

**NATIONAL PARKINSON FOUNDATION, INC.**

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CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008



MORRISON BROWN ARGIZ & FARRA, LLP

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## **NATIONAL PARKINSON FOUNDATION, INC.**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
National Parkinson Foundation, Inc.

We have audited the accompanying consolidated statements of financial position of the National Parkinson Foundation, Inc. (the "Foundation") as of June 30, 2009 and 2008, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Foundation'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 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 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 consolidated 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 Foundation as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Argiz + Farra, LLP*

Miami, Florida  
September 8, 2009

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 2,063,124	\$ 1,859,108
Receivables:		
Pledges, net of allowance and unamortized discount of approximately \$560,000 and \$515,000 for 2009 and 2008, respectively	693,642	759,446
Charitable trusts	-	227,260
Other receivables	32,301	91,304
Prepaid expenses and other assets	71,088	279,413
Investments	13,511,787	18,548,188
Property and equipment, net	<u>583,224</u>	<u>535,487</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,955,166</u></b>	<b><u>\$ 22,300,206</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 400,925	\$ 601,420
Annuities payable	<u>737,891</u>	<u>782,038</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,138,816</u></b>	<b><u>1,383,458</u></b>
<b>COMMITMENTS</b>		
Net assets:		
Unrestricted	11,051,999	12,803,234
Temporarily restricted	2,986,961	6,336,124
Permanently restricted	<u>1,777,390</u>	<u>1,777,390</u>
<b>TOTAL NET ASSETS</b>	<b><u>15,816,350</u></b>	<b><u>20,916,748</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,955,166</u></b>	<b><u>\$ 22,300,206</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and public support:				
Contributions:				
Private individuals, corporations and private foundations	\$ 4,125,482	\$ 1,216,661	\$ -	\$ 5,342,143
Legacies and bequests	1,664,895	169,003	-	1,833,898
Special events (less direct costs of \$202,158)	305,238	-	-	305,238
In-kind rent income	274,908	-	-	274,908
Interest income	440,316	75,955	-	516,271
Net depreciation on investments	(2,641,509)	(161,251)	-	(2,802,760)
Net assets released from restrictions	<u>4,649,531</u>	<u>(4,649,531)</u>	<u>-</u>	<u>-</u>
Total revenue and public support	<u>8,818,861</u>	<u>(3,349,163)</u>	<u>-</u>	<u>5,469,698</u>
Expenses and losses:				
Program services:				
Research	2,072,212	-	-	2,072,212
Public education	1,517,806	-	-	1,517,806
Patient care services	<u>4,407,000</u>	<u>-</u>	<u>-</u>	<u>4,407,000</u>
Total program services	<u>7,997,018</u>	<u>-</u>	<u>-</u>	<u>7,997,018</u>
Supporting services:				
Management and general	688,820	-	-	688,820
Fund raising	<u>1,873,477</u>	<u>-</u>	<u>-</u>	<u>1,873,477</u>
Total supporting services	<u>2,562,297</u>	<u>-</u>	<u>-</u>	<u>2,562,297</u>
Total expenses	10,559,315	-	-	10,559,315
Change in value of annuities and split interest agreements	<u>10,781</u>	<u>-</u>	<u>-</u>	<u>10,781</u>
Total expenses and losses	<u>10,570,096</u>	<u>-</u>	<u>-</u>	<u>10,570,096</u>
Change in net assets	(1,751,235)	(3,349,163)	-	(5,100,398)
Net assets, beginning of year	<u>12,803,234</u>	<u>6,336,124</u>	<u>1,777,390</u>	<u>20,916,748</u>
Net assets, end of year	<u>\$ 11,051,999</u>	<u>\$ 2,986,961</u>	<u>\$ 1,777,390</u>	<u>\$ 15,816,350</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and public support:				
Contributions:				
Private individuals, corporations and private foundations	\$ 4,037,881	\$ 1,443,507	\$ -	\$ 5,481,388
Legacies and bequests	3,537,630	51,600	-	3,589,230
Special events (less direct costs of \$210,087)	140,426	-	-	140,426
In-kind rent income	263,373	-	-	263,373
Interest income	703,306	77,510	-	780,816
Net depreciation on investments	(1,648,135)	(65,193)	-	(1,713,328)
Net assets released from restrictions	600,089	(600,089)	-	-
Total revenue and public support	<u>7,634,570</u>	<u>907,335</u>	<u>-</u>	<u>8,541,905</u>
Expenses and losses:				
Program services:				
Research	3,926,907	-	-	3,926,907
Public education	1,787,885	-	-	1,787,885
Patient care services	5,107,656	-	-	5,107,656
Total program services	<u>10,822,448</u>	<u>-</u>	<u>-</u>	<u>10,822,448</u>
Supporting services:				
Management and general	764,315	-	-	764,315
Fund raising	1,880,023	-	-	1,880,023
Total supporting services	<u>2,644,338</u>	<u>-</u>	<u>-</u>	<u>2,644,338</u>
Total expenses	13,466,786	-	-	13,466,786
Change in value of annuities and split interest agreements	(46,151)	-	-	(46,151)
Total expenses and losses	<u>13,420,635</u>	<u>-</u>	<u>-</u>	<u>13,420,635</u>
Change in net assets	(5,786,065)	907,335	-	(4,878,730)
Net assets, beginning of year	18,589,299	5,428,789	1,777,390	25,795,478
Net assets, end of year	<u>\$ 12,803,234</u>	<u>\$ 6,336,124</u>	<u>\$ 1,777,390</u>	<u>\$ 20,916,748</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009

	<u>Research</u>	<u>Public Education</u>	<u>Patient Care Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
FUNCTIONAL EXPENSES						
Salaries	\$ 86,325	\$ 294,041	\$ 615,657	\$ 281,004	\$ 682,833	\$ 1,959,860
Payroll taxes and benefits	<u>27,257</u>	<u>120,506</u>	<u>125,136</u>	<u>88,698</u>	<u>188,810</u>	<u>550,407</u>
Total salaries and benefits	<u>113,582</u>	<u>414,547</u>	<u>740,793</u>	<u>369,702</u>	<u>871,643</u>	<u>2,510,267</u>
Grants	1,823,209	323,000	2,399,050	-	-	4,545,259
Conference & symposium fees	3,745	2,801	61,614	1,485	500	70,145
Legal and accounting	-	-	-	60,648	-	60,648
Outside services	27,014	361,384	548,622	31,109	570,661	1,538,790
Printing and publications	131	122,647	31,588	1,425	8,114	163,905
Public relations	-	2,366	1,442	-	2,945	6,753
Postage, freight and courier services	53	75,770	8,948	6,236	172,768	263,775
Food, beverages and meetings	871	1,631	176,814	10,724	175	190,215
Telephone	2,786	19,166	14,240	18,116	13,520	67,828
Utilities	-	-	8,659	-	-	8,659
Repairs and maintenance	6,213	6,887	8,836	48,331	22,963	93,230
Office supplies	875	4,284	38,607	14,095	34,569	92,430
General insurance	15,140	30,714	33,268	12,602	20,186	111,910
Interest paid to annuitants	-	-	-	61,709	-	61,709
Travel and transportation	18,503	34,385	148,201	5,964	15,340	222,393
Lease and rentals	41,232	89,159	125,103	33,136	63,002	351,632
Bank and brokerage fees	-	-	-	760	52,812	53,572
Miscellaneous	<u>-</u>	<u>325</u>	<u>1,224</u>	<u>1,072</u>	<u>1,130</u>	<u>3,751</u>
Subtotal	1,939,772	1,074,519	3,606,216	307,412	978,685	7,906,604
Building and equipment depreciation	<u>18,858</u>	<u>28,740</u>	<u>59,991</u>	<u>11,706</u>	<u>23,149</u>	<u>142,444</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,072,212</u></b>	<b><u>\$ 1,517,806</u></b>	<b><u>\$ 4,407,000</u></b>	<b><u>\$ 688,820</u></b>	<b><u>\$ 1,873,477</u></b>	<b><u>\$ 10,559,315</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	<u>Research</u>	<u>Public Education</u>	<u>Patient Care Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>
<b>FUNCTIONAL EXPENSES</b>						
Salaries	\$ 146,874	\$ 336,492	\$ 388,740	\$ 338,007	\$ 667,242	\$ 1,877,355
Payroll taxes and benefits	<u>53,756</u>	<u>127,170</u>	<u>112,840</u>	<u>116,907</u>	<u>276,602</u>	<u>687,275</u>
Total salaries and benefits	<u>200,630</u>	<u>463,662</u>	<u>501,580</u>	<u>454,914</u>	<u>943,844</u>	<u>2,564,630</u>
Grants	3,519,699	264,792	3,171,241	-	-	6,955,732
Conference & symposium fees	5,458	2,249	54,887	40	1,323	63,957
Legal and accounting	-	-	-	59,788	(3,973)	55,815
Outside services	902	427,842	733,129	1,773	515,988	1,679,634
Printing and publications	2,547	239,961	36,470	3,114	30,375	312,467
Public relations	-	3,266	10,440	-	580	14,286
Postage, freight and courier services	2,171	144,304	9,216	6,658	152,771	315,120
Food, beverages and meetings	26,080	14,416	169,330	12,954	169	222,949
Telephone	2,760	16,771	13,633	15,612	11,618	60,394
Repairs and maintenance	673	1,761	1,370	49,730	13,754	67,288
Office supplies	892	6,531	55,016	17,955	30,254	110,648
General insurance	16,160	32,686	39,383	10,952	21,546	120,727
Interest paid to annuitants	-	-	-	71,489	-	71,489
Travel and transportation	77,683	60,571	169,451	7,246	14,823	329,774
Lease and rentals	50,448	77,263	92,134	32,840	62,489	315,174
Bank and brokerage fees	-	-	-	-	52,137	52,137
Miscellaneous	<u>100</u>	<u>120</u>	<u>6,355</u>	<u>6,349</u>	<u>6,735</u>	<u>19,659</u>
Subtotal	3,705,573	1,292,533	4,562,055	296,500	910,589	10,767,250
Building and equipment depreciation	<u>20,704</u>	<u>31,690</u>	<u>44,021</u>	<u>12,901</u>	<u>25,590</u>	<u>134,906</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 3,926,907</u></b>	<b><u>\$ 1,787,885</u></b>	<b><u>\$ 5,107,656</u></b>	<b><u>\$ 764,315</u></b>	<b><u>\$ 1,880,023</u></b>	<b><u>\$ 13,466,786</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30,

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ <u>(5,100,398)</u>	\$ <u>(4,878,730)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	142,444	134,906
Net depreciation on investments	2,802,760	1,713,328
Accounts receivable, charitable trusts and other receivables	352,067	(160,191)
Prepaid expenses and other assets	208,325	(193,355)
Accounts payable and accrued expenses	(200,495)	189,998
Grants payable	-	(124,210)
Annuities payable	<u>(44,147)</u>	<u>(74,637)</u>
TOTAL ADJUSTMENTS	<u>3,260,954</u>	<u>1,485,839</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,839,444)</u>	<u>(3,392,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment, net	(190,181)	(133,152)
Purchases of investment securities	(9,498,029)	(3,554,676)
Proceeds from sales and maturities of investment securities and principal collections on mortgage- backed securities	<u>11,731,670</u>	<u>5,602,464</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,043,460</u>	<u>1,914,636</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	204,016	(1,478,255)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,859,108</u>	<u>3,337,363</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b><u>\$ 2,063,124</u></b>	<b><u>\$ 1,859,108</u></b>
<b>SUPPLEMENTAL DISCLOSURES ON NON-CASH TRANSACTIONS:</b>		
In-kind rent income	<b><u>\$ 274,908</u></b>	<b><u>\$ 263,373</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

# NATIONAL PARKINSON FOUNDATION, INC.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

### 1. GENERAL

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#### Organization

The National Parkinson Foundation, Inc. (the "Foundation") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation supports research projects and provides education and outreach programs to benefit Parkinson's disease patients and their caregivers.

Except for educational programs run by the Foundation, the program services listed herein are not actually performed by the Foundation. Rather, the Foundation provides funding to third parties who perform such services.

#### Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and the accounts of The Texas Voice Project for Parkinson, Inc., an organization formed to provide speech and voice therapy to persons with Parkinson's disease and related disorders, and to educate and inform lay and professional people about the benefits thereof.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Financial Statement Presentation

Net assets and revenues, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. The three classes of net asset categories are as follows:

**Unrestricted** – Net assets which are free of donor-imposed restrictions; all revenues, gains, and losses that are not changes in permanently or temporarily restricted net assets.

**Temporarily Restricted** – Net assets where the use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

**Permanently Restricted** – Net assets where the use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

#### Use of Estimates

The preparation of consolidated 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 including, but not limited to: the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### Investments

The Foundation reports their investments under Statement of Financial Accounting Standards (SFAS) No.124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No.124, a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with unrealized gains and losses included in the consolidated statements of activities in net depreciation on investments. The fair value of marketable securities is determined by quoted market prices.

## NATIONAL PARKINSON FOUNDATION, INC.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Public Support

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor.

### Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash deposits and investment securities. The Foundation's investment securities consist mainly of investment grade securities and cash deposits with major financial institutions and brokerage firms. By policy, the Foundation limits the amount of credit to exposure to any one financial institution. Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced any losses in such accounts.

### Property and Equipment, Net

Property and equipment is stated at historical cost less accumulated depreciation, except that donated property and equipment used in the normal course of business is stated at the approximate market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives, varying from 3 to 40 years, of the respective assets. Repairs and maintenance costs are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are credited or charged to operations. It is the Foundation's policy to capitalize all fixed assets greater than \$500.

### Contributions

Contributions received or made, including unconditional promises to give, are recognized as revenues or expenses in the period received or made at their estimated fair value. Contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation records 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, 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.

The University of Miami donates certain space for use by the Foundation. Revenues and expenses of \$274,908 and \$263,373 are reflected in the consolidated financial statements for the years ended June 30, 2009 and 2008, respectively, at the estimated value of landlord services of these donated facilities.

### Split-Interest Agreement

Charitable gift annuities are recorded at fair value at the date received. The Foundation records a liability for the present value of the annuities payable, based upon life expectancy tables. A contribution is recorded for the difference between the fair value of the gift and the liability recorded. Investment income and gains or losses are credited or charged to the appropriate investment account, and annuity payments are charged to the liability account. Periodically, an adjustment is made to the liability to record the gain or loss due to recomputation of the liability based upon the revised life expectancy. Upon the death of the donor annuitant, the Foundation recognizes the existing liability as a change in the value of the annuity and the related asset is available for use by the Foundation.

Charitable lead trusts and charitable remainder trusts in which the Foundation is not the trustee are recorded in the temporarily restricted assets class as a receivable at the present value of the expected future cash inflows and contribution revenue is recognized for the same amount. In the event that the trust has an income beneficiary other than the Foundation, the contribution revenue is reduced by the amount of the present value of the estimated liability due to the income beneficiary.

## NATIONAL PARKINSON FOUNDATION, INC.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Net Assets Released from Restrictions

Net assets released from restrictions attributable to satisfied time and purpose restrictions totaled \$4,649,531 and \$600,089, respectively, for the years ended June 30, 2009 and 2008.

### Grants Payable

The Foundation has made conditional promises to give to several institutions for various purposes. Conditional promises to give are not recorded as expense until the conditions are substantially met. At each annual anniversary date of the agreement with these institutions, the Foundation determines whether the institution has substantially met the conditions and then grants the next annual funding commitment to the institution.

### Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal or state income tax is required for revenues derived from its tax-exempt function.

### Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. The Foundation performs its review by comparing the carrying amounts of long-lived assets to the estimated undiscounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

### Fair Value Measurements

SFAS No. 157 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under SFAS No. 157 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

## NATIONAL PARKINSON FOUNDATION, INC.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Fair Value Measurements (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

The Equity Portfolio consists of exchange traded funds and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury; U.S. agencies; and corporate bonds through an independent investment advisor. These investments are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In April 2009, the FASB issued FASB Staff Position No. FAS 157-4 ("FSP 157-4"), *Determining the Fair Value When the Volume and Level of Activity For the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, which provides guidelines for making fair values measurements more consistent with the principles presented in SFAS No. 157. The guidance in FSP 157-4 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of FSP 157-4 did not have an impact on the Foundation's consolidated financial statements.

### Recently Issued Accounting Standards

#### The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* including an amendment of FASB Statement No. 115 ("Statement No. 159"). Statement No. 159 gives the Company the irrevocable option to carry most financial assets and liabilities at fair value that are not currently required to be measured at fair value. If the fair value option is elected, changes in fair value would be recorded in earnings at each subsequent reporting date. Statement No. 159 was effective for the Foundation's 2009 fiscal year. The adoption of this statement did not have a material effect on the Foundation's consolidated financial statements.

#### The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162." The FASB Accounting Standards Codification is intended to be the source of authoritative U.S. generally accepted accounting principles ("GAAP") and reporting standards as issued by the Financial Accounting Standards Board. Its primary purpose is to improve clarity and use of existing standards by grouping authoritative literature under common topics. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification does not change or alter existing GAAP and there is no expected impact on the Foundation's consolidated financial statements.

**NATIONAL PARKINSON FOUNDATION, INC.**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008

**3. INVESTMENTS**

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The following investments, represents the Foundation's financial instruments measured at fair value on a recurring basis at June 30, 2009 for each of the fair value hierarchy levels:

Asset Description	Asset Valuation Level	2009	2008
U.S. Treasury Notes	1	\$ 4,541,220	\$ -
U.S. Treasury Bonds	1	98,953	-
Certificates of deposit	1	-	179,511
<u>Mortgage-backed securities:</u>			
Other collateralized mortgage obligations	2	1,285,433	2,190,464
Equity securities and mutual funds	1	4,599,675	10,808,792
Corporate and government securities	2	857,027	2,449,391
Foreign bonds	2	-	101,000
		<b>\$ 13,511,787</b>	<b>\$ 18,548,188</b>
Level 1 Assets: Quoted Prices in Active Markets for identical assets		\$ 9,239,848	\$ 10,988,303
Level 2 Assets: Significant Other Observable inputs		4,271,939	7,559,885
		<b>\$ 13,511,787</b>	<b>\$ 18,548,188</b>

The Foundation's investment income, including income earned in cash deposits, consisted of the following for the years ended June 30:

	2009	2008
Net realized (losses) gains	\$ (1,561,405)	\$ 923,838
Net unrealized (losses)	(1,241,355)	(2,637,166)
Interest and dividends	516,271	780,816
	<b>\$ (2,286,489)</b>	<b>\$ (932,512)</b>

**4. PLEDGES RECEIVABLE**

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Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using rates ranging from 2.1% to 6.5% for the years ended June 30, 2009 and 2008. Amortization of the discounts is included in contribution revenue.

## NATIONAL PARKINSON FOUNDATION, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

#### 4. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable include the following unconditional promises as of June 30:

	<u>2009</u>	<u>2008</u>
Amounts due in:		
Less than one year	\$ 309,725	\$ 269,725
One to five years	671,973	715,973
More than five years	<u>271,549</u>	<u>288,931</u>
Total	1,253,247	1,274,629
Less: Allowance for uncollectible pledges	458,339	390,257
Unamortized discount	<u>101,266</u>	<u>124,926</u>
Net unconditional pledges	<u>\$ 693,642</u>	<u>\$ 759,446</u>

#### 5. AGREEMENT WITH THE UNIVERSITY OF MIAMI

In October 2002, the Foundation entered into an affiliation agreement with the University of Miami (the "University"), as well as an Agreement for Sale and Purchase, a Lease Agreement, and a Grant Agreement. Under the terms of the Grant Agreement, the Foundation's funding commitment to the University increased to \$1,800,000 a year, for a period of at least five years, and the University agreed not to impose a charge for rent as long as the Foundation continues to provide such funding.

During June 2005, the Executive Committee of the Board of Directors of the Foundation concluded that the University had not conducted all of the activities for which the Grant Agreement was awarded, and that this resulted in releasing the Foundation from any obligation to continue funding under the Grant Agreement. In May of the following year, the Foundation entered into a new Grant Agreement with the University, which provided for funding in the amount of \$1,800,000 for two years. The funding was to be used for the Brain Bank and clinical program in Parkinson's disease. In agreeing to such funding for Years 1 and 2, the Foundation accepted the University's commitment to a good-faith effort to comply with the Foundation's procedures for the Brain Bank and with its requirements for Centers of Excellence. Additional funding in the amount of \$900,000 for a third year was provided for in the Grant Agreement, based on the University's compliance with the aforesaid procedures and requirements as determined by the Foundation's Scientific Advisory and Centers Review Boards. The University did comply and funding was continued for the third year under the May 2006 agreement. All other aspects of the October 2002 affiliation agreement remained in force.

Based on a realignment of its mission toward patient care and quality of life, the Foundation reduced funding to the University in January 2009 after funding under the May 2006 agreement had been completed. The Foundation's new mission shifted emphasis away from bench research toward clinical research focused on identifying the best treatments for Parkinson's patients. Therefore, funding for the University's Brain Bank, considered bench research, was omitted from the extension entered into by the Foundation and the University in September 2008. The September 2008 extension provided for funding in the amount of \$450,000 to be used for the University's clinical program in Parkinson's disease, and the University agreed that this level of funding was sufficient to continue to waive rent charges to the Foundation.

## NATIONAL PARKINSON FOUNDATION, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

#### 6. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of June 30:

	<u>2009</u>	<u>2008</u>
Intangible assets	\$ 31,800	\$ 29,000
Leasehold improvements	868,326	754,522
Equipment and furniture	<u>1,218,398</u>	<u>1,144,821</u>
	2,118,524	1,928,343
Less: Accumulated depreciation and amortization	<u>(1,535,300)</u>	<u>(1,392,856)</u>
Total	<u>\$ 583,224</u>	<u>\$ 535,487</u>

Depreciation and amortization expense was \$142,444 and \$134,906, respectively, for the years ended June 30, 2009 and 2008.

#### 7. RELATED PARTIES

Certain members of the Board of Directors, ("Board") support the Foundation financially or provide services to the Foundation. Below is a summary of significant transactions with members of the Board as of and for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Net pledges receivable	\$ 134,861	\$ 163,552
Contributions	\$ 298,085	131,224

Additionally, in 2009 and 2008 a Board member and his employer, where he serves as senior vice president, served as the custodial investment manager for certain investments totaling \$4,579,636 and \$19,356,594, respectively. His firm was paid fees of \$20,619 and \$17,716, in 2009 and 2008, respectively. Other services provided by Board members include in kind legal services. Due to the nature of these services, it is not practical to estimate their value.

#### 8. PENSION PLAN

In March 1993, the Foundation established a tax deferred retirement plan available to all employees in accordance with the provisions of Section 403(b) of the Internal Revenue Code. In June 2004, the Foundation updated this plan by converting it to a 401K retirement plan. This plan is similar in substance to the former plan, but offers greater flexibility in investment options and has a larger maximum matching percentage. The Foundation allows the participants to make pre-tax contributions up to defined statutory limits. For the plan years ended June 30, 2009 and 2008, the Foundation's matching contribution was based on Safe Harbor features that dictate matching percentages of each participant's contributions. The Foundation's matching contribution to the plan for the years ended June 30, 2009 and 2008, amounted to \$ 53,534 and \$30,702, respectively.

## NATIONAL PARKINSON FOUNDATION, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2009 AND 2008

#### 9. COMMITMENTS

On June 1, 2008, the Texas Voice Project, a wholly owned subsidiary of the National Parkinson Foundation, entered into a lease agreement with a landlord for the use of office space. The lease called for minimum monthly rent payments in the amount of \$3,385 during the first 12 months of the agreement and increases yearly until the expiration of the agreement. The lease is effective for sixty-six consecutive months. The Foundation has no liability with regard to these lease payments and is not named in the lease. Minimum lease payments due under the agreement are as follows:

<u>Years ended June 30,</u>	
2010	\$ 42,820
2011	44,851
2012	46,883
2013	48,744
Thereafter	<u>20,310</u>
	<b><u>\$ 203,608</u></b>

Total rent expense incurred for the years ended June 30, 2009 and 2008 amounted to \$36,432 and \$3,385, respectively.

As of July 1, 2009, the Texas Voice Project was spun off from the Foundation and became a separate, unaffiliated entity. The activities and related assets from the Texas Voice Project are not material to the overall financial statements.

#### 10. ENDOWMENTS

The Foundation's endowment consists of two separate investment funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations or losses to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The unexpended earnings of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The expected total return from income and the appreciation of investments
- (5) Other resources of the Foundation
- (6) The investment policies of the Foundation

For the years ended June 30, 2009 and 2008, the Foundation has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

**NATIONAL PARKINSON FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008

**10. ENDOWMENTS**

**Reconciliation of endowments for its investments and cash and cash equivalents**

	<b>*Board Designated and Other Temporarily Restricted Funds</b>	<b>Donor Restricted Endowment Funds</b>	<b>Total</b>
<b>Asset balances at July 1, 2007</b>	<b>\$ 20,901,788</b>	<b>\$ 2,089,774</b>	<b>\$ 22,991,562</b>
Interest and dividends	656,610	124,206	780,816
Net investment depreciation	(1,671,632)	(41,696)	(1,713,328)
Amount appropriated for expenditure	<u>(2,460,946)</u>	<u>(140,509)</u>	<u>(2,601,455)</u>
<b>Asset balances June 30, 2008</b>	<b>\$ 17,425,820</b>	<b>\$ 2,031,775</b>	<b>\$ 19,457,595</b>
Interest and dividends	436,272	79,999	516,271
Net investment depreciation	(2,598,699)	(204,061)	(2,802,760)
Amount appropriated for expenditure	<u>(3,108,956)</u>	<u>(29,784)</u>	<u>(3,138,740)</u>
<b>Asset balances June 30, 2009</b>	<b>\$ 12,154,437</b>	<b>\$ 1,877,929</b>	<b>\$ 14,032,366</b>

  

	<b>*Board Designated and Other Temporarily Restricted Funds</b>	<b>Donor Restricted Endowment Funds</b>	<b>Total</b>
<b>Summary of Endowment Assets June 30, 2008</b>			
Cash and short term investments included in "Cash and cash equivalents"	\$ 836,152	\$ 73,254	\$ 909,406
Fixed Income securities	5,780,876	1,958,521	7,739,397
Equity Securities	<u>10,808,792</u>	<u>-</u>	<u>10,808,792</u>
	<b>\$ 17,425,820</b>	<b>\$ 2,031,775</b>	<b>\$ 19,457,595</b>

**NATIONAL PARKINSON FOUNDATION, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008

**10. ENDOWMENTS**

**Reconciliation of endowments for its investments and cash and cash equivalents (continued)**

	<b>*Board Designated and Other Temporarily Restricted Funds</b>	<b>Donor Restricted Endowment Funds</b>	<b>Total</b>
<b>Summary of Endowment Assets June 30, 2009</b>			
Cash and short term investments included in "Cash and cash equivalents"	\$ 453,711	\$ 66,867	\$ 520,578
Fixed Income securities	7,101,051	1,811,062	8,912,113
Equity Securities	<u>4,599,675</u>	<u>-</u>	<u>4,599,675</u>
	<b><u>\$ 12,154,437</u></b>	<b><u>\$ 1,877,929</u></b>	<b><u>\$ 14,032,366</u></b>

\* Approximately 20% of the funds included within Board Designated and Other Temporarily Restricted Funds relates to temporarily restricted resources to be expended in future periods.

**Permanently Restricted Net Assets:**

	<u>2009</u>	<u>2008</u>
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	<b><u>\$ 1,777,390</u></b>	<b><u>\$ 1,777,390</u></b>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies in the endowment funds as of June 30, 2009 or June 30, 2008.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are completely invested in fixed income securities which assume a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a rate of return in excess of the corpus. Actual returns in any given year may vary.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).