

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

Financial Statements

**June 30, 2017
(With Summarized Comparative
Information for 2016)**



Table of Contents

	Page
Independent Auditors' Report	1
Basic Financial Statements	
Balance Sheet	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to the Financial Statements	8
Supplementary Information	
Statement of Activities for the Ten Years Ended June 30, 2008 through 2017	17
Schedule of Public Support Received and Special Events and Fundraisers, for the Ten Years Ended June 30, 2008 through 2017	18
Single Audit Report	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	21
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25
Summary Schedule of Prior Audit Findings	27

Independent Auditors' Report

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

We have audited the accompanying financial statements of National Kidney Foundation of Michigan, Inc. which comprise the balance sheet as of June 30, 2017, 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.

Auditors' 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 and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 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 National Kidney Foundation of Michigan, Inc. as of June 30, 2017, and its changes in net assets and its 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 National Kidney Foundation of Michigan, Inc.'s June 30, 2016, financial statements, and our report dated September 15, 2016 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 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 schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the financial statements, the statement of activities for the ten years ended June 30, 2008 through 2017, and the schedule of public support received and special events and fundraisers for the ten years ended June 30, 2008 through 2017 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the 2016 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 and the 2017 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, 2008 through June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended (which is 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, 2008 through 2017, and the schedule of public support received and special events and fundraisers for the ten years ended June 30, 2008 through 2017 is presented for purposes of additional analysis 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 2008 through 2017 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 2008 through 2016 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 September 6, 2017, 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 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 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.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
September 6, 2017

National Kidney Foundation of Michigan, Inc.
Balance Sheet
June 30, 2017 (With Summarized Comparative Information for 2016)

	2017	2016
Assets		
Cash	\$ 2,594,544	\$ 2,774,675
Investments	4,817,340	3,871,731
Unconditional promises to give	28,000	15,000
Accounts receivable	1,097,219	879,046
Prepaid expenses and other	75,518	78,246
Property and equipment, net	1,423,766	1,410,906
Beneficial interest in assets held by others	25,000	25,000
Total assets	\$ 10,061,387	\$ 9,054,604
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 173,400	\$ 208,145
Accrued expenses	627,975	589,322
Deferred revenue	496,986	104,889
Total liabilities	1,298,361	902,356
Net assets		
Unrestricted		
Undesignated	7,286,260	6,701,342
Invested in property and equipment	1,423,766	1,410,906
Board designated endowment	25,000	25,000
Total unrestricted net assets	8,735,026	8,137,248
Temporarily restricted	28,000	15,000
Total net assets	8,763,026	8,152,248
Total liabilities and net assets	\$ 10,061,387	\$ 9,054,604

See Accompanying Notes to the Financial Statements

National Kidney Foundation of Michigan, Inc.

Statement of Activities

For the Year Ended June 30, 2017 (With Summarized Comparative Information for 2016)

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Revenues				
Public support				
Received directly - contributions	\$ 1,696,585	\$ -	\$ 1,696,585	\$ 1,447,329
Received indirectly - United Way	-	46,149	46,149	37,418
Special events and fundraisers, net	1,429,114	-	1,429,114	1,321,031
Total public support	3,125,699	46,149	3,171,848	2,805,778
Program service fee revenues				
Private and government grants	4,234,886	-	4,234,886	4,537,019
Program service fees	333,008	-	333,008	291,220
Net investment income	394,667	-	394,667	68,949
Other	4,570	-	4,570	850
Total program service fee revenues	4,967,131	-	4,967,131	4,898,038
Net assets released from restrictions	33,149	(33,149)	-	-
Total revenues	8,125,979	13,000	8,138,979	7,703,816
Expenses				
Program services				
Research	39,962	-	39,962	124,402
Public education	5,700,426	-	5,700,426	5,470,240
Professional education	260,678	-	260,678	209,161
Patient services	355,540	-	355,540	279,402
Community services	323,748	-	323,748	288,857
Total program services	6,680,354	-	6,680,354	6,372,062
Supporting services				
Fundraising	494,568	-	494,568	477,631
Management and general	353,279	-	353,279	362,794
Total supporting services	847,847	-	847,847	840,425
Total expenses	7,528,201	-	7,528,201	7,212,487
Change in net assets	597,778	13,000	610,778	491,329
Net assets - beginning of year	8,137,248	15,000	8,152,248	7,660,919
Net assets - end of year	\$ 8,735,026	\$ 28,000	\$ 8,763,026	\$ 8,152,248

See Accompanying Notes to the Financial Statements

National Kidney Foundation of Michigan, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017 (With Summarized Comparative Information for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 610,778	\$ 491,329
Items not requiring cash		
Depreciation	69,557	57,273
Unrealized and realized (gain) loss on investments	(268,768)	50,951
Changes in operating assets		
Accounts receivable	(218,173)	18,413
Unconditional promises to give	(13,000)	34,570
Prepaid expenses and other	2,728	(2,313)
Accounts payable	(34,745)	90,671
Accrued expenses	38,653	63,783
Deferred revenue	392,097	(80,390)
	579,127	724,287
Cash flows from investing activities		
Purchase of property and equipment	(82,417)	(71,035)
Proceeds from sale of investments	416,173	-
Purchases of investments	(1,093,014)	(148,212)
	(759,258)	(219,247)
Net cash used by investing activities		
	(759,258)	(219,247)
Net change in cash	(180,131)	505,040
Cash - beginning of year	2,774,675	2,269,635
Cash - end of year	\$ 2,594,544	\$ 2,774,675
Supplemental information		
Non-cash operating activities, in-kind donations	\$ 896,540	\$ 698,206

See Accompanying Notes to the Financial Statements

National Kidney Foundation of Michigan, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017 (With Summarized Comparative Information for 2016)

	Research	Public Health Education	Professional Education	Patient Services	Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
										2017	2016
Salaries	\$ 7,801	\$ 3,080,767	\$ 20,166	\$ 62,106	\$ 122,415	\$ 3,293,255	\$ 222,360	\$ 176,380	\$ 398,740	\$ 3,691,995	\$ 3,601,056
Employee benefits	123	359,339	1,021	2,640	7,805	370,928	31,598	21,046	52,644	423,572	456,456
Payroll taxes	322	245,844	1,179	2,613	6,929	256,887	24,769	13,185	37,954	294,841	289,084
Direct program costs	-	328,771	-	12,823	646	342,240	132	209	341	342,581	399,101
Special event costs	-	-	-	-	-	-	431,466	-	431,466	431,466	448,355
Professional fees and contract services	3,643	396,009	7,016	14,568	9,052	430,288	49,890	10,566	60,456	490,744	510,275
Direct assistance to patients	-	-	-	28,186	-	28,186	-	-	-	28,186	29,392
Office supplies and service	351	32,272	1,096	3,548	2,213	39,480	3,872	3,871	7,743	47,223	50,146
Telephone and fax	479	36,331	1,609	1,877	3,324	43,620	2,855	3,891	6,746	50,366	40,910
Postage and shipping	27	9,195	430	1,090	822	11,564	6,346	2,484	8,830	20,394	22,601
Building occupancy	1,279	128,946	6,749	6,817	14,971	158,762	11,020	15,738	26,758	185,520	162,914
Insurance	239	11,487	420	853	560	13,559	921	894	1,815	15,374	10,691
Donated services	5,170	655,970	43,696	138,800	12,014	855,650	25,798	15,092	40,890	896,540	698,206
Printing and publications/audio-visual	246	165,816	2,130	752	982	169,926	38,847	4,013	42,860	212,786	177,192
Meetings and travel	286	131,340	1,803	3,226	1,399	138,054	18,192	12,610	30,802	168,856	173,474
Subscriptions and publications	138	7,181	557	360	480	8,716	579	588	1,167	9,883	10,681
Memberships dues and support	3	3,808	5	14	6	3,836	11	8	19	3,855	1,675
Revenue share payment to National	14,875	58,253	164,877	58,687	135,507	432,199	51,249	59,447	110,696	542,895	486,141
Miscellaneous expense	3,878	13,311	625	10,237	805	28,856	1,363	2,814	4,177	33,033	35,219
Depreciation	1,102	35,786	7,299	6,343	3,818	54,348	4,766	10,443	15,209	69,557	57,273
Total expenses	39,962	5,700,426	260,678	355,540	323,748	6,680,354	926,034	353,279	1,279,313	7,959,667	7,660,842
Less direct expenses netted with revenue on the statement of activities	-	-	-	-	-	-	(431,466)	-	(431,466)	(431,466)	(448,355)
Total expenses reported by function	\$ 39,962	\$ 5,700,426	\$ 260,678	\$ 355,540	\$ 323,748	\$ 6,680,354	\$ 494,568	\$ 353,279	\$ 847,847	\$ 7,528,201	\$ 7,212,487
Year ended June 30, 2017 percentages after deducting direct expenses of special events	0.53%	75.72%	3.46%	4.72%	4.30%	88.74%	6.57%	4.69%	11.26%	100.00%	
Year ended June 30, 2016											
Comparative expenses by function	\$ 124,402	\$ 5,470,240	\$ 209,161	\$ 279,402	\$ 288,857	\$ 6,372,062	\$ 452,086	\$ 362,794	\$ 814,880		\$ 7,186,942
Year ended June 30, 2016 percentages	1.73%	76.11%	2.91%	3.89%	4.02%	88.66%	6.29%	5.05%	11.34%		100.00%

See Accompanying Notes to the Financial Statements

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

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

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of American in accordance with the Audit and Accounting Guide for Not-for-Profit Organizations issued by the American Institute of Certified Public Accountants.

The Foundation's net assets are categorized and reported as follows:

Unrestricted Net Assets

These net assets are available for general operations and are not subject to donor imposed restrictions. Net assets including board designated or appropriated amounts are legally unrestricted; revenues earned from program services provided, unrestricted contributions, investment income available for general operations, and all other operating expenses are reported as unrestricted.

Temporarily Restricted

These net assets are limited to uses specified by donor imposed restrictions or time restrictions. When donor restrictions expire or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources to be maintained permanently. The income from the investment of these resources is expended for general or restricted purposes as specified by the donor.

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets.

Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support. Investment income that is limited to specific uses by donor restrictions is reported as unrestricted if the restrictions are met in the same reporting period as the income is recognized.

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.

Deferred Revenue

Deferred revenue consists of monies received related to program events, raffles, and certain portions of exchange transactions relating to fundraising events that will occur in the subsequent fiscal year.

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.

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.

Accounts Receivable

Accounts receivable consist 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. It is management's belief that all amounts due at year end are collectible, and accordingly no allowance is recorded.

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.

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Long-Lived Assets

The Foundation evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

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 Company files informational returns in the U.S. federal jurisdiction.

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, 2016, in the accompanying financial statements are included to provide a basis for comparison with 2017 and present summarized totals only. Accordingly, the 2016 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, 2016, 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.

Functional Expenses

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

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, 2017 and 2016 was \$11,754 and \$116,416, respectively.

Subsequent Events

Management has evaluated subsequent events through September 6, 2017, the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Note 3 - 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.

As of June 30, 2017, \$2,457,602 of the actual bank balances are uninsured and \$250,709 is insured. The Foundation has not experienced any losses with the financial institution nor is any loss expected due to insolvency.

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.

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

The following tables present by level, within the fair value hierarchy, the Foundation's investment assets at fair value, as of June 30, 2017 and 2016.

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2017				
Investments	\$ 4,817,340	\$ 4,817,340	\$ -	\$ -
Beneficial interest in assets held by others	25,000	-	-	25,000
Total	<u>\$ 4,842,340</u>	<u>\$ 4,817,340</u>	<u>\$ -</u>	<u>\$ 25,000</u>
June 30, 2016				
Investments	\$ 3,871,731	\$ 3,866,731	\$ 5,000	\$ -
Beneficial interest in assets held by others	25,000	-	-	25,000
Total	<u>\$ 3,896,731</u>	<u>\$ 3,866,731</u>	<u>\$ 5,000</u>	<u>\$ 25,000</u>

Note 5 - Investments

Investments at June 30, 2017 and 2016, respectively, were comprised of the following:

	2017		2016	
Money market accounts	\$ 303,654	6.30%	\$ 111,796	2.89%
Fixed Income	1,830,429	38.00%	1,744,733	45.06%
Equity	2,059,551	42.75%	1,523,911	39.36%
Opportunistic	623,706	12.95%	486,291	12.56%
Time share	-	0.00%	5,000	0.13%
	<u>\$ 4,817,340</u>	<u>100.00%</u>	<u>\$ 3,871,731</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:

	2017	2016
Interest and dividend income	\$ 125,899	\$ 119,900
Realized gain (loss) on sale of investments	26,919	-
Unrealized gain (loss) on investments	241,849	(50,951)
	<u>\$ 394,667</u>	<u>\$ 68,949</u>

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Note 6 - Endowment

The Foundation has established the National Kidney Foundation of Michigan Endowment Fund with the Community Foundation for Southeastern Michigan (the "Community Foundation") in the amount of \$25,000. 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 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, 2017 is \$411,707.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund as of June 30, is as follows:

	2017		2016	
	Unrestricted	Total Net Endowment Assets	Unrestricted	Total Net Endowment Assets
Board-designated endowment funds	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Changes in endowment net assets as of June 30, are as follows:

	2017		2016	
	Unrestricted	Total Net Endowment Assets	Unrestricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Income from fund	3,913	3,913	1,505	1,505
Amounts appropriated for expenditure	<u>(3,913)</u>	<u>(3,913)</u>	<u>(1,505)</u>	<u>(1,505)</u>
Endowment net assets, end of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Note 7 - Accounts Receivable

Accounts receivable are summarized as follows at June 30:

	2017	2016
Government grants	\$ 443,424	\$ 573,643
Other	<u>653,795</u>	<u>305,403</u>
	<u>\$ 1,097,219</u>	<u>\$ 879,046</u>

Note 8 - Property and Equipment

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

	2017	2016
Land	\$ 231,029	\$ 231,029
Building	1,670,654	1,667,824
Furniture and office equipment	<u>492,198</u>	<u>519,550</u>
	2,393,881	2,418,403
Less accumulated depreciation	<u>(970,115)</u>	<u>(1,007,497)</u>
	<u>\$ 1,423,766</u>	<u>\$ 1,410,906</u>

Depreciation expense was \$69,557 and \$57,273 for the years ended June 30, 2017 and 2016, respectively.

Note 9 - 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, 2017 and 2016, was \$100,728 and \$130,443, 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

National Kidney Foundation of Michigan, Inc.
Notes to the Financial Statements
June 30, 2017
(With Summarized Comparative Information for 2016)

Organization. The balance of the deferred compensation arrangement was \$413,250 and \$352,580 as of June 30, 2017 and 2016, 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, 2017 and 2016 was \$29,508 and \$27,049, respectively.

Note 10 - Temporary Restricted Net Assets

Temporarily restricted net assets, which consist of pledges with restrictions on the purpose or period of use, are as follows as of June 30, 2017 and 2016, respectively:

	2017	2016
United Way	\$ 28,000	\$ 15,000

Note 11 - 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 2017 and 2016, the agreed upon payment was 25% of all such revenue and totaled \$542,895 and \$486,141, of which \$163,394 and \$167,124, respectively was included in accounts payable at June 30, 2017 and 2016, respectively. National provides program, management, and other services in return for these payments. The Foundation allocates the expense among program and supporting service activities based on information supplied by National. There are no required support payments due to National on donor restricted support.

Note 12 - Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Foundation's program and supporting services. Records were retained for nurses, doctors, and other professionals that contributed services. As a result, donated services for the years ended June 30, 2017 and 2016, of \$896,540 and \$698,206, respectively, were reported as contributions and allocated in the statement of functional expenses.

Note 13 - Operating Leases

The Foundation has various operating leases for office equipment and building rentals. Total rent expense was \$98,115 and \$84,906 for the years ended June 30, 2017 and 2016, respectively. The future payments required under non-cancelable leases are:

For the Year Ending June 30,	
2018	\$ 73,586
2019	54,591
2020	56,093
2021	57,596
2022	4,883
	\$ 246,749

Supplementary Information

National Kidney Foundation of Michigan, Inc.
Statement of Activities
For the Ten Years Ended June 30, 2008 through 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Public support										
Received directly - contributions	\$ 1,696,585	\$ 1,447,329	\$ 853,108	\$ 801,910	\$ 929,760	\$ 997,558	\$ 782,684	\$ 762,851	\$ 1,198,420	\$ 674,538
Received indirectly - United Way	46,149	37,418	74,041	52,477	71,115	49,644	98,402	91,652	69,151	130,376
Special events and fundraisers										
Revenues	1,860,580	1,769,386	2,427,209	3,139,441	3,972,874	4,141,828	3,989,184	3,946,572	3,584,704	3,378,729
Less: direct benefit costs	(431,466)	(448,355)	(1,242,960)	(2,073,907)	(2,738,718)	(2,722,636)	(2,660,610)	(2,708,588)	(2,315,190)	(1,946,336)
Net special events and fundraisers	1,429,114	1,321,031	1,184,249	1,065,534	1,234,156	1,419,192	1,328,574	1,237,984	1,269,514	1,432,393
Total support from the public	3,171,848	2,805,778	2,111,398	1,919,921	2,235,031	2,466,394	2,209,660	2,092,487	2,537,085	2,237,307
Program service fee revenues										
Private and government grants	4,234,886	4,537,019	4,257,535	3,790,011	3,962,934	3,386,564	3,186,071	2,549,802	3,383,919	2,477,610
Program service fees	333,008	291,220	278,056	260,858	172,104	109,800	152,861	165,252	161,260	267,427
Net investment income (loss)	394,667	68,949	6,805	407,032	196,968	92,211	209,246	155,649	(89,793)	16,516
Other	4,570	850	612	564	16,544	1,964	29,810	45,507	40,987	42,190
Total program service fee revenue	4,967,131	4,898,038	4,543,008	4,458,465	4,348,550	3,590,539	3,577,988	2,916,210	3,496,373	2,803,743
Total revenues	8,138,979	7,703,816	6,654,406	6,378,386	6,583,581	6,056,933	5,787,648	5,008,697	6,033,458	5,041,050
Expenses										
Program services										
Research	39,962	124,402	95,764	86,022	70,550	62,619	75,758	107,354	329,625	143,025
Public education	5,700,426	5,470,240	5,010,819	4,603,222	4,720,432	3,986,620	3,258,547	2,704,994	3,088,159	2,464,548
Professional education	260,678	209,161	175,591	180,782	255,452	276,395	267,278	301,259	393,350	373,763
Patient services	355,540	279,402	482,508	481,157	486,130	612,713	844,420	583,871	574,041	499,626
Community services	323,748	288,857	225,150	206,453	238,299	323,066	259,779	317,830	404,140	397,355
Total program services	6,680,354	6,372,062	5,989,832	5,557,636	5,770,863	5,261,413	4,705,782	4,015,308	4,789,315	3,878,317
Supporting services										
Fundraising	494,568	477,631	390,026	358,256	410,212	427,397	408,555	487,226	599,146	499,336
Management and general	353,279	362,794	264,518	240,041	264,541	243,766	294,482	293,937	368,215	285,054
Total supporting services	847,847	840,425	654,544	598,297	674,753	671,163	703,037	781,163	967,361	784,390
Total expenses	7,528,201	7,212,487	6,644,376	6,155,933	6,445,616	5,932,576	5,408,819	4,796,471	5,756,676	4,662,707
Change in net assets	610,778	491,329	10,030	222,453	137,965	124,357	378,829	212,226	276,782	378,343
Net assets - beginning of year	8,152,248	7,660,919	7,650,889	7,428,436	7,290,471	7,166,114	6,787,285	6,575,059	6,298,277	5,919,934
Net assets - end of year	\$ 8,763,026	\$ 8,152,248	\$ 7,660,919	\$ 7,650,889	\$ 7,428,436	\$ 7,290,471	\$ 7,166,114	\$ 6,787,285	\$ 6,575,059	\$ 6,298,277

National Kidney Foundation of Michigan, Inc.
Schedule of Public Support Received and Special Events and Fundraisers
For the Ten Years Ended June 30, 2008 through 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public support received directly										
Contributions	\$ 111,249	\$ 101,081	\$ 117,707	\$ 144,432	\$ 136,372	\$ 163,565	\$ 151,999	\$ 167,276	\$ 169,160	\$ 180,122
Annual associate drive	33,733	26,042	27,226	25,990	21,783	17,823	17,862	19,514	17,659	14,899
Legacies and bequests	655,063	622,000	65,290	6,767	159,593	206,595	72,823	125,561	478,081	7,267
Donated services	896,540	698,206	642,885	624,721	612,012	609,575	540,000	450,500	533,520	472,250
Total support received directly	\$ 1,696,585	\$ 1,447,329	\$ 853,108	\$ 801,910	\$ 929,760	\$ 997,558	\$ 782,684	\$ 762,851	\$ 1,198,420	\$ 674,538
Public support received indirectly										
United Way	\$ 46,149	\$ 37,418	\$ 74,041	\$ 52,477	\$ 71,115	\$ 49,644	\$ 98,402	\$ 91,652	\$ 69,151	\$ 130,376
Special events and fundraisers										
Bingo										
Bingo revenues	\$ -	\$ -	\$ 775,802	\$ 1,673,667	\$ 2,405,607	\$ 2,383,416	\$ 2,381,540	\$ 2,440,243	\$ 2,006,383	\$ 1,620,055
Less prizes paid and other direct costs	-	-	(766,876)	(1,599,973)	(2,271,384)	(2,241,111)	(2,215,184)	(2,262,243)	(1,826,974)	(1,502,916)
Net bingo support	-	-	8,926	73,694	134,223	142,305	166,356	178,000	179,409	117,139
Other events										
Revenues	1,860,580	1,769,386	1,651,407	1,465,774	1,567,267	1,758,412	1,607,644	1,506,329	1,578,321	1,758,674
Less direct costs	(431,466)	(448,355)	(476,084)	(473,934)	(467,334)	(481,525)	(445,426)	(446,345)	(488,216)	(443,420)
Net other events support	1,429,114	1,321,031	1,175,323	991,840	1,099,933	1,276,887	1,162,218	1,059,984	1,090,105	1,315,254
Net support from special events and fundraisers	\$ 1,429,114	\$ 1,321,031	\$ 1,184,249	\$ 1,065,534	\$ 1,234,156	\$ 1,419,192	\$ 1,328,574	\$ 1,237,984	\$ 1,269,514	\$ 1,432,393



800.968.0010 | yeoandyeo.com

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.

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, financial statements of National Kidney Foundation of Michigan, Inc., which comprise the balance sheet as of June 30, 2017, 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 September 6, 2017.

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) to determine the 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 may exist that have not been identified.

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 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*.

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
September 6, 2017

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.

Report on Compliance for Each Major Federal Program

We have audited National Kidney Foundation of Michigan, Inc.'s compliance with the types of compliance requirements described 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, 2017. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of National Kidney Foundation of Michigan Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about National Kidney Foundation of Michigan Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of National Kidney Foundation of Michigan Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, National Kidney Foundation of Michigan, Inc. complied, in all material respects, with the types of 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, 2017.

Report on Internal Control Over Compliance

Management of National Kidney Foundation of Michigan, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered National Kidney Foundation of Michigan, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of National Kidney Foundation of Michigan Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Yeo & Yeo, P.C.

Ann Arbor, MI
September 6, 2017

National Kidney Foundation of Michigan, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Identifying Number	Grant Period	Award Amount	Current Year Expenditures
U.S. Department of Agriculture					
Passed through Michigan Department of Health and Human Services and Michigan State University					
SNAP Cluster					
Michigan Nutrition Network - Lay Education	10.561	ADMIN-16-99011	10/1/15-9/30/16	\$ 335,593	\$ 79,355
Michigan Nutrition Network - Lay Education	10.561	ADMIN-17-99011	10/1/16-9/30/17	150,000	119,886
Michigan Nutrition Network - Preschool	10.561	ADMIN-16-99011	10/1/15-9/30/16	631,327	163,697
Michigan Nutrition Network - Preschool	10.561	ADMIN-17-99011	10/1/16-9/30/17	442,000	342,933
Michigan Nutrition Network - K-12	10.561	ADMIN-16-99011	10/1/15-9/30/16	283,579	46,510
Michigan Nutrition Network - K-12	10.561	ADMIN-17-99011	10/1/16-9/30/17	285,600	223,331
Total U.S. Department of Agriculture/SNAP Cluster					<u>975,712</u>
U.S. Department of Health and Human Services					
Direct award					
National Community Centers of Excellence in Women's Health					
Coalition for a Healthy Community	93.290	CCEWH111022	9/1/15-8/31/16	300,000	58,326
Evidence Based Programming - EBP (DoT)	93.134	R39OT26992	9/1/15-8/31/16	430,984	46,370
Evidence Based Programming - EBP (DoT)	93.134	R39OT26992	9/1/16-8/31/17	492,331	248,146
					<u>294,516</u>
Passed through State of Michigan Department of Community Health					
Centers for Disease Control and Prevention Investigations and Technical Assistance					
Cancer (CCCCI)	93.283	U58DP003921	10/1/16-9/30/17	10,000	7,795
Cancer (CCCCI)	93.000	U58DP003921	11/1/15-9/30/16	40,000	8,583
Cancer (CCCCI)	93.000	U58DP003921	10/1/16-9/30/17	30,000	23,385
					<u>31,968</u>
Disabilities Prevention	93.184	U59DD000290	10/1/16-9/30/17	49,883	49,883
CDCN - Nutrition Standards (NTRSTD)	93.757	U58DP005453	10/1/15-9/30/16	66,000	13,831
CDCN - Nutrition Standards (NTRSTD)	93.757	NU58DP005453	10/1/16-9/30/17	66,000	48,418
CDCN - Lifestyle & Environment (LFSTYL)	93.757	U58DP005453	10/1/15-9/30/16	154,000	28,629
CDCN - Lifestyle & Environment (LFSTYL)	93.757	NU58DP005453	10/1/16-9/30/17	154,000	120,562
CDCN - Health Systems Intervention (SYSINTV)	93.757	U58DP005453	10/1/15-9/30/16	154,000	31,000
CDCN - Health Systems Intervention (SYSINTV)	93.757	NU58DP005453	10/1/16-9/30/17	154,000	114,338
CDCN - Prediabetes Community Clinical Linkages	93.757	U58DP005453	10/1/15-9/30/16	66,000	14,406
CDCN - Prediabetes Community Clinical Linkages	93.757	NU58DP005453	10/1/16-9/30/17	66,000	48,455
					<u>419,639</u>
Assistance Programs for Chronic Disease Prevention and Control	93.945	U58DP004814	10/1/15-9/30/16	54000	18,033
Assistance Programs for Chronic Disease Prevention and Control	93.945	U58DP004814	10/1/16-9/30/17	35041	25,852
					<u>43,885</u>
Preventive Health and Health Services Block Grant (CPVHM)	93.991	B01OT009028	10/1/15-9/30/16	304,000	139,416
Preventive Health and Health Services Block Grant (Washtenaw County Public Health)	93.991	B01DP00928	10/1/16-9/30/17	280,000	175,242
					<u>314,658</u>
Total passed through State of Michigan Department of Community Health					<u>867,828</u>
Total U.S. Department of Health and Human Services					<u>1,220,670</u>
Corporation for National and Community Service					
Passed through United Way for Southeastern Michigan					
Social Innovation Fund	94.019	11SIHMI001	9/1/15-8/31/16	350,000	60,082
Social Innovation Fund	94.019	11SIHMI001	9/1/16-8/31/17	370,000	275,036
Total Corporation for National and Community Service					<u>335,118</u>
Total federal awards					<u>\$ 2,531,500</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

National Kidney Foundation of Michigan, Inc.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2017

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. under programs of the federal government for the year ended June 30, 2017. 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 National Kidney Foundation of Michigan Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of National Kidney Foundation of Michigan Inc.

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

National Kidney Foundation of Michigan 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 related 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 grants	\$ 4,234,886
Federal awards	<u>2,531,500</u>
Non federal awards	<u>\$ 1,703,386</u>

Note 4 - Subrecipients

No amounts were provided to subrecipients.

National Kidney Foundation of Michigan, Inc.
Schedule of Findings and Questioned Costs
June 30, 2017

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:

CFDA Numbers

Name of Federal Program

10.561

SNAP Cluster

93.945

Assistance Programs for Chronic Disease Prevention and Control

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, 2017

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, 2017.

Section III – Federal Award Findings

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2017.

National Kidney Foundation of Michigan, Inc.
Summary Schedule of Prior Audit Findings
June 30, 2017

Section IV – Prior Government Auditing Standards Findings

Finding 2016-001 - Material Weakness

- Criteria:** Financial statements and records should be free of errors that could change the users' overall assessment of the entity's finances.
- Condition:** A material adjustment was required during the audit to record the remaining contribution from a bequest given to the Foundation.
- Status:** This was not an issue in the current year.

Section V – Prior Federal Award Findings

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2016.