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**NEPHCURE KIDNEY INTERNATIONAL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**

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NEPHCURE KIDNEY INTERNATIONAL

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## INDEPENDENT AUDITOR'S REPORT

September 23, 2021

To the Board of Directors  
NephCure Kidney International  
King of Prussia, Pennsylvania

We have audited the accompanying financial statements of NephCure Kidney International, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

To the Board of Directors  
NephCure Kidney International

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

#### Report on Summarized Comparative Information

We have previously audited NephCure Kidney International's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain items have been reclassified to conform to the current year presentation.

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

**NEPHCURE KIDNEY INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,054,135	\$ 1,321,082
Contributions receivable	-	50,000
Prepaid expenses and other assets	17,705	13,005
Asset held for resale	20,000	20,000
<b>TOTAL CURRENT ASSETS</b>	<u>2,091,840</u>	<u>1,404,087</u>
<b>NONCURRENT ASSETS</b>		
Fixtures and equipment, net of depreciation	2,361	8,205
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,361</u>	<u>8,205</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,094,201</u></u>	<u><u>\$ 1,412,292</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 23,435</u>	<u>\$ 131,273</u>
<b>TOTAL LIABILITIES</b>	<u>23,435</u>	<u>131,273</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Operating	1,881,361	1,010,974
Donor-advised funds	40,000	40,000
Total without donor restrictions	<u>1,921,361</u>	<u>1,050,974</u>
With donor restrictions	149,405	230,045
Total Net Assets	<u>2,070,766</u>	<u>1,281,019</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,094,201</u></u>	<u><u>\$ 1,412,292</u></u>

The accompanying notes are an integral part of these financial statements.

**NEPHCURE KIDNEY INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Comparative Totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
	2020	2019	2020	2019
REVENUE AND OTHER SUPPORT:				
Contributions	\$ 1,763,198	\$ 60,000	\$ 1,823,198	\$ 1,740,060
In-kind services	14,991	-	14,991	223,374
Special event revenue, net of direct expenses of \$236,970 and \$951,078, respectively	933,966	-	933,966	2,025,263
Miscellaneous revenue	46,440	-	46,440	10,905
Paycheck Protection Program	263,752	-	263,752	-
Net assets released from restrictions	<u>3,022,347</u>	<u>60,000</u>	<u>3,082,347</u>	<u>3,999,602</u>
	140,640	(140,640)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>3,162,987</u>	<u>(80,640)</u>	<u>3,082,347</u>	<u>3,999,602</u>
EXPENSES:				
Program services	1,729,675	-	1,729,675	3,122,122
Support services	562,925	-	562,925	987,241
TOTAL EXPENSES	<u>2,292,600</u>	<u>-</u>	<u>2,292,600</u>	<u>4,109,363</u>
CHANGE IN NET ASSETS	870,387	(80,640)	789,747	(109,761)
NET ASSETS, BEGINNING OF YEAR	<u>1,050,974</u>	<u>230,045</u>	<u>1,281,019</u>	<u>1,390,780</u>
NET ASSETS, END OF YEAR	<u>\$ 1,921,361</u>	<u>\$ 149,405</u>	<u>\$ 2,070,766</u>	<u>\$ 1,281,019</u>

The accompanying notes are an integral part of these financial statements.

**NEPHCURE KIDNEY INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Comparative Totals for 2019)**

	Program Services			Support Services			Totals	
	Research	Health and Education	Total Program Services	Fund Raising	Management and General	Total Support Services	2020	2019
Staffing expenses	\$ 766,073	\$ 574,555	\$ 1,340,628	\$ 239,398	\$ 15,960	\$ 255,358	\$ 1,595,986	\$ 1,613,046
Conferences	698	1,295	1,993	-	-	-	1,993	22,874
Gateway	2,385	3,408	5,793	682	341	1,023	6,816	1,113,087
General administration	3,260	18,745	22,005	18,745	40,749	59,494	81,499	119,820
Interest expense	-	-	-	-	-	-	-	5,750
IT	45,391	64,844	110,235	12,969	6,484	19,453	129,688	105,234
Occupancy	41,770	26,733	68,503	12,531	2,506	15,037	83,540	147,428
Office supplies	1,611	5,257	6,868	-	1,611	1,611	8,479	6,596
Other	1,253	7,240	8,493	7,240	15,740	22,980	31,473	248,546
Patient education	918	2,752	3,670	-	-	-	3,670	4,261
Professional development	104	1,796	1,900	242	1,312	1,554	3,454	12,747
Professional services	8,705	150,882	159,587	110,260	20,311	130,571	290,158	512,421
Research payments	-	-	-	-	-	-	-	188,368
Bad debt expense	-	-	-	-	50,000	50,000	50,000	-
Depreciation	-	-	-	-	5,844	5,844	5,844	9,185
<b>TOTAL EXPENSES</b>	<b>\$ 872,168</b>	<b>\$ 857,507</b>	<b>\$ 1,729,675</b>	<b>\$ 402,067</b>	<b>\$ 160,858</b>	<b>\$ 562,925</b>	<b>\$ 2,292,600</b>	<b>\$ 4,109,363</b>

The accompanying notes are an integral part of these financial statements.

**NEPHCURE KIDNEY INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 789,747	\$ (109,761)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,844	9,185
Decrease in contributions receivable	50,000	179,910
(Increase) Decrease in prepaid expenses and other assets	(4,700)	644
(Decrease) Increase in accounts payable and accrued expenses	<u>(107,838)</u>	<u>34,379</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>733,053</u>	<u>114,357</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	<u>-</u>	<u>(295,381)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(295,381)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	733,053	(181,024)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,321,082</u>	<u>1,502,106</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,054,135</u></u>	<u><u>\$ 1,321,082</u></u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 5,750</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE A PURPOSE OF THE ORGANIZATION

NephCure Kidney International is a nonprofit organization founded in 2000. NephCure Kidney International's mission is to seek a cause and cure for Nephrotic Syndrome and Focal Segmental Glomerulosclerosis ("FSGS"). NephCure Kidney International provides financial support for research, conducts advocacy and outreach initiatives, and provides educational programs for patient/families, physicians, and other medical professionals.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of NephCure Kidney International ("the Organization") have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Contributions

In accordance with the section of the FASB ASC regarding accounting for contributions received and contributions made, contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as support with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

In-kind Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to make contributions which are expected to be paid over a period in excess of one year are discounted and recorded at their present value. Conditional promises to make contributions are recorded as support in the period the condition is met. Promises to give are charged to the allowance for uncollectible accounts when determined to be uncollectible by management. Management has not provided for an allowance for doubtful accounts since it believes all balances are fully collectible.

Fixtures and Equipment and Depreciation

Acquisitions of fixtures and equipment in excess of \$1,500 are capitalized. Fixtures and equipment are stated at cost if purchased. Donations of fixtures and equipment are recorded as support at their estimated fair value. Such donations are reported a support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Expenditures for maintenance and repairs are charged to expense as incurred. Costs of renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities.

The cost of fixtures and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives of fixtures and equipment for purposes of calculating depreciation are seven and five years, respectively.

Allocation of Functional Expenses

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

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Marketing Costs

The Organization markets to promote its various programs to the public. The marketing costs are expensed when incurred.

Comparative Amounts

The financial statements include certain prior year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C INCOME TAXES

NephCure Kidney International is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE D FIXTURES AND EQUIPMENT

At December 31, 2020, fixtures and equipment consisted of the following:

Fixtures and equipment	\$ 60,676
Less: accumulated depreciation	<u>(58,315)</u>
	<u>\$ 2,361</u>

Depreciation expense totaled \$5,844 for the year ended December 31, 2020.

NOTE E NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of and for the year ended December 31, 2020 related to contributions received by the Organization are as follows:

	<u>2019</u>	<u>Additions</u>	<u>Released</u>	<u>2020</u>
Purpose restrictions:				
International Podocyte Conference	\$ 85,855	\$ 60,000	\$ -	\$ 145,855
Time restrictions:				
Retrophin grants	140,000	-	140,000	-
Beneficial interest in charitable remainder trusts	<u>4,190</u>	<u>-</u>	<u>640</u>	<u>3,550</u>
Total	<u>\$ 230,045</u>	<u>\$ 60,000</u>	<u>\$ 140,640</u>	<u>\$ 149,405</u>

NOTE F DONOR-ADVISED FUND

Net assets without donor restrictions include \$40,000 of donor-advised funds as of December 31, 2020. Although grant recommendations are accepted from the donors or other advisors of these funds, the Organization has variance power; that is, the ultimate discretion of the use of these funds lies with the Organization. As a result, these donor-advised funds represent net assets without donor restrictions of the Organization.

NOTE G CONCENTRATION OF CREDIT RISK

The Organization maintains multiple cash accounts. At December 31, 2020, these accounts are covered under the Federal Deposit Insurance Corporation ("FDIC") and are insured by the FDIC up to \$250,000. At December 31, 2020, the Organization had \$1,548,587 of uninsured balances. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE H DONATED SERVICES AND IN-KIND CONTRIBUTIONS

The Organization recognizes professional donated services and other in-kind contributions at their fair value. All donated professional services recognized required specialized skills that would have been purchased if they were not donated.

The fair value of donated services and other in-kind contributions included as support in the financial statements and the corresponding expenses for the year ended December 31, 2020 were \$14,991.

NOTE I 401(k) PLAN

All full-time employees who have completed one year of employment are eligible to participate in the Insperity 401(k) Plan, a defined contribution plan which is offered by Insperity, the Organization's professional employer organization. Eligible employees may make either pre-tax or Roth salary deferral contributions to the Plan, including catch-up contributions, from one percent to eighty percent of their eligible compensation each pay period. Contributions of up to six percent of eligible compensation are matched at fifty percent by the Organization. The Organization contributed \$50,461 to the Plan during 2020.

NOTE J OPERATING LEASES

The Organization leases office space and a copier. The leasing arrangements expire in various years through 2025 and have varying renewal options. Rental payments for office space during 2020 totaled \$83,540 and are included in occupancy expense on the statement of functional expenses. Copier rental payments during 2020 totaled \$2,616 and are included in general administration on the statement of functional expenses.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 126,777
2022	127,977
2023	130,530
2024	133,153
2025	<u>34,979</u>
	<u>\$ 553,416</u>

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE K LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$2,054,135 of financial assets to meet cash needs for general expenses consisting of cash and cash equivalents of \$2,054,135.

The following reflects The Organization's assets as of December 31, 2020, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 2,054,135
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose or time restrictions	149,405
Donor advised	<u>40,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,864,730</u>

The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses (excluding depreciation).

NOTE L COMMITMENTS AND CONTINGENCIES

On May 2, 2020, the Organization was granted a loan ("the Loan") from Bank of America ("the Lender") in the amount of \$263,752, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated May 2, 2020 issued by the Organization, matures on May 2, 2022 and bears interest at a rate of one percent per annum. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

If the Organization fails to apply for loan forgiveness or if partial forgiveness is granted, the Organization will be obligated to repay to the Lender the principal sum which remains outstanding, including principal and accrued interest, on a payment schedule to be provided by the Lender. The payment deferral period is either (1) the date that the Small Business Administration remits the Organization's loan forgiveness amount to the Lender or (2) if the Organization does not apply for loan forgiveness, ten months after the end of the Organization's loan forgiveness covered period. The outstanding principal sum and all accrued and unpaid interest thereon shall be due and payable on May 2, 2022.

NEPHCURE KIDNEY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

NOTE L COMMITMENTS AND CONTINGENCIES (cont'd)

The Organization believes that it has spent the full amount of the loan on eligible costs and will receive full forgiveness. Therefore, the loan has been recognized as revenue for the year ended December 31, 2020.

NOTE M SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through September 23, 2021, the date the financial statements were available to be issued.