
NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**



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NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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Independent Auditors' Report

To the Officers and Board of Directors
National Kidney Foundation of Louisiana, Inc
New Orleans, Louisiana

We have audited the accompanying statements of financial position of the National Kidney Foundation of Louisiana, Inc (the Foundation) as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Kidney Foundation of Louisiana, Inc as of June 30, 2011 and 2010, and its activities, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2011 on our consideration of the Foundation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite & Hatterville

Metairie, Louisiana
September 30, 2011

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	Assets	
	<u>2011</u>	<u>2010</u>
<u>Current assets:</u>		
Cash and cash equivalents	\$ 179,419	\$ 43,479
Cash restricted for specific use (note 6)	177,828	137,624
Accounts receivable	5,698	69,612
Investments	257,657	347,444
Prepaid expenses	8,934	15,133
Total current assets	<u>629,536</u>	<u>613,292</u>
Property and equipment, at cost, less accumulated depreciation of \$37,890 and \$39,218, respectively	8,231	4,209
Other assets	1,125	1,125
Total assets	<u>\$ 638,892</u>	<u>\$ 618,626</u>
Liabilities and Net Assets		
<u>Current liabilities:</u>		
Accounts payable and other accrued expenses	\$ 20,312	\$ 24,542
Total current liabilities	<u>20,312</u>	<u>24,542</u>
Total liabilities	<u>20,312</u>	<u>24,542</u>
<u>Net assets:</u>		
Unrestricted	440,752	456,460
Temporarily restricted (note 6)	177,828	137,624
Total net assets	<u>618,580</u>	<u>594,084</u>
Total liabilities and net assets	<u>\$ 638,892</u>	<u>\$ 618,626</u>

The accompanying notes are an integral part of these statements

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2011 AND 2010

	Year ended June 30, 2011			Year ended June 30, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Support from the public						
Received directly-contributions	\$ 71,457	\$ 84,577	\$ 156,034	\$ 75,450	\$ 52,692	\$ 128,142
Received indirectly						
United & Federal Funds	620	-	620	391	-	391
Combined federal campaign	5,010	-	5,010	4,901	-	4,901
Special events fund raisers						
Revenues	757,201	-	757,201	723,745	-	723,745
Less direct benefit costs	(308,376)	-	(308,376)	(330,571)	-	(330,571)
Net support from special events fund raisers	448,825	-	448,825	393,174	-	393,174
Total support from the public	525,912	84,577	610,489	473,916	52,692	526,608
Other revenue						
Membership dues	5,712	-	5,712	4,825	-	4,825
Investment income, including net realized gain on sales of securities	8,724	-	8,724	8,386	-	8,386
Other income	393	-	393	976	-	976
Total other revenue	14,829	-	14,829	14,187	-	14,187
Net assets released from restrictions	44,373	(44,373)	-	65,418	(65,418)	-
Total revenues, gains and other support	585,114	40,204	625,318	553,521	(12,726)	540,795
Expenses						
Program services						
Research	35,754	-	35,754	30,959	-	30,959
Public education	143,303	-	143,303	130,210	-	130,210
Professional education	65,279	-	65,279	53,093	-	53,093
Patient services	151,238	-	151,238	142,699	-	142,699
Community services	99,414	-	99,414	88,878	-	88,878
Total program services	494,988	-	494,988	445,839	-	445,839
Supporting services						
Fund-raising	64,461	-	64,461	69,638	-	69,638
Management and general	41,373	-	41,373	39,398	-	39,398
Total supporting services	105,834	-	105,834	109,036	-	109,036
Total expenses	600,822	-	600,822	554,875	-	554,875
Change in net assets	(15,708)	40,204	24,496	(1,354)	(12,726)	(14,080)
Net assets at beginning of year	456,460	137,624	594,084	457,814	150,350	608,164
Net assets at end of year	\$ 440,752	\$ 177,828	\$ 618,580	\$ 456,460	\$ 137,624	\$ 594,084

The accompanying notes are an integral part of these statements

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 24,496	\$ (14,080)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,320	2,363
Changes in operating assets and liabilities		
Account receivable	63,914	3,408
Prepaid expenses	6,199	4,875
Accounts payable and accrued expenses	(4,230)	(30,000)
Net cash provided by (used in) operating activities	<u>93,699</u>	<u>(33,434)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from the sale of investments	89,787	93,141
Purchase of investments	-	(103,809)
Purchase of property and equipment	(7,342)	-
Net cash provided by (used in) investing activities	<u>82,445</u>	<u>(10,668)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	176,144	(44,102)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>181,103</u>	<u>225,205</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 357,247</u>	<u>\$ 181,103</u>
<u>RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION</u>		
Cash and cash equivalents	\$ 179,419	\$ 43,479
Cash restricted for specific use	177,828	137,624
	<u>\$ 357,247</u>	<u>\$ 181,103</u>

The accompanying notes are an integral part of these statements

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2011

	Program Services					Supporting Services				Total
	Research	Public Health Education	Professional Education	Patient Services	Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,196	\$ -	\$ 4,196	\$ 4,196
Awards and grants	10,296	461	144	457	336	11,694	111	102	213	11,907
Building occupancy	1,399	16,394	1,399	13,994	1,399	34,585	1,399	1,399	2,798	37,383
Depreciation	131	911	285	904	665	2,896	220	204	424	3,320
Direct assistance to patients	-	-	-	15,698	-	15,698	698	-	698	16,396
Employee benefits	1,749	12,153	3,806	12,061	8,869	38,638	2,934	2,701	5,635	44,273
Entertainment/banquet/luncheon	-	-	-	-	-	-	21,481	-	21,481	21,481
Event rental expense	-	-	-	-	-	-	81,832	-	81,832	81,832
Insurance	195	1,954	195	1,954	195	4,493	195	195	390	4,883
Meetings and travel	41	327	72	325	150	915	1,717	55	1,772	2,687
Miscellaneous	-	1,419	413	1,921	1,638	5,391	3,034	2,592	5,626	11,017
Office supplies and services	668	9,930	501	4,718	7,744	23,561	133,663	489	134,152	157,713
Payroll taxes	651	4,526	1,417	4,492	3,303	14,389	2,824	1,204	4,028	18,417
Postage and shipping	90	898	90	898	90	2,066	90	90	180	2,246
Printing and publications	89	887	89	887	89	2,041	4,526	89	4,615	6,656
Prizes/give-aways	-	-	-	-	-	-	3,427	-	3,427	3,427
Professional education	-	2,316	1,528	-	-	3,844	-	-	-	3,844
Professional fees	585	4,064	1,272	4,033	2,966	12,920	22,348	903	23,251	36,171
Revenue share payment to National	9,155	12,079	30,844	14,919	17,917	84,914	6,802	14,240	21,042	105,956
Salaries	9,939	69,049	21,622	68,526	50,392	219,528	59,760	15,344	75,104	294,632
Lobbying	711	4,941	1,547	4,904	3,606	15,709	1,193	1,098	2,291	18,000
Service provider	-	-	-	-	-	-	10,368	-	10,368	10,368
Taxes and licenses	-	-	-	-	-	-	9,574	-	9,574	9,574
Telephone	55	994	55	547	55	1,706	445	668	1,113	2,819
Total expenses	35,754	143,303	65,279	151,238	99,414	494,988	372,837	41,373	414,210	909,198
Less expenses netted with revenues on the statement of activities										
Direct benefit cost of special events	-	-	-	-	-	-	(308,376)	-	(308,376)	(308,376)
Total expenses reported by function	\$ 35,754	\$ 143,303	\$ 65,279	\$ 151,238	\$ 99,414	\$ 494,988	\$ 64,461	\$ 41,373	\$ 105,834	\$ 600,822
2011 percentage after deducting directing expenses	5.95%	23.85%	10.86%	25.17%	16.55%	82.39%	10.73%	6.89%	17.61%	100.00%

The accompanying notes are an integral part of these statements

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2010

	Program Services					Supporting Services			Total	
	Research	Public Health Education	Professional Education	Patient Services	Community Services	Total Program Services	Fundraising	Management and General		Total Supporting Services
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,963	\$ -	\$ 11,963	\$ 11,963
Awards and grants	10,111	518	162	2,217	384	13,392	156	122	278	13,670
Building occupancy	1,248	14,879	1,248	12,479	1,248	31,102	1,248	1,248	2,496	33,598
Depreciation	88	636	199	627	471	2,021	192	150	342	2,363
Direct assistance to patients	-	-	-	19,077	-	19,077	705	-	705	19,782
Employee benefits	1,665	11,983	3,756	11,799	8,876	38,079	3,608	2,823	*6,431	44,510
Entertainment/banquet/luncheon	-	-	-	-	-	-	20,990	-	20,990	20,990
Event rental expense	-	-	-	-	-	-	80,726	-	80,726	80,726
Insurance	219	2,188	219	2,188	219	5,033	219	219	438	5,471
Meetings and travel	61	497	113	492	239	1,402	10,181	90	10,271	11,673
Miscellaneous	-	1,495	337	1,855	2,872	6,559	3,271	6,303	9,574	16,133
Office supplies and services	595	9,187	473	4,394	8,259	22,908	126,882	461	127,343	150,251
Payroll taxes	641	4,612	1,445	4,541	3,416	14,655	3,344	1,372	4,716	19,371
Postage and shipping	320	3,204	320	3,204	320	7,368	320	320	640	8,008
Printing and publications	7	67	7	67	7	155	5,493	7	5,500	5,655
Prizes/give-aways	-	-	-	-	-	-	11,276	-	11,276	11,276
Professional education	-	1,824	1,744	145	-	3,713	-	-	-	3,713
Professional fees	563	4,053	1,270	3,991	3,002	12,879	23,205	955	24,160	37,039
Revenue share payment to National	6,287	8,325	21,181	10,650	10,875	57,318	3,815	9,119	12,934	70,252
Salaries	9,126	65,701	20,591	64,690	48,662	208,770	66,588	15,479	82,067	290,837
Service provider	-	-	-	-	-	-	15,521	-	15,521	15,521
Taxes and licenses	-	-	-	-	-	-	10,444	-	10,444	10,444
Telephone	28	1,041	28	283	28	1,408	62	730	792	2,200
Total expenses	30,959	130,210	53,093	142,699	88,878	445,839	400,209	39,398	439,607	885,446
Less expenses netted with revenues on the statement of activities	-	-	-	-	-	-	-	-	-	-
Direct benefit cost of special events	-	-	-	-	-	-	(330,571)	-	(330,571)	(330,571)
Total expenses reported by function	\$ 30,959	\$ 130,210	\$ 53,093	\$ 142,699	\$ 88,878	\$ 445,839	\$ 69,638	\$ 39,398	\$ 109,036	\$ 554,875
2010 percentage after deducting directing expenses	5.58%	23.47%	9.57%	25.72%	16.02%	80.35%	12.55%	7.10%	19.65%	100.00%

The accompanying notes are an integral part of these statements

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

History and Organization

The National Kidney Foundation of Louisiana, Inc (the Foundation) is a non-profit, non-stock corporation organized to provide effective treatment for and to aid in the research of kidney disease. The Foundation provides professional education, public education, community and patient services, and research to improve the care and treatment of those afflicted with diseases of the kidney. This qualifies the Foundation as a voluntary health and welfare organization for purposes of financial statement presentation. The Foundation is supported primarily through donor contributions and special event revenues.

Financial Statement Presentation

For financial statement purposes, the Foundation recognizes revenues and records expenses on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. In-kind contributions are recognized at the fair market value when received.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Contributions that are restricted by the donor are reported as increases of unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on historical experience and management's analysis of specific promises made.

Contributed Services

During the years ended June 30, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated over their estimated useful lives, using the straight-line method. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the composition of its public support, the Foundation qualifies for non-private foundation status under Section (509)(a)(2) of the Internal Revenue Code, therefore, the Foundation's tax-exempt status extends to its net investment income. The Foundation is subject to tax on its unrelated taxable income associated with its Bingo fundraising activities. During the years ended June 30, 2011 and 2010, the Foundation incurred taxable income relating to these activities. Included in expenses is tax expense of \$8,540 and \$9,324 for the years ended June 30, 2011 and 2010, respectively.

Accounting Standards Codification, "Accounting for Uncertainty in Income Taxes", clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It also clarifies the application of accounting for income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The Foundation has no uncertain tax positions. The Foundation tax returns for the years ended June 30, 2010, 2009 and 2008 remain open and subject to examination by taxing authorities.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

Accounts Receivable

Accounts receivable represent billed amounts due for services or contributions pledged. Delinquent accounts receivable are written off in the year they are determined to be uncollectible. Management considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly attributable to a specific program are allocated to programs based on the hours spent by the Foundation's employees on each program.

Advertising

The Foundation recognizes advertising expenses as they are incurred. During the years ended June 30, 2011 and 2010, advertising expenses reported in the statements of activities were \$4,196 and \$11,963, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

2. Concentration of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U S Federal Deposit Insurance Corporation (FDIC) The Foundation maintained certificates of deposit in a financial institution with balance that exceed the FDIC coverage by \$3,142 for the year ended June 30, 2011 In addition, the Foundation maintains money market at two investment brokers who are members of the Securities Investor Protection Corporation (SIPC). The Foundation has full SIPC coverage for the year ended June 30, 2011

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of accounts receivable Substantially all of the Foundation's receivables are due from individuals and corporations located in the state of Louisiana It is the Foundation's policy not to require collateral on their accounts receivable

3. Investments

Investments consist of the following valued at cost, which approximates market at June 30, 2011 and 2010

	2011	2010
Certificates of deposit	\$ 257,158	\$ 346,945
Common stock	499	499
	<u>\$ 257,657</u>	<u>\$ 347,444</u>

Investment income consists of the following

	2011	2010
Interest	\$ 8,238	\$ 8,075
Dividends	20	19
Royalties	466	292
	<u>\$ 8,724</u>	<u>\$ 8,386</u>

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

4. Retirement Plan

The Foundation sponsors a 403(b) employee benefit plan covering substantially all employees who meet minimum age requirements. Contributions to the plan for the years ending June 30, 2011 and 2010 were \$10,763 and \$11,386, respectively.

5. Designated Net Assets

In 1998, the Board of Directors of the Foundation designated that certain unrestricted revenues be used to create a fund to match research fellowship amounts. Annually, the Board designates 5% of adjusted unrestricted net earnings to this fund. As of June 30, 2011 and 2010, the balance in this fund totaled \$118,238 and \$109,771, respectively.

6. Restrictions on Assets

The Foundation has funds specifically restricted for research. Donations to both the Maurice Pearl Fellowship and the Gonzalez Fellowships are restricted for research. The Foundation also has several smaller funds restricted for specific purposes and these funds are expended according to the donor guidelines.

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Research		
Maurice Pearl Fellowship	\$ 33,653	\$ 32,533
Gonzalez Fellowship	43,804	51,804
Other		
KEEP Program	30,774	29,837
Walmart	45,000	-
Other	24,597	23,450
	<u>\$ 177,828</u>	<u>\$ 137,624</u>

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

7. Special Events

Revenues and expenses directly related to special events, including allocated costs, for the year ended June 30, 2011 were as follows, with comparable net amounts for the year ended June 30, 2010

<u>Special Event</u>	<u>2011</u>			<u>2010</u>
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Net</u>
Bingo	\$ 377,843	\$ 232,388	\$ 145,455	\$ 116,321
Camp	3,925	1,236	2,689	(6,250)
Gift of Life Gala	32,026	7,663	24,363	22,210
Gift of Life Walk	113,893	9,990	103,903	71,101
Golf tournaments	214,491	85,857	128,634	122,957
Car contribution	15,023	2,980	12,043	27,817
Football	-	-	-	2,282
Other	-	-	-	-
Total	\$ 757,201	\$ 340,114	\$ 417,087	\$ 356,438

8. Payments to Affiliated Organization

The Foundation is an affiliate of the National Kidney Foundation. The Foundation is required to contribute share payments to the National Kidney Foundation. The share payments are reflected in functional expenses and amount to 25% of shareable revenues less allowable deductions. The Foundation incurred expenses of \$105,956 and \$70,251 during the years ended June 30, 2011 and 2010. Included in accounts payable at June 30, 2011 and 2010, is \$2,996 and \$6,311 relating to amounts due to the National office.

9. Related Party

The Foundation receives donations from an agency that raises money for programs serving kidney patients. A Foundation board member also serves as an officer of that agency. Donations from the agency to the Foundation amounted to \$3,000 and \$15,000 for the fiscal years 2011 and 2010, respectively.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2011

10. Operating Lease

The Foundation leases office space under an operating lease which will expire in August 2012. Rental expense was \$32,568 and \$28,622 for the years ending June 30, 2011 and 2010, respectively. Minimum future rental payments are as follows:

Year ended June 30,	
2012	\$ 33,666
2013	<u>5,647</u>
	<u>\$ 39,313</u>

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2011.

**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**

To the Officers and Board of Directors
National Kidney Foundation of Louisiana, Inc
New Orleans, Louisiana

We have audited the financial statements of National Kidney Foundation of Louisiana, Inc (a nonprofit organization) as of and for the years ended June 30, 2011 and 2010 and have issued our report thereon dated September 30, 2011. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered National Kidney of Louisiana, Inc's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the National Kidney of Louisiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the National Kidney of Louisiana, Inc's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the paragraphs which appear below, that we consider to be significant deficiencies in internal control over financial reporting. 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.

As part of the audit process, we have historically assisted management in drafting the financial statements and related notes for the year-end audit procedures. During the course of our audit procedures we proposed adjusting entries to general ledger accounts. Because our involvement is so important to the financial reporting process and due to the significance of the financial statement adjustments, this is an indication that

the internal control over financial reporting of the Foundation meets the definition of a significant deficiency as defined above

We recommend that the Foundation consider additional accounting resources to assist with the financial reporting process. Management's response is to consider our recommendation, however, notes that the Foundation has limited financial resources.

The Foundation's response to the findings identified in our audit is described above. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Kidney of Louisiana, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of management, the finance committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Metairie, Louisiana
September 30, 2011

SUPPLEMENTARY INFORMATION

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.
SCHEDULE OF GROSS REVENUES/AFFILIATE SHARE RECONCILIATION WORKSHEET
YEAR ENDED JUNE 30, 2011

Per Audit						
Total revenues	\$	625,318				
Adjust						
Add Direct benefit costs		<u>308,376</u>				
Gross revenues per audit	\$	<u>933,694</u>				
Per Share Report		Gross Revenue	Allowable Deductions	Non-Shareable Revenue	Shareable Revenue	Share Reported
July 2010	\$	35,180	\$ 6,621	\$ 17,461	\$ 11,098	\$ 2,775
August 2010		71,466	6,696	15,680	49,090	12,273
September 2010		80,500	24,961	8,139	47,400	11,850
October 2010		33,272	1,869	10,916	20,487	5,122
November 2010		74,382	7,148	8,936	58,298	14,575
December 2010		41,154	14,700	23,981	2,473	618
January 2011		74,010	2,838	41,691	29,481	7,370
February 2011		100,511	3,797	20,912	75,802	18,951
March 2011		44,162	1,757	12,839	29,566	7,392
April 2011		51,730	2,196	13,383	36,151	9,038
May 2011		61,981	7,793	16,901	37,287	9,322
June 2011		<u>128,518</u>	<u>39,796</u>	<u>74,026</u>	<u>14,696</u>	<u>3,674</u>
Totals per FY11 Share Reports	\$	796,866	\$ 120,172	\$ 264,865	\$ 411,829	\$ 102,957
Calculated share						<u>\$ 102,957</u>
Difference in share						<u>\$ -</u>
Gross Revenues Difference						
Audit compared to share	\$	<u>136,828</u>				
Reconciling Items						
Timing difference-changes in A/R	\$	(63,914)	\$ -	\$ (63,914)	\$ -	
Investment income-year end audit adjustment		(5,766)	-	(5,766)	-	
Bingo expenses netted on Share report		196,130	196,130	-	-	
Other differences		<u>9,928</u>	-	-	<u>9,928</u>	
Adjusted share gross income	\$	933,244	\$ 316,302	<u>\$ 195,185</u>	<u>\$ 421,757</u>	
Adjusted calculated share (25%)						<u>\$ 105,439</u>
Difference in gross revenues	\$	<u>(450)</u>				
Difference in calculated share amount						<u>\$ (2,482)</u>
See independent auditors' report						