

Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2016 and 2015

Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
June 30, 2016 and 2015

Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-14
<i>Supplementary Information</i>	
Schedules of Functional Expenses.....	15-16

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parkinson Foundation of the National Capital Area, Inc.

We have audited the accompanying financial statements of the Parkinson Foundation of the National Capital Area, Inc. ("the Foundation"), which comprise the statements of financial position as of June 30, 2016 and 2015, the related statements of activities 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 an audit to obtain reasonable assurance about whether the financial statements are free of 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, 2016 and 2015, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 15-16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, and the rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
February 2, 2017

Parkinson Foundation of the National Capital Area, Inc.

Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 509,673	\$ 436,404
Investments	567,903	405,880
Prepaid expenses	11,636	22,071
Deposits	3,496	3,496
Property and equipment, net	4,977	8,491
	<hr/>	<hr/>
Total assets	\$ 1,097,685	\$ 876,342
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 44,623	\$ 33,807
Deferred rent	2,660	4,536
	<hr/>	<hr/>
Total liabilities	47,283	38,343
	<hr/>	<hr/>
Net Assets		
Unrestricted:		
Undesignated	550,729	370,319
Board-designated quasi-endowment fund	467,217	416,794
	<hr/>	<hr/>
Total unrestricted	1,017,946	787,113
Temporarily restricted	32,456	50,886
	<hr/>	<hr/>
Total net assets	1,050,402	837,999
	<hr/>	<hr/>
Total liabilities and net assets	\$ 1,097,685	\$ 876,342
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See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contributions	\$ 349,202	\$ 14,010	\$ 363,212
Walk Off Parkinson's	443,489	-	443,489
In-kind	338,203	-	338,203
Sponsorships	74,860	-	74,860
Registrations	37,175	-	37,175
Investment income	1,469	-	1,469
Released from restrictions	32,440	(32,440)	-
	<u>1,276,838</u>	<u>(18,430)</u>	<u>1,258,408</u>
Expenses			
Program services	<u>879,617</u>	<u>-</u>	<u>879,617</u>
Supporting services:			
Management and general	77,567	-	77,567
Fundraising	<u>88,821</u>	<u>-</u>	<u>88,821</u>
Total supporting services	<u>166,388</u>	<u>-</u>	<u>166,388</u>
Total expenses	<u>1,046,005</u>	<u>-</u>	<u>1,046,005</u>
Change in Net Assets	230,833	(18,430)	212,403
Net Assets, beginning of year	<u>787,113</u>	<u>50,886</u>	<u>837,999</u>
Net Assets, end of year	<u><u>\$ 1,017,946</u></u>	<u><u>\$ 32,456</u></u>	<u><u>\$ 1,050,402</u></u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contributions	\$ 337,950	\$ 32,727	\$ 370,677
Walk Off Parkinson's	421,470	-	421,470
In-kind	264,418	-	264,418
Sponsorships	53,215	-	53,215
Registrations	30,300	-	30,300
Investment income	3,636	-	3,636
Released from restrictions	35,915	(35,915)	-
	<u>1,146,904</u>	<u>(3,188)</u>	<u>1,143,716</u>
Expenses			
Program services	766,439	-	766,439
Supporting services:			
Management and general	89,472	-	89,472
Fundraising	89,798	-	89,798
	<u>179,270</u>	<u>-</u>	<u>179,270</u>
Total expenses	<u>945,709</u>	<u>-</u>	<u>945,709</u>
Change in Net Assets	201,195	(3,188)	198,007
Net Assets, beginning of year	<u>585,918</u>	<u>54,074</u>	<u>639,992</u>
Net Assets, end of year	<u>\$ 787,113</u>	<u>\$ 50,886</u>	<u>\$ 837,999</u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 212,403	\$ 198,007
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,243	5,852
Realized and unrealized loss	11,015	4,744
Change in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	10,435	(6,575)
Increase (decrease) in:		
Accounts payable	10,816	21,914
Deferred rent	(1,876)	(5,224)
	<u>248,036</u>	<u>218,718</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,729)	(2,448)
Purchase of investments	(176,432)	(132,094)
Sales of investments	3,394	26,250
	<u>(174,767)</u>	<u>(108,292)</u>
Net cash used in investing activities		
Net Increase in Cash and Cash Equivalents	73,269	110,426
Cash and Cash Equivalents, beginning of year	<u>436,404</u>	<u>325,978</u>
Cash and Cash Equivalents, end of year	<u>\$ 509,673</u>	<u>\$ 436,404</u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

1. Nature of Operations

The Parkinson Foundation of the National Capital Area, Inc. (“the Foundation”) is an independent, local nonprofit organization serving Maryland; Virginia; and Washington, DC. The Foundation provides programs and support for patients and caregivers to improve quality of life.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Foundation’s operations. Unrestricted net assets include both undesignated and Board-designated amounts.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Foundation or the passage of time. Temporarily restricted net assets totaled \$32,456 and \$50,886 for the years ended June 30, 2016 and 2015, respectively.

Cash Equivalents

For the purpose of reporting cash flows, the Foundation considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Excluded from this definition of cash equivalents are amounts held for investment.

Investments

Investments are stated at fair value as determined by quoted market prices. Mutual funds are carried at fair value based on their published unit values. All realized and unrealized gains and losses are included in investment income in the accompanying statements of activities.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three years for furniture, fixtures, and equipment assets. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Contributions are reported as unrestricted support available for general operations unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

The Foundation also organizes walks to raise awareness of Parkinson's disease. Walks revenue is recorded in the accompanying statements of activities based on cash received or promised from participant walk sites.

Registration fees are recognized at the time the event takes place. Any amounts received in advance of the event would be included in deferred revenue in the accompanying statements of financial position. Revenue from other sources is recognized as earned.

Functional Allocation of Expenses

The costs of the Foundation's activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs benefited. Management and general funds include expenditures incurred to run the Foundation's core initiatives and are funded primarily through unrestricted contributions.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 2, 2017, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Investments and Fair Value Measurements

The Foundation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

4. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. The following is a description of the valuation methodologies used for assets measured at fair value:

- *Mutual funds* – valued at the net asset value of shares held by the plan at year end.

The following table presents the Foundation’s fair value hierarchy for those investments measured on a recurring basis at June 30, 2016:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
US mid cap	\$ 185,562	\$ 185,562	-	-
Emerging markets	22,539	22,539	-	-
Real estate	15,850	15,850	-	-
International large cap	57,242	57,242	-	-
International small/mid cap	15,828	15,828	-	-
Global bond fund	39,708	39,708	-	-
Short term bond fund	27,839	27,839	-	-
Intermediate-term bond	89,378	89,378	-	-
Inflation-protected bond	37,434	37,434	-	-
Cash equivalents	76,523	76,523	-	-
Total investments	\$ 567,903	\$ 567,903	-	-

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

4. Investments and Fair Value Measurements (continued)

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at June 30, 2015:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
US mid cap	\$ 148,130	\$ 148,130	\$ -	\$ -
Emerging markets	17,109	17,109	-	-
Real estate	11,173	11,173	-	-
International large cap	49,662	49,662	-	-
International small/mid cap	10,489	10,489	-	-
Global bond fund	31,654	31,654	-	-
Short term bond fund	24,731	24,731	-	-
Intermediate-term bond	69,022	69,022	-	-
Inflation-protected bond	31,704	31,704	-	-
Cash equivalents	12,206	12,206	-	-
Total investments	\$ 405,880	\$ 405,880	\$ -	\$ -

Investment income consists of the following for the years ended June 30:

	2016	2015
Interest and dividends	\$ 12,484	\$ 8,380
Realized and unrealized loss	(11,015)	(4,744)
Total investment income	\$ 1,469	\$ 3,636

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2016	2015
Equipment	\$ 27,871	\$ 43,846
Less: accumulated depreciation	(22,894)	(35,355)
Property and equipment, net	\$ 4,977	\$ 8,491

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Betty R. Fuller Caregiver Respite Fund	\$ 25,090	\$ 40,572
Train the Trainer Grant	2,246	5,194
Research-restricted contributions	<u>5,120</u>	<u>5,120</u>
Total temporarily restricted net assets	<u>\$ 32,456</u>	<u>\$ 50,886</u>

7. Board-Designated Quasi-Endowment Fund

The Foundation's Board-designated quasi-endowment fund ("the Fund") was established in 2012 through a capital campaign to help support program services. The principal of the Fund resulted from internal designation and is classified as unrestricted net assets. Accordingly, the Fund is not subject to the Virginia Uniform Prudent Management of Institutional Funds Act.

Return Objectives, Risk Parameters, and Strategies

The Foundation's investment policy provides for a strategy of long-term growth of the Fund. Under this policy, funds are invested with the goal of maximizing total returns, avoiding unnecessary risk, and generating income to support the spending policy. The Foundation employs a diversified asset allocation that currently places greater emphasis on fixed income investments. The Foundation uses professional fund managers for advice in managing the funds.

Composition of Funds

For the purposes of this disclosure, the Fund's net assets include those assets of unrestricted funds that were raised as a result of capital campaign, but exclude any pledges receivable.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

7. Board-Designated Quasi-Endowment Fund (continued)

Changes in Board-Designated Quasi-Endowment Fund

Changes in the Fund were as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Quasi-endowment fund, beginning balance	\$ 416,794	\$ 318,414
Contributions	49,313	95,000
Dividends and interest	12,188	8,124
Unrealized loss	<u>(11,078)</u>	<u>(4,744)</u>
Quasi-endowment fund, ending balance	<u>\$ 467,217</u>	<u>\$ 416,794</u>

8. Pension Plan

The Foundation participates in a standardized 401(k) profit sharing plan. All employees begin participation after the completion of 1,000 hours of service. Employees may defer salary as a percentage of eligible compensation. The Foundation makes matching contributions in an amount equal to 100% of an employee's contributions, not to exceed 6% of the employee's annual salary. Pension expense was \$13,028 and \$17,558 for the years ended June 30, 2016 and 2015, respectively.

9. Commitments

Lease

The Foundation entered into an operating lease for office space in Falls Church, Virginia, for a term of five years, which commenced December 1, 2011 and expired November 30, 2016. The lease called for annual rental increases of 3% of the base rent, and contained a total of four months of rent abatement. Rent expense in excess of rental payments under this lease was not recognized as deferred rent in the accompanying financial statements due to immateriality. Total occupancy expense under the terms of this lease for the years ended June 30, 2016 and 2015 was \$50,412 and \$47,163, respectively. Future minimum lease payments total \$19,674 for the year ending June 30, 2017.

Subsequent to year-end the Organization moved into a new donated office space in Silver Spring, Maryland.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

10. Income Taxes

The Foundation is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no unrelated business income. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that the Foundation's financial statements do not include any uncertain tax positions.

SUPPLEMENTARY INFORMATION

Parkinson Foundation of the National Capital Area, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2016

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Salaries and benefits	\$ 257,799	\$ 33,733	\$ 32,188	\$ 65,921	\$ 323,720
Walk Off Parkinson's	205,192	-	37,483	37,483	242,675
In-kind	217,484	1,295	789	2,084	219,568
Exercise class expenses	107,020	-	23	23	107,043
Occupancy	40,485	5,012	4,915	9,927	50,412
Accounting	8,560	11,780	2,889	14,669	23,229
Printing, mailshop, and design	12,788	22	5,545	5,567	18,355
Computer supplies and expenses	6,268	4,205	575	4,780	11,048
Postage	3,344	3,494	1,948	5,442	8,786
Office supplies and expenses	2,363	5,397	119	5,516	7,879
Bank and credit fees	186	4,514	1,199	5,713	5,899
Insurance	4,674	584	584	1,168	5,842
Telephone	3,299	1,668	319	1,987	5,286
Depreciation	-	5,243	-	5,243	5,243
Meeting expenses	1,015	550	58	608	1,623
Advertising	26	-	60	60	86
Miscellaneous	9,114	70	127	197	9,311
Total Expenses	\$ 879,617	\$ 77,567	\$ 88,821	\$ 166,388	\$ 1,046,005

Parkinson Foundation of the National Capital Area, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Salaries and benefits	\$ 254,711	\$ 32,754	\$ 31,785	\$ 64,539	\$ 319,250
In-kind	182,905	13,223	3,803	17,026	199,931
Walk Off Parkinson's	140,035	-	35,791	35,791	175,826
Exercise class expenses	108,251	-	38	38	108,289
Occupancy	38,239	4,726	4,198	8,924	47,163
Accounting	8,731	11,765	4,366	16,131	24,862
Printing, mailshop, and design	10,835	649	2,824	3,473	14,308
Computer supplies and expenses	4,794	2,527	3,638	6,165	10,959
Office supplies and expenses	5,194	4,391	514	4,905	10,099
Telephone	5,066	2,308	621	2,929	7,995
Bank and credit fees	665	5,388	415	5,803	6,468
Depreciation	-	5,852	-	5,852	5,852
Postage	3,558	1,433	749	2,182	5,740
Insurance	901	4,306	113	4,419	5,320
Advertising	21	60	175	235	256
Meeting expenses	153	90	4	94	247
Miscellaneous	2,380	-	764	764	3,144
Total Expenses	\$ 766,439	\$ 89,472	\$ 89,798	\$ 179,270	\$ 945,709