

**THE KIDNEY CANCER ASSOCIATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2009 AND 2008**

**AHLBECK & COMPANY**

C E R T I F I E D

P U B L I C

A C C O U N T A N T S

THE KIDNEY CANCER ASSOCIATION

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Kidney Cancer Association  
Evanston, Illinois

We have audited the accompanying consolidated statements of financial position of THE KIDNEY CANCER ASSOCIATION (an Illinois not-for-profit corporation) and wholly owned subsidiary as of October 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of THE KIDNEY CANCER ASSOCIATION and its wholly owned subsidiary as of October 31, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



January 11, 2010

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

October 31, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,288,076	\$ 2,069,050
Investments	4,199,982	2,940,284
Accounts receivable	34,231	-
Grants receivable	100,000	203,000
Prepaid expenses	13,068	1,500
<b>Total current assets</b>	<b>7,635,357</b>	<b>5,213,834</b>
<b>Property and Equipment at Net Book Value</b>		
Office furniture and equipment	6,402	5,489
Leasehold improvements	10,697	15,550
Computer	16,926	10,389
Computer software	11,676	21,016
<b>Total net property and equipment</b>	<b>45,701</b>	<b>52,444</b>
<b>Other Assets</b>		
Web domain	6,000	6,000
<b>Total other assets</b>	<b>6,000</b>	<b>6,000</b>
<b>TOTAL ASSETS</b>	<b>7,687,058</b>	<b>5,272,278</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

October 31, 2009 and 2008

	2009	2008
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 67,859	\$ 210,704
Accrued liabilities	-	20
<b>Total current liabilities</b>	<b>67,859</b>	<b>210,724</b>
<b>TOTAL LIABILITIES</b>	<b>67,859</b>	<b>210,724</b>
<b>Net Assets</b>		
Unrestricted:		
General	7,029,617	4,508,514
Temporarily restricted:		
Gavin Anderson grant	118,974	114,114
Research	470,608	438,926
<b>Total net assets</b>	<b>7,619,199</b>	<b>5,061,554</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,687,058</b>	<b>5,272,278</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended October 31, 2009

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
<b>Public Support</b>			
Contributions	758,318	\$ -	\$ 758,318
Contributions in kind	518	-	518
Combined federal campaign	177,510	-	177,510
Memorials	114,179	-	114,179
Research	-	31,682	31,682
<b>Total public support</b>	<b>1,050,525</b>	<b>31,682</b>	<b>1,082,207</b>
<b>Program Revenues</b>			
Conventions	2,783,739	-	2,783,739
<b>Total program revenues</b>	<b>2,783,739</b>	<b>-</b>	<b>2,783,739</b>
<b>Other Revenues</b>			
Miscellaneous	7,633	-	7,633
<b>Total other revenues</b>	<b>7,633</b>	<b>-</b>	<b>7,633</b>
<b>Investment Income</b>			
Interest and dividend income	129,522	4,860	134,382
Realized gain (loss) on investments	(104,246)	-	(104,246)
Unrealized gain (loss) on investments	176,062	-	176,062
<b>Total investment income</b>	<b>201,338</b>	<b>4,860</b>	<b>206,198</b>
<b>Total revenues</b>	<b>4,043,235</b>	<b>36,542</b>	<b>4,079,777</b>
Released from restriction	-	-	-
<b>Total revenues and other support</b>	<b>4,043,235</b>	<b>36,542</b>	<b>4,079,777</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENT OF ACTIVITIES**

*For the Year Ended October 31, 2009*

	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES</b>			
<b>Program</b>			
Education	757,667	-	757,667
Research	334,753	-	334,753
Advocacy	170,310	-	170,310
<b>Total program</b>	<b>1,262,730</b>	<b>-</b>	<b>1,262,730</b>
Management and general	153,095	-	153,095
Fundraising	106,307	-	106,307
<b>Total expenses</b>	<b>1,522,132</b>	<b>-</b>	<b>1,522,132</b>
<b>Change in net assets</b>	<b>2,521,103</b>	<b>36,542</b>	<b>2,557,645</b>
Net assets- beginning	4,508,514	553,040	5,061,554
<b>Net assets- ending</b>	<b>7,029,617</b>	<b>589,582</b>	<b>7,619,199</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2008

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
<b>Public Support</b>			
Contributions	\$ 440,328	\$ -	\$ 440,328
Combined federal campaign	158,541	-	158,541
Memorials	134,114	-	134,114
Research	-	101,173	101,173
<b>Total public support</b>	<b>732,983</b>	<b>101,173</b>	<b>834,156</b>
<b>Program Revenues</b>			
Conventions	2,358,056	-	2,358,056
<b>Total program revenues</b>	<b>2,358,056</b>	<b>-</b>	<b>2,358,056</b>
<b>Other Revenues</b>			
Miscellaneous	22,007	-	22,007
<b>Total other revenues</b>	<b>22,007</b>	<b>-</b>	<b>22,007</b>
<b>Investment Income</b>			
Interest and dividend income	129,889	5,410	135,299
Realized gain (loss) on investments	34,763	-	34,763
Unrealized gain (loss) on investments	(445,273)	-	(445,273)
<b>Total investment income</b>	<b>(280,621)</b>	<b>5,410</b>	<b>(275,211)</b>
<b>Total revenues</b>	<b>2,832,425</b>	<b>106,583</b>	<b>2,939,008</b>
Released from restriction			-
<b>Total revenues and other support</b>	<b>2,832,425</b>	<b>106,583</b>	<b>2,939,008</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENT OF ACTIVITIES**

*For the Year Ended October 31, 2008*

	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES</b>			
<b>Program</b>			
Education	717,571	-	717,571
Research	357,045	-	357,045
Advocacy	181,483	-	181,483
<b>Total program</b>	<b>1,256,098</b>	<b>-</b>	<b>1,256,098</b>
Management and general	151,530	-	151,530
Fundraising	113,532	-	113,532
<b>Total expenses</b>	<b>1,521,160</b>	<b>-</b>	<b>1,521,160</b>
<b>Change in net assets</b>	<b>1,311,265</b>	<b>106,583</b>	<b>1,417,848</b>
Net assets- beginning	3,197,249	446,457	3,643,706
<b>Net assets- ending</b>	<b>4,508,514</b>	<b>553,040</b>	<b>5,061,554</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended October 31, 2009

	PROGRAM				SUPPORT			Organization Total
	Education	Research	Advocacy	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 46,454	\$ 17,762	\$ 47,820	\$ 112,036	\$ 5,465	\$ 19,128	\$ 24,593	\$ 136,629
Employee benefits	15,150	5,793	15,595	36,538	1,782	6,238	8,020	44,558
Payroll taxes	4,388	1,678	4,517	10,584	516	1,807	2,323	12,907
Bad debt expense	-	-	-	-	-	-	-	-
Bank fees	2,625	1,004	2,702	6,331	393	1,081	1,474	7,805
Depreciation	7,316	2,797	7,531	17,644	861	3,012	3,873	21,517
Dues and subscriptions	27,546	-	-	27,546	-	-	-	27,546
Grants	135,000	-	-	135,000	-	-	-	135,000
Insurance	1,925	736	1,981	4,642	226	793	1,019	5,661
Licenses and permits	1,352	517	1,391	3,260	159	557	716	3,975
Meeting costs	84,227	84,227	-	168,453	-	-	-	168,453
Miscellaneous	-	-	-	-	-	-	-	-
Occupancy	7,059	2,699	7,267	17,025	830	2,907	3,737	20,762
Office supplies and equipment	40,187	1,301	3,502	44,990	400	1,401	1,801	46,791
Postage and mailing	21,130	-	-	21,130	5,282	-	5,282	26,412
Printing and reproduction	122,401	-	-	122,401	6,444	-	6,444	128,845
Professional fees	69,639	65,883	28,406	163,929	43,807	23,690	67,497	231,426
Publications	-	-	-	-	-	-	-	-
Publicity	18,666	18,666	-	37,331	-	-	-	37,331
Repairs and maintenance	154	59	159	372	18	64	82	454
Telephone	6,164	2,357	6,345	14,866	725	2,538	3,263	18,129
Travel and meals	129,276	129,276	43,092	301,645	86,184	43,092	129,276	430,921
Video production	17,010	-	-	17,010	-	-	-	17,010
<b>Total functional expenses</b>	<b>757,667</b>	<b>334,753</b>	<b>170,310</b>	<b>1,262,730</b>	<b>153,095</b>	<b>106,307</b>	<b>259,402</b>	<b>1,522,132</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended October 31, 2008

	PROGRAM				SUPPORT			Organization Total
	Education	Research	Advocacy	Total	Management and General	Fundraising	Total	
Salaries and wages	24,410	10,942	53,869	89,221	5,050	23,568	28,618	\$ 117,839
Employee benefits	6,773	3,036	14,947	24,756	1,401	6,539	7,940	32,696
Payroll taxes	1,598	716	3,527	5,842	331	1,543	1,874	7,716
Bad debt expense	-	-	-	-	57	-	57	57
Bank fees	1,031	462	2,274	3,767	213	995	1,208	4,975
Depreciation	3,660	1,641	8,078	13,379	757	3,534	4,292	17,671
Dues and subscriptions	33,939	-	-	33,939	-	-	-	33,939
Grants	87,500	-	-	87,500	-	-	-	87,500
Insurance	1,240	556	2,737	4,533	257	1,197	1,454	5,987
Licenses and permits	743	333	1,641	2,717	154	718	872	3,589
Meeting costs	122,138	122,138	-	244,276	-	-	-	244,276
Miscellaneous	149	66	326	541	31	143	173	714
Occupancy	4,312	1,933	9,516	15,761	892	4,163	5,056	20,817
Office supplies and equipment	19,330	953	4,692	24,975	466	2,053	2,519	27,494
Postage and mailing	48,845	-	-	48,845	12,211	-	12,211	61,056
Printing and reproduction	60,419	-	-	60,419	3,180	-	3,180	63,599
Professional fees	95,443	48,024	24,536	168,002	30,645	18,105	48,750	216,752
Publications	18,860	-	-	18,860	-	-	-	18,860
Publicity	21,933	21,933	-	43,865	-	-	-	43,865
Repairs and maintenance	607	272	1,339	2,218	126	586	712	2,930
Telephone	2,910	1,304	6,421	10,636	602	2,809	3,411	14,047
Travel and meals	142,736	142,736	47,579	333,050	95,157	47,579	142,736	475,785
Video production	18,996	-	-	18,996	-	-	-	18,996
<b>Total functional expenses</b>	<b>717,571</b>	<b>357,045</b>	<b>181,483</b>	<b>1,256,098</b>	<b>151,530</b>	<b>113,532</b>	<b>265,062</b>	<b>1,521,160</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE KIDNEY CANCER ASSOCIATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended October 31, 2009 and 2008

	2009	2008
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 2,557,645	\$ 1,417,848
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,517	17,671
Realized loss (gain) on investments	104,246	(34,763)
Unrealized loss (gain) on investments	(176,062)	445,273
Changes in assets and liabilities:		
Decrease (increase) in promises to give	-	520
Decrease (increase) in grants receivable	103,000	(153,000)
Decrease (increase) in other receivables	(34,231)	-
Decrease (increase) in prepaid expenses	(11,568)	1,763
Increase (decrease) in accounts payable	(142,845)	178,101
Increase (decrease) in accrued expenses	(20)	507
<b>Net cash provided by (used in) operating activities</b>	<b>2,421,682</b>	<b>1,873,920</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(14,775)	(42,338)
Purchase of investments	(1,809,779)	(2,856,727)
Proceeds from sale of investments	621,898	797,135
<b>Net cash provided by (used in) investing activities</b>	<b>(1,202,656)</b>	<b>(2,101,930)</b>
<b>Cash Flows from Financing Activities:</b>		
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>1,219,026</b>	<b>(228,010)</b>
Cash and cash equivalents - beginning	2,069,050	2,297,060
<b>Cash and cash equivalents - ending</b>	<b>3,288,076</b>	<b>2,069,050</b>
<b>Supplemental Disclosures:</b>		
Interest paid	-	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the Years Ended October 31, 2009 and 2008*

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

The Kidney Cancer Association (the Association), formerly National Kidney Cancer Association, was incorporated in 1990 as a tax-exempt nonprofit organization. Its purposes are educational and charitable, including providing information to kidney cancer patients and physicians, promoting and sponsoring kidney cancer education and research, and acting as an advocate with respect to the interest and needs of kidney cancer patients. The Association received 68% and 80% of its total revenues for the years ended October 31, 2009 and 2008, respectively, from its conventions.

Kidney Cancer Advocacy Corporation (the Corporation) is a for-profit corporation that was organized in July 2008. The Corporation was established to be a separate depository for financial resources whose purpose is to promote and execute the mission of the Organization.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Association and its 100% owned subsidiary, Kidney Cancer Advocacy Corporation. The Association has a controlling financial interest in the Corporation through direct ownership of 100% of the Corporation's common stock. The Association's executive director is the sole officer and director of the Corporation. All material inter-organization transactions have been eliminated in the consolidation process. Collectively, these entities are called "the Organization" in these financial statements.

#### **Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The net assets of the Organization are classified as follows:

Unrestricted, which represent the portion of expendable net assets that are available for operations.

Temporarily Restricted, which represent donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

#### **Estimates**

The process of preparing consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows the Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the Years Ended October 31, 2009 and 2008*

### **Investments**

Investments in marketable securities and debt securities are reported at fair value based upon market quotations. Donated investments are recorded at the fair value as of the date of contribution. Unrealized gains and losses are included in the accompanying consolidated statements of activities.

### **Property and Equipment**

Property and equipment are carried at cost if purchased or fair value if contributed. Depreciation is computed using the straight-line method over 7 years for office furniture and equipment, 5 years for leasehold improvements, 5 years for computers, and 3-5 years for computer software.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

### **Income Taxes**

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, The Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(1).

### **Functional Allocation of Expenses**

In the consolidated statements of functional expenses, the expenses are charged directly to programs, general and administrative or fundraising categories based upon specific identification where possible. Additionally, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These costs include among others, salaries and related taxes and employee benefits, insurance, occupancy costs, telephone, supplies and professional fees.

### **Reclassifications**

Certain items in the consolidated financial statements as of and for the year ended October 31, 2008 have been reclassified for presentation purposes.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended October 31, 2009 and 2008

**NOTE 2 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis as of October 31, 2009 were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 4,199,982	\$ 4,199,982		
	<u>4,199,982</u>	<u>4,199,982</u>	<u>-</u>	<u>-</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Association maintains its cash at several financial institutions. Non-interest bearing transaction accounts at each institution are fully insured by the Federal Deposit Insurance Corporation (FDIC). All other deposits accounts at FDIC-insured institutions are insured up to \$250,000 per institution. At times during the year, the Association's bank balances may have exceeded the federally insured limits; however, it has not experienced any losses with respect to its bank balances in excess of government provided insurance. As of October 31, 2009 and 2008, the Association's uninsured cash balances totaled \$2,280,423 and \$1,412,853, respectively.

As of October 31, 2009 and 2008, the Association maintains the majority of its investments at several financial institutions with a Securities Investors Protection Corporation (SIPC) member broker. Securities, including equities, are not insured against loss in value. The value of investments can go up or down depending on the demand for them in the market. The SIPC replaces missing stocks and other securities in customer accounts held by its members up to \$500,000, including up to \$100,000 in cash awaiting reinvestment. The Association has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

**NOTE 4 – INVESTMENTS**

The fair value of investments as of October 31 consisted of the following:

	2009	2008
Equities	\$ 764,639	\$ 770,513
Certificate of Deposits	3,435,343	2,169,771
Total	<u>4,199,982</u>	<u>2,940,284</u>

Investments are shown net of management fees on the consolidated statements of activities. Total investment and other fees for the years ended October 31, 2009 and 2008 were \$1,027 and \$2,195, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*For the Years Ended October 31, 2009 and 2008*

**NOTE 5 – PROPERTY AND EQUIPMENT**

The costs of the Organization's property and equipment as of October 31 were as follows:

	2009	2008	Increase (Decrease)
Office furniture and equipment	\$ 76,777	\$ 72,355	\$ 4,422
Leasehold improvements	24,265	24,265	-
Computers	58,217	47,865	10,352
Computer software	33,787	33,787	-
	<u>193,046</u>	<u>178,272</u>	14,774
Less accumulated depreciation	(147,345)	(125,828)	(21,517)
Net book value	<u>45,701</u>	<u>52,444</u>	(6,743)

Depreciation expense for the years ended October 31, 2009 and 2008 was \$21,517 and \$17,671, respectively.

**NOTE 6 – CONDITIONAL PLEDGES RECEIVABLE**

As of October 31, 2009 and 2008, the Organization has received conditional pledges receivable totaling \$100,000 and \$100,000, respectively, which have not been recorded in the consolidated financial statements. These were comprised of two \$50,000 pledges received from William Bro and Johanna Bro during the year ended October 31, 2003. These pledges are conditional upon the Organization remaining a beneficiary of the two respective wills. Therefore, no receivable has been recorded and the contributions will be recorded as revenues in the periods in which they are received.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

The following items were temporarily restricted as of October 31 due to either use or time restrictions:

	2009	2008
Gavin Anderson Grant	\$ 118,974	\$ 114,114
Kidney Cancer Research	470,608	438,926
Total	<u>589,582</u>	<u>553,040</u>

All the restrictions on net assets at October 31, 2009 and 2008 relate to funds raised for research. The restrictions expire when payments for the programs' expenses are made.

**NOTE 8 – CONTRIBUTIONS IN KIND**

Donations of services are recorded if they create or enhance a non-financial asset or are specialized skills that would be purchased if they were not donated. During the years ended October 31, 2009 and 2008, the Organization received donated services valued at \$518 and \$0, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the Years Ended October 31, 2009 and 2008*

### **NOTE 9 – LEASE OBLIGATION AND RENTAL EXPENSE**

The Association leases office space in Evanston, Illinois at the rate of \$1,500 per month based on a verbal lease agreement. Rental expense on all leases for the years ended October 31, 2009 and 2008 was \$18,000, respectively.

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### **NOTE 10 – RETIREMENT PLAN**

The Association has implemented a SIMPLE IRA retirement plan as of January 1, 2005, which provides eligible employees an opportunity to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. At the discretion of management, the Association has adopted and is required to make an annual 3% matching contribution.

The amount charged to operations for the Association's SIMPLE IRA retirement plan contribution for the years ended October 31, 2009 and 2008 was \$2,789 and \$1,909, respectively.

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### **NOTE 11 – RESTATEMENT**

During the year, the Association determined that the Kidney Cancer Advocacy Corporation's financial statements should be consolidated with the Association's financial statements. Accordingly, the Association has restated the prior year reflecting the consolidation of the two entities.

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### **NOTE 12 – RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. In February 2008, the FASB delayed the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2007. In December 2008, the FASB further delayed the effective date of FIN 48 to annual financial statements for fiscal years beginning after December 15, 2008. The Organization may be required to adopt FIN 48 in its consolidated financial statements for the year ended October 31, 2010. Management is currently assessing the impact of FIN 48 on its consolidated financial position, changes in net assets, and related accounting policies and has not determined if the adoption of FIN 48 will have a material effect on its consolidated financial statements. As of July 1, 2009, all FASB pronouncements have been incorporated into the FASB Accounting Standards Codification. As a result, FIN 48 is now contained in FASB ASC 740.

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