

PARKINSON'S FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

PARKINSON'S FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parkinson's Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Parkinson's Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Coronavirus

As further discussed in Note 15, the Foundation is subject to the current economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact; however the ultimate outcome is not known as of the date these financial statements were available to be issued. Our opinion is not modified with respect to this matter.



Miami, Florida
October 9, 2020

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PARKINSON'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2020	2019
Cash	\$ 542,833	\$ 469,155
Pledges receivable, net	3,094,686	2,248,577
Other receivables	325,905	196,096
Prepaid expenses and other assets	624,661	385,751
Investments	39,182,593	32,952,942
Property and equipment, net	1,345,737	1,207,474
TOTAL ASSETS	\$ 45,116,415	\$ 37,459,995
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,672,428	\$ 2,709,538
Deferred revenue	1,667,827	36,274
Grants payable	11,194,450	10,178,318
Annuities payable	453,881	551,310
Note payable	2,164,400	-
TOTAL LIABILITIES	19,152,986	13,475,440
NET ASSETS		
Without donor restrictions	21,414,179	19,435,669
With donor restrictions	4,549,250	4,548,886
TOTAL NET ASSETS	25,963,429	23,984,555
TOTAL LIABILITIES AND NET ASSETS	\$ 45,116,415	\$ 37,459,995

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

PARKINSON'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT:						
Contributions:						
Private individuals, corporations and private foundations (including in-kind gifts of \$888,553 and \$1,050,017 for the years ending June 30, 2020 and 2019, respectively)	\$ 22,080,797	\$ 601,200	\$ 22,681,997	\$ 20,454,765	\$ 421,352	\$ 20,876,117
Legacies and bequests	15,716,105	-	15,716,105	8,434,502	-	8,434,502
Chapter acquisition contributions (NOTE 10)	-	-	-	193,336	-	193,336
Special events (less direct costs of \$1,053,590 and \$1,242,942 for the years ended June 30, 2020 and 2019, respectively)	2,002,555	-	2,002,555	4,341,247	-	4,341,247
Investment earnings, net	541,352	1,787	543,139	1,694,149	11,296	1,705,445
Change in value of split interest agreements	-	18,824	18,824	-	(32,115)	(32,115)
Net assets released from restrictions	621,447	(621,447)	-	170,858	(170,858)	-
TOTAL REVENUE AND PUBLIC SUPPORT	<u>40,962,256</u>	<u>364</u>	<u>40,962,620</u>	<u>35,288,857</u>	<u>229,675</u>	<u>35,518,532</u>
FUNCTIONAL EXPENSES:						
Program services:						
Pillar One - Improved Care	11,600,139	-	11,600,139	9,426,781	-	9,426,781
Pillar Two - Research	10,688,618	-	10,688,618	9,604,022	-	9,604,022
Pillar Three - Education and Empowerment	10,667,165	-	10,667,165	10,458,555	-	10,458,555
Total program services	<u>32,955,922</u>	<u>-</u>	<u>32,955,922</u>	<u>29,489,358</u>	<u>-</u>	<u>29,489,358</u>
Supporting services:						
Management and general	1,875,619	-	1,875,619	1,498,118	-	1,498,118
Fundraising	4,152,205	-	4,152,205	4,167,972	-	4,167,972
Total supporting services	<u>6,027,824</u>	<u>-</u>	<u>6,027,824</u>	<u>5,666,090</u>	<u>-</u>	<u>5,666,090</u>
TOTAL FUNCTIONAL EXPENSES	<u>38,983,746</u>	<u>-</u>	<u>38,983,746</u>	<u>35,155,448</u>	<u>-</u>	<u>35,155,448</u>
Change in net assets before other expenses	1,978,510	364	1,978,874	133,409	229,675	363,084
OTHER EXPENSES:						
Other costs (NOTE 1)	-	-	-	215,742	-	215,742
TOTAL OTHER EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,742</u>	<u>-</u>	<u>215,742</u>
Change in net assets after other expenses	1,978,510	364	1,978,874	(82,333)	229,675	147,342
NET ASSETS, beginning of year	19,435,669	4,548,886	23,984,555	19,518,002	4,319,211	23,837,213
NET ASSETS, end of year	<u>\$ 21,414,179</u>	<u>\$ 4,549,250</u>	<u>\$ 25,963,429</u>	<u>\$ 19,435,669</u>	<u>\$ 4,548,886</u>	<u>\$ 23,984,555</u>

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

PARKINSON'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Pillar One:	Pillar Two:	Pillar Three:		Fundraising	Totals
	Improved Care	Research	Education and Empowerment	Management and General		
Salaries	\$ 3,144,852	\$ 1,349,911	\$ 4,166,875	\$ 827,895	\$ 1,505,309	\$ 10,994,842
Payroll taxes and benefits	840,022	332,754	1,084,162	240,535	371,489	2,868,962
Total salaries and related expenses	<u>3,984,874</u>	<u>1,682,665</u>	<u>5,251,037</u>	<u>1,068,430</u>	<u>1,876,798</u>	<u>13,863,804</u>
Grants	3,344,530	6,360,431	1,596,693	-	-	11,301,654
Conference and symposium fees	42,958	188,369	13,682	17,598	8,618	271,225
Legal and accounting	17,116	61,587	4,197	111,477	9,344	203,721
Professional services	543,971	1,576,108	311,599	128,481	257,410	2,817,569
Outside services	684,465	92,228	372,170	43,602	685,550	1,878,015
Printing and publications	752,508	18,361	281,253	22,946	209,282	1,284,350
Public relations and advertising (including in-kind expense of \$888,553)	59,179	14,783	1,272,467	139	103,907	1,450,475
General insurance	13,522	14,066	13,780	120,623	6,028	168,019
Postage, freight and courier services	979,685	14,694	110,044	11,540	404,072	1,520,035
Catering and meetings	357,982	77,496	255,574	16,040	56,358	763,450
Telephone	25,722	24,503	52,806	13,001	20,454	136,486
Repairs and maintenance	25,775	32,022	14,966	37,524	18,027	128,314
Office expenses	21,632	8,300	41,555	38,305	16,927	126,719
Travel and transportation	354,317	225,106	285,918	44,030	184,215	1,093,586
Lease and rentals	260,405	198,116	666,185	40,385	94,796	1,259,887
Bank and credit card expenses	678	313	752	24,033	141,074	166,850
Miscellaneous	19,323	72	19,306	105,829	13,363	157,893
Total other expenses	<u>7,503,768</u>	<u>8,906,555</u>	<u>5,312,947</u>	<u>775,553</u>	<u>2,229,425</u>	<u>24,728,248</u>
Depreciation and amortization	111,497	99,398	103,181	31,636	45,982	391,694
TOTAL EXPENSES	<u>\$ 11,600,139</u>	<u>\$ 10,688,618</u>	<u>\$ 10,667,165</u>	<u>\$ 1,875,619</u>	<u>\$ 4,152,205</u>	<u>\$ 38,983,746</u>

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

PARKINSON'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Pillar One:	Pillar Two:	Pillar Three:			
	Improved Care	Research	Education and Empowerment	Management and General	Fundraising	Totals
Salaries	\$ 2,367,957	\$ 1,116,808	\$ 3,429,864	\$ 695,942	\$ 1,314,095	\$ 8,924,666
Payroll taxes and benefits	645,519	307,082	906,361	144,293	365,768	2,369,023
Total salaries and related expenses	<u>3,013,476</u>	<u>1,423,890</u>	<u>4,336,225</u>	<u>840,235</u>	<u>1,679,863</u>	<u>11,293,689</u>
Grants	2,979,540	6,882,636	1,432,708	-	-	11,294,884
Conference and symposium fees	76,158	163,120	56,599	11,554	48,524	355,955
Legal and accounting	-	58,002	-	115,906	-	173,908
Professional services	448,625	333,267	230,913	98,567	399,565	1,510,937
Outside services	385,457	58,797	300,365	140,040	574,036	1,458,695
Printing and publications	384,188	14,911	326,882	10,704	177,114	913,799
Public relations and advertising (including in-kind expense of \$1,050,017)	93,881	58,157	1,454,300	180	13,359	1,619,877
General insurance	41,198	34,856	42,871	12,155	18,072	149,152
Postage, freight and courier services	493,220	24,005	125,974	19,478	493,983	1,156,660
Catering and meetings	460,723	5,636	593,686	19,896	56,846	1,136,787
Telephone	29,788	24,793	49,149	13,807	16,702	134,239
Repairs and maintenance	30,817	23,806	9,897	33,815	107,001	205,336
Office expenses	16,016	10,862	80,313	33,488	15,269	155,948
Travel and transportation	654,083	249,836	390,869	67,149	271,868	1,633,805
Lease and rentals	220,137	170,605	792,340	42,714	95,344	1,321,140
Bank and credit card expenses	-	142	13,517	12,431	164,464	190,554
Miscellaneous	9,141	11,318	149,230	-	908	170,597
Total other expenses	<u>6,322,972</u>	<u>8,124,749</u>	<u>6,049,613</u>	<u>631,884</u>	<u>2,453,055</u>	<u>23,582,273</u>
Depreciation and amortization	90,333	55,383	72,717	25,999	35,054	279,486
TOTAL EXPENSES	<u>\$ 9,426,781</u>	<u>\$ 9,604,022</u>	<u>\$ 10,458,555</u>	<u>\$ 1,498,118</u>	<u>\$ 4,167,972</u>	<u>\$ 35,155,448</u>

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

PARKINSON'S FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,978,874	\$ 147,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	391,694	279,486
Net unrealized and realized losses (gains) on investments	195,674	(981,401)
Non-cash contribution - annuities	(40,816)	(127,925)
Inherent contribution from chapter acquisitions	-	(193,336)
Change in value of split interest agreements	(18,824)	32,115
(Increase) decrease in operating assets:		
Pledges receivable, net	(846,109)	(842,916)
Other receivables	(129,809)	254,330
Prepaid expenses and other assets	(238,910)	175,082
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	962,890	(258,467)
Deferred revenue	1,631,553	(310,054)
Grants payable	1,016,132	2,242,764
TOTAL ADJUSTMENTS	2,923,475	269,678
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,902,349	417,020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(529,957)	(825,285)
Proceeds received from chapter acquisitions	-	235,607
Sales of investments	8,477,716	8,290,795
Purchases of investments	(14,903,041)	(8,191,800)
NET CASH USED IN INVESTING ACTIVITIES	(6,955,282)	(490,683)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	2,164,400	-
Annuity payments to beneficiaries	(107,789)	(115,652)
Proceeds from annuities issued	70,000	140,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,126,611	24,348
NET INCREASE (DECREASE) IN CASH	73,678	(49,315)
CASH AT BEGINNING OF YEAR	469,155	518,470
CASH AT END OF YEAR	\$ 542,833	\$ 469,155
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		
Assets related to annuities	\$ -	\$ 100,000
Contribution from annuities	\$ 40,816	\$ 127,925
Liabilities under annuities	\$ (29,184)	\$ (112,075)
Net chapter liabilities acquired	\$ -	\$ (42,271)

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

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. GENERAL

Organization

Parkinson's 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 is a leader in ensuring expert Parkinson's disease ("PD", "Parkinson's") care, educating and empowering the Parkinson's community and driving the understanding of Parkinson's through research. As a national organization with a local presence and impact, the Foundation brings help and hope to an estimated one million individuals in the United States and ten million individuals worldwide, who are living with Parkinson's.

Major services of the Foundation include:

Ensuring Better Care for Everyone:

- Setting standards for expert Parkinson's care through a global network of 48 Centers of Excellence.
- Improving the quality of life for people with PD by tracking the care that they receive at the centers. More than 12,000 patients are enrolled in the Parkinson's Outcomes Project, the largest clinical study of PD. According to the study, regular Parkinson's treatment from a neurologist could save thousands of lives each year.
- Working to close the gap in Parkinson's professional training by educating nurses, physical therapists, occupational therapists, speech language therapists and social workers so they can provide better care.

Understanding Parkinson's through Research:

- Investing more than \$10 million annually in promising scientists who are on a mission to understand the basic mechanisms of Parkinson's that are critical to developing new treatments and medications.
- Recruiting the most talented minds in Parkinson's research by supporting early career scientists in neurology who might choose other fields of study.
- Identifying and addressing the unmet needs of people with PD by driving cutting-edge research on a wide range of patient-driven topics.

Educating and Empowering the Parkinson's Community:

- Educating and empowering people with PD through the national network of staff and volunteers. The Foundation is the first organization to form a Parkinson's advisory council and the first to train people with PD to partner with scientists on research.
- Helping people live well with PD by providing free resources including: educational books, webinars, podcasts, a life-saving hospitalization kit, and a toll-free helpline, staffed by Parkinson's specialists who answer nearly 25,000 calls annually.
- Bringing local communities together through Moving Day® Walk for Parkinson's; a national grassroots event that has raised \$22 million, since inception, to support Parkinson's research and local wellness programs across the country.

Rebranding Initiative

During the year ended June 30, 2019, the Foundation incurred costs of approximately \$216,000 related to their strategic rebranding initiative. These are reflected as "Other costs" in the statements of activities. There were no such costs incurred during the year ended June 30, 2020.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation are prepared using the accrual basis of accounting.

Financial Statement Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates, including those regarding fair value, and assumptions that affect reported asset amounts and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

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 exposure to any one financial institution by verifying that the security holdings managed by the financial institution are maintained within approved levels. Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced and does not expect to incur any losses in such accounts.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposit accounts with an original maturity of three months or less which are used in daily operations. Investments in money market funds and U.S. Treasury bills are cash equivalents that have been included as a component of investments in the accompanying statements of financial position. The Foundation considers these to be part of their ongoing liquidity strategy.

Investments

The Foundation reports its investments under an accounting standard issued by the Financial Accounting Standards Board ("FASB") on accounting for certain investments held by not-for-profit organizations. Under the standard, a not-for-profit organization is required to report investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position.

Purchased securities are stated at fair market value based on the most recently traded price of the security at the financial statement date. Donated securities are recorded at fair value and sold immediately. Investment gains and losses including realized and unrealized gains and losses on investments, interest and dividends are included in the accompanying statements of activities.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment is stated at historical cost less accumulated depreciation and amortization, 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. During the years ended June 30, 2020 and 2019, no property and equipment was donated.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives, varying from 3 to 15 years, or shorter of useful life or lease term for leasehold improvements, 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 and amortization are removed from the accounts and any resulting gains or losses are credited or charged to operations. The Foundation's policy is to capitalize all property and equipment expenditures greater than \$5,000.

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.

Deferred Revenue

Deferred revenue consists of funds received from grantors to fund programs for which expenses will be incurred in future periods. Revenue will be recognized when funds under the program have been expended. Deferred revenue totaled \$1,667,827 and \$36,274 as of June 30, 2020 and 2019, respectively. As a result of the Coronavirus pandemic described in Note 15, some events for which donations had been received during the year ended June 30, 2020, were postponed to the following year. These donations are included within deferred revenue.

Grants Payable

The Foundation has made conditional promises to give to several institutions for various purposes. Conditional promises to give are not recorded as an 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. Future funding commitments not yet paid are the result of pending research reports, financial reports or acknowledgement of the Foundation in conjunction with the publication of research results. Grants payable totaled \$11,194,450 and \$10,178,318 as of June 30, 2020 and 2019, respectively, and are due and payable before the end of the next fiscal year.

Split Interest Agreements

The Foundation receives contributions in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the 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 using Internal Revenue Service actuarial assumptions, discounted using the applicable federal rate at the date of the gift, ranging from 1.78% to 4.50%.

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 re-computation of the liability based upon the revised life expectancy. These adjustments are recorded in the accompanying financial statements as "Change in value of split interest agreements." 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.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split Interest Agreements (Continued)

Charitable lead trusts and charitable remainder trusts, in which the Foundation is not the trustee, are recorded in the net assets with donor restrictions 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.

The fair value of assets held under split interest agreements was approximately \$357,000 and \$496,000 at June 30, 2020 and 2019, respectively and are included as "Investments" in the statements of financial position.

Revenue Recognition - Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Foundation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions. The Foundation received donations from several sources including private individuals, corporations and private foundations.

The value of in-kind advertising services has been estimated and is included in the statements of activities based on the estimated fair value.

During the year ended June 30, 2019, the Foundation received a restricted gift of \$850,000 that contained donor conditions (primarily related to testing, counseling and reporting). Since the gift is conditioned on future uncertain events, contribution revenue was not recorded. During the year ended June 30, 2020, approximately \$343,000 was recognized as contribution in connection with this gift. The remaining balance of approximately \$507,000 will be recorded when the donor conditions are met.

Revenue Recognition – Special Events

Special event revenue is recognized in the period the event occurs.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of the Foundation's programs and supporting services have been reported on a functional basis. This requires the allocation of costs among the various programs and supporting services based on estimates made by management. Those costs that are allocated include salaries and wages, the costs of the information technology department as well as indirect expenses such as building rental, telephone, insurance, postage, depreciation and amortization. Salaries and wages are allocated based on estimates of time and efforts while those of the information technology department are allocated based on the ratio of direct expenses to total expenses. Other expenses such as rent and depreciation are allocated based on the percentage of direct expenses by function divided by total direct expenses.

Joint Cost Allocation

The Foundation conducted activities that included requests for contributions, as well as program components. Those activities included direct mail campaigns. Joint costs for the direct mail campaigns included printing, agency fees and postage of approximately \$2,165,000 and \$1,709,000 for the years ended June 30, 2020 and 2019, respectively. These joint costs were allocated based on estimates of the portion of educational messaging, including the corresponding call to action, versus fundraising as follows:

	<u>2020</u>	<u>2019</u>
Fundraising	\$ 1,003,612	\$ 906,407
Public education	1,161,197	802,232
Total joint costs for mail campaigns	<u>\$ 2,164,809</u>	<u>\$ 1,708,639</u>

Tax Status

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 income taxes has been recorded.

The Foundation recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Foundation files income tax returns. The Foundation is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2017.

Adopted Accounting Pronouncements

Accounting Guidance for Contributions Received and Contributions Made

The Foundation adopted Accounting Standard Update 2018-08 (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Foundation's financial position and changes in net assets.

Classification of Certain Cash Receipts and Cash Payments

The Foundation adopted Accounting Standard Update 2016-15 (Topic 230) – Classification of Certain Cash Receipts and Cash Payments using a retrospective approach. The update was issued to reduce diversity in practice of eight specific issues on the statement of cash flows. The adoption of this update had no effect on the Foundation's financial position and change in net assets.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively. The update is effective for annual periods beginning after December 15, 2019 and in interim periods in annual periods beginning after December 15, 2020. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Foundation is currently evaluating the effect the update will have on its financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Foundation is currently evaluating the effect the update will have on its financial statements but expects upon adoption that the update will have a material effect on the Foundation's financial condition due to the recognition of a right-of-use asset and related lease liability. The Foundation does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible. The Foundation is currently evaluating the effect the update will have on its financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Foundation's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The Foundation is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

Reclassifications

Certain items in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

Subsequent Events

The Foundation has evaluated subsequent events through October 9, 2020, which is the date the financial statements were available to be issued.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Foundation updates a rolling three-month cash flow forecast on a weekly basis to anticipate cash requirements and, to the extent current inflows are insufficient, liquidates short term investments maintained with Bank of America. Short term investments are kept in three-month U.S. Treasury bills or mutual funds. As of June 30, 2020, the Foundation had approximately \$3.8 million in the mutual fund with U.S. Treasury bills. Should current requirements exceed the amount maintained in the U.S. Treasury bill account, longer term investments, totaling approximately \$33.0 million as of June 30, 2020, would be gradually liquidated to ensure sufficient funds are available, absent any donor restrictions. The Foundation also has a credit line available with borrowing capacity of up to \$2,500,000, which can be used to meet general expenditures within a year (Note 8).

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2020 and 2019 are as follows:

	2020	2019
Cash	\$ 542,833	\$ 469,155
Pledges receivable, net	3,094,686	2,248,577
Other receivables	325,905	196,096
Investments	39,182,593	32,952,942
Financial assets	43,146,017	35,866,770
Less: Investments held in perpetuity	3,601,834	3,601,834
Annuity investments	356,639	496,200
Available financial assets	39,187,544	31,768,736
Less: Long term pledges	935,040	891,542
Financial assets available to meet general expenditures	\$ 38,252,504	\$ 30,877,194

4. PLEDGES RECEIVABLE, NET

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 1.67% to 4.5% for the years ended June 30, 2020 and 2019. Amortization of the discount is included in contribution revenue.

One donor accounted for 14% and 30% of the pledges receivable balance at June 30, 2020 and 2019, respectively.

Pledges receivable, net, consists of the following at June 30,:

	2020	2019
Amounts due in:		
Less than one year	\$ 2,159,646	\$ 1,357,035
One to five years	877,370	959,535
More than five years	144,556	10,364
Total	3,181,572	2,326,934
Less: Allowance for uncollectible pledges	3,600	3,800
Present value discount	83,286	74,557
Pledges receivable, net	\$ 3,094,686	\$ 2,248,577

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. INVESTMENTS

Investments are presented at their fair market values and consist of the following at June 30,:

<u>Asset Description</u>	<u>2020</u>	<u>2019</u>
Bank deposits and 3-month treasury bills	\$ 3,853,394	\$ 4,839,125
Money market funds	10,564,334	3,132,170
U.S. government agencies (GNMA/FNMA)	1,724,048	1,321,762
U.S. bond mutual funds	323,641	573,742
Corporate and other government securities	5,006,936	3,741,886
Non - U.S. bond funds	317,814	631,228
Equity securities and mutual funds	17,392,426	18,713,029
	<u>\$ 39,182,593</u>	<u>\$ 32,952,942</u>

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

	<u>2020</u>	<u>2019</u>
Net realized and unrealized (loss) gain, net of investment fees of approximately \$161,000 and \$155,000 for the years ending June 30, 2020 and 2019, respectively	\$ (195,674)	\$ 981,401
Interest and dividends	738,813	724,044
	<u>\$ 543,139</u>	<u>\$ 1,705,445</u>

Investments are monitored for the Foundation by the governing investment committee. Although the market value of investments is subject to fluctuations, management believes the investment policy is prudent for the long-term welfare of the Foundation.

The Foundation's investment objectives are to safeguard and preserve the real purchasing power of the portfolio while earning investment returns that are commensurate with the Foundation's risk tolerance and sufficient to meet the Foundation's operational requirements.

The Foundation's investments are classified into three categories: general fund, operating fund and with donor restrictions fund. Investment categories as of June 30, 2020 and 2019 were as follows:

- The general fund is invested with the objective of preserving the long-term real purchasing power of the general fund's assets while seeking an appropriate level of investment return.
- The operating fund is invested with the objective of preserving assets to cover the Foundation's operating expenses and to realize earnings in a way that allows for immediate liquidity to meet the Foundation's ongoing programmatic and operational needs. By policy, the operating fund assets should be maintained in highly liquid and secure investments with a fixed principal value that can be drawn on immediate notice.
- The donor restricted fund, similar to the general fund, is invested with the objective of preserving long-term real purchasing power. Investments with donor restrictions are comprised of donor contributions that are restricted for a specific purpose or in perpetuity.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

5. INVESTMENTS (CONTINUED)

Changes in the Foundation's investment categories were as follows for the year ended June 30, 2020:

	General and Operating Fund	With Donor Restrictions	Total
Beginning balance	\$ 28,854,908	\$ 4,098,034	\$ 32,952,942
Additions	14,059,220	70,000	14,129,220
Interest and dividends	736,430	2,383	738,813
Investment losses, net of fees	(195,078)	(596)	(195,674)
Withdrawals	(8,231,360)	(211,348)	(8,442,708)
Ending balance	\$ 35,224,120	\$ 3,958,473	\$ 39,182,593

Changes in the Foundation's investment categories were as follows for the year ended June 30, 2019:

	General and Operating Fund	With Donor Restrictions	Total
Beginning balance	\$ 27,956,908	\$ 4,013,628	\$ 31,970,536
Additions	7,356,683	240,000	7,596,683
Interest and dividends	710,262	13,782	724,044
Investment earnings, net of fees	981,738	(337)	981,401
Withdrawals	(8,150,683)	(169,039)	(8,319,722)
Ending balance	\$ 28,854,908	\$ 4,098,034	\$ 32,952,942

6. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosures*, 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 FASB ASC 820 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.

The asset 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.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020 and 2019.

The money market funds, bank deposits and three-month Treasury bills are valued at cost which approximates fair value.

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 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 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.

The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at June 30, 2020 for each of the fair value hierarchy levels:

Description	Fair Value Measurement at Reporting Date Using:			
	Fair Value 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Bank deposits and 3-month treasury bills	\$ 3,853,394	\$ 3,853,394	\$ -	\$ -
Money market funds	10,564,334	10,564,334	-	-
Fixed income:				
U.S. government agencies (GNMA/FNMA)	1,724,048	-	1,724,048	-
U.S. bond mutual funds	323,641	323,641	-	-
Corporate and other government securities	5,006,936	525,723	4,481,213	-
Non-U.S. bond funds	317,814	-	317,814	-
Total fixed income	7,372,439	849,364	6,523,075	-
Equity securities and mutual funds	17,392,426	17,392,426	-	-
	\$ 39,182,593	\$ 32,659,518	\$ 6,523,075	\$ -

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at June 30, 2019 for each of the fair value hierarchy levels:

Description	Fair Value Measurement at Reporting Date Using:			
	Fair Value 6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Bank deposits and 3-month treasury bills	\$ 4,839,125	\$ 4,839,125	\$ -	\$ -
Money market funds	3,132,170	3,132,170	-	-
Fixed income:				
U.S. government agencies (GNMA/FNMA)	1,321,762	-	1,321,762	-
U.S. bond mutual funds	573,742	573,742	-	-
Corporate and other government securities	3,741,886	705,642	3,036,244	-
Non-U.S. bond funds	631,228	278,418	352,810	-
Total fixed income	6,268,618	1,557,802	4,710,816	-
Equity securities and mutual funds	18,713,029	18,713,029	-	-
	\$ 32,952,942	\$ 28,242,126	\$ 4,710,816	\$ -

The carrying amounts for cash, receivables, accounts payable and certain other assets and liabilities approximate fair value due to the short-term nature of these financial instruments.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of June 30,:

	2020	2019
Leasehold improvements	\$ 658,743	\$ 1,354,815
Equipment, furniture and intangible assets	1,847,348	3,197,517
	2,506,091	4,552,332
Less: accumulated depreciation and amortization	(1,160,354)	(3,344,858)
	\$ 1,345,737	\$ 1,207,474

Depreciation and amortization expense was approximately \$392,000 and \$280,000 for the years ended June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the Foundation retired approximately \$2,576,000 of assets, which were fully depreciated at the time of retirement.

8. LINE OF CREDIT

In May 2020, the Foundation obtained a \$2,500,000 revolving line of credit with a third-party financial institution. The line of credit is secured by the Foundation's assets and the entire obligation is due and payable on demand. The line of credit has a variable interest rate based on the Wall Street Journal prime rate. At June 30, 2020, the interest rate on the line of credit was 3.25%. At June 30, 2020, the amount available on the line of credit was \$2,500,000. The line of credit was not used during the year ended June 30, 2020.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

9. PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, the Foundation executed a loan for \$2,164,400 under the Paycheck Protection Program authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. The loan bears interest at 1%. Six months after the effective date, principal payments are due in equal amounts over an eighteen-month period. The loan matures on April 22, 2022. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the Foundation retains employees during a specified period of time.

10. ACQUISITIONS

During the year ended June 30, 2019, the Foundation combined with two entities, PD Gladiators, Inc. and the Parkinson's Association of Western New York. The Foundation did not pay any consideration in this transaction. Instead, it received cash and other assets and assumed certain operating obligations. There were no acquisitions during the year ended June 30, 2020. The net of any assets and liabilities received during the year ended June 30, 2019 is summarized below and recognized by the Foundation in the statements of activities as "Chapter acquisition contributions."

Fair value of assets received	\$	239,607
Liabilities assumed		(46,271)
Contribution received in acquisitions	<u>\$</u>	<u>193,336</u>

11. RELATED PARTIES

Certain members of the Board of Directors (the "Board") have supported the Foundation financially. Below is a summary of transactions with members of the Board as of and for the years ended June 30,:

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 360,000	\$ 504,345
Contributions	\$ 742,746	\$ 499,405

12. RETIREMENT PLAN

The Foundation has a tax deferred retirement plan available to all employees. The Foundation allows the participants to make pre-tax contributions up to defined statutory limits. The plan is a safe harbor plan with non-elective matching contributions of five percent. The Foundation's matching contribution to the plan for the years ended June 30, 2020 and 2019 amounted to approximately \$528,000 and \$425,000, respectively.

13. NET ASSETS

Net assets without donor restrictions are used to support the operating activities of the Foundation. The major program activities are described in Note 1.

Net assets with donor restrictions consist of the following as of June 30,:

	<u>2020</u>	<u>2019</u>
Restricted by donors with specific purpose/time restrictions:		
Gifts held in perpetuity	\$ 3,601,834	\$ 3,601,834
Pledges, cash and split interest agreements	947,416	947,052
	<u>\$ 4,549,250</u>	<u>\$ 4,548,886</u>

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

13. NET ASSETS (CONTINUED)

Increases in net assets with donor restrictions and releases from restrictions are summarized below for the years ended June 30,:

	<u>2020</u>	<u>2019</u>
Split interest agreements	\$ 62,023	\$ 110,396
Pledges and cash	559,788	290,137
Total additions	<u>\$ 621,811</u>	<u>\$ 400,533</u>
Split interest agreements	\$ (104,154)	\$ (54,529)
Pledges and cash	(517,293)	(116,329)
Total releases from restrictions	<u>\$ (621,447)</u>	<u>\$ (170,858)</u>

14. COMMITMENTS AND CONTINGENCIES

Leases

In April 2013, the Foundation entered into an office lease agreement for its main headquarters in Miami, Florida. The lease provides for escalating rent payments and a period of free rent. The lease term began in October 2013 for a period of 130 months. Additionally, the Foundation leases office space for its offices located in New York, Kansas and Ohio with various expiration dates up to 2026. The Foundation records rent expense on a straight-line basis over the lease term. As part of the New York lease agreement, the Foundation received an allowance of approximately \$77,000 in consideration for the improvements made to the new office space. Tenant allowances received are deferred when received and amortized on a straight-line basis over the life of the lease term.

As of June 30, 2020 and 2019, the deferred rent liability balance was approximately \$267,000 and \$263,000, respectively, and is reflected within the caption "Accounts payable and accrued expenses" in the statements of financial position. The Foundation also leases certain office equipment under operating leases. Rent expense for office space for the years ended June 30, 2020 and 2019 was approximately \$886,000 and \$793,000, respectively.

The approximate future minimum lease payments under the non-cancelable leases for office space are as follows for the years ending June 30,:

2021	\$ 699,000
2022	684,000
2023	661,000
2024	665,000
2025	457,000
Thereafter	168,000
Total	<u>\$ 3,334,000</u>

Legal

From time to time, various legal claims may arise in the normal course of business, which in the opinion of management, will not have a material adverse effect on the Foundation's financial statements.

PARKINSON'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

15. CORONAVIRUS

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management and the Board of Directors are evaluating the potential adverse effect this will have on their financial position, operations and cash flows. The full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date these financial statements were available to be issued.