

**National Kidney Foundation  
of Michigan, Inc.**

**Financial Statements**

**June 30, 2023  
(With Summarized Comparative  
Information for 2022)**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

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## Independent Auditors' Report

To the Board of Directors  
National Kidney Foundation of Michigan, Inc.  
Ann Arbor, Michigan

### Opinion

We have audited the accompanying financial statements of National Kidney Foundation of Michigan, Inc., which comprise the balance sheet as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 National Kidney Foundation of Michigan, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 National Kidney Foundation of Michigan, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Adoption of New Accounting Standards

As described in Note 2 to the financial statements, National Kidney Foundation of Michigan, Inc. changed its method of accounting for leases in 2023 as required by the provisions of FASB Accounting Standards Updates relating to FASB ASC 842, *Leases*. Our opinion is not modified with respect to that matter.

### 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 National Kidney Foundation of Michigan, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards and *Government 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, including omissions, 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 generally accepted auditing standards and *Government 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 National Kidney Foundation of Michigan, 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 National Kidney Foundation of Michigan, 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 National Kidney Foundation of Michigan, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 23, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information and Opinion of the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

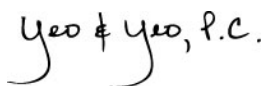
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is required by Title 2 U.S. Code of Federal Regulations (CFR) 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements. The statement of activities and schedule of public support received and special events and fundraisers for the ten years ended June 30, 2014 through 2023 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves,

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As indicated above, we have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of National Kidney Foundation of Michigan, Inc., as of June 30, 2014 through June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended (which are not presented herein), and we expressed unmodified opinions on those financial statements. These audits were conducted for purposes of forming an opinion on the financial statements as a whole. The statement of activities for the ten years ended June 30, 2014 through 2023, and the schedule of public support received and special events and fundraisers for the ten years ended June 30, 2014 through 2023 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 through 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 through 2022 information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of National Kidney Foundation of Michigan, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of National Kidney Foundation of Michigan, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Kidney Foundation of Michigan, Inc.'s internal control over financial reporting and compliance.



Ann Arbor, Michigan  
November 29, 2023

**National Kidney Foundation of Michigan, Inc.**  
**Balance Sheet**  
**June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 1,283,213	\$ 953,834
Investments	7,824,513	7,054,506
Accounts receivable	1,576,589	2,256,645
Unconditional promises to give	236,344	296,332
Prepaid expenses and other	99,442	68,893
Property and equipment, net	1,357,737	1,207,310
Intangible assets, net	2,793,059	1,320,000
Right of use asset - operating lease, net	319,622	-
Beneficial interest in assets held by others	<u>25,986</u>	<u>24,952</u>
<b>Total assets</b>	<b><u>\$ 15,516,505</u></b>	<b><u>\$ 13,182,472</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 530,606	\$ 1,346,496
Accrued expenses	567,504	530,795
Operating lease obligations	323,651	-
Deferred compensation liability	<u>703,021</u>	<u>635,099</u>
<b>Total liabilities</b>	<b><u>2,124,782</u></b>	<b><u>2,512,390</u></b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	9,405,271	6,885,299
Invested in property and equipment	1,357,737	1,207,310
Board designated for Healthy Futures endowment	1,609,424	1,500,000
Board designated for Community Foundation endowment	<u>25,986</u>	<u>24,952</u>
<b>Total net assets without donor restrictions</b>	<b><u>12,398,418</u></b>	<b><u>9,617,561</u></b>
With donor restrictions		
Perpetual restrictions	687,617	572,767
Purpose restrictions	69,344	220,491
Time restrictions	236,344	308,514
Underwater endowments	<u>-</u>	<u>(49,251)</u>
<b>Total net assets with donor restrictions</b>	<b><u>993,305</u></b>	<b><u>1,052,521</u></b>
<b>Total net assets</b>	<b><u>13,391,723</u></b>	<b><u>10,670,082</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 15,516,505</u></b>	<b><u>\$ 13,182,472</u></b>

See Accompanying Notes to the Financial Statements

**National Kidney Foundation of Michigan, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>	
			<b>2023</b>	2022
<b>Revenues</b>				
Public support				
Received directly - contributions	\$ 141,314	\$ 254,388	\$ 395,702	\$ 412,867
Contributions of nonfinancial assets	649,016	-	649,016	519,451
Private and government grants	9,740,153	-	9,740,153	5,987,319
Special events and fundraisers, net	601,482	114,850	716,332	1,232,426
Total public support	11,131,965	369,238	11,501,203	8,152,063
Program service fee and other revenues (losses)				
Program service fees	129,648	-	129,648	118,640
Net investment income (loss)	576,979	-	576,979	(761,985)
Other revenues, gains and losses	7,145	-	7,145	12,386
Total program service fee and other revenues (losses)	713,772	-	713,772	(630,959)
Net assets released from restrictions	428,454	(428,454)	-	-
<b>Total revenues</b>	12,274,191	(59,216)	12,214,975	7,521,104
<b>Expenses</b>				
Program services				
Health education and research	6,362,917	-	6,362,917	3,576,123
Patient and community services	1,938,022	-	1,938,022	2,094,910
Total program services	8,300,939	-	8,300,939	5,671,033
Supporting services				
Fundraising	648,871	-	648,871	416,049
Management and general	543,524	-	543,524	682,266
Total supporting services	1,192,395	-	1,192,395	1,098,315
<b>Total expenses</b>	9,493,334	-	9,493,334	6,769,348
Change in net assets	2,780,857	(59,216)	2,721,641	751,756
Net assets - beginning of year	9,617,561	1,052,521	10,670,082	9,918,326
<b>Net assets - end of year</b>	<u>\$ 12,398,418</u>	<u>\$ 993,305</u>	<u>\$ 13,391,723</u>	<u>\$ 10,670,082</u>

See Accompanying Notes to the Financial Statements

**National Kidney Foundation of Michigan, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,721,641	\$ 751,756
Items not requiring cash		
Depreciation	84,450	93,215
Amortization	982,493	-
Unrealized and realized loss (gain) on investments	(321,026)	966,164
Bad debt	4,850	-
Change in beneficial interest in assets held by others	(1,034)	4,538
Changes in operating assets		
Accounts receivable	675,206	(1,566,229)
Unconditional promises to give	59,988	3,372
Prepaid expenses and other	(30,549)	44,598
Operating lease assets and liabilities	4,029	-
Accounts payable	(1,199,779)	5,352
Accrued expenses	36,709	46,509
Deferred compensation liability	<u>67,922</u>	<u>(62,878)</u>
Net cash provided by operating activities	<u>3,084,900</u>	<u>286,397</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(234,877)	(40,309)
Purchase of intangibles	(2,071,663)	-
Purchases of investments	<u>(448,981)</u>	<u>(931,459)</u>
Net cash used by investing activities	<u>(2,755,521)</u>	<u>(971,768)</u>
Net change in cash	329,379	(685,371)
<b>Cash - beginning of year</b>	<u>953,834</u>	<u>1,639,205</u>
<b>Cash - end of year</b>	<u>\$ 1,283,213</u>	<u>\$ 953,834</u>
<b>Supplemental information</b>		
Non-cash operating activities, in-kind donations	<u>\$ 649,016</u>	<u>\$ 519,451</u>
Property and equipment purchases included in accounts payable	<u>\$ 383,889</u>	<u>\$ 1,320,000</u>

See Accompanying Notes to the Financial Statements



**National Kidney Foundation of Michigan, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	Health Education and Research	Patient and Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
							2023	2022
Salaries	\$ 2,730,504	\$ 1,098,550	\$ 3,829,054	\$ 255,253	\$ 188,341	\$ 443,594	\$ 4,272,648	\$ 3,751,023
Employee benefits	197,686	225,288	422,974	66,385	56,916	123,301	546,275	482,104
Payroll taxes	199,643	83,249	282,892	18,834	13,873	32,707	315,599	284,824
Professional fees and contract services	1,371,452	162,359	1,533,811	208,386	119,921	328,307	1,862,118	1,267,993
Direct assistance to patients	-	43,587	43,587	-	-	-	43,587	31,769
Office supplies and service	213,100	50,294	263,394	85,694	17,620	103,314	366,708	284,321
Telephone and fax	31,853	21,430	53,283	4,691	3,776	8,467	61,750	53,267
Postage and shipping	9,088	1,098	10,186	5,427	1,741	7,168	17,354	15,044
Building occupancy	82,400	66,953	149,353	7,758	7,980	15,738	165,091	173,559
Insurance	15,757	16,485	32,242	4,465	72,852	77,317	109,559	117,282
Printing and publications/audio-visual	105,926	24,397	130,323	31,950	2,981	34,931	165,254	60,861
Meetings and travel	64,064	8,920	72,984	69,046	16,787	85,833	158,817	43,752
Subscriptions and publications	200	230	430	108	1,744	1,852	2,282	4,831
Membership dues and support	7	9	16	2	256	258	274	1,027
Revenue share payment to National	61,916	65,452	127,368	18,259	15,190	33,449	160,817	180,514
Miscellaneous expense	263,237	38,135	301,372	211,396	14,582	225,978	527,350	285,920
Bad debt expense	-	-	-	4,850	-	4,850	4,850	-
Amortization	982,493	-	982,493	-	-	-	982,493	-
Depreciation	33,591	31,586	65,177	10,309	8,964	19,273	84,450	93,215
Total expenses	6,362,917	1,938,022	8,300,939	1,002,813	543,524	1,546,337	9,847,276	7,131,306
Less direct expenses netted with revenue on the statement of activities	-	-	-	(353,942)	-	(353,942)	(353,942)	(361,958)
Total expenses reported by function	\$ 6,362,917	\$ 1,938,022	\$ 8,300,939	\$ 648,871	\$ 543,524	\$ 1,192,395	\$ 9,493,334	\$ 6,769,348
Year ended June 30, 2023 percentages after deducting direct expenses of special events	67.03%	20.41%	87.44%	6.84%	5.72%	12.56%	100.00%	
Year ended June 30, 2022								
Comparative expenses by function	\$ 3,576,123	\$ 2,094,910	\$ 5,671,033	\$ 416,049	\$ 682,266	\$ 1,098,315		\$ 6,769,348
Year ended June 30, 2022 percentages	52.83%	30.95%	83.78%	6.15%	10.08%	16.22%		100.00%

See Accompanying Notes to the Financial Statements

**National Kidney Foundation of Michigan, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Note 1 - Organization**

The National Kidney Foundation of Michigan, Inc. (the "Foundation") was incorporated on March 30, 1960, as a nonprofit corporation whose mission is "to prevent kidney disease and improve the quality of life for those living with it." Through renal patient services, supporting research of chronic kidney disease, and education programs, the Foundation's efforts are conducted to prevent kidney disease, improve access to health care and needed resources, promote quality of care, encourage rehabilitation, increase public awareness, and advance medical knowledge. The Foundation's programs are designed to inform the public about kidney diseases, its leading causes such as diabetes, hypertension and obesity, and increase awareness of the critical need for organ and tissue donation.

The Foundation's primary sources of support are public contributions, grants, and fundraising events.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) at the same point in time the condition is met (that is, when the contribution becomes unconditional). 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 and reported in the statement of activities as net assets released from restrictions.

**Cash**

For the purpose of the statement of cash flows, the Foundation considers as cash all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. As of June 30, 2023, \$1,122,320 of cash was in excess of the amount insured by the FDIC.

**Investments**

Investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets.

**National Kidney Foundation of Michigan, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Accounts Receivable**

Accounts receivable consists of amounts to be collected from special events and amounts billed but uncollected on government grants. It is management's policy to record an allowance against accounts receivable based on anticipated future collections when the realization of the full amount due is in doubt. When receivables are no longer expected to be collectible, they are written off directly to the corresponding revenue account where the original revenue was recorded. Based on management's review, an allowance of \$0 and \$0 was deemed necessary as of June 30, 2023 and 2022, respectively.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

The Foundation initially records unconditional promises to give at fair value using the income approach and subsequently amortizes them using the original discount rate. If the original promise to give is due in less than one year it is recorded at net realizable value.

**Prepaid Expenses**

Prepaid expenses represent amounts purchased in advance for future expenses. The amounts are expected to be utilized in the next fiscal year.

**Property and Equipment**

Property and equipment are stated at cost or, where applicable, appraised value at date of donation. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets which range from 3-40 years. Major expenditures, costing \$1,000 or more, for property and for improvements which substantially increase useful lives of the assets are capitalized. Maintenance, repairs and minor renewals are charged to expense as incurred. When assets are retired, or otherwise disposed of, their cost and the related accumulated depreciation is removed from the accounts and the resulting gain or loss is recognized.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

**Intangible Assets**

Costs to develop or extend the term of intangible assets are amortized over estimated useful lives of the respective assets. Cash flows used to determine potential impairment of intangible assets assume the intent and ability to renew or extend the intangible asset.

**Leases**

The Foundation leases certain buildings and equipment. 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 and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

**National Kidney Foundation of Michigan, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Foundation has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Foundation has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

**Beneficial Interest in Assets Held by Others**

The Foundation has previously established and periodically makes contributions to an endowment held and managed by the Community Foundation for Southeast Michigan ("CFSEM"). The Foundation is eligible to receive distributions, not to exceed the available balance. The Foundation received disbursements of \$21,356 and \$20,601 during the years ended June 30, 2023 and 2022, respectively.

**Revenue Recognition**

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Unconditional promises to give in the accompanying statement of financial position are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as receivables on the statement of financial position.

**Donated Services and Goods**

The Foundation records the value of donated goods as contributions using estimated fair values at the date of receipt. The Foundation's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Advertising Costs**

The Foundation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$17,293 and \$11,887, respectively.

**Functional Expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those allocated expenses include certain salaries and employee benefits along with depreciation and other occupancy costs. Allocations are based on a time study of where efforts are made.

**National Kidney Foundation of Michigan, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Income Tax Status**

The Foundation is a nonprofit Michigan corporation recognized as exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Code. The Foundation files informational returns in the U.S. federal jurisdiction.

**Risks and Uncertainties**

The Foundation 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 that such changes could materially affect the amounts reported in the balance sheet.

**Use of Estimates**

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

**Comparative Financial Statements**

The amounts shown for the year ended June 30, 2022, in the accompanying financial statements are included to provide a basis for comparison with 2023 and present summarized totals only. Accordingly, the 2022 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Contingencies**

As part of the grant agreements, the Foundation agrees to meet the spending requirements and milestones required in those agreements. The Foundation's grants are subject to financial and compliance audits by the grantors. Management believes that any liability for reimbursement that could arise as a result of these audits would not be material.

**Date of Management's Review**

Management has evaluated subsequent events through November 29, 2023, the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

**Adoption of New Accounting Standard**

The Foundation adopted FASB Topic 842, *Leases*, as of the beginning of the year ended June 30, 2023. This has been adopted using the modified retrospective approach. Since lease liabilities equal the related right to use assets, no change to beginning net assets was necessary.

The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Foundation to carry forward the historical lease classification. In addition, the Foundation elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases and the useful lives of corresponding leasehold improvements as certain options to renew were not reasonably certain.

**Reclassifications**

The June 30, 2022 balance sheet was reclassified to be consistent with the June 30, 2023 presentation. Property, plant and equipment of \$2,527,310 was reduced to \$1,207,310 and intangible assets was increased from \$0 to \$1,320,000 to reflect the classification consistent with the balance sheet as of June 30, 2023. Net assets and change in net assets are not affected by this reclassification.

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**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,283,213	\$ 953,834
Investments	7,824,513	7,054,506
Accounts receivable	1,576,589	2,256,645
Unconditional promises to give	236,344	296,332
Beneficial interest in assets held by others	<u>25,986</u>	<u>24,952</u>
 Total financial assets - end of year	 10,946,645	 10,586,269
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time restrictions	(236,344)	(308,514)
Subject to appropriate and satisfaction of donor restrictions	(69,344)	(220,491)
Restricted by donor with perpetual restrictions for the Healthy Futures endowment	(687,617)	(523,516)
Investments - deferred compensation plan	(703,021)	(635,099)
 Board designations:		
Quasi-endowment fund, primarily for long-term investing	(25,986)	(24,952)
Healthy Futures endowment fund	<u>(1,609,424)</u>	<u>(1,500,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 7,614,909</u>	 <u>\$ 7,373,697</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

The board has designated \$1,500,000 and its related investment earnings for the Healthy Futures endowment fund. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the liquidity management plan, the Foundation's goal is generally to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, fixed income, and equities.

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**Note 4 - Fair Value Measurements**

“Fair Value Measurement” establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Basis of Fair Value Measurement**

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables present by level, within the fair value hierarchy, the Foundation's investment assets at fair value, as of June 30, 2023 and 2022.

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in</u>	<u>Significant Other</u>	<u>Significant</u>
		<u>Active Markets for</u>	<u>Observable Inputs</u>	<u>Unobservable</u>
		<u>Identical Assets</u>	<u>(Level 2)</u>	<u>Inputs (Level 3)</u>
		<u>(Level 1)</u>		
<u><b>June 30, 2023</b></u>	<u>Fair Value</u>			
Investments	\$ 7,824,513	\$ 7,824,513	\$ -	\$ -
Beneficial interest in assets held by others	25,986	-	-	25,986
Total	<u>\$ 7,850,499</u>	<u>\$ 7,824,513</u>	<u>\$ -</u>	<u>\$ 25,986</u>
<u><b>June 30, 2022</b></u>				
Investments	\$ 7,054,506	\$ 7,054,506	\$ -	\$ -
Beneficial interest in assets held by others	24,952	-	-	24,952
Total	<u>\$ 7,079,458</u>	<u>\$ 7,054,506</u>	<u>\$ -</u>	<u>\$ 24,952</u>

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**Note 5 - Investments**

Investments at June 30, 2023 and 2022, respectively, were comprised of the following:

	<u>2023</u>		<u>2022</u>	
Money market accounts	\$ 36,345	0.46%	\$ 36,340	0.52%
Mutual funds	3,186,802	40.73%	3,038,366	43.07%
Equity	3,529,841	45.11%	2,892,817	41.01%
Opportunistic	<u>1,071,525</u>	<u>13.69%</u>	<u>1,086,983</u>	<u>15.41%</u>
	<u>\$ 7,824,513</u>	<u>100.00%</u>	<u>\$ 7,054,506</u>	<u>100.00%</u>

The following schedule summarizes the unrestricted investment return included in the statement of activities, for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 255,953	\$ 204,179
Unrealized gain (loss) on investments	<u>321,026</u>	<u>(966,164)</u>
	<u>\$ 576,979</u>	<u>\$ (761,985)</u>

**Note 6 - Accounts Receivable**

Accounts receivable are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Grants receivable	\$ 1,248,184	\$ 2,077,366
Accounts receivable and other	<u>328,405</u>	<u>179,279</u>
	<u>\$ 1,576,589</u>	<u>\$ 2,256,645</u>



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**Note 7 - Unconditional Promises to Give**

Promises to give are scheduled to be collected as follows:

2024	\$ 84,829
2025	69,829
2026	44,830
2027	11,496
2028	11,496
Thereafter	<u>19,714</u>
	242,194
Less discount to net present value	<u>(5,850)</u>
Total promises to give	<u><u>\$ 236,344</u></u>

Management has elected the fair value option for promises to give in order to simplify the accounting for promises to give made in multiple years. The promises to give are discounted using the treasury bill rate of 1.03%.

Promises to give activity for June 30 is detailed as follows:

	<u>2023</u>	<u>2022</u>
Balance beginning of the year	\$ 296,332	\$ 299,704
Less collections	(136,496)	(361,014)
Add new pledges	75,000	365,000
Change in discount to fair value of pledges	<u>1,508</u>	<u>(7,358)</u>
Balance end of the year	<u><u>\$ 236,344</u></u>	<u><u>\$ 296,332</u></u>

The impact of instrument-specific credit risk on promises to give was not material for the years ended June 30, 2023 and 2022.

**Note 8 - Conditional Promises to Give**

During the fiscal year, the Foundation received conditional promises to give related to state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various

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compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following as of June 30, 2023:

Condition/ Grant Purpose	Total Contract/Grant Amount	Spent to Date	Conditional Contribution
Staffing positions and Medicaid compliance	\$ 1,460,000	\$ 1,112,598	\$ 347,402
Uniform guidance compliance	<u>9,298,170</u>	<u>2,288,760</u>	<u>7,009,410</u>
	<u>\$ 10,758,170</u>	<u>\$ 3,401,358</u>	<u>\$ 7,356,812</u>

**Note 9 - Property and Equipment**

The components of property and equipment are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 231,029	\$ 231,029
Building	1,942,700	1,772,945
Furniture and office equipment	<u>683,565</u>	<u>618,443</u>
	2,857,294	2,622,417
Less accumulated depreciation	<u>(1,499,557)</u>	<u>(1,415,107)</u>
	<u>\$ 1,357,737</u>	<u>\$ 1,207,310</u>

Depreciation expense was \$84,450 and \$93,215 for the years ended June 30, 2023 and 2022, respectively.

**Note 10 - Intangible Assets**

Intangible assets consist of software with a useful life of 2-3 years. The components of intangible assets are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Amortized intangibles		
Software	\$ 3,775,552	\$ 1,320,000
Less accumulated amortization	<u>(982,493)</u>	<u>-</u>
Total amortized intangibles	<u>\$ 2,793,059</u>	<u>\$ 1,320,000</u>

Amortization expense for June 30, 2023 and 2022 was \$982,493 and \$0, respectively.

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**Note 11 - Leases**

The Foundation leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2027. The Foundation includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Foundation to pay real estate taxes, insurance, and repairs.

Total lease costs for the years ended June 30, 2023 is as follows:

Operating lease cost	\$ <u>84,929</u>
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The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ <u>80,900</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term in years:	
Operating leases	4.00
Weighted-average discount rate:	
Operating leases	3.10%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2023:

2024	\$ 84,947
2025	83,774
2026	83,233
2027	85,047
2028	<u>7,103</u>
 Total lease payments	 344,104
Less interest	<u>(20,453)</u>
 Present value of lease liabilities	 <u>\$ 323,651</u>

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**Note 12 - Beneficial Interest in Assets Held By Others**

The Foundation has established the National Kidney Foundation of Michigan Endowment Fund with the Community Foundation for Southeastern Michigan (the "Community Foundation"). The Community Foundation will distribute funds annually, based on their current spending policy. The agreement between the Foundation and the Community Foundation grants the Community Foundation power to direct the earnings of this fund, and earnings on any subsequent donor restricted contributions to this endowment fund, to the Foundation as beneficiary. The agreement also grants the Community Foundation variance power to redirect the use of gifts or assets to another beneficiary so that the donors' charitable interest may be served in perpetuity. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Other benefactors have donated money to this fund, but the Foundation does not own those assets. The balance of those assets as of June 30, 2023 and 2022 is \$441,645 and \$424,059, respectively.

**Note 13 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Family caregivers	\$ 6,124	\$ 72,451
Special events	30,000	-
Food and nutrition	23,298	124,750
Healthy Futures endowment earnings	905	-
Health	<u>9,017</u>	<u>23,290</u>
 Total subject to expenditure for specified purpose	 <u>69,344</u>	 <u>220,491</u>
Subject to the passage of time		
Food and nutrition	-	12,182
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>236,344</u>	<u>296,332</u>
 Total subject to the passage of time	 <u>236,344</u>	 <u>308,514</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Healthy Futures	687,617	572,767
Subject to NFP endowment spending policy and appropriation		
Underwater endowments	<u>-</u>	<u>(49,251)</u>
 Total endowments	 <u>687,617</u>	 <u>523,516</u>
 Total net assets with donor restrictions	 <u>\$ 993,305</u>	 <u>\$ 1,052,521</u>

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**Note 14 - Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions and satisfaction of purpose restrictions		
Food and nutrition	\$ -	\$ 201,929
Health	<u>-</u>	<u>30,000</u>
Total expiration of time restrictions and satisfaction of purpose restrictions	<u>-</u>	<u>231,929</u>
Satisfaction of purpose restrictions		
Family caregivers	81,327	12,549
Food and nutrition	123,633	215,988
Health	<u>88,506</u>	<u>53,261</u>
Total satisfaction of purpose restrictions	<u>293,466</u>	<u>281,798</u>
Satisfaction of time restrictions		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>134,988</u>	<u>12,818</u>
Total net assets released from donor restrictions	<u>\$ 428,454</u>	<u>\$ 526,545</u>

**Note 15 - Endowments**

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023 and

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June 30, 2022, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor-restricted endowment fund; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the organization; and (7) The investment policies of the organization.

The endowment net asset composition by fund type as of June 30, 2023 is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated for Healthy Futures	\$ 1,500,000	\$ -	\$ 1,500,000
Board-designated for Community Foundation	25,986	-	25,986
Donor-restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	687,617	687,617
Accumulated investment gains	<u>109,424</u>	<u>905</u>	<u>110,329</u>
Total endowment funds	<u>\$ 1,635,410</u>	<u>\$ 688,522</u>	<u>\$ 2,323,932</u>

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Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Beginning of year	\$ 1,524,952	\$ 523,516	\$ 2,048,468
Contributions	-	114,851	114,851
Distributions	(1,319)	-	(1,319)
Investment income	111,777	49,250	161,027
Net appreciation (depreciation)	-	905	905
	<u>-</u>	<u>905</u>	<u>905</u>
End of year	<u>\$ 1,635,410</u>	<u>\$ 688,522</u>	<u>\$ 2,323,932</u>

The endowment net asset composition by fund type as of June 30, 2022 is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated for Healthy Futures	\$ 1,500,000	\$ -	\$ 1,500,000
Board-designated for Community Foundation	24,952	-	24,952
Donor-restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	572,767	572,767
Accumulated investment gains	-	(49,251)	(49,251)
	<u>-</u>	<u>(49,251)</u>	<u>(49,251)</u>
Total endowment funds	<u>\$ 1,524,952</u>	<u>\$ 523,516</u>	<u>\$ 2,048,468</u>

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Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Beginning of year	\$ 29,490	\$ -	\$ 29,490
Contributions	1,500,000	572,767	2,072,767
Distributions	(1,272)	-	(1,272)
Investment income	21,252	8,114	29,366
Net appreciation (depreciation)	(24,518)	(57,365)	(81,883)
End of year	<u>\$ 1,524,952</u>	<u>\$ 523,516</u>	<u>\$ 2,048,468</u>

**Return Objectives and Risk Parameters**

The Foundation has adopted a policy to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the real purchasing power of these assets over time, while providing a reasonably predictable contribution to the annual operating budget.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation's return objective is to optimize total real rate of return (adjusted for inflation) as measured over rolling five-year and seven-year market periods against the Consumer Price Index. The asset mix of the endowment fund is to range approximately within the following limits:

Asset Class	Target (%)	Allowable Range (%)
U.S. equities	45	35-50
International equities	15	10-20
Alternative investments	15	0-25
Fixed income	25	15-40
Cash equivalents	0	0-10

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation's finance committee will review annually and recommend a spending percentage not to exceed 5% of the prior fiscal year end balances of the endowment account.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with original gift values of \$572,767, fair values of \$523,516 and deficiencies of \$49,251 were reported in net assets with donor restrictions. During the year, the Foundation did not appropriate any funds from the underwater endowments. These amounts were fully recovered during 2023 due to favorable market fluctuations.



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**Note 16 - Revenue from Contracts with Customers**

The following summarizes revenue by type for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 535,346	\$ 804,973
Public support and contributions	11,095,505	7,465,730
Net investment income (loss)	576,979	(761,985)
Other revenues, gains and losses	<u>7,145</u>	<u>12,386</u>
 Total revenue	 <u>\$ 12,214,975</u>	 <u>\$ 7,521,104</u>

The revenue from contracts with customers for the years ended June 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Revenue earned at a point in time	<u>\$ 535,346</u>	<u>\$ 804,973</u>

Revenue earned at a point in time consists of classes and training related to diabetes awareness and prevention via in-person and on-line classes. Additionally, revenue earned at a point in time consists of ticket and event sales related to special events. Generally, both education programs and special event ticket sales must be prepaid upon signup or the day of class and therefore the revenues and cash flows related to these programs are without uncertainty. The educational programs and special events are typically one day events and therefore the performance obligation is typically satisfied when the attendee attends the event or class; if the attendee does not attend the entire event or class, revenue is still earned if some portion of the event occurred. This is because both events and classes are typically not refundable. The transaction price is calculated using the expected value method based on historical experience for each price.

The following summarizes contract assets as of:

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>July 1,</u> <u>2021</u>
Accounts receivable	<u>\$ 328,405</u>	<u>\$ 179,279</u>	<u>\$ 61,548</u>

There were no changes in judgments related to revenue recognition for the years ended June 30, 2023 and 2022.

**Note 17 - Revenue Share Payment to National Organization**

The Foundation has agreed to make support payments to its National Organization ("National") based on gross contributed revenue, as defined by National. During 2023 and 2022, the agreed upon payment was 18% of all such revenue and totaled \$148,378 and \$180,514, of which \$1,471 and \$0, respectively was included in accounts payable at June 30, 2023 and 2022. National provides program, management, and other services in return for these payments. The Foundation allocates the expense among program and supporting service activities based

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on information supplied by National. There are no required support payments due to National on donor restricted support.

**Note 18 - Contributed Nonfinancial Assets**

Contributed nonfinancial assets for the year ended June 30, 2023 were:

Category	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Advertising	\$ 9,820	Public health education, patient services, community services	No associated donor restrictions	In valuing the contributed advertising, the fair value of ads and labor hours donated was used.
Miscellaneous supplies	184,311	Fundraising supplies	No associated donor restrictions	The fair value of contributed supplies was used.
Occupancy	2,500	Public health education	No associated donor restrictions	In valuing the contributed use of approximately 1,000 square feet of space, National Kidney Foundation of Michigan, Inc. estimated the fair value on the basis of comparable rental prices for the use of the building.
Services	452,385	Various medical and consulting services	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services.
Volunteer services	-	Various program services and fundraising	No associated donor restrictions	Criteria for recording revenue are not met; approximately 5,355 labor hours were donated
	<u>\$ 649,016</u>			

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Contributed nonfinancial assets for the year ended June 30, 2022 were:

Category	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Advertising	\$ 10,800	Public health education, patient services, community services	No associated donor restrictions	In valuing the contributed advertising, the fair value of ads and labor hours donated was used.
Miscellaneous supplies	49,800	Fundraising supplies	No associated donor restrictions	The fair value of contributed supplies was used.
Occupancy	2,500	Public health education	No associated donor restrictions	In valuing the contributed use of approximately 1,000 square feet of space, National Kidney Foundation of Michigan, Inc. estimated the fair value on the basis of comparable rental prices for the use of the building.
Services	456,351	Various medical and consulting services	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services.
Volunteer services	-	Various program services and fundraising	No associated donor restrictions	Criteria for recording revenue are not met; approximately 4,000 labor hours were donated
	<u>\$ 519,451</u>			

**Note 19 - Retirement Plans**

The Foundation has a non-contributory defined 403(b) contribution pension plan, which covers substantially all full-time employees. Under the terms of the plan, individual single premium annuity contracts are purchased annually for each covered employee. There are no prior service costs. Pension expense for the years ended June 30, 2023 and 2022, was \$213,099 and \$199,531, respectively.

In October 2008, the Foundation started a non-qualified 457(b) deferred compensation plan for the members of management. Under the terms of the plan, contributions are made on behalf of the eligible employees by the Foundation. The balance of the deferred compensation arrangement was \$703,021 and \$635,099 as of June 30, 2023 and 2022, respectively and is shown in both assets and liabilities on the Foundation's financial statements and is available to general creditors of the Foundation. Deferred compensation expense for the years ended June 30, 2023 and 2022 was \$60,000 and \$42,500, respectively.

**Note 20 - Related Party Transactions**

The Foundation had promises to give from various board members for the year ended June 30, 2023 in the amount of \$192,194. They are expected to be collected upon annually through the year ended June 30, 2029.

**Note 21 - Concentrations and Credit Risks**

The Foundation's investments are held in a diversified portfolio with no concentrations of market risk. No other financial instruments expose the Foundation to concentrations of credit risk or market risk. The Foundation receives a substantial portion of its revenue from special events, fundraisers, and grants. A significant reduction in the level of these revenues, if it were to occur, could diminish certain programs of the Foundation.

## **Supplementary Information**

**National Kidney Foundation of Michigan, Inc.**  
**Statement of Activities**  
**For the Ten Years Ended June 30, 2014 through 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues</b>										
Public support										
Received directly - contributions	\$ 395,702	\$ 412,867	\$ 358,040	\$ 295,809	\$ 511,296	\$ 848,101	\$ 842,252	\$ 786,541	\$ 284,264	\$ 229,666
Contributions of nonfinancial assets	649,016	519,451	973,517	726,620	668,582	764,700	896,540	698,206	642,885	624,721
Private and government grants	9,740,153	5,987,319	5,086,604	4,894,668	4,269,754	4,081,228	4,234,886	4,537,019	4,257,535	3,790,011
	<u>10,784,871</u>	<u>6,919,637</u>	<u>6,418,161</u>	<u>5,917,097</u>	<u>5,449,632</u>	<u>5,694,029</u>	<u>5,973,678</u>	<u>6,021,766</u>	<u>5,184,684</u>	<u>4,644,398</u>
Special events and fundraisers										
Revenues	1,070,274	1,594,384	652,500	935,844	1,515,722	1,564,003	1,864,522	1,769,386	2,427,209	3,139,441
Less: direct benefit costs	(353,942)	(361,958)	(59,542)	(354,410)	(438,348)	(383,038)	(431,466)	(448,355)	(1,242,960)	(2,073,907)
	<u>716,332</u>	<u>1,232,426</u>	<u>592,958</u>	<u>581,434</u>	<u>1,077,374</u>	<u>1,180,965</u>	<u>1,433,056</u>	<u>1,321,031</u>	<u>1,184,249</u>	<u>1,065,534</u>
Net special events and fundraisers										
	<u>11,501,203</u>	<u>8,152,063</u>	<u>7,011,119</u>	<u>6,498,531</u>	<u>6,527,006</u>	<u>6,874,994</u>	<u>7,406,734</u>	<u>7,342,797</u>	<u>6,368,933</u>	<u>5,709,932</u>
Total public support										
Program service fee and other revenues (losses)										
Program service fees	129,648	118,640	99,143	245,589	369,405	427,127	333,008	291,220	278,056	260,858
Net investment income	576,979	(761,985)	1,271,909	193,308	221,851	373,343	394,667	68,949	6,805	407,032
Forgiveness of debt - PPP loan	-	-	551,900	-	-	-	-	-	-	-
Other	7,145	12,386	(2,764)	22,662	102	564	4,570	850	612	564
	<u>713,772</u>	<u>(630,959)</u>	<u>1,920,188</u>	<u>461,559</u>	<u>591,358</u>	<u>801,034</u>	<u>732,245</u>	<u>361,019</u>	<u>285,473</u>	<u>668,454</u>
Total program service fee and other revenues										
	<u>12,214,975</u>	<u>7,521,104</u>	<u>8,931,307</u>	<u>6,960,090</u>	<u>7,118,364</u>	<u>7,676,028</u>	<u>8,138,979</u>	<u>7,703,816</u>	<u>6,654,406</u>	<u>6,378,386</u>
<b>Total revenues</b>										
<b>Expenses</b>										
Program services										
Research	-	-	-	18,231	44,389	48,118	39,962	124,402	95,764	86,022
Public education	6,362,917	3,576,123	3,628,113	4,054,666	4,501,132	5,795,758	5,700,426	5,470,240	5,010,819	4,603,222
Professional education	-	-	-	26,014	72,439	267,616	260,678	209,161	175,591	180,782
Patient services	-	-	-	442,294	638,935	389,357	355,540	279,402	482,508	481,157
Community services	1,938,022	2,094,910	2,276,160	1,678,741	829,453	261,616	323,748	288,857	225,150	206,453
	<u>8,300,939</u>	<u>5,671,033</u>	<u>5,904,273</u>	<u>6,219,946</u>	<u>6,086,348</u>	<u>6,762,465</u>	<u>6,680,354</u>	<u>6,372,062</u>	<u>5,989,832</u>	<u>5,557,636</u>
Total program services										
Supporting services										
Fundraising	648,871	416,049	418,370	450,256	565,989	559,908	494,568	477,631	390,026	358,256
Management and general	543,524	682,266	706,520	584,681	899,272	372,461	353,279	362,794	264,518	240,041
	<u>1,192,395</u>	<u>1,098,315</u>	<u>1,124,890</u>	<u>1,034,937</u>	<u>1,465,261</u>	<u>932,369</u>	<u>847,847</u>	<u>840,425</u>	<u>654,544</u>	<u>598,297</u>
Total supporting services										
	<u>9,493,334</u>	<u>6,769,348</u>	<u>7,029,163</u>	<u>7,254,883</u>	<u>7,551,609</u>	<u>7,694,834</u>	<u>7,528,201</u>	<u>7,212,487</u>	<u>6,644,376</u>	<u>6,155,933</u>
<b>Total expenses</b>										
Change in net assets	2,721,641	751,756	1,902,144	(294,793)	(433,245)	(18,806)	610,778	491,329	10,030	222,453
Net assets - beginning of year	10,670,082	9,918,326	8,016,182	8,310,975	8,744,220	8,763,026	8,152,248	7,660,919	7,650,889	7,428,436
<b>Net assets - end of year</b>	<u>\$ 13,391,723</u>	<u>\$ 10,670,082</u>	<u>\$ 9,918,326</u>	<u>\$ 8,016,182</u>	<u>\$ 8,310,975</u>	<u>\$ 8,744,220</u>	<u>\$ 8,763,026</u>	<u>\$ 8,152,248</u>	<u>\$ 7,660,919</u>	<u>\$ 7,650,889</u>

**National Kidney Foundation of Michigan, Inc.**  
**Schedule of Public Support Received and Special Events and Fundraisers**  
**For the Ten Years Ended June 30, 2014 through 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Public support received directly</b>										
Contributions	\$ 287,237	\$ 347,407	\$ 256,546	\$ 261,595	\$ 237,550	\$ 208,465	\$ 153,456	\$ 138,499	\$ 191,748	\$ 196,909
Annual associate drive	48,895	36,404	33,369	30,861	27,077	38,179	33,733	26,042	27,226	25,990
Legacies and bequests	59,570	29,056	68,125	3,353	246,669	601,457	655,063	622,000	65,290	6,767
Contributions of nonfinancial assets	649,016	519,451	973,517	726,620	668,582	764,700	896,540	698,206	642,885	624,721
Total support received directly	<u>\$ 1,044,718</u>	<u>\$ 932,318</u>	<u>\$ 1,331,557</u>	<u>\$ 1,022,429</u>	<u>\$ 1,179,878</u>	<u>\$ 1,612,801</u>	<u>\$ 1,738,792</u>	<u>\$ 1,484,747</u>	<u>\$ 927,149</u>	<u>\$ 854,387</u>
<b>Special events and fundraisers</b>										
Bingo										
Bingo revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775,802	\$ 1,673,667
Less prizes paid and other direct costs	-	-	-	-	-	-	-	-	(766,876)	(1,599,973)
Net bingo support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,926</u>	<u>73,694</u>
Other events										
Revenues	1,070,274	1,594,384	652,500	935,844	1,515,722	1,564,003	1,864,522	1,769,386	1,651,407	1,465,774
Less direct costs	(353,942)	(361,958)	(59,542)	(354,410)	(438,348)	(383,038)	(431,466)	(448,355)	(476,084)	(473,934)
Net other events support	<u>716,332</u>	<u>1,232,426</u>	<u>592,958</u>	<u>581,434</u>	<u>1,077,374</u>	<u>1,180,965</u>	<u>1,433,056</u>	<u>1,321,031</u>	<u>1,175,323</u>	<u>991,840</u>
Net support from special events and fundraisers	<u>\$ 716,332</u>	<u>\$ 1,232,426</u>	<u>\$ 592,958</u>	<u>\$ 581,434</u>	<u>\$ 1,077,374</u>	<u>\$ 1,180,965</u>	<u>\$ 1,433,056</u>	<u>\$ 1,321,031</u>	<u>\$ 1,184,249</u>	<u>\$ 1,065,534</u>

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

### **Independent Auditors' Report**

Management and the Board of Directors  
National Kidney Foundation of Michigan, Inc.  
Ann Arbor, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Kidney Foundation of Michigan, Inc. which comprise the balance sheet as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2023.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered National Kidney Foundation of Michigan, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Kidney Foundation of Michigan, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of National Kidney Foundation of Michigan, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether National Kidney Foundation of Michigan, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
November 29, 2023



**Report on Compliance For Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance  
Independent Auditors' Report**

Management and the Board of Directors  
National Kidney Foundation of Michigan, Inc.  
Ann Arbor, Michigan

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited National Kidney Foundation of Michigan, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of National Kidney Foundation of Michigan, Inc.'s major federal programs for the year ended June 30, 2023. National Kidney Foundation of Michigan, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, National Kidney Foundation of Michigan, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of National Kidney Foundation of Michigan, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of National Kidney Foundation of Michigan, Inc.'s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to National Kidney Foundation of Michigan, Inc.'s federal programs.

## Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on National Kidney Foundation of Michigan, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about National Kidney Foundation of Michigan, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 National Kidney Foundation of Michigan, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of National Kidney Foundation of Michigan, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of National Kidney Foundation of Michigan, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in

internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of National Kidney Foundation of Michigan, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated November 29, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
November 29, 2023

**National Kidney Foundation of Michigan, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Award Amount	Current Year Expenditures
U.S. Department of Health and Human Services Direct Award					
PPHF 2012: Racial and Ethnic Approaches to Community Health Program financed solely by 2012 Public Prevention and Health Funds					
Centers for Disease Control and Prevention (CDC)	93.738	6NU58DP006597	9/30/21-9/29/22	\$ 697,140	\$ 170,043
Centers for Disease Control and Prevention (CDC)	93.738	5NU58DP006597	9/30/22-9/29/23	697,140	543,253
Centers for Disease Control and Prevention (CDC)	93.738	6NU58DP006597	3/30/21-9/29/22	554,226	120,824
Centers for Disease Control and Prevention (CDC)	93.738	5NU58DP006597	9/30/22-9/29/23	407,761	299,354
					<u>1,133,474</u>
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs financed by 2012 Prevention and Public Health					
Administration For Community Living (ACL PATH)	93.734	90CSSG0019	5/1/19-8/31/22	835,083	56,804
Administration For Community Living (ACL CDSME)	93.734	90CSSG0051	5/1/22-4/30/25	673,024	193,324
					<u>250,128</u>
Evidence-Based Falls Prevention Programs					
Administration For Community Living (ACL Fall Prevention)	93.761	90FPSG0033	8/1/20-7/31/24	302,716	50,936
					<u>50,936</u>
Total Direct Award					<u>1,434,538</u>
Passed Through Michigan Department of Health and Human Services Prevention & Management of Diabetes & Heart Disease & Stroke					
Diabetes Prevention (DIAB or 1815)	93.426	E20220624	10/1/21-9/30/22	47,146	9,329
Diabetes Prevention (DIAB or 1815)	93.426	E20230902	10/1/22-6/30/23	40,671	40,671
					<u>50,000</u>
Improving Health of People with Disabilities					
Disabilities Health 2 (DISAB)	93.184	E20224043	10/1/21-9/30/22	58,439	7,396
Disabilities Health 2 (DISAB)	93.184	E20232588	10/1/22-9/30/23	106,220	64,931
					<u>72,327</u>
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke					
DCDIS - DMCV Innovations (1817)	93.435	E20220227	10/1/21-9/30/22	207,687	59,127
DCDIS - DMCV Innovations (1817)	93.435	E20231040	10/1/22-9/30/23	167,187	116,776
Cardiovascular Disease Prevention and Management (CDPM)	93.435	E20220173	10/1/21-9/30/22	10,000	2,573
Cardiovascular Disease Prevention and Management (CDPM)	93.435	E20232425	10/1/22-9/30/23	10,000	8,320
					<u>186,796</u>
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health					
DPP Umbrella Hub	93.421	E20224139	11/1/21-7/31/22	94,943	4,975
DPP Umbrella Hub	93.421	E20234641	11/1/22-9/30/23	95,000	67,749
					<u>72,724</u>
Well-Integrated Screening and Evaluation for Women Across the Nation (WiseWoman)					
	93.436	E20222427	10/1/21-9/30/22	17,500	7,171
Pass-Through Regents of University of Michigan Diabetes, Digestive, and Kidney Diseases Extramural Research U of M NIH LEAP					
	93.847	SUBK00013575	8/15/22 - 4/30/26	238,724	51,366
Chronic Diseases: Research, Control, and Prevention U of M - Herman					
	93.068	1 U18DP006712-01-00	9/1/22 - 8/31/27	104,513	9,041
Total U.S. Department of Health and Human Services					<u>1,883,963</u>

**National Kidney Foundation of Michigan, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

U.S. Department of Treasury					
Passed Through Michigan Department of Health and Human Services					
Coronavirus State and Local Fiscal Recovery Funds					
COVID-19 Morris Hood III Chronic Kidney Disease & COVID Complications Prevention	21.027	E20224990-00	6/1/22-9/30/22	2,942,375	1,474,768
COVID-19 Morris Hood III Chronic Kidney Disease & COVID Complications Prevention	21.027	E20234083-002	10/1/22-9/30/23	5,543,200	<u>3,774,118</u>
					<u>5,248,886</u>
U.S. Department of Agriculture					
Passed through Michigan Fitness Foundation					
SNAP Cluster - SNAP Nutrition Education					
Michigan Nutrition Network (MNN PreK & KIDS)	10.561	FY22 NKFM	10/1/21-9/30/22	675,000	178,677
Michigan Nutrition Network (MNN PreK & KIDS)	10.561	FY23 NKFM	10/1/22-9/30/23	675,000	<u>480,203</u>
					<u>658,880</u>
U.S. Department of Transportation					
Passed through Michigan Fitness Foundation					
Safe Routes to School	20.205	2017087	10/6/22-9/30/23	69,998	<u>33,368</u>
Total Federal Awards					<u>\$ 7,825,097</u>

**National Kidney Foundation of Michigan, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of National Kidney Foundation of Michigan, Inc. (the Foundation) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

**Note 2 - Summary of Significant Accounting Policies**

**Expenditures**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate**

The Foundation has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Instead, the Foundation has obtained a federal approved indirect rate that is approved annually.

**Note 3 - Reconciliation to the Financial Statements**

The revenue relating to the schedule of expenditures of federal awards is included in the basic financial statements with private and government grants as follows:

Private and government awards	\$ 9,740,153
Non federal awards	<u>1,915,056</u>
Federal awards	<u><u>\$ 7,825,097</u></u>

**Note 4 - Subrecipients**

No amounts were provided to subrecipients.

**National Kidney Foundation of Michigan, Inc.**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section I – Summary of Auditors' Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ Yes            ☒ No
- Significant deficiency(ies) identified?            ☐ Yes            ☒ None reported
- Noncompliance material to financial  
statements noted?                    ☐ Yes            ☒ No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?                    ☐ Yes            ☒ No
- Significant deficiency(ies) identified?            ☐ Yes            ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with 2 CFR 200.516(a)?

☐ Yes            ☒ No

Identification of major federal programs:

*Assistance Listing Number*

21.027

*Name of Federal Program*

Morris Hood III Chronic Kidney Disease and COVID  
Complications Prevention

Dollar threshold used to distinguish  
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes            ☐ No

**National Kidney Foundation of Michigan, Inc.**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section II – Government Auditing Standards Findings**

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2023.

**Section III – Federal Award Findings**

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2023.



**National Kidney Foundation of Michigan, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2023**

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**Section IV – Prior Government Auditing Standards Findings**

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2022.

**Section V – Prior Federal Award Findings**

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2022.