Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2018 and 2017

Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
June 30, 2018 and 2017

Contents

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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, 2018 and 2017, 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 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, 2018 and 2017, 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.

Rogers + Company PLLC

Vienna, Virginia
January 31, 2019

Parkinson Foundation of the National Capital Area, Inc.

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1,099,510	$ 904,017
Investments	743,622	671,298
Prepaid expenses	3,795	18,950
Donated rent receivable, net	10,710	36,017
Property and equipment, net	544	1,072
Total assets	$ 1,858,181	$ 1,631,354
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 48,731	$ 48,923
Total liabilities	48,731	48,923
Net Assets		
Unrestricted:		
Undesignated	1,220,689	999,304
Board-designated quasi-endowment fund	572,756	532,505
Total unrestricted	1,793,445	1,531,809
Temporarily restricted	16,005	50,622
Total net assets	1,809,450	1,582,431
Total liabilities and net assets	$ 1,858,181	$ 1,631,354

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 365,621	$ 175	$ 365,796
Walk Off Parkinson's	355,029	-	355,029
In-kind contributions	581,713	-	581,713
Sponsorships	149,657	-	149,657
Symposium registrations	43,796	-	43,796
Wellness registrations	30,377	-	30,377
Investment income	44,268	-	44,268
Released from restrictions	34,792	(34,792)	-
Total revenue and support	1,605,253	(34,617)	1,570,636
Expenses			
Program services	1,155,692	-	1,155,692
Supporting services:			
Management and general	102,184	-	102,184
Fundraising	85,741	-	85,741
Total supporting services	187,925	-	187,925
Total expenses	1,343,617	-	1,343,617
Change in Net Assets	261,636	(34,617)	227,019
Net Assets, beginning of year	1,531,809	50,622	1,582,431
Net Assets, end of year	$ 1,793,445	$ 16,005	$ 1,809,450

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 540,095	$ 350	$ 540,445
Walk Off Parkinson's	489,615	-	489,615
In-kind contributions	473,298	53,154	526,452
Sponsorships	77,140	-	77,140
Symposium registrations	42,790	-	42,790
Wellness registrations	18,772	-	18,772
Investment income	58,058	-	58,058
Other revenue	1,470	-	1,470
Released from restrictions	35,338	(35,338)	-
Total revenue and support	1,736,576	18,166	1,754,742
Expenses			
Program services	1,027,111	-	1,027,111
Supporting services:			
Management and general	92,267	-	92,267
Fundraising	103,335	-	103,335
Total supporting services	195,602	-	195,602
Total expenses	1,222,713	-	1,222,713
Change in Net Assets	513,863	18,166	532,029
Net Assets, beginning of year	1,017,946	32,456	1,050,402
Net Assets, end of year	$ 1,531,809	$ 50,622	$ 1,582,431

Parkinson Foundation of the National Capital Area, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 227,019	$ 532,029
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain	(27,784)	(45,537)
Depreciation	528	2,522
Discount on donated rent receivable	(398)	398
Loss on disposal of property and equipment	-	1,383
Donated securities	(29,794)	(45,934)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	15,155	(7,314)
Donated rent receivable	25,705	(36,415)
Deposits	-	3,496
Increase (decrease) in:		
Accounts payable	(192)	4,300
Deferred rent	-	(2,660)
Net cash provided by operating activities	210,239	406,268
Cash Flows from Investing Activities		
Purchase of investments	(44,578)	(35,321)
Sales of investments	29,832	23,397
Net cash used in investing activities	(14,746)	(11,924)
Net Increase in Cash and Cash Equivalents	195,493	394,344
Cash and Cash Equivalents, beginning of year	904,017	509,673
Cash and Cash Equivalents, end of year	$ 1,099,510	$ 904,017

See accompanying notes.

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.

- *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.

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.

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.

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 a walk to raise awareness of Parkinson's disease. Walk revenue is recorded in the accompanying statements of activities based on cash received or promised.

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.

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Foundation's fiscal year 2021.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in the Foundation's fiscal year 2019.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 31, 2019, 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 Deposit 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 FASB Accounting Standards Codification 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.

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 table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at June 30, 2018:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
US mid cap	$ 258,716	$ 258,716	$ -	$ -
Emerging markets	27,887	27,887	-	-
Real estate	19,285	19,285	-	-
International large cap	72,673	72,673	-	-
International small/mid cap	20,440	20,440	-	-
Global bond fund	46,047	46,047	-	-
Short term bond fund	30,809	30,809	-	-
Intermediate-term bond	90,710	90,710	-	-
Inflation-protected bond	46,014	46,014	-	-
Stocks	131,041	131,041	-	-
Total investments	$ 743,622	$ 743,622	$ -	$ -

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, 2017:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
US mid cap	$ 232,985	$ 232,985	$ -	$ -
Emerging markets	27,057	27,057	-	-
Real estate	14,987	14,987	-	-
International large cap	68,607	68,607	-	-
International small/mid cap	19,264	19,264	-	-
Global bond fund	46,301	46,301	-	-
Short term bond fund	27,758	27,758	-	-
Intermediate-term bond	93,912	93,912	-	-
Inflation-protected bond	40,555	40,555	-	-
Cash equivalents	99,872	99,872	-	-
Total investments	$ 671,298	$ 671,298	$ -	$ -

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

	2018	2017
Interest and dividends	$ 16,484	$ 12,521
Realized and unrealized gain	27,784	45,537
Total investment income	$ 44,268	$ 58,058

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2018	2017
Furniture and equipment	$ 13,813	$ 13,813
Less: accumulated depreciation	(13,269)	(12,741)
Property and equipment, net	$ 544	$ 1,072

6. Donated Rent Receivable

In November 2016, the Foundation entered into a license agreement to sublease new office space in Silver Spring, Maryland. Donated rent receivable represents the net present value of the donated rent promised through November 30, 2018, under the terms of the lease described in Note 10, and is due to be received as follows at June 30:

	2018	2017
Receivable in less than one year	$ 10,710	$ 25,705
Receivable in one to five years	-	10,710
Total rent receivable	10,710	36,415
Less: present value discount (4%)	-	(398)
Donated rent receivable, net	$ 10,710	$ 36,017

7. Temporarily Restricted Net Assets

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

	2018	2017
Donated rent receivable	$ 10,710	$ 36,017
Research-restricted contributions	5,120	5,120
Betty R. Fuller Caregiver Respite Fund	175	9,485
Total temporarily restricted net assets	$ 16,005	$ 50,622

8. 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.

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

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 a capital campaign, but exclude any pledges receivable.

Changes in Board-Designated Quasi-Endowment Fund

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

	2018	2017
Quasi-endowment fund, beginning balance	$ 532,505	$ 467,217
Contributions	-	7,445
Dividends and interest	14,243	11,857
Unrealized gain	26,008	45,986
Quasi-endowment fund, ending balance	$ 572,756	$ 532,505

9. Pension Plan

The Foundation participates in a standardized 401(k) profit sharing plan. All employees may participate 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 $14,638 and $14,064 for the years ended June 30, 2018 and 2017, respectively.

10. Operating Leases

The Foundation leased office space in Falls Church, Virginia, which expired November 30, 2016 and was not renewed. The lease called for annual rental increases of 3% of the base rent and contained a total of four months of rent abatement. Total occupancy expense under the terms of this lease for the year ended June 30, 2017 was $23,220.

In November 2016, the Foundation entered into a license agreement to sublease new office space in Silver Spring, Maryland. This sublease commenced on November 15, 2016 and continued for two years at no cost. The Foundation has recognized a temporarily restricted contribution of $53,154, net of $398 present-value discount, in the fiscal year ended June 30, 2017. Donated rent expense of $25,705 and $17,137 was recognized for the years ended June 30, 2018 and 2017, respectively, and is reported in occupancy expenses in the accompanying schedules of functional expenses.

In addition, in November 2016, the Foundation entered into a license agreement to sublease storage premises. This sublease commenced on November 15, 2016 and was terminated in June 2017. The Foundation recorded in-kind revenue and expense in the amount of $8,000 for the year ended June 30, 2017.

11. 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, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Salaries and benefits	$ 277,810	$ 51,541	$ 35,113	$ 86,654	$ 364,464
Walk Off Parkinson's	36,361	-	36,360	36,360	72,721
Symposium	181,275	-	-	-	181,275
In-kind expense	457,358	11,419	-	11,419	468,777
Exercise class expenses	141,305	-	-	-	141,305
Occupancy	20,563	2,571	2,571	5,142	25,705
Accounting	18,843	10,957	2,355	13,312	32,155
Printing, mailshop, and design	2,517	53	4,383	4,436	6,953
Computer supplies and expenses	5,382	486	2,113	2,599	7,981
Postage	733	980	1,722	2,702	3,435
Membership dues and subscriptions	1,050	1,124	-	1,124	2,174
Office supplies and expenses	1,138	4,079	-	4,079	5,217
Bank and credit fees	383	6,188	978	7,166	7,549
Insurance	35	6,835	-	6,835	6,870
Telephone	5,354	4,016	-	4,016	9,370
Depreciation	-	528	-	528	528
Meeting expenses	831	871	81	952	1,783
Advertising	2,384	-	65	65	2,449
Travel	2,351	536	-	536	2,887
Miscellaneous	19	-	-	-	19
Total Expenses	$ 1,155,692	$ 102,184	$ 85,741	$ 187,925	$ 1,343,617

Parkinson Foundation of the National Capital Area, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2017

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Salaries and benefits	$ 279,175	$ 36,870	$ 35,036	$ 71,906	$ 351,081
Walk Off Parkinson's	47,718	-	47,718	47,718	95,436
Symposium	159,267	-	-	-	159,267
In-kind expense	359,120	13,596	2,438	16,034	375,154
Exercise class expenses	118,646	-	-	-	118,646
Occupancy	15,592	6,131	2,254	8,385	23,977
Accounting	15,550	10,846	1,944	12,790	28,340
Printing, mailshop, and design	9,916	1,484	3,220	4,704	14,620
Computer supplies and expenses	1,806	533	4,735	5,268	7,074
Postage	3,549	1,897	98	1,995	5,544
Office supplies and expenses	1,266	7,678	1,514	9,192	10,458
Bank and credit fees	1,464	6,019	1,897	7,916	9,380
Insurance	3,245	3,089	406	3,495	6,740
Telephone	7,864	265	216	481	8,345
Depreciation	-	2,522	-	2,522	2,522
Meeting expenses	384	797	-	797	1,181
Advertising	237	-	1,529	1,529	1,766
Travel	2,167	540	149	689	2,856
Miscellaneous	145	-	181	181	326
Total Expenses	$ 1,027,111	$ 92,267	$ 103,335	$ 195,602	$ 1,222,713