>
Total net assets	<u>113,542</u>	<u>129,563</u>
Total liabilities and net assets	<u>\$ 119,026</u>	<u>\$ 132,763</u>

See independent accountants' review report and  
accompanying notes to financial statements.

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**STATEMENTS OF ACTIVITIES**  
for the years ended June 30,

<b>UNRESTRICTED NET ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>Revenue and Support</b>		
Special events	\$ 57,575	\$ 53,703
Contributions	8,384	37,035
United Way	7,513	7,884
Patient nutritional supplements	18,031	17,112
Investment income	1,927	1,887
(Loss) on disposal of assets	-	(26)
Unrealized gains (loss)	<u>(1,203)</u>	<u>3,084</u>
 Total unrestricted revenue	 92,227	 120,679
Temporary assets released from restrictions	<u>21,352</u>	<u>19,279</u>
 Total unrestricted revenue and support	 <u>113,579</u>	 <u>139,958</u>
 <b>Expenses</b>		
Program services		
Public education	28,455	28,105
Patient services	55,363	51,546
Provider services	16,842	33,304
Supporting services		
Fundraising	17,421	14,668
Management and general	<u>8,809</u>	<u>8,131</u>
 Total expenses	 <u>126,890</u>	 <u>135,754</u>
 <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	 <u>(13,311)</u>	 <u>4,204</u>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	18,642	18,208
Net assets released from restrictions	<u>(21,352)</u>	<u>(19,279)</u>
 <b>(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	 <u>(2,710)</u>	 <u>(1,071)</u>
 <b>CHANGE IN NET ASSETS</b>	 (16,021)	 3,133
 Net assets, beginning of year	 <u>129,563</u>	 <u>126,430</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 113,542</u>	 <u>\$ 129,563</u>

See independent accountants' review report and  
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**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**for the year ended June 30, 2015**

	Program Services			Supporting Services		Total Expenses
	Public Education	Patient Services	Healthcare Provider Services	Fund-Raising	Management & General	
Payroll expenses	\$ 21,823	\$ 19,641	\$ 6,546	\$ 3,819	\$ 2,728	\$ 54,557
Employee benefits	150	90	30	15	15	300
Specific assistance to patients	-	28,378	-	-	-	28,378
Fundraising expense	-	-	-	12,345	-	12,345
Provider services	-	-	6,553	-	-	6,553
Professional fees	-	-	-	-	2,350	2,350
Public education	860	860	1,721	-	-	3,441
Postage	137	182	91	23	23	456
Office expense	1,843	2,765	922	307	307	6,144
Telephone	100	399	100	33	33	665
Insurance	478	956	191	191	96	1,912
Repairs and maintenance	103	118	29	30	15	295
Miscellaneous	-	-	-	-	2,913	2,913
Depreciation	2,961	1,974	659	658	329	6,581
Totals	<u>\$ 28,455</u>	<u>\$ 55,363</u>	<u>\$ 16,842</u>	<u>\$ 17,421</u>	<u>\$ 8,809</u>	<u>\$ 126,890</u>

See independent accountants' review report and  
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**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**for the year ended June 30, 2014**

	Program Services			Supporting Services		Total Expenses
	Public Education	Patient Services	Healthcare Provider Services	Fund-Raising	Management & General	
Payroll expenses	\$ 21,489	\$ 19,340	\$ 6,447	\$ 3,761	\$ 2,686	\$ 53,723
Employee benefits	150	90	30	15	15	300
Specific assistance to patients	-	24,653	-	-	-	24,653
Fundraising expense	-	-	-	7,300	-	7,300
Provider services	-	-	23,574	-	-	23,574
Professional fees	-	-	-	-	2,350	2,350
Public education	548	548	1,095	-	-	2,191
Postage	129	172	84	22	22	429
Office expense	2,241	3,362	1,122	374	374	7,473
Telephone	91	363	90	30	30	604
Insurance	474	948	189	190	95	1,896
Repairs and maintenance	170	195	48	49	24	486
Gaming expenses	-	-	-	2,302	-	2,302
Miscellaneous	-	-	-	-	2,222	2,222
Depreciation	2,813	1,875	625	625	313	6,251
Totals	<u>\$ 28,105</u>	<u>\$ 51,546</u>	<u>\$ 33,304</u>	<u>\$ 14,668</u>	<u>\$ 8,131</u>	<u>\$ 135,754</u>

See independent accountants' review report and accompanying notes to financial statements.

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**STATEMENTS OF CASH FLOWS**  
for the years ended June 30,

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	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (16,021)	3,133
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,581	6,251
Loss on disposal of assets	-	26
Unrealized (gain) loss on investments	1,203	(3,084)
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(4,607)	1,434
(Increase) decrease in inventory	94	(186)
Increase (decrease) in accounts payable	2,256	905
Increase (decrease) in accrued expenses	<u>28</u>	<u>37</u>
Net cash provided by (used in) operating activities	(10,466)	8,516
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,578)	-
Sale of investments	10,530	447
Purchase of investments	<u>(1,931)</u>	<u>(9,387)</u>
Net cash provided by (used in) investing activities	<u>4,021</u>	<u>(8,940)</u>
<b>NET (DECREASE) IN CASH</b>	(6,445)	(424)
Cash and cash equivalents, beginning of year	<u>15,683</u>	<u>16,107</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,238</u>	<u>15,683</u>

See independent accountants' review report and  
accompanying notes to financial statements.



**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Kidney Health Alliance of Kentucky, Inc. (KHAKY) (the Organization) provides public education and patient services in regards to kidney diseases and treatments.

KHAKY operates the following programs:

The **Public Information** programs assist with health fairs and speakers bureaus to increase awareness of kidney disease and promote organ donation.

The **Patient Services** programs provide nutritional supplements, emergency financial assistance, and patient support for individuals with chronic kidney disease.

The **Healthcare Provider Services** programs provide multi-discipline professional development, educational and networking opportunities for renal healthcare providers.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Estimates**

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

**Financial Statement Presentation**

The financial statements have been prepared in accordance with standards for external financial reporting by not-for-profit organizations, which requires that resources be classified for accounting and reporting purposes into the following three classes of net assets:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of KHAKY and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** – Net assets that are subject to donor-imposed stipulations that they be maintained permanently by KHAKY. Generally, the donors of these assets permit KHAKY to use all or part of the income earned on any related investment for general and specific purposes.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restrictions.

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

KHAKY is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision of federal income taxes in the accompanying financial statements has been made.

Under generally accepted accounting principles, the Organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or possible related interest or penalties. The Organization is no longer subject to income tax examinations by tax authorities for the years before 2011.

**Cash Equivalents**

Cash equivalents consist of cash on hand, cash in checking accounts, and certificates of deposit with an original maturity of less than three months. KHAKY maintains deposits with various financial institutions.

**Accounts Receivable**

Accounts receivable typically consists of pledged sponsorships for upcoming events and small amounts relating to the nutritional supplement program. KHAKY does not carry an allowance for doubtful accounts based on the nature of the receivables and historical collections.

**Investments**

Investments are reported at fair market value in accordance with generally accepted accounting principles. The net unrealized and realized gains or losses for investments are reported in the statement of activities.

**Inventory**

Inventory consists primarily of nutritional supplements and promotional items valued at cost.

**Depreciation**

Buildings, furniture, and equipment are depreciated using the straight-line method over their estimated useful lives. Asset lives range from three to twenty years. KHAKY capitalizes capital assets costing \$500 or more.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Management's Review of Subsequent Events**

The Organization has evaluated and considered the need to recognize or disclose subsequent events through January 6, 2016 which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2015, have not been evaluated by the Organization

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

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**2. INVESTMENTS**

Investments consist of the following at June 30,:

	<b>2015</b>	<b>2014</b>
Mutual funds	\$ 25,795	\$ 35,423
Investment in Condo Association	<u>5,847</u>	<u>6,021</u>
Total investments	<u>\$ 31,642</u>	<u>\$ 41,444</u>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30,:

	<b>2015</b>	<b>2014</b>
Land	\$ 18,600	\$ 18,600
Building	106,179	106,179
Furniture and equipment	<u>8,048</u>	<u>3,605</u>
	132,827	128,384
Less: accumulated depreciation	<u>61,707</u>	<u>55,261</u>
Property and equipment, net	<u>\$ 71,120</u>	<u>\$ 73,123</u>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30,:

	<b>2015</b>	<b>2014</b>
Kidney Kamp	\$ 12,097	\$ 12,097
KY Renal Dietitians	6,032	5,418
Research	<u>-</u>	<u>3,324</u>
Temporarily restricted net assets	<u>\$ 18,129</u>	<u>\$ 20,839</u>

**KIDNEY HEALTH ALLIANCE OF KENTUCKY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**5. FAIR VALUE MEASUREMENTS**

Fair values of assets and liabilities measured on a recurring basis at June 30, 2015 and 2014, are as follows:

		<b>Fair Value Measurements Using:</b>		
		<b>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
	<b><u>Fair Value</u></b>			
<b>June 30, 2015</b>				
Investments				
Mutual funds	\$ 25,795	\$ 25,795	\$ -	\$ -
Investment in Condo Association	<u>5,847</u>	<u>-</u>	<u>-</u>	<u>5,847</u>
Total investments	<u>\$ 31,642</u>	<u>\$ 25,795</u>	<u>\$ -</u>	<u>\$ 5,847</u>
<b>June 30, 2014</b>				
Cash and cash equivalents	<u>\$ 15,683</u>	<u>\$ 15,683</u>	<u>\$ -</u>	<u>\$ -</u>
Investments				
Mutual funds	\$ 35,423	\$ 35,423	-	-
Investment in Condo Association	<u>6,021</u>	<u>-</u>	<u>-</u>	<u>6,021</u>
Total investments	<u>\$ 41,444</u>	<u>\$ 35,423</u>	<u>\$ -</u>	<u>\$ 6,021</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 3 inputs are based on the Organization's partner capital account in a condominium association.

**6. RECLASSIFICATION**

Certain reclassifications have been made to the 2014 financial statements in order to conform to the 2015 presentation with no effect on the previously reported results of activities or net assets.