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**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

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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 3/26/11



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**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

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## Independent Auditor's 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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 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.

*Postlettwite & Ketterville*

Metairie, Louisiana  
September 30, 2010

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2010 AND 2009**

Assets	<u>2010</u>	<u>2009</u>
<b><u>Current assets:</u></b>		
Cash and cash equivalents	\$ 43,479	\$ 74,855
Cash restricted for specific use (note 7)	137,624	150,350
Accounts receivable	69,612	73,020
Investments	347,444	336,776
Prepaid expenses	15,133	20,008
<b>Total current assets</b>	<u>613,292</u>	<u>655,009</u>
Property and equipment, at cost, less accumulated depreciation of \$39,218 and \$39,741, respectively	4,209	6,572
Other assets	<u>1,125</u>	<u>1,125</u>
<b>Total assets</b>	<u>\$ 618,626</u>	<u>\$ 662,706</u>
<b>Liabilities and Net Assets</b>		
<b><u>Current liabilities:</u></b>		
Accounts payable and other accrued expenses	<u>\$ 24,542</u>	<u>\$ 54,542</u>
<b>Total current liabilities</b>	<u>24,542</u>	<u>54,542</u>
<b>Total liabilities</b>	<u>24,542</u>	<u>54,542</u>
<b><u>Net assets:</u></b>		
Unrestricted (note 8)	456,460	457,814
Temporarily restricted (note 7)	<u>137,624</u>	<u>150,350</u>
<b>Total net assets</b>	<u>594,084</u>	<u>608,164</u>
<b>Total liabilities and net assets</b>	<u>\$ 618,626</u>	<u>\$ 662,706</u>

The accompanying notes are an integral part of these statements.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>Year ended June 30, 2010</u>			<u>Year ended June 30, 2009</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>						
<b>Support from the public:</b>						
Received directly-contributions	\$ 75,450	\$ 52,692	\$ 128,142	\$ 21,302	\$ 164,771	\$ 186,073
Received indirectly:						
United & Federal Funds	391	-	391	888	-	888
Combined federal campaign	4,901	-	4,901	20,297	-	20,297
<b>Special events fund raisers:</b>						
Revenues	723,745	-	723,745	716,902	-	716,902
Less: direct benefit costs	(330,571)	-	(330,571)	(310,741)	-	(310,741)
Net support from special events fund raisers	393,174	-	393,174	406,161	-	406,161
Total support from the public	473,916	52,692	526,608	448,648	164,771	613,419
<b>Other revenue:</b>						
Membership dues	4,825	-	4,825	5,131	-	5,131
Investment income, including net realized gain on sales of securities	8,386	-	8,386	10,202	-	10,202
Other income	976	-	976	2,200	-	2,200
Total other revenue	14,187	-	14,187	17,533	-	17,533
Net assets released from restrictions	65,418	(65,418)	-	151,721	(151,721)	-
<b>Total revenues, gains and other support</b>	<b>553,521</b>	<b>(12,726)</b>	<b>540,795</b>	<b>617,902</b>	<b>13,050</b>	<b>630,952</b>
<b>Expenses</b>						
<b>Program services:</b>						
Research	30,959	-	30,959	35,723	-	35,723
Public education	130,210	-	130,210	144,581	-	144,581
Professional education	53,093	-	53,093	51,618	-	51,618
Patient services	142,699	-	142,699	146,622	-	146,622
Community services	88,878	-	88,878	84,702	-	84,702
Total program services	445,839	-	445,839	463,246	-	463,246
<b>Supporting services:</b>						
Fund-raising	69,638	-	69,638	68,855	-	68,855
Management and general	39,398	-	39,398	38,260	-	38,260
Total supporting services	109,036	-	109,036	107,115	-	107,115
<b>Total expenses</b>	<b>554,875</b>	<b>-</b>	<b>554,875</b>	<b>570,361</b>	<b>-</b>	<b>570,361</b>
<b>Change in net assets</b>	<b>(1,354)</b>	<b>(12,726)</b>	<b>(14,080)</b>	<b>47,541</b>	<b>13,050</b>	<b>60,591</b>
<b>Net assets at beginning of year</b>	<b>457,814</b>	<b>150,350</b>	<b>608,164</b>	<b>410,273</b>	<b>137,300</b>	<b>547,573</b>
<b>Net assets at end of year</b>	<b>\$ 456,460</b>	<b>\$ 137,624</b>	<b>\$ 594,084</b>	<b>\$ 457,814</b>	<b>\$ 150,350</b>	<b>\$ 608,164</b>

The accompanying notes are an integral part of these statements.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (14,080)	\$ 60,591
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,363	2,801
Changes in operating assets and liabilities:		
Account receivable	3,408	(38,186)
Prepaid expenses	4,875	(17,978)
Accounts payable and accrued expenses	(30,000)	31,777
Net cash provided by (used in) operating activities	<u>(33,434)</u>	<u>39,005</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Proceeds from the sale of investments	93,141	204,282
Purchase of investments	(103,809)	(270,000)
Purchase of property and equipment	-	(3,811)
Net cash used in investing activities	<u>(10,668)</u>	<u>(69,529)</u>
<b><u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u></b>	(44,102)	(30,524)
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>225,205</u>	<u>255,729</u>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<u>\$ 181,103</u>	<u>\$ 225,205</u>
<b><u>RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION</u></b>		
Cash and cash equivalents	\$ 43,479	\$ 74,855
Cash restricted for specific use	137,624	150,350
	<u>\$ 181,103</u>	<u>\$ 225,205</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, 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/banquets/luncheon	-	-	-	-	-	-	20,990	-	20,990	20,990
Event rental expense	-	-	-	-	-	-	80,726	-	80,726	80,726
Insurance	219	2,158	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	537	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	503	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
<b>Total expenses</b>	<b>30,959</b>	<b>130,210</b>	<b>53,093</b>	<b>142,699</b>	<b>88,878</b>	<b>445,839</b>	<b>400,209</b>	<b>39,398</b>	<b>439,607</b>	<b>885,446</b>
Less: expenses netted with revenues on the statement of activities	-	-	-	-	-	-	(330,571)	-	(330,571)	(330,571)
Direct benefit cost of special events	-	-	-	-	-	-	69,638	59,598	109,036	554,875
<b>Total expenses reported by function</b>	<b>30,959</b>	<b>130,210</b>	<b>53,093</b>	<b>142,699</b>	<b>88,878</b>	<b>445,839</b>	<b>69,638</b>	<b>59,598</b>	<b>109,036</b>	<b>885,446</b>
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.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED JUNE 30, 2009**

	Program Services					Supporting Services			Total	
	Research	Public Health Education	Professional Education	Patient Services	Community Services	Program Services	Fundraising	Management and General		Supporting Services
Advertising	15,101	-	208	1,188	470	17,607	13,586	491	13,586	18,313
Awards and grants	-	640	-	-	-	-	215	6,097	706	6,097
Bad debt expense	1,304	14,242	1,304	13,042	1,304	31,196	1,304	1,304	2,608	33,804
Building occupancy	105	734	239	748	539	2,365	246	190	436	2,801
Depreciation	-	-	-	27,376	-	27,376	3,100	-	3,100	30,476
Direct assistance to patients	1,415	9,843	3,199	10,024	7,230	31,711	3,302	2,545	5,847	37,558
Employee benefits	-	-	-	-	-	-	67,388	-	67,388	67,388
Entertainment/banquet/luncheon	-	-	-	-	-	-	61,850	-	61,850	61,850
Event rental expense	222	2,219	222	2,219	222	5,104	222	222	444	5,548
Insurance	80	705	118	709	205	1,817	380	104	484	2,501
Meetings and travel	-	1,726	253	1,026	2,899	5,904	3,282	202	3,484	9,388
Miscellaneous	630	26,593	543	5,121	10,814	43,701	107,904	534	108,438	152,139
Office supplies and services	631	4,390	1,427	4,471	3,225	14,144	2,943	881	3,824	17,968
Payroll taxes	239	2,394	239	2,394	239	5,505	239	239	478	5,983
Postage and shipping	5	2,302	5	52	5	2,369	239	5	9,682	12,051
Printing and publications	-	-	-	-	-	-	8,315	-	8,315	8,315
Prizes/give-aways	-	5,226	1,702	278	-	7,506	-	-	-	7,506
Professional education	459	3,197	1,039	3,256	2,349	10,500	22,527	827	23,354	33,654
Professional fees	6,608	7,430	20,997	11,368	9,763	56,166	3,277	7,983	11,260	67,426
Revenue share payment to National	8,881	61,801	20,082	62,932	45,396	199,092	57,263	15,980	73,243	272,335
Salaries	-	-	-	-	-	-	8,232	-	8,232	8,232
Service provider	-	839	41	418	42	1,363	4,152	-	4,152	4,152
Taxes and licenses	43	-	-	-	-	-	192	656	848	2,231
Telephone	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>35,723</b>	<b>144,581</b>	<b>51,618</b>	<b>146,622</b>	<b>84,702</b>	<b>453,246</b>	<b>379,596</b>	<b>38,260</b>	<b>417,856</b>	<b>881,102</b>

Less: expenses netted with revenues on the statement of activities:  
 Direct benefit cost of special events

							(310,741)		(310,741)	(310,741)
<b>Total expenses reported by function</b>	<b>\$ 35,723</b>	<b>\$ 144,581</b>	<b>\$ 51,618</b>	<b>\$ 146,622</b>	<b>\$ 84,702</b>	<b>\$ 453,246</b>	<b>\$ 68,855</b>	<b>\$ 38,260</b>	<b>\$ 107,115</b>	<b>\$ 570,361</b>
2009 percentage after deducting directing expenses	6.26%	25.35%	9.05%	25.71%	14.85%	81.22%	12.07%	6.71%	18.78%	100.00%

The accompanying notes are an integral part of these statements.

# NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

## Notes to Financial Statements

June 30, 2010

### 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, 2010 and 2009, 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, 2010**

**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.

In June 2006, the FASB issued, "Accounting for Uncertainty in Income Taxes", which 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 adopted the provisions of the interpretation at the beginning of fiscal year 2010 with no material impact on its financial statements. The Foundation tax returns for the years ended June 30, 2009, 2008 and 2007 remain open and subject to examination by taxing authorities.

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.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2010**

**1. Summary of Significant Accounting Policies (continued)**

Functional Expenses

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

Statement of Cash Flows

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. Cash equivalents at June 30, 2010 and 2009 of \$5,474 and \$5,472, respectively, consist of investments in money market accounts and money market funds.

Advertising

The Foundation recognizes advertising expenses as they are incurred. During the years ended June 30, 2010 and 2009, advertising expenses reported in the statements of activities were \$11,963 and \$13,586, respectively.

**2. Use of 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.

**3. 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 has full FDIC coverage for the year ended June 30, 2010.

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.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2010

4. Investments

Investments consist of the following valued at cost, which approximates market at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Certificates of deposit	\$ 346,945	\$ 336,245
Common stock	499	531
	<u>\$ 347,444</u>	<u>\$ 336,776</u>

Investment income consists of the following:

	<u>2010</u>	<u>2009</u>
Interest	\$ 8,075	\$ 9,229
Dividends	19	22
Royalties	292	951
	<u>\$ 8,386</u>	<u>\$ 10,202</u>

5. 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, 2010 and 2009 were \$11,386 and \$8,347, respectively.

6. 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, 2010 and 2009, the balance in this fund totaled \$109,771 and \$101,998, respectively.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2010**

**7. 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>2010</u>	<u>2009</u>
Research:		
Maurice Pearl Fellowship	\$ 32,533	\$ 32,022
Gonzalez Fellowship	51,804	49,829
Other:		
KEEP Program	29,837	41,057
Other	<u>23,450</u>	<u>27,442</u>
	<u>\$ 137,624</u>	<u>\$ 150,350</u>

**8. Special Events**

Revenues and expenses directly related to special events, including allocated costs, for the year ended June 30, 2010 were as follows, with comparable net amounts for the year ended June 30, 2009:

<u>Special Event</u>	<u>2010</u>			<u>2009</u>
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Net</u>
Bingo	\$ 346,480	\$ 230,159	\$ 116,321	\$ 127,606
Camp	4,170	10,420	(6,250)	594
Gift of Life Gala	29,868	7,658	22,210	19,615
Gift of Life Walk	75,615	4,514	71,101	78,957
Golf tournaments	228,426	105,469	122,957	123,219
Car contribution	34,095	6,278	27,817	19,924
Football	5,091	2,809	2,282	-
Other	-	-	-	537
Total	<u>\$ 723,745</u>	<u>\$ 367,307</u>	<u>\$ 356,438</u>	<u>\$ 370,452</u>

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2010

9. 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 \$63,940 and \$67,426 during the years ended June 30, 2010 and 2009. Included in accounts payable at June 30, 2010 and 2009, is \$6,311 and \$15,969 relating to amounts due to the National office.

10. Operating Lease

The Foundation leases office space under an operating lease which expired in August 2010. In August 2010, the lease was renewed through August 2012. Rental expense was \$28,622 and \$29,938 for the years ending June 30, 2010 and 2009, respectively. Minimum future rental payments are as follows:

Year ended June 30,	
2011	\$ 32,372
2012	33,670
	<u>\$ 66,042</u>

11. Income Taxes

As discussed in Note 1, the Foundation is subject to tax on its unrelated taxable income associated with its Bingo fundraising activities. During the years ended June 30, 2010 and 2009, the Foundation incurred taxable income relating to these activities. Included in expenses is tax expense of \$9,324 and \$7,237 for the years ended June 30, 2010 and 2009, respectively.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2010.



SUPPLEMENTARY INFORMATION



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**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) (the Foundation) as of and for the years ended June 30, 2010 and 2009 and have issued our report thereon dated September 30, 2010. 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 the Foundation'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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, that we consider to be significant deficiencies in internal control over financial reporting, as noted in the paragraph below. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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, other than as noted in the paragraphs above.

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

This report is intended solely for the information and use of management, the finance committee, 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 & Ketterville*

Metairie, Louisiana  
September 30, 2010



**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**  
**SCHEDULE OF GROSS REVENUES/AFFILIATE SHARE RECONCILIATION WORKSHEET**

**YEAR ENDED JUNE 30, 2010**

Per Audit					
Total revenues	\$ 540,795				
Adjust:					
Add: Direct benefit costs	<u>330,571</u>				
Gross revenues per audit	<u>\$ 871,366</u>				
<u>Per Share Report</u>	<u>Gross Revenue</u>	<u>Allowable Deductions</u>	<u>Non-Shareable Revenue</u>	<u>Shareable Revenue</u>	<u>Share Reported</u>
July 2009	\$ 49,400	\$ 3,894	\$ 24,057	\$ 21,449	\$ 5,362
August 2009	45,115	10,515	36,003	(1,403)	(351)
September 2009	79,011	20,203	17,620	41,188	10,297
October 2009	38,211	3,339	15,735	19,137	4,784
November 2009	71,496	4,203	9,426	57,867	14,467
December 2009	56,254	9,194	38,586	8,474	2,119
January 2010	28,872	1,329	16,948	10,595	2,649
February 2010	27,979	4,213	13,677	10,089	2,522
March 2010	41,940	3,786	15,733	22,421	5,605
April 2010	52,546	4,014	16,001	32,531	8,133
May 2010	116,124	31,321	31,169	53,634	13,408
June 2010	<u>57,928</u>	<u>20,178</u>	<u>12,507</u>	<u>25,243</u>	<u>6,311</u>
Totals per FY10 Share Reports	\$ 664,876	\$ 116,189	\$ 247,462	\$ 301,225	\$ 75,306
Calculated share					<u>\$ 75,306</u>
Difference in share					<u>\$ -</u>
Gross Revenues Difference:					
Audit compared to share	<u>\$ 206,490</u>				
Reconciling Items:					
Timing difference-changes in A/R Investment income-year end audit adjustment	\$ (3,408)	\$ -	\$ (3,408)	\$ -	
Bingo expenses netted on Share report	2,598	-	2,598	-	
Other differences	189,722	189,722	-	-	
	<u>17,578</u>	<u>-</u>	<u>-</u>	<u>17,578</u>	
Adjusted share gross income	\$ 871,366	\$ 305,911	<u>\$ 246,652</u>	<u>\$ 318,803</u>	
Adjusted calculated share (25%)					<u>\$ 79,701</u>
Difference in gross revenues	<u>\$ -</u>				
Difference in calculated share amount					<u>\$ (4,395)</u>
See independent auditors' report.					