

**PKD FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
PKD Foundation  
Kansas City, Missouri

We have audited the accompanying financial statements of PKD Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Foundation'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 Foundation'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.

Board of Directors  
PKD Foundation

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PKD Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
October 23, 2019

**PKD FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

<b>ASSETS</b>	2019	2018
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 560,278	\$ 228,084
Pledges Receivable - Net	1,045,403	1,026,291
Other Receivables	26,148	12,287
Prepaid Expenses	12,805	8,089
Deposits	1,475	16,958
Total Current Assets	1,646,109	1,291,709
<b>INVESTMENTS</b>	6,361,525	7,082,275
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold Improvements	69,356	-
Equipment and Software	916,222	582,826
Less: Accumulated Depreciation	245,461	304,473
Total Property and Equipment	740,117	278,353
<b>OTHER ASSETS</b>		
Long-Term Pledges Receivable - Net	1,843,182	2,745,817
Lease Deposit	15,533	-
Total Other Assets	1,858,715	2,745,817
Total Assets	\$ 10,606,466	\$ 11,398,154
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable:		
Trade	\$ 111,600	\$ 349,778
Lease Payable	134,021	58,590
Refundable Advances	1,000,000	600,000
Deferred Rent	19,652	6,434
Accrued Liabilities	92,040	171,020
Total Current Liabilities	1,357,313	1,185,822
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	117,493	84,529
Lease Payable	377,604	84,125
Total Liabilities	1,852,410	1,354,476
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Operating	920,490	837,974
Board-Designated	3,597,077	3,079,744
Total Without Donor Restrictions	4,517,567	3,917,718
With Donor Restrictions:		
Time Restrictions	2,888,585	3,772,108
Purpose Restrictions	347,904	1,353,852
Perpetual in Nature	1,000,000	1,000,000
Total With Donor Restrictions	4,236,489	6,125,960
Total Net Assets	8,754,056	10,043,678
Total Liabilities and Net Assets	\$ 10,606,466	\$ 11,398,154

See accompanying Notes to Financial Statements.

**PKD FOUNDATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>						
Contributions	\$ 4,047,910	\$ 2,255,363	\$ 6,303,273	\$ 3,709,865	\$ 8,797,969	\$ 12,507,834
Gifts-in-Kind	575,636	-	575,636	562,974	-	562,974
Miscellaneous Income	35,173	-	35,173	159,015	-	159,015
Investment Income - Net	152,542	43,759	196,301	118,554	35,609	154,163
Unrealized Gain on Investments, Net	94,782	25,950	120,732	50,244	24,221	74,465
Satisfaction of Purpose Restrictions	3,210,583	(3,210,583)	-	2,669,726	(2,669,726)	-
Satisfaction of Time Restrictions	1,003,960	(1,003,960)	-	1,224,049	(1,224,049)	-
Total Revenues, Gains, and Public Support	9,120,586	(1,889,471)	7,231,115	8,494,427	4,964,024	13,458,451
<b>EXPENSES</b>						
Program Services:						
Research	3,691,209	-	3,691,209	2,575,555	-	2,575,555
Education and Support	1,142,730	-	1,142,730	1,305,749	-	1,305,749
Awareness and Advocacy	1,633,100	-	1,633,100	1,982,320	-	1,982,320
Total Program Services	6,467,039	-	6,467,039	5,863,624	-	5,863,624
Supporting Services:						
Administrative	1,013,125	-	1,013,125	956,524	-	956,524
Development	1,040,573	-	1,040,573	1,310,343	-	1,310,343
Total Supporting Services	2,053,698	-	2,053,698	2,266,867	-	2,266,867
Total Expenses	8,520,737	-	8,520,737	8,130,491	-	8,130,491
<b>CHANGES IN NET ASSETS</b>	599,849	(1,889,471)	(1,289,622)	363,936	4,964,024	5,327,960
Net Assets - Beginning of Year	3,917,718	6,125,960	10,043,678	3,553,782	1,161,936	4,715,718
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,517,567</u>	<u>\$ 4,236,489</u>	<u>\$ 8,754,056</u>	<u>\$ 3,917,718</u>	<u>\$ 6,125,960</u>	<u>\$ 10,043,678</u>

See accompanying Notes to Financial Statements.

**PKD FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (1,289,622)	\$ 5,327,960
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	146,326	89,064
Gain on Sale of Investments	(71,843)	(70,026)
Unrealized Gain on Investments	(120,732)	(74,465)
(Increase) Decrease in Assets:		
Pledges Receivable - Net	883,523	(3,595,078)
Other Receivables	(13,861)	39,003
Inventory	-	31,084
Prepaid Expenses	(4,716)	43,748
Deposits	(50)	2,270
Increase (Decrease) in Liabilities:		
Accounts Payable - Trade	(238,178)	237,780
Research Grants Payable	-	(166,667)
Refundable Advances	400,000	600,000
Deferred Rent	(13,818)	(2,337)
Accrued Liabilities	(78,980)	39,931
Net Cash Provided (Used) by Operating Activities	(401,951)	2,502,267
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	1,469,294	2,224,741
Purchases of Investments	(555,969)	(4,541,851)
Purchases of Property and Equipment	(120,590)	(75,000)
Net Cash Provided (Used) by Investing Activities	792,735	(2,392,110)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Lease	(58,590)	(12,778)
Net Cash Used by Financing Activities	(58,590)	(12,778)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	332,194	97,379
Cash and Cash Equivalents - Beginning of Year	228,084	130,705
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 560,278	\$ 228,084
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Leasehold Improvements Provided by Landlord	\$ 60,000	\$ -
Property and Equipment Purchased with Lease Payable	\$ 427,500	\$ 155,493

See accompanying Notes to Financial Statements.

**PKD FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

<b>EXPENSES</b>	<u>Research</u>	<u>Education and Support</u>	<u>Awareness and Advocacy</u>	<u>Administrative</u>	<u>Development</u>	<u>Total Expenses</u>
Salaries and Benefits	\$ 503,085	\$ 539,146	\$ 728,578	\$ 801,503	\$ 555,347	\$ 3,127,659
Travel and Meetings	90,470	57,781	83,104	-	76,802	308,157
Printing/Postage/Telephone	22,455	42,757	65,008	13,459	10,780	154,459
Office Supplies	3,197	3,332	15,882	5,048	4,717	32,176
Dues/Fees/Publications/ Professional Development	2,452	4,515	9,776	24,152	8,755	49,650
Equipment and Software	5,381	7,303	17,833	8,449	15,284	54,250
Advertising and Education	-	-	115,536	-	-	115,536
Professional Fees	349,937	50,295	389,743	58,228	187,873	1,036,076
Bank and Credit Card Fees	10,725	10,545	15,515	17,138	12,105	66,028
Occupancy	26,192	56,669	44,665	40,500	30,203	198,229
Insurance	3,549	9,183	5,134	5,671	4,006	27,543
Conferences/Special Events/Awards	14,355	122,499	273	997	205	138,329
Grants and Sponsorships	103,500	215,337	107,669	-	107,669	534,175
External R&D Funding	2,532,144	-	-	-	-	2,532,144
Depreciation and Amortization	23,767	23,368	34,384	37,980	26,827	146,326
<b>Total Expenses</b>	<b><u>\$ 3,691,209</u></b>	<b><u>\$ 1,142,730</u></b>	<b><u>\$ 1,633,100</u></b>	<b><u>\$ 1,013,125</u></b>	<b><u>\$ 1,040,573</u></b>	<b><u>\$ 8,520,737</u></b>

See accompanying Notes to Financial Statements.



**PKD FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

<b>EXPENSES</b>	<u>Research</u>	<u>Education and Support</u>	<u>Awareness and Advocacy</u>	<u>Administrative</u>	<u>Development</u>	<u>Total Expenses</u>
Salaries and Benefits	\$ 388,756	\$ 645,970	\$ 719,099	\$ 731,138	\$ 649,533	\$ 3,134,496
Travel and Meetings	110,245	37,297	128,538	-	27,315	303,395
Printing/Postage/Telephone	29,856	36,070	98,941	9,139	8,835	182,841
Office Supplies	1,523	19,621	5,565	2,691	3,414	32,814
Dues/Fees/Publications/ Professional Development	11,961	8,180	5,437	14,333	14,202	54,113
Equipment and Software	11,748	24,686	19,555	17,603	25,846	99,438
Advertising and Education	2,420	12,826	282,480	-	-	297,726
Professional Fees	449,311	387,586	306,777	62,875	309,186	1,515,735
Bank and Credit Card Fees	10,732	16,547	18,151	18,952	17,527	81,909
Occupancy	24,812	38,254	41,963	43,816	40,520	189,365
Insurance	2,031	3,131	3,434	3,586	3,316	15,498
Conferences/Special Events/Awards	37,637	57,591	332,646	31,785	191,584	651,243
Grants and Sponsorships	1,310,725	-	-	-	-	1,310,725
External R&D Funding	172,129	-	-	-	-	172,129
Depreciation and Amortization	11,669	17,990	19,734	20,606	19,065	89,064
<b>Total Expenses</b>	<b><u>\$ 2,575,555</u></b>	<b><u>\$ 1,305,749</u></b>	<b><u>\$ 1,982,320</u></b>	<b><u>\$ 956,524</u></b>	<b><u>\$ 1,310,343</u></b>	<b><u>\$ 8,130,491</u></b>

See accompanying Notes to Financial Statements.

**PKD FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

PKD Foundation (the Foundation) was formed in 1982 as a Missouri nonprofit organization to support scientific research into the cause, treatment, and cure of polycystic kidney disease (PKD). Originally formed as PKR Foundation, the Foundation amended its articles in 2001 to change its name to PKD Foundation. In 2009, the Foundation adopted a new vision statement that “no one suffers the full effects of polycystic kidney disease” and a new mission statement to “promote programs of research, advocacy, education, support, and awareness in order to discover treatments and a cure for polycystic kidney disease and improve the lives of all it affects.” The Foundation operates from an administrative office in Kansas City, Missouri, but conducts fundraising and funds research throughout the United States, Canada, Europe, and Japan. Significant accounting policies followed by the Foundation are presented below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Foundation’s financial statements include the timing and collectability of pledges receivable, the fair value of certain gifts-in-kind, and the functional allocation of expenses. Actual results could differ from those estimates.

**Basis of Presentation**

Financial statement presentation of net assets follows the recommendations of Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This category includes board-designated assets (Chapter Funds and Board-Designated Endowment).

**Net Assets With Donor Restrictions**

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions, Pledges Receivable, and Refundable Advances**

Contributions, including promises to give, are recorded and recognized as income when they become unconditional. Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give, due in future years, are reflected as long-term promises to give and are recorded at their net realizable value, discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible pledges is provided based upon management's evaluation of the collectability of each individual pledge and an analysis of historical collection percentages. The allowance is established through a charge against general contribution revenue.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, whether when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Until that point, any amounts received are reported as refundable advance.

**Other Receivables**

Other receivables are uncollateralized obligations due mainly from program service customers and contributions made by credit card payment. The receivables are stated at the invoice amount, as no finance charges are added to the balances. No provision for doubtful accounts has been provided as all accounts are considered collectible. Payments on other receivables are applied to the specific invoices identified on the remittance advice, or if unspecified, to the earliest unpaid invoices.

**Research Grants**

The Foundation funds biomedical research projects directed towards the cause, treatment, and cure of PKD. Grants are recognized when awarded and no longer subject to any contingencies.

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Gifts-In-Kind**

Gifts-in-kind consist of donated goods and services such as board travel, advertising, and miscellaneous items used for special events. All such gifts are recorded at their estimated fair value at the date of the donation.

The Foundation recognizes the fair value of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed time not meeting the criteria outlined above is not accumulated or reflected in these statements.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and services benefited using formulas determined by management to best reflect the true costs of each applicable program.

**Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Property and Equipment**

Leashold improvements, office equipment and software is recorded at cost or, if donated, at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Foundation follows the practice of capitalizing all expenditures for equipment and software in excess of \$1,500. These assets are depreciated on the straight-line method over their estimated useful lives, ranging from three to seven years.

**Cash and Cash Equivalents**

The Foundation considers all cash and other highly liquid investments having initial maturities of three months or less to be cash equivalents, with the exception of those that are designated to be an integral part of the investment portfolio. Certain cash equivalents are considered to be an integral part of the Foundation's investment program and are, accordingly, recognized as a component of investments on the statement of positions.

**PKD FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments include equity and fixed income mutual funds, corporate bonds and alternative investments, which are carried at fair value, with unrealized and realized gains and losses on investments reported as increases or decreases in net assets based upon the presence or absence of donor-imposed restrictions. Investments include investment specific cash equivalents, money market funds, and certificates of deposit that are reported at cost, which approximates fair value.

**Income Taxes**

The Foundation is exempt from income taxes under section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation does not operate as a private foundation.

Although it is exempt from federal and state income taxes on its principal operations, the Foundation is subject to federal income taxes on the net income from any operations identified by the Internal Revenue Service to generate unrelated business income. No such unrelated business income tax was incurred during 2019 or 2018. The Foundation follows the standards for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

**Deferred Rent**

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Foundation recognizes rent expense on the straight-line basis over the noncancelable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonable assured. Deferred rent consists of the difference between cash payments and the recognition of rent expense on a straight-line basis over the life of the lease.

**New Accounting Pronouncements Effective in Future Accounting Period**

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the board issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of Update 2014-09 for all entities by one year, making the standard effective for fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements Effective in Future Accounting Period  
(Continued)**

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Foundation for the fiscal year ending June 30, 2021. Management will be evaluating the effects of this new standard. In October 2019, FASB voted to delay the effective date of ASU 2016-02 by one year, making it effective for the year ending June 30, 2022.

In June 2018, FASB issued ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the Foundation for the fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

**Description of Programs**

The Foundation operates the following ongoing programs:

**Research**

Since its founding in 1982, the Foundation has invested more than \$46 million in research, clinical and scientific grants, as well as fellowships and scientific meetings, making it the largest private funder of polycystic kidney disease (PKD) research. This has led to new discoveries, including identifying the genes responsible for PKD, which enables researchers to investigate possible treatments. Today, 20 PKD Foundation-funded research projects are underway. Additionally, at least five potential treatments are in clinical trials in the United States and at least one more trial is under way in the European Union, and we have made significant progress to better define the regulatory path to approval of novel therapeutic candidates for treatment early in the course of PKD. Initiatives included in research are outlined below.

*Research Grants:* Grant funding to PKD researchers who focus on the development of a treatment for PKD or on understanding the way in which cysts develop or enlarge in PKD.

*Core Grants:* Supporting core research grants services and resources for PKD scientists so that Foundation dollars can be leveraged across the PKD research community.

*Drug Repurposing:* Testing drug candidates to see if they can treat PKD.

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Description of Programs (Continued)**

*PKD Outcomes Consortium Project (PKDOC):* Working with the U.S. Food and Drug Administration (FDA) for regulatory approval to use total kidney volume (TKV) as an indicator for human clinical trials – a more appropriate measure of disease progression in ADPKD.

*Scientific Meetings:* Funding PKD-related meetings that bring experts together and provide continuing education for health professionals.

*Tissue Donation:* Coordinating donations of discarded PKD kidneys to research labs, allowing individuals to actively participate, and support discovery research

*Clinical Trial Awareness Program (CTAP):* Supporting participation in clinical trials by raising awareness through PKD Foundation patients, families, and healthcare professionals.

**Education and Support**

The Foundation provides local services through its 61 volunteer-run Chapters across the country, and two virtual chapters. These volunteers bring to life the mission of the organization by ensuring that no one faces this disease alone. Education meetings provide valuable information from health care professionals, while support activities range from lending a listening ear to organized group outings.

Chapters raise funds for the Foundation through events like Cocktails for a Cure and the Walk for PKD, the Foundation's signature event to raise funds and awareness. Walks take place in more than 50 cities across the nation each year and have raised nearly \$32 million since 2000.

On a national level, the Foundation provides in-depth resources and education about living with PKD to empower people to manage their health. Offerings include webinars, videos, a multi-faceted website ([pkdcure.org/learn](http://pkdcure.org/learn)), online communities, and print materials. The biennial PKD National Convention is the Foundation's largest education event.

**Awareness and Advocacy**

The Foundation raises awareness through marketing and public relations so people know what PKD is, understand the Foundation's services, and can learn how to support the Foundation's mission. Marketing materials include PKD Progress magazine, PKDnews monthly email newsletter, social media, a blog, and [pkdcure.org](http://pkdcure.org). Voices of PKD ([pkdcure.org/voicesofpkd](http://pkdcure.org/voicesofpkd)) features testimonials and stories about people's experiences with the disease.

**PKD FOUNDATION  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Description of Programs (Continued)**

The Foundation plays a key role in legislative advocacy to support PKD-related initiatives. The PKD Advocacy Action Center ([pkdcure.org/advocate](http://pkdcure.org/advocate)) provides resources and ways for people to advocate. The Foundation also sends Advocacy Alerts to inform PKD patients and families of legislative and public policy issues impacting PKD. The Foundation joins with other kidney disease-related organizations in events that allow advocates to meet with members of Congress to raise awareness of PKD and discuss legislative priorities.

**NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. Net Assets as of July 1, 2017 has been reclassified to conform with the requirements as ASU 2016-14, as follows:

	As Previously Presented	Reclassification	As Reclassified
Unrestricted	\$ 3,553,782	\$ (3,553,782)	\$ -
Temporarily Restricted	161,936	(161,936)	-
Permanently Restricted	1,000,000	(1,000,000)	-
Without Donor Restrictions	-	3,553,782	3,553,782
With Donor Restrictions	-	1,161,936	1,161,936
	<u>\$ 4,715,718</u>	<u>\$ -</u>	<u>\$ 4,715,718</u>



**PKD FOUNDATION  
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**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash for fiscal year 2019.

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

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 560,278	\$ 228,084
Investments	6,361,525	7,082,275
Pledges Receivable - Net	1,045,403	1,026,291
Other Receivables	<u>26,148</u>	<u>12,287</u>
Total Financial Assets	7,993,354	8,348,937
Contractual or Donor Imposed Restrictions:		
Purpose Restricted Cash	(347,904)	(1,353,852)
Endowment Fund Investments	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total Restriction Imposed	(1,347,904)	(2,353,852)
Board Designations:		
Operating Reserves and Endowments	<u>(3,597,077)</u>	<u>(3,079,744)</u>
Financial Assets Available to Meet		
Cash Needs for Expenditures Within		
One Year	<u>\$ 3,048,373</u>	<u>\$ 2,915,341</u>

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

Although the Foundation does not intend to spend from the board-designated endowment, these amounts could be made available if necessary.

**PKD FOUNDATION  
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**NOTE 4 FAIR VALUE MEASUREMENTS**

In determining fair value, the Foundation uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

*Level 2* – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

**Equity and Fixed Income Mutual Funds**

Fair value of equity and fixed income mutual funds is determined based on quoted market prices. These are classified as investments valued using Level 1 inputs within the valuation hierarchy.

**Corporate Bonds**

Fair value of corporate bonds is determined based on quoted market prices. These are classified as investments valued using Level 2 inputs within the valuation hierarchy.

**Alternative Investments**

Fair value of alternative investments is determined based on quoted market prices. These are classified as investments valued using Level 1 inputs within the valuation hierarchy.

**PKD FOUNDATION**  
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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values of assets and liabilities measured on a recurring basis, as of June 30, 2019, are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Mutual Funds:				
Equity	\$ 2,837,495	\$ 2,837,495	\$ -	\$ -
Fixed Income	1,203,045	1,203,045	-	-
Corporate Bonds	524,560	-	524,560	-
Alternative Investments:				
Broadly Diversified	386,787	386,787	-	-
Real Estate	72,843	72,843	-	-
Total	<u>\$ 5,024,730</u>	<u>\$ 4,500,170</u>	<u>\$ 524,560</u>	<u>\$ -</u>

Fair values of assets and liabilities measured on a recurring basis, as of June 30, 2018, are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Mutual Funds:				
Equity	\$ 2,225,279	\$ 2,225,279	\$ -	\$ -
Fixed Income	848,922	848,922	-	-
Corporate Bonds	497,304	-	497,304	-
Alternative Investments:				
Broadly Diversified	297,366	297,366	-	-
Real Estate	56,603	56,603	-	-
Total	<u>\$ 3,925,474</u>	<u>\$ 3,428,170</u>	<u>\$ 497,304</u>	<u>\$ -</u>

**PKD FOUNDATION  
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**NOTE 5 INVESTMENTS**

Investments at June 30, 2019 are as follows:

	Original Cost or Basis	Carrying Value	Excess of Carrying Value Over Original Cost or Basis
Money Market Funds	\$ 1,336,795	\$ 1,336,795	\$ -
Equity Mutual Funds	2,397,519	2,837,495	439,976
Fixed Income Mutual Funds	1,183,561	1,203,045	19,484
Corporate Bonds	524,134	524,560	426
Alternative Investments	450,044	459,630	9,586
Total Investments	<u>\$ 5,892,053</u>	<u>\$ 6,361,525</u>	<u>\$ 469,472</u>

Investments at June 30, 2018 are as follows:

	Original Cost or Basis	Carrying Value	Excess (Deficiency) of Carrying Value Over Original Cost or Basis
Money Market Funds	\$ 3,156,801	\$ 3,156,801	\$ -
Equity Mutual Funds	1,845,120	2,225,279	380,159
Fixed Income Mutual Funds	869,780	848,922	(20,858)
Corporate Bonds	522,468	497,304	(25,164)
Alternative Investments	339,366	353,969	14,603
Total Investments	<u>\$ 6,733,535</u>	<u>\$ 7,082,275</u>	<u>\$ 348,740</u>

Investment returns for the year ended June 30, 2019 and 2018 are as follows:

	2019	2018
Investment Income	\$ 145,688	\$ 100,878
Net Realized Gain	71,843	70,026
Net Unrealized Gain	120,732	74,465
Investment Fees	(21,230)	(16,741)
Net Investment Return	<u>\$ 317,033</u>	<u>\$ 228,628</u>

**PKD FOUNDATION  
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**NOTE 6 PLEDGES RECEIVABLE**

Included in pledges receivable are the following unconditional promises to give:

	<u>2019</u>	<u>2018</u>
Total Pledges Receivable	\$ 2,954,088	\$ 3,959,796
Less: Unamortized Discount	65,256	185,693
Less: Allowance for Uncollectible Pledges	247	1,995
Net Pledges Receivable	<u>2,888,585</u>	<u>3,772,108</u>
Less: Net Pledges Receivable, Current Portion	<u>1,045,403</u>	<u>1,026,291</u>
Net Pledges Receivable, Long-Term	<u>\$ 1,843,182</u>	<u>\$ 2,745,817</u>

Interest was imputed in discounting long-term pledges receivable at rates of 1.75% for the year ending June 30, 2019 and 2.63% for the year ending June 30, 2018.

Pledges are due in future years as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,045,650
2021	970,000
2022	938,438
Total	<u>\$ 2,954,088</u>

The Foundation has been notified that it is designated as a beneficiary of numerous wills and trusts. These gifts are revocable and are not recognized within the accompanying financial statements due to their conditional nature.

**NOTE 7 LEASES**

The Foundation leased software under the terms of a capital lease, which required annual payments \$42,156, at a 0% interest rate. The lease matured December 18, 2017. The cost of the asset acquired under the capital lease was \$126,468. Related accumulated depreciation was \$126,468 at June 30, 2018. The software was no longer in service as of June 30, 2018.

The Foundation leases software under the terms of a capital lease, which requires varying monthly payments, at a 0% interest rate. The lease matures April 11, 2021. The cost of the asset acquired under the capital lease is \$155,491. Related accumulated depreciation was \$64,789 and \$12,957 at June 30, 2019 and 2018, respectively.

In March 2019, the Foundation entered into an agreement to lease software under the terms of a capital lease, which requires quarterly payments of \$22,500, at a 0% interest rate. The lease matures December 2023. The cost of the asset acquired under the capital lease is \$531,000. Related accumulated depreciation was \$26,550 at June 30, 2019.

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 LEASES (CONTINUED)**

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 134,021
2021	130,104
2022	90,000
2023	90,000
2024	67,500
Total	<u>511,625</u>
Less Amount Representing Interest	-
Present Value of Lease Payments	<u><u>\$ 511,625</u></u>

In March 2016, the Foundation entered into a lease agreement for office space with a lease term commencing August 2016, and expiring February 2024. The lease was amended effective August 2018 to include additional square footage, and a tenant improvement allowance of \$60,000 toward the space. Lease expense for this office space totaled \$194,925 and \$165,970 for the years ended June 30, 2019 and 2018. The Foundation has recognized a deferred rent liability totaling \$137,145 and \$90,963 at June 30, 2019 and 2018, respectively, in order to recognize lease expense on a straight-line basis over the term of the lease. Future minimum lease payments under the lease are as follows for the years ended June 30:

<u>Year Ending June 30,</u>	<u>Payment</u>	<u>Deferred Rent</u>
2020	\$ 217,831	\$ 19,652
2021	223,091	24,911
2022	228,350	30,171
2023	233,609	35,430
2024	159,100	26,981
Total	<u><u>\$ 1,061,981</u></u>	<u><u>\$ 137,145</u></u>

**PKD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 BOARD-DESIGNATED NET ASSETS**

The Foundation has organized volunteer Chapters located in various cities throughout the United States for the purposes of providing public and patient information and support, education concerning PKD, and assistance in raising funds for mission-related expenses. During the year ended June 30, 2017, funds raised by the individual volunteer Chapters, net of reimbursements of certain direct expenses incurred by those Chapters, were expended for programs of research, advocacy, education, support, and awareness. Funds raised by the Chapters that remained unspent at the statement of financial position date were classified as board-designated net assets without donor restrictions by the Foundation. There were no board-designated net assets relating to chapter funds at June 30, 2019 or 2018.

During the year ending June 30, 2018, the Chapter's donors began restricting these funds to be expended for research only. Funds raised by the Chapters that remained unspent at the statement of position date are classified as net assets with donor restrictions and are included in Note 9 below.

During the year ending June 30, 2016, the board of trustees designated \$1,700,000 of net assets to form the Laverne H. Duvall Endowment Fund. Earnings on the board-designated endowment are to be used to advance PKD research and therapy development. During 2019 and 2018, additional bequests and donations of \$409,814 and \$1,021,830, respectively, were added to the fund. The total balance of the endowment is \$3,597,077 and \$3,079,744 at June 30, 2019 and 2018, respectively.

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets are restricted for the following reasons at June 30:

	2019	2018
Time Restrictions:		
Pledges Receivable	\$ 2,888,585	\$ 3,772,108
Purpose Restrictions:		
ADPKD Research and Drug Repurposing	-	927,418
ARPKD Research	347,904	419,589
Kaplan International Prizes for PKD Research	-	6,845
Total Purpose Restrictions	347,904	1,353,852
Perpetual in Nature:		
James M. and Lucille Kemp Carnes Family Endowment	1,000,000	1,000,000
Total Net Assets With Donor Restrictions	\$ 4,236,489	\$ 6,125,960

Perpetually restricted net assets at June 30, 2019 and 2018 consisted of a contribution that established the James M. and Lucille Kemp Carnes Family Endowment. The primary purpose of the endowment is to provide financial support to advance PKD research and therapy development in order to carry out the Foundation's roles and missions. The endowment was formally established in September 2015.

**PKD FOUNDATION  
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**NOTE 10 ENDOWMENT**

The purpose of the Research Opportunity Fund and Named Endowments (collectively referred to as the endowments) is to provide for growth-oriented long-term investment of funds that are not needed to meet the day-to-day financial obligations of the Foundation. Unless otherwise designated by a donor, interest, dividends, and capital gains may be used to advance PKD research and therapy development. While not ideal or intended, unrestricted principal may also be used for the same purpose, subject to unanimous approval by the board of trustees (the board). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation retains in perpetuity:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not retained in perpetuity is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Board. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

**Return Objectives and Risk Parameters**

The Foundation has adopted investment objectives and spending policies for endowment assets that attempt to provide a predictable stream of funding. Measured over a market cycle (generally defined as 7 to 10 year rolling periods), the endowment assets are invested in a manner that is intended to equal or exceed a total return equal to the endowment's spending rate plus the Consumer Price Index (CPI) over a full market cycle, and to equal or exceed the relative return of a static, blended market index benchmark as determined by the endowment's strategic asset allocation targets.



**PKD FOUNDATION  
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**NOTE 10 ENDOWMENT (CONTINUED)**

**Spending Policy**

In order to provide an ongoing stream of income to support the Foundation's research activities, a percentage of the portfolio is distributed annually and appropriated to the Foundation's operating budget. The Foundation utilizes a moving average method of determining year-to-year spending in order to smooth distributions from the endowment. For purposes of determining the endowment's value, a three-year moving average of the endowment's quarterly fair market value will be applied (once the endowment has existed for more than three years).

The spending calculation is made annually and was 4% for the fiscal year ending June 30, 2019. In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain its original corpus.

**Volatility of Returns**

The Foundation understands that in order to achieve the endowment's investment objectives, the endowment will experience volatility of returns and fluctuations in market value. It further understands that the endowment could experience significant market value losses in any one-year period, but expects that losses over a full market cycle (7 to 10 years) to be a low probability. Therefore, the Foundation supports an investment strategy that minimizes the probability of large losses while acknowledging that the endowment's total return objective is its primary concern, and there is no guarantee that the endowment will not sustain larger than expected short-term losses in value.

Endowment net asset composition by type of fund as of June 30, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor Restricted Endowment Funds:			
Held in Perpetuity:			
James M. and Lucille Kemp			
Carnes Family Endowment Funds:	\$ -	\$ 1,000,000	\$ 1,000,000
Board-Designated Endowment			
Laverne H. Duvall Endowment	<u>3,597,077</u>	<u>-</u>	<u>3,597,077</u>
Total Funds	<u>\$ 3,597,077</u>	<u>\$ 1,000,000</u>	<u>\$ 4,597,077</u>

**PKD FOUNDATION**  
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**NOTE 10 ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the fiscal year ended June 30, 2019 :

	Without Donor Restriction	With Donor Restriction	Total
Net Assets - Beginning of Year	\$ 3,079,744	\$ 1,000,000	\$ 4,079,744
Investment Return:			
Investment Income	132,121	49,550	181,671
Net Appreciation	69,193	25,950	95,143
Investment Fees	(15,440)	(5,791)	(21,231)
Net	185,874	69,709	255,583
Contributions	409,814	-	409,814
Appropriation of Endowment			
Assets for Expenditure	(78,355)	(69,709)	(148,064)
Net Assets - End of Year	<u>\$ 3,597,077</u>	<u>\$ 1,000,000</u>	<u>\$ 4,597,077</u>

Endowment net asset composition by type of fund as of June 30, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Donor Restricted Endowment Funds:			
Held in Perpetuity:			
James M. and Lucille Kemp			
Carnes Family Endowment Funds:	\$ -	\$ 1,000,000	\$ 1,000,000
Board-Designated Endowment			
Laverne H. Duvall Endowment	3,079,744	-	3,079,744
Total Funds	<u>\$ 3,079,744</u>	<u>\$ 1,000,000</u>	<u>\$ 4,079,744</u>

**PKD FOUNDATION  
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**NOTE 10 ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the fiscal year ended June 30, 2018 :

	Without Donor Restriction	With Donor Restriction	Total
Net Assets - Beginning of Year	\$ 1,927,341	\$ 1,033,093	\$ 2,960,434
Investment Return:			
Investment Income	98,552	40,484	139,036
Net Appreciation	58,963	24,221	83,184
Investment Fees	(11,866)	(4,875)	(16,741)
Net	<u>145,649</u>	<u>59,830</u>	<u>205,479</u>
Contributions	1,021,831	-	1,021,831
Appropriation of Endowment			
Assets for Expenditure	(15,077)	(92,923)	(108,000)
Net Assets - End of Year	<u>\$ 3,079,744</u>	<u>\$ 1,000,000</u>	<u>\$ 4,079,744</u>

**NOTE 11 ALLOCATION OF JOINT COSTS**

The Foundation conducts activities which incur joint costs not specifically related to any one component of its activities. Those costs include direct mail campaigns and other similar activities. The cost of conducting those activities totaled \$201,071 and \$114,542 for the years ended June 30, 2019 and 2018, respectively. These joint costs were allocated as follows:

	2019	2018
Development	\$ 119,973	\$ 67,871
Awareness and Advocacy	60,825	35,005
Research	20,273	11,666
Total	<u>\$ 201,071</u>	<u>\$ 114,542</u>

**NOTE 12 DEFERRED ANNUITY**

The Foundation provides its employees with a tax-deferred annuity (the Plan) under the provisions of Internal Revenue Code Section 403(b). Contributions to the Plan are calculated at 9.5% of eligible employees' salaries. Contributions to the Plan for the years ended June 30, 2019 and 2018 amounted to \$189,738 and \$145,463, respectively.

**PKD FOUNDATION**  
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**NOTE 13 CONTRACTUAL SERVICES**

The Foundation contracted with ADP Totalsource, Inc. (ADP) in a client service agreement effective August 1, 2014 to engage in a co-employment relationship with the Foundation. ADP provides personnel management services to the Foundation's employees including payment of salaries, wages, payroll taxes, employee benefits, and procurement of workers' compensation insurance, and administration of claims. The Foundation paid \$2,833,178 and \$2,681,525 including salaries, benefits, and services to ADP for the year ended June 30, 2019 and 2018, respectively.

**NOTE 14 CONCENTRATIONS**

Approximately 94% of the Foundation's pledges receivable at June 30, 2019 were from four donors. Approximately 97% of the Foundation's pledges receivable at June 30, 2018 were from four donors.

The Foundation maintains cash balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to specified limits. The Foundation had uninsured balances totaling \$478,027 at June 30, 2019.

**NOTE 15 CONTINGENCIES**

The Foundation's investment portfolio is subject to significant fluctuations in its value. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the Foundation will recognize in its future financial statements, if any, cannot be determined.

**NOTE 16 SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 23, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to October 23, 2019 that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the financial statements for the year ended June 30, 2019.

