

Iowa Donor Network
Financial Statements
December 31, 2016 and 2015



**Iowa Donor Network
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Independent Auditor's Report

Board of Directors
Iowa Donor Network

We have audited the accompanying financial statements of Iowa Donor Network, which comprise the statement of financial position as of December 31, 2016, 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.

Auditor's 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. 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 auditor's 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.

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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Iowa Donor Network as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Iowa Donor Network for the year ended December 31, 2015, were audited by another auditor whose report dated May 9, 2016, included an emphasis-of-matter paragraph that described the change in the entity's presentation of debt issuance costs discussed in Note 1 to the financial statements, and expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2016 schedules of organ and tissue recovery services and direct recovery costs are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The 2015 schedules of organ and tissue recovery services and direct recovery costs were subjected to the auditing procedures applied in the 2015 audit of the basic financial statements by another auditor, who report on such information stated that it was fairly stated in all material respects in relation to the 2015 financial statements as a whole.

A handwritten signature in black ink that reads 'BerganKDV, Ltd.' in a cursive, slightly slanted script.

Waterloo, Iowa
April 25, 2017

Iowa Donor Network
Statements of Financial Position
As of December 31, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 4,073,661	\$ 4,894,227
Accounts receivable, net of estimated deferred cases of \$82,807 (2016) and \$131,317 (2015)	2,837,369	3,771,776
Medicare receivable, net of allowance for contractual adjustments of \$568,508 (2016) and \$389,436 (2015)	1,850,557	1,282,625
Pledges and other receivables	50,986	169,627
Inventory	12,183	22,710
Prepaid expenses	250,886	279,812
Total current assets	9,075,642	10,420,777
Property and equipment, net	8,262,911	8,614,543
Other assets		
Interest in net assets of AlloSource	5,534,783	5,354,258
Total assets	\$ 22,873,336	\$ 24,389,578

Iowa Donor Network
Statements of Financial Position
As of December 31, 2016 and 2015

	2016	2015
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 232,075	\$ 224,671
Accounts payable	1,577,772	1,474,403
Accrued expenses	530,789	1,119,358
Total current liabilities	2,340,636	2,818,432
Long-term debt	5,381,814	5,611,192
Net assets		
Unrestricted		
Board designated - operating reserve	4,981,496	5,108,576
Board designated - capital projects	818,372	818,372
Net interest in AlloSource	5,534,783	5,354,258
Net investment in property and equipment	2,649,022	2,778,680
Operations	886,559	1,897,568
Total unrestricted	14,870,232	15,957,454
Temporarily restricted	280,654	2,500
Total net assets	15,150,886	15,959,954
Total liabilities and net assets	\$ 22,873,336	\$ 24,389,578

Iowa Donor Network
Statements of Activities
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted net assets		
Unrestricted revenues		
Organ recovery services	\$ 10,965,460	\$ 10,626,292
Tissue recovery services	7,187,978	8,801,136
Total unrestricted revenues	<u>18,153,438</u>	<u>19,427,428</u>
Expenses		
Program services		
Organ and tissue recovery	14,743,264	14,769,135
Hospital development, public education, and donor family services	2,091,479	2,115,604
Management and general	3,086,828	3,584,065
Total expenses	<u>19,921,571</u>	<u>20,468,804</u>
Operating loss	<u>(1,768,133)</u>	<u>(1,041,376)</u>
Nonoperating income (expense)		
Contributions	329,715	683,454
Grants	268,067	265,124
Interest income	8,187	9,530
Miscellaneous income	151,578	135,768
Rent income	24,000	18,000
Change in interest in net assets of AlloSource	180,525	452,145
Fundraising expense	(104,070)	(66,910)
Interest expense	(177,091)	(183,128)
Net assets released from restrictions	-	302,580
Total nonoperating income	<u>680,911</u>	<u>1,616,563</u>
Change in unrestricted net assets	<u>(1,087,222)</u>	<u>575,187</u>
Temporarily restricted net assets		
Contributions and grants	278,154	-
Net assets released from restrictions	-	(302,580)
Change in temporarily restricted net assets	<u>278,154</u>	<u>(302,580)</u>
Change in net assets	(809,068)	272,607
Net assets, beginning of year	<u>15,959,954</u>	<u>15,687,347</u>
Net assets, end of year	<u><u>\$ 15,150,886</u></u>	<u><u>\$ 15,959,954</u></u>

See notes to financial statements.

Iowa Donor Network
Statement of Functional Expenses
Year Ended December 31, 2016

	PROGRAM SERVICES			SUPPORT SERVICES			
	Organ and Tissue Recovery	Hospital Development, Public Education, and Donor Family Services	Total Program Expenses	Management and General	Fundraising	Total Support Services	Total Expenses
Direct recovery costs	\$ 5,842,772	\$ -	\$ 5,842,772	\$ -	\$ -	\$ -	\$ 5,842,772
Wages	5,800,618	1,213,866	7,014,484	1,561,660	64,861	1,626,521	8,641,005
Payroll costs	472,250	98,825	571,075	127,141	5,281	132,422	703,497
Employee benefits	994,378	208,088	1,202,466	277,152	9,609	286,761	1,489,227
Employee education	38,421	7,619	46,040	36,634	-	36,634	82,674
Indirect procurement costs	522,278	-	522,278	-	-	-	522,278
Medical director	39,504	-	39,504	-	-	-	39,504
Contract services	183,968	130,160	314,128	207,718	-	207,718	521,846
Special projects	312	114,693	115,005	35,896	6,298	42,194	157,199
Promotional materials and booth fees	-	97,461	97,461	-	-	-	97,461
Brochures and newsletters	-	27,750	27,750	-	-	-	27,750
Public relations	-	-	-	252,753	-	252,753	252,753
Rent	73,771	31,546	105,317	33,468	7,183	40,651	145,968
Utilities and maintenance	117,872	16,100	133,972	71,331	882	72,213	206,185
Insurance and property taxes	119,540	12,842	132,382	27,010	883	27,893	160,275
Interest	98,640	15,761	114,401	62,035	655	62,690	177,091
Office expense and supplies	91,348	26,788	118,136	41,086	2,312	43,398	161,534
Communications	127,248	32,210	159,458	53,611	1,805	55,416	214,874
Dues and subscriptions	30,612	8,997	39,609	26,824	199	27,023	66,632
Vehicle expense	57,932	8,573	66,505	6,851	2,192	9,043	75,548
Travel	15,961	14,675	30,636	90,767	373	91,140	121,776
Legal and professional	-	-	-	68,034	-	68,034	68,034
Charitable contributions	-	-	-	5,025	-	5,025	5,025
Other expense	28,975	7,255	36,230	10,662	359	11,021	47,251
Total expenses before depreciation	<u>14,656,400</u>	<u>2,073,209</u>	<u>16,729,609</u>	<u>2,995,658</u>	<u>102,892</u>	<u>3,098,550</u>	<u>19,828,159</u>
Depreciation	<u>185,504</u>	<u>34,031</u>	<u>219,535</u>	<u>153,205</u>	<u>1,833</u>	<u>155,038</u>	<u>374,573</u>
Total expenses	<u>\$ 14,841,904</u>	<u>\$ 2,107,240</u>	<u>\$ 16,949,144</u>	<u>\$ 3,148,863</u>	<u>\$ 104,725</u>	<u>\$ 3,253,588</u>	<u>\$ 20,202,732</u>

See notes to financial statements.

Iowa Donor Network
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services			Support Services			
	Organ and Tissue Recovery	Hospital Development, Public Education, and Donor Family Services	Total Program Expenses	Management and General	Fundraising	Total Support Services	
Direct recovery costs	\$ 5,246,985	\$ -	\$ 5,246,985	\$ -	\$ -	\$ -	\$ 5,246,985
Wages	5,956,193	1,193,298	7,149,491	1,829,818	50,510	1,880,328	9,029,819
Payroll costs	473,594	94,884	568,478	145,495	4,016	149,511	717,989
Employee benefits	1,119,511	224,289	1,343,800	353,422	6,534	359,956	1,703,756
Employee education	37,776	11,094	48,870	31,281	-	31,281	80,151
Indirect procurement costs	462,553	-	462,553	-	-	-	462,553
Medical director	38,929	-	38,929	-	-	-	38,929
Contract services	179,678	146,144	325,822	245,778	-	245,778	571,600
Special projects	75	56,056	56,131	41,646	-	41,646	97,777
Promotional materials and booth fees	-	98,612	98,612	-	-	-	98,612
Brochures and newsletters	-	65,232	65,232	-	-	-	65,232
Public relations	-	-	-	416,466	-	416,466	416,466
Rent	103,545	27,741	131,286	30,520	1,138	31,658	162,944
Utilities and maintenance	157,005	21,225	178,230	38,566	481	39,047	217,277
Insurance	173,111	19,006	192,117	35,411	760	36,171	228,288
Interest	145,489	24,155	169,644	13,479	5	13,484	183,128
Office expense and supplies	245,374	44,812	290,186	55,282	934	56,216	346,402
Communications	134,388	28,095	162,483	52,347	1,123	53,470	215,953
Dues and subscriptions	18,149	10,335	28,484	27,031	-	27,031	55,515
Vehicle expense	83,657	6,951	90,608	12,952	278	13,230	103,838
Travel	39,744	26,847	66,591	98,993	139	99,132	165,723
Legal and professional	-	-	-	77,843	-	77,843	77,843
Charitable contributions	-	-	-	1,000	-	1,000	1,000
Other expense	35,797	10,092	45,889	12,846	267	13,113	59,002
Total expenses before depreciation	14,651,553	2,108,868	16,760,421	3,520,176	66,185	3,586,361	20,346,782
Loss on asset disposal	17,032	-	17,032	10,850	-	10,850	27,882
Depreciation	246,039	30,891	276,930	66,518	730	67,248	344,178
Total expenses	\$ 14,914,624	\$ 2,139,759	\$ 17,054,383	\$ 3,597,544	\$ 66,915	\$ 3,664,459	\$ 20,718,842

See notes to financial statements.

Iowa Donor Network
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (809,068)	\$ 272,607
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	374,573	344,178
Gain on sale of property and equipment	-	27,882
Change in interest in net assets of AlloSource	(180,525)	(452,145)
Amortization of debt issuance costs	2,120	2,121
Changes in operating assets and liabilities		
Receivables	485,116	321,237
Inventory	10,527	(22,710)
Prepaid expenses	28,926	62,029
Accounts payable	103,369	(665,676)
Accrued expenses	(588,569)	(329,339)
Total adjustments	<u>235,537</u>	<u>(712,423)</u>
Net cash flows - operating activities	<u>(573,531)</u>	<u>(439,816)</u>
Cash Flows - Investing Activities		
Change in cash limited to use	-	985,386
Purchases of property and equipment	(22,941)	(580,629)
Proceeds from sale of property and equipment	-	4,615
Net cash flow - investing activities	<u>(22,941)</u>	<u>409,372</u>
Cash Flows - Financing Activities		
Payments on long-term borrowings	<u>(224,094)</u>	<u>(109,521)</u>
Net change in cash and cash equivalents	(820,566)	(139,965)
Cash and Cash Equivalents		
Beginning of year	<u>4,894,227</u>	<u>5,034,192</u>
End of year	<u>\$ 4,073,661</u>	<u>\$ 4,894,227</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	<u>\$ 175,548</u>	<u>\$ 180,791</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Financing of property and equipment purchases	<u>\$ -</u>	<u>\$ 146,837</u>

See notes to financial statements.

Iowa Donor Network
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization Activity

Iowa Donor Network (the Organization) is a nonprofit organization that was incorporated on November 12, 1993, in the state of Iowa to act as an organ procurement organization serving Iowa hospitals. The Organization is dedicated to maximizing the recovery of transplantable organs and tissues by serving donor families, potential donors and candidates for transplantation, through the identification of potential donors, and supporting and respecting donation decisions.

The Organization operates the following programs: Organ and Tissue Recovery, which provides a system for the procurement of organs and tissues, and Hospital Development, Public Education, and Donor Family Services, which establishes communication with hospitals and other health care entities to increase the number of available organs and tissues by actively participating with and assisting medical staff in their organ and tissue procurement programs. Efforts are also made to increase public awareness of the opportunity for organ and tissue donation. Donor Family Services provides a follow-up program with each donor family and assists in meeting their unique, on-going needs.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset categories follows.

Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily restricted net assets include contributions for which donor-imposed time and purpose restrictions have not been met.

Permanently restricted net assets include contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization did not have any permanently restricted net assets as of December 31, 2016 and 2015.

Accounting 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

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and receivables. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, the Organization's cash and cash equivalents are in excess of the FDIC insurance limit. To manage this exposure, a portion of the Organization' cash is subject to daily repurchase agreements that are collateralized by fixed income securities.

**Iowa Donor Network
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk (Continued)

Revenue for the years ended December 31, 2016 and 2015, include amounts from the following major sources, together with the receivables due from those sources at December 31, 2016 and 2015:

<u>Source</u>	2016		2015	
	Revenue	Accounts Receivable	Revenue	Accounts Receivable
University of Iowa Hospitals and Clinics	\$ 3,310,950	\$ 160,500	\$ 3,569,055	\$ 272,494
AlloSource	4,781,064	1,665,720	5,763,149	2,269,893
Life Cell	1,802,623	470,041	2,035,805	388,982

Cash Equivalents

Cash equivalents include highly liquid investments that are recorded at cost plus accrued interest, which approximates market, and have original maturities of three months or less.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an allowance for deferred tissue cases. The allowance account reflects the estimated amount of tissue cases that may not have been cleared at year end. Until the cases are cleared, there is potential that they will be deferred or found to be not suitable for processing. The allowance is based on historical percentages of tissue cases that were deferred. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Medicare Receivable

The Organization earns revenue under payment and reimbursement agreements with Medicare. Such reimbursements are subject to audit or desk reviews by the administering agency. The Organization is reimbursed for allowable expenditures at a tentative rate with final settlement determined after submission of an annual cost report by the Organization and audits or desk reviews thereof by Medicare.

The Organization records Medicare receivables or payables at year end based on completion of the annual cost report and management's best estimates. The carrying amount of the Medicare receivable is reduced by a valuation allowance that reflects management's best estimate of contractual adjustments. Actual results could differ materially from these estimates. Adjustments as a result of final audits or desk reviews are recorded in the period the adjustments are known.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed primarily under the straight-line method over the economic useful lives of the assets. The Organization follows the policy of capitalizing all property and equipment expenditures equal to or greater than \$5,000.

Iowa Donor Network
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No indicators of impairment were identified for the years ended December 31, 2016 and 2015.

Interest in AlloSource

The Organization recognizes its 7% interest in the net assets of AlloSource as an asset and annually adjusts that interest for its share of the change in AlloSource's net assets.

Support and revenue

Revenue is recognized when the hospital that will be performing the transplant officially accepts custody of the organ or when the processor that will be distributing the tissue completes donor screening.

Contributions are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

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

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Board Designated Net Assets

The operating reserve represents assets set aside by the Board of Directors to assure continued funding of the Organization's operations.

The capital projects reserve represents assets set aside by the Board of Directors to designate funds toward future capital expansions.

**Iowa Donor Network
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest-Imputation of Interest*, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the associated debt liability, consistent with debt discounts. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2015. The Organization adopted the new guidance in its 2015 financial statements and reclassified debt issuance costs from other assets to long-term debt in the accompanying balance sheet as of December 31, 2015. There was no other impact to the financial statements from adoption of this guidance.

Subsequent Events

Management has evaluated subsequent events through April 25, 2017, the date which the financial statements were available for issue.

NOTE 2 – INTEREST IN NET ASSETS OF ALLOSOURCE

The Organization is a corporate member of AlloSource, a nonprofit corporation whose members use it as their primary vehicle to pursue the processing, distribution, quality assurance, and research product development of recovered tissue.

AlloSource reimburses its corporate members for recovery costs associated with skin, and cardiovascular and musculoskeletal tissue provided to AlloSource according to a standardized fee schedule.

Summarized financial information for AlloSource as of and for the years ended December 31, 2016 and 2015, is presented below:

	<u>2016</u>	<u>2015</u>
Assets	\$ 130,352,265	\$ 135,911,724
Liabilities	<u>51,283,934</u>	<u>59,422,318</u>
Net assets	<u>\$ 79,068,331</u>	<u>\$ 76,489,406</u>
Unrestricted revenues	\$ 172,664,297	\$ 180,563,525
Expenses	<u>170,219,272</u>	<u>168,900,370</u>
Operating income	2,445,025	11,663,155
Nonoperating income	<u>133,900</u>	<u>1,487,343</u>
Increase in net assets before contributions from(to) members	2,578,925	13,150,498
Contributions to members	<u>-</u>	<u>(6,690,000)</u>
Increase in net assets	<u>\$ 2,578,925</u>	<u>\$ 6,460,498</u>

Iowa Donor Network
Notes to Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 1,056,048	\$ 1,056,048
Building and improvements	7,179,867	7,179,867
Equipment	<u>1,608,284</u>	<u>1,610,299</u>
	9,844,199	9,846,214
Less accumulated depreciation	<u>1,581,288</u>	<u>1,231,671</u>
	<u>\$ 8,262,911</u>	<u>\$ 8,614,543</u>

NOTE 4 – LINE OF CREDIT

The Organization has available a \$1,000,000 bank line of credit which expires July 15, 2017. There were no amounts outstanding on this line of credit as of December 31, 2016 and 2015.

NOTE 5 – LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Non-Profit Facility Revenue Bond issued by Polk County, Iowa, payable to MidWestOne Bank, requiring interest only payments through June 2015, then monthly installments of \$33,303, including interest at 2.99% per year, with final payment due in June 2035, secured by substantially all assets of the Organization. The Bond is subject to an interest rate reset every five years beginning June 1, 2020.	\$ 5,652,885	\$ 5,876,979
Less unamortized debt issuance costs	38,996	41,116
Less current maturities	<u>232,075</u>	<u>224,671</u>
	<u>\$ 5,381,814</u>	<u>\$ 5,611,192</u>

Iowa Donor Network
Notes to Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt are as follows:

Year ending December 31

2017	\$ 232,075
2018	238,594
2019	245,929
2020	253,073
2021	261,268
Thereafter	<u>4,421,946</u>
Total	<u>\$ 5,652,885</u>

NOTE 6 – OPERATING LEASES

The Organization leases vehicles and equipment under noncancellable operating leases. The following is a schedule by years of future minimum lease payments required under noncancellable operating leases:

Year ending December 31

2017	\$ 109,617
2018	91,847
2019	17,170
2020	<u>8,268</u>
Total	<u>\$ 226,902</u>

In addition to the minimum rentals, certain leases require the Organization to pay all repairs, taxes and insurance.

Rent expense for all operating leases was \$145,968 and \$162,944 for the years ended December 31, 2016 and 2015, respectively.

NOTE 7 – RETIREMENT PLAN

The Organization has a 401(k) retirement plan covering substantially all of its employees. Participants in the Plan may contribute a percentage of their compensation, but not in excess of the maximum allowed under the Internal Revenue Code. Safe harbor matching contributions as well as annual discretionary contributions are made at the discretion of the board of directors. For the years ended December 31, 2016 and 2015, the Organization charged against income \$379,853 and \$672,230, respectively, under this Plan.

Iowa Donor Network
Notes to Financial Statements

NOTE 8 – RELATED PARTIES

The Organization has dealings with several related parties, primarily entities whose ownership or employees include various members of the Organization's board of directors. When such relationships exist, the directors of the Organization abstain from voting on matters that may impact the entities they are affiliated with. For the years ended December 31, 2016 and 2015, the Organization had revenues of \$5,158,868 and \$5,396,400, respectively, from related party entities.

NOTE 9 – REGULATORY COMPLIANCE

The Organization is subject to routine regulatory reviews in the ordinary course of business. Although occasional findings may occur, management believes that the final disposition of such matters is not expected to have a material adverse effect on the financial position, changes in net assets or cash flows of the Organization.

NOTE 10 – RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 financial statements, as previously reported, in order to conform them to the current year's presentation.

SUPPLEMENTAL INFORMATION

Iowa Donor Network
Schedule of Organ and Tissue Recovery Services and Direct Recovery Costs
Year Ended December 31, 2016

	<u>Kidney</u>	<u>Liver</u>	<u>Heart</u>	<u>Pancreas</u>	<u>Lung</u>	<u>Other</u>	<u>Tissue</u>	<u>Total</u>
Revenue								
Acquisition charges	\$ 3,302,000	\$ 1,266,400	\$ 657,000	\$ 296,500	\$ 435,500	\$ 25,000	\$ 6,947,505	\$ 12,929,905
Research and other	850	-	-	-	13,600	-	240,473	254,923
Imports	2,926,000	44,000	16,500	87,750	38,500	-	-	3,112,750
Contractual adjustment	1,855,860	-	-	-	-	-	-	1,855,860
Total revenue	<u>8,084,710</u>	<u>1,310,400</u>	<u>673,500</u>	<u>384,250</u>	<u>487,600</u>	<u>25,000</u>	<u>7,187,978</u>	<u>18,153,438</u>
Direct recovery costs								
Operating room	271,558	111,883	29,341	21,129	21,466	1,649	44,399	501,425
Anesthesia	31,835	15,142	5,698	3,402	3,623	283	-	59,983
Respiratory therapy	19,869	11,425	2,965	1,549	3,022	120	-	38,950
Intensive care	65,258	34,481	13,065	5,798	4,245	521	-	123,368
Pharmacy	30,748	12,086	13,947	4,452	3,314	165	-	64,712
Medical supplies	158,966	3,849	2,117	3,373	1,891	86	563,073	733,355
Laboratory	73,803	53,218	23,520	10,993	15,448	372	-	177,354
Donor evaluations	113,731	63,188	64,823	7,661	21,284	516	565,102	836,305
Surgeon	70,030	-	-	-	-	-	-	70,030
Tissue typing	49,106	-	-	17,151	-	-	-	66,257
Funeral home costs	-	-	-	-	-	-	5,921	5,921
Transportation	48,596	28,863	24,803	7,544	11,252	-	17,892	138,950
Case rate charges	195,650	75,330	38,358	28,718	25,145	-	-	363,201
Import costs	2,591,593	-	118	71,250	-	-	-	2,662,961
Total direct costs	<u>3,720,743</u>	<u>409,465</u>	<u>218,755</u>	<u>183,020</u>	<u>110,690</u>	<u>3,712</u>	<u>1,196,387</u>	<u>5,842,772</u>
	<u>\$ 4,363,967</u>	<u>\$ 900,935</u>	<u>\$ 454,745</u>	<u>\$ 201,230</u>	<u>\$ 376,910</u>	<u>\$ 21,288</u>	<u>\$ 5,991,591</u>	<u>\$ 12,310,666</u>

Iowa Donor Network
Schedule of Organ and Tissue Recovery Services and Direct Recovery Costs
Year Ended December 31, 2015

	<u>Kidney</u>	<u>Liver</u>	<u>Heart</u>	<u>Pancreas</u>	<u>Lung</u>	<u>Other</u>	<u>Tissue</u>	<u>Total</u>
Revenue								
Acquisition charges	\$ 3,843,000	\$ 1,440,000	\$ 755,000	\$ 497,000	\$ 746,000	\$ 66,300	\$ 8,575,315	\$ 15,922,615
Research and other	-	2,500	-	-	10,400	-	225,821	238,721
Imports	1,998,000	19,200	33,600	44,200	9,600	-	-	2,104,600
Contractual adjustment	1,161,492	-	-	-	-	-	-	1,161,492
Total revenue	<u>7,002,492</u>	<u>1,461,700</u>	<u>788,600</u>	<u>541,200</u>	<u>766,000</u>	<u>66,300</u>	<u>8,801,136</u>	<u>19,427,428</u>
Direct recovery costs								
Operating room	235,500	89,327	40,186	28,152	35,397	3,398	38,966	470,926
Anesthesia	30,601	13,725	5,277	4,269	6,352	418	-	60,642
Respiratory therapy	20,312	8,139	3,964	2,922	3,818	400	-	39,555
Intensive care	87,121	38,573	16,462	14,440	12,934	1,834	-	171,364
Pharmacy	18,262	6,339	17,761	4,073	3,654	605	-	50,694
Medical supplies	144,912	4,444	3,827	2,563	2,553	244	643,485	802,028
Laboratory	70,423	52,895	23,295	19,495	17,890	1,282	-	185,280
Donor evaluations	65,605	36,654	69,709	4,471	30,294	635	613,719	821,087
Surgeon	65,000	-	-	2,500	-	-	-	67,500
Tissue typing	64,996	-	-	20,331	-	-	-	85,327
Funeral home costs	-	-	-	-	-	-	4,988	4,988
Transportation	125,919	61,028	25,009	23,319	38,133	733	29,738	303,879
Case rate charges	201,303	79,052	39,987	34,327	19,398	2,933	-	377,000
Import costs	1,767,315	-	-	39,400	-	-	-	1,806,715
Total direct costs	<u>2,897,269</u>	<u>390,176</u>	<u>245,477</u>	<u>200,262</u>	<u>170,423</u>	<u>12,482</u>	<u>1,330,896</u>	<u>5,246,985</u>
	<u>\$ 4,105,223</u>	<u>\$ 1,071,524</u>	<u>\$ 543,123</u>	<u>\$ 340,938</u>	<u>\$ 595,577</u>	<u>\$ 53,818</u>	<u>\$ 7,470,240</u>	<u>\$ 14,180,443</u>