



# Parkinson's Foundation, Inc.

Financial Statements  
Years Ended June 30, 2021 And 2020

**PARKINSON'S FOUNDATION, INC.**

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## **Independent Auditor's Report**

Board of Directors  
Parkinson's Foundation, Inc.

### ***Opinion***

We have audited the financial statements of Parkinson's Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matter - Prior Year Financial Statements**

The financial statements of the Foundation as of and for the year ended June 30, 2020 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated October 9, 2020.

Miami, Florida  
October 20, 2021

**BDO USA, LLP**  
Certified Public Accountants

**PARKINSON'S FOUNDATION, INC.**

STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Cash	\$ 717,976	\$ 542,833
Pledges receivable, net	2,246,793	3,094,686
Other receivables	733,764	325,905
Prepaid expenses and other assets	1,064,382	624,661
Investments	51,887,412	39,182,593
Property and equipment, net	1,216,239	1,345,737
<b>TOTAL ASSETS</b>	<b>\$ 57,866,566</b>	<b>\$ 45,116,415</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,489,822	\$ 3,672,428
Deferred revenue	1,231,474	1,667,827
Grants payable	20,382,699	11,194,450
Annuities payable	357,619	453,881
Paycheck Protection Program loan payable	2,164,400	2,164,400
<b>TOTAL LIABILITIES</b>	<b>28,626,014</b>	<b>19,152,986</b>
<b>NET ASSETS</b>		
Without donor restrictions	24,508,656	21,414,179
With donor restrictions	4,731,896	4,549,250
<b>TOTAL NET ASSETS</b>	<b>29,240,552</b>	<b>25,963,429</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 57,866,566</b>	<b>\$ 45,116,415</b>

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

**PARKINSON'S FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	2021			2020		
	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 \$1,482,622 and \$888,553 for the years ending June 30, 2021 and 2020, respectively)	\$ 25,776,409	\$ 410,241	\$ 26,186,650	\$ 22,080,797	\$ 601,200	\$ 22,681,997
Legacies and bequests	13,423,776	-	13,423,776	15,716,105	-	15,716,105
Special events (less direct costs of \$1,069,960 and \$1,053,590 for the years ended June 30, 2021 and 2020, respectively)	3,015,070	-	3,015,070	2,002,555	-	2,002,555
Investment earnings, net	7,768,206	7,908	7,776,114	541,352	1,787	543,139
Change in value of split interest agreements	-	12,290	12,290	-	18,824	18,824
Net assets released from restrictions	247,793	(247,793)	-	621,447	(621,447)	-
TOTAL REVENUE AND PUBLIC SUPPORT	<u>50,231,254</u>	<u>182,646</u>	<u>50,413,900</u>	<u>40,962,256</u>	<u>364</u>	<u>40,962,620</u>
FUNCTIONAL EXPENSES:						
Program services:						
Pillar One - Improved Care	10,889,511	-	10,889,511	11,600,139	-	11,600,139
Pillar Two - Research	18,202,054	-	18,202,054	10,688,618	-	10,688,618
Pillar Three - Education and Empowerment	12,077,226	-	12,077,226	10,667,165	-	10,667,165
Total program services	<u>41,168,791</u>	<u>-</u>	<u>41,168,791</u>	<u>32,955,922</u>	<u>-</u>	<u>32,955,922</u>
Supporting services:						
Management and general	1,807,627	-	1,807,627	1,875,619	-	1,875,619
Fundraising	4,160,359	-	4,160,359	4,152,205	-	4,152,205
Total supporting services	<u>5,967,986</u>	<u>-</u>	<u>5,967,986</u>	<u>6,027,824</u>	<u>-</u>	<u>6,027,824</u>
TOTAL FUNCTIONAL EXPENSES	<u>47,136,777</u>	<u>-</u>	<u>47,136,777</u>	<u>38,983,746</u>	<u>-</u>	<u>38,983,746</u>
Change in net assets	3,094,477	182,646	3,277,123	1,978,510	364	1,978,874
NET ASSETS, beginning of year	21,414,179	4,549,250	25,963,429	19,435,669	4,548,886	23,984,555
NET ASSETS, end of year	<u>\$ 24,508,656</u>	<u>\$ 4,731,896</u>	<u>\$ 29,240,552</u>	<u>\$ 21,414,179</u>	<u>\$ 4,549,250</u>	<u>\$ 25,963,429</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, 2021

	<b>Pillar One:</b>	<b>Pillar Two:</b>	<b>Pillar Three:</b>			
	<b>Improved Care</b>	<b>Research</b>	<b>Education and Empowerment</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>
Salaries	\$ 3,074,795	\$ 1,213,916	\$ 4,045,007	\$ 813,228	\$ 1,348,972	\$ 10,495,918
Payroll taxes and benefits	787,520	296,083	1,004,234	240,915	346,045	2,674,797
Total salaries and related expenses	<u>3,862,315</u>	<u>1,509,999</u>	<u>5,049,241</u>	<u>1,054,143</u>	<u>1,695,017</u>	<u>13,170,715</u>
Grants	3,548,296	14,483,034	2,255,766	-	-	20,287,096
Conference and symposium fees	83,328	90,839	3,728	9,974	458	188,327
Legal and accounting	32,672	52,186	54,972	109,519	67,682	317,031
Professional services	1,009,344	1,474,608	530,627	68,059	180,300	3,262,938
Outside services	567,760	111,449	337,242	45,469	751,203	1,813,123
Printing and publications	508,195	1,790	249,694	9,146	310,575	1,079,400
Public relations and advertising (including in-kind expense of \$1,482,622)	139,184	123,199	2,374,171	-	215,235	2,851,789
General insurance	-	-	-	175,896	-	175,896
Postage, freight and courier services	566,385	-	101,211	19,103	703,984	1,390,683
Catering and meetings	69,349	1,080	168,734	2,291	14,025	255,479
Telephone	27,115	19,833	46,076	14,375	17,854	125,253
Repairs and maintenance	5,892	40	208	177,220	12,000	195,360
Office expenses	6,122	1,670	14,751	2,857	5,031	30,431
Travel and transportation	(14,076)	2,798	9,197	4,399	3,614	5,932
Lease and rentals	232,064	158,864	493,961	29,795	78,378	993,062
Bank and credit card expenses	383	-	153,956	32,660	11,963	198,962
Miscellaneous	120,600	70,638	125,489	21,424	43,075	381,226
Total other expenses	<u>6,902,613</u>	<u>16,592,028</u>	<u>6,919,783</u>	<u>722,187</u>	<u>2,415,377</u>	<u>33,551,988</u>
Depreciation and amortization	124,583	100,027	108,202	31,297	49,965	414,074
<b>TOTAL EXPENSES</b>	<b><u>\$ 10,889,511</u></b>	<b><u>\$ 18,202,054</u></b>	<b><u>\$ 12,077,226</u></b>	<b><u>\$ 1,807,627</u></b>	<b><u>\$ 4,160,359</u></b>	<b><u>\$ 47,136,777</u></b>

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:			
	Improved Care	Research	Education and Empowerment	Management and General	Fundraising	Totals
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	3,984,874	1,682,665	5,251,037	1,068,430	1,876,798	13,863,804
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	7,503,768	8,906,555	5,312,947	775,553	2,229,425	24,728,248
Depreciation and amortization	111,497	99,398	103,181	31,636	45,982	391,694
<b>TOTAL EXPENSES</b>	<b>\$ 11,600,139</b>	<b>\$ 10,688,618</b>	<b>\$ 10,667,165</b>	<b>\$ 1,875,619</b>	<b>\$ 4,152,205</b>	<b>\$ 38,983,746</b>

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



**PARKINSON'S FOUNDATION, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,277,123	\$ 1,978,874
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	414,074	391,694
Net unrealized and realized (gains) losses on investments	(7,163,601)	195,674
Non-cash contribution - annuities	-	(40,816)
Change in value of split interest agreements	(12,290)	(18,824)
(Increase) decrease in operating assets:		
Pledges receivable, net	847,893	(846,109)
Other receivables	(407,859)	(129,809)
Prepaid expenses and other assets	(439,721)	(238,910)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	817,394	962,890
Deferred revenue	(436,353)	1,631,553
Grants payable	9,188,249	1,016,132
<b>TOTAL ADJUSTMENTS</b>	<b>2,807,786</b>	<b>2,923,475</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,084,909</b>	<b>4,902,349</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(284,576)	(529,957)
Sales of investments	11,527,147	8,477,716
Purchases of investments	(17,068,365)	(14,903,041)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,825,794)</b>	<b>(6,955,282)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under line of credit	2,505,056	-
Repayments of line of credit	(2,505,056)	-
Proceeds from Paycheck Protection Program loan	-	2,164,400
Annuity payments to beneficiaries	(83,972)	(107,789)
Proceeds from annuities issued	-	70,000
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(83,972)</b>	<b>2,126,611</b>
<b>NET INCREASE IN CASH</b>	<b>175,143</b>	<b>73,678</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>542,833</b>	<b>469,155</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 717,976</b>	<b>\$ 542,833</b>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:</b>		
Contribution from annuities	\$ -	\$ 40,816
Liabilities under annuities	\$ -	\$ (29,184)

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

## **PARKINSON'S FOUNDATION, INC.**

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### **1. GENERAL**

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##### **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's mission is to make life better for people with Parkinson's disease ("PD") by improving care and advancing research toward a cure. 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 47 Centers of Excellence.
- Improving the quality of life for people with PD by tracking the care that they receive at the centers. More than 13,000 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 \$30 million, since inception, to support Parkinson's research and local wellness programs across the country.

## PARKINSON'S FOUNDATION, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### **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 Directors.

**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.

#### **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.**

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

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### **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, 2021 and 2020, no property and equipment was donated. Intangible assets are stated at cost less accumulated amortization and impairment losses.

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. Intangible assets with indefinite lives are not amortized but are subject to annual reviews for impairment. Intangible assets with finite lives are amortized over their estimated useful economic lives and only tested for impairment where there is an indicator of impairment. 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 \$1,231,474 and \$1,667,827 as of June 30, 2021 and 2020, respectively. As a result of the Coronavirus pandemic described in Note 13, some events for which donations had been received during the year ended June 30, 2020, were postponed to fiscal year 2021. These donations were included within deferred revenue as of June 30, 2020.

### **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 \$20,382,699 and \$11,194,450 as of June 30, 2021 and 2020, 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%.

## PARKINSON'S FOUNDATION, INC.

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

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### Split Interest Agreements (Continued)

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.

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 \$278,000 and \$357,000 at June 30, 2021 and 2020, 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.

### Contributed Services

Contributed services are recognized if the services received create or enhance a nonfinancial asset or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. Contributed services were \$1,482,622 and \$888,553 for the years ended June 30, 2021 and 2020, respectively.

### 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, 2021 AND 2020

**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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Fundraising	\$ 1,624,200	\$ 1,003,612
Public education	992,314	1,161,197
Total joint costs for mail campaigns	<u>\$ 2,616,514</u>	<u>\$ 2,164,809</u>

**Tax Status**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Foundation currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded as of June 30, 2021 and 2020.

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. No uncertain tax positions were identified by the Foundation as of June 30, 2021 and 2020.

The U.S. federal jurisdiction is the major tax jurisdictions where the Foundation files income tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2018.

**Adopted Accounting Pronouncement**

Revenue from Contracts with Customers

The Foundation adopted Accounting Standard Update ("ASU") 2014-09 (Topic 606) – Revenue from Contracts with Customers, beginning July 1, 2020, using the cumulative-effect adoption method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances because revenue is recognized as services are provided under both the current and prior accounting rules and as such no cumulative-effect adjustment in net assets was recorded as a result of the adoption of Topic 606.

## PARKINSON'S FOUNDATION, INC.

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

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### **Recent Accounting Pronouncements**

#### 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.

#### Contributed Nonfinancial Assets

In September 2020, the FASB issued an ASU 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statements of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Foundation is currently evaluating the effect the update will have on its financial statements.

### **Subsequent Events**

The Foundation has evaluated subsequent events through October 20, 2021, which is the date the financial statements were available to be issued.

## **3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES**

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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, 2021, the Foundation had approximately \$15.5 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 \$36.4 million as of June 30, 2021, 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).

**PARKINSON'S FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (CONTINUED)**

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 717,976	\$ 542,833
Pledges receivable, net	2,246,793	3,094,686
Other receivables	733,764	325,905
Investments	<u>51,887,412</u>	<u>39,182,593</u>
Financial assets	55,585,945	43,146,017
Less: Investments held in perpetuity	(3,601,834)	(3,601,834)
Annuity investments	<u>(277,700)</u>	<u>(356,639)</u>
Available financial assets	51,706,411	39,187,544
Less: Long term pledges	<u>(826,612)</u>	<u>(935,040)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 50,879,799</u>	<u>\$ 38,252,504</u>

**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 0.20% to 4.5% for the years ended June 30, 2021 and 2020. Amortization of the discount is included in contribution revenue.

Two donors accounted for 33% of the pledges receivable balance at June 30, 2021 and one donor accounted for 14% of the pledges receivable balance at June 30, 2020.

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

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 1,477,123	\$ 2,159,646
One to five years	712,250	877,370
More than five years	<u>114,361</u>	<u>144,556</u>
Total	2,303,734	3,181,572
Less: Allowance for uncollectible pledges	(3,400)	(3,600)
Present value discount	<u>(53,541)</u>	<u>(83,286)</u>
Pledges receivable, net	<u>\$ 2,246,793</u>	<u>\$ 3,094,686</u>



**PARKINSON'S FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**5. INVESTMENTS**

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

<u>Asset Description</u>	<u>2021</u>	<u>2020</u>
Bank deposits and 3-month treasury bills	\$ 15,528,036	\$ 3,853,394
Money market funds	2,543,181	10,564,334
U.S. government agencies (GNMA/FNMA)	2,803,225	1,724,048
U.S. bond mutual funds	28,773	323,641
Corporate and other government securities	4,612,062	5,006,936
Non - U.S. bond funds	320,356	317,814
Equity securities and mutual funds	26,051,779	17,392,426
	<u>\$ 51,887,412</u>	<u>\$ 39,182,593</u>

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

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gain (loss), net of investment fees of approximately \$174,000 and \$161,000 for the years ending June 30, 2021 and 2020, respectively	\$ 7,163,601	\$ (195,674)
Interest and dividends	612,513	738,813
	<u>\$ 7,776,114</u>	<u>\$ 543,139</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, 2021 and 2020 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, 2021 AND 2020

#### 5. INVESTMENTS (CONTINUED)

Changes in the Foundation's investment categories were as follows for the year ended June 30, 2021:

	<b>General and Operating Fund</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Beginning balance	\$ 35,224,120	\$ 3,958,473	\$ 39,182,593
Additions	16,455,552	300	16,455,852
Interest and dividends	611,310	1,203	612,513
Investment earnings, net of fees	7,156,896	6,705	7,163,601
Withdrawals	(11,440,000)	(87,147)	(11,527,147)
Ending balance	<b>\$ 48,007,878</b>	<b>\$ 3,879,534</b>	<b>\$ 51,887,412</b>

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

	<b>General and Operating Fund</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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	<b>\$ 35,224,120</b>	<b>\$ 3,958,473</b>	<b>\$ 39,182,593</b>

#### 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, 2021 AND 2020

**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, 2021 and 2020.

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, 2021 for each of the fair value hierarchy levels:

Description	Fair Value Measurement at Reporting Date Using:			
	Fair Value 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Bank deposits and 3-month treasury bills	\$ 15,528,036	\$ 15,528,036	\$ -	\$ -
Money market funds	2,543,181	2,543,181	-	-
Fixed income:				
U.S. government agencies (GNMA/FNMA)	2,803,225	-	2,803,225	-
U.S. bond mutual funds	28,773	28,773	-	-
Corporate and other government securities	4,612,062	705,642	3,906,420	-
Non-U.S. bond funds	320,356	278,418	41,938	-
Total fixed income	7,764,416	1,012,833	6,751,583	-
Equity securities and mutual funds	26,051,779	26,051,779	-	-
	<b>\$ 51,887,412</b>	<b>\$ 45,135,829</b>	<b>\$ 6,751,583</b>	<b>\$ -</b>

**PARKINSON'S FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**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, 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)
<b>Assets:</b>				
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	-	-
	<b>\$ 39,182,593</b>	<b>\$ 32,659,518</b>	<b>\$ 6,523,075</b>	<b>\$ -</b>

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,:

	2021	2020
Leasehold improvements	\$ 658,743	\$ 658,743
Equipment, furniture and intangible assets	2,131,924	1,847,348
	2,790,667	2,506,091
Less: accumulated depreciation and amortization	(1,574,428)	(1,160,354)
	<b>\$ 1,216,239</b>	<b>\$ 1,345,737</b>

Depreciation and amortization expense was \$414,074 and \$391,694 for the years ended June 30, 2021 and 2020, 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 matures on October 31, 2021 and has a variable interest rate based on the Wall Street Journal prime rate. At June 30, 2021 and 2020, the interest rate on the line of credit was 3.25%. At June 30, 2021 and 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, 2021 AND 2020

**9. PAYCHECK PROTECTION PROGRAM LOAN**

During the year ended June 30, 2020, the Foundation applied for, and received, funds under the United States Business Administration ("SBA") Paycheck Protection Program ("PPP") in the amount of \$2,164,400. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. 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.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties.

The Foundation received formal forgiveness from the SBA subsequent to year end for the full amount of the loan.

**10. 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>2021</u>	<u>2020</u>
Pledges receivable	\$ 100,000	\$ 360,000
Contributions	\$ 507,952	\$ 742,746

**11. 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, 2021 and 2020 amounted to approximately \$548,000 and \$528,000, respectively.

**12. 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>2021</u>	<u>2020</u>
Restricted by donors with specific purpose/time restrictions:		
Gifts held in perpetuity	\$ 3,601,834	\$ 3,601,834
Restricted contributions	223,553	-
Pledges, cash and split interest agreements	906,509	947,416
	<u>\$ 4,731,896</u>	<u>\$ 4,549,250</u>

**PARKINSON'S FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**12. NET ASSETS (CONTINUED)**

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

	<u>2021</u>	<u>2020</u>
Split interest agreements	\$ 8,208	\$ 62,023
Restricted contributions	223,553	-
Pledges and cash	198,678	559,788
Total additions	<u>\$ 430,439</u>	<u>\$ 621,811</u>
Split interest agreements	\$ 9,113	\$ (104,154)
Pledges and cash	(256,906)	(517,293)
Total releases from restrictions	<u>\$ (247,793)</u>	<u>\$ (621,447)</u>

**13. RISKS AND UNCERTAINTIES**

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. Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the corporations and individuals who comprise the contributor base.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or cash flows for future years. While the ultimate outcome of this uncertainty is unknown, it is reasonably possible the future impact may be materially adverse.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act" was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of employer side social security payments. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as the SBA Economic Injury Disaster Loans ("EIDL") to provide liquidity to small businesses harmed by COVID-19. Refer to Note 9 for the PPP loan disclosure.

**PARKINSON'S FOUNDATION, INC.**

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**14. COMMITMENTS AND CONTINGENCIES**

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**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, 2021 and 2020, the deferred rent liability balance was approximately \$240,000 and \$267,000, 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, 2021 and 2020 was approximately \$765,000 and \$886,000, respectively.

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

2022	\$	722,000
2023		694,000
2024		693,000
2025		485,000
2026		175,000
Total	\$	<u>2,769,000</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.