

Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2019 and 2018

Parkinson Foundation of the National Capital Area, Inc.

Financial Statements
June 30, 2019 and 2018

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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, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in the issuance of the statements of functional expenses, additional footnote disclosures, and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
January 30, 2020

Parkinson Foundation of the National Capital Area, Inc.

Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,019,706	\$ 1,099,510
Investments	698,596	743,622
Certificates of deposit	360,283	-
Prepaid expenses	-	3,795
Donated rent receivable, net	-	10,710
Property and equipment, net	<u>12,170</u>	<u>544</u>
Total assets	<u><u>\$ 2,090,755</u></u>	<u><u>\$ 1,858,181</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	<u>\$ 41,583</u>	<u>\$ 48,731</u>
Total liabilities	<u>41,583</u>	<u>48,731</u>
Net Assets		
Without donor restrictions:		
Undesignated	1,447,631	1,220,689
Board-designated quasi-endowment fund	<u>596,421</u>	<u>572,756</u>
Total without donor restrictions	2,044,052	1,793,445
With donor restrictions	<u>5,120</u>	<u>16,005</u>
Total net assets	<u>2,049,172</u>	<u>1,809,450</u>
Total liabilities and net assets	<u><u>\$ 2,090,755</u></u>	<u><u>\$ 1,858,181</u></u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 399,642	\$ -	\$ 399,642
Walk Off Parkinson's	409,827	-	409,827
In-kind contributions	757,171	-	757,171
Sponsorships	124,305	-	124,305
Symposium registrations	55,269	-	55,269
Wellness registrations	33,308	-	33,308
Investment income, net	19,073	-	19,073
Miscellaneous income	3,443	-	3,443
Released from restrictions	10,885	(10,885)	-
Total revenue and support	<u>1,812,923</u>	<u>(10,885)</u>	<u>1,802,038</u>
Expenses			
Program services	<u>1,320,545</u>	<u>-</u>	<u>1,320,545</u>
Supporting services:			
Management and general	159,080	-	159,080
Fundraising	<u>82,691</u>	<u>-</u>	<u>82,691</u>
Total supporting services	<u>241,771</u>	<u>-</u>	<u>241,771</u>
Total expenses	<u>1,562,316</u>	<u>-</u>	<u>1,562,316</u>
Change in Net Assets	250,607	(10,885)	239,722
Net Assets, beginning of year	<u>1,793,445</u>	<u>16,005</u>	<u>1,809,450</u>
Net Assets, end of year	<u><u>\$ 2,044,052</u></u>	<u><u>\$ 5,120</u></u>	<u><u>\$ 2,049,172</u></u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	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, net	37,272	-	37,272
Released from restrictions	34,792	(34,792)	-
Total revenue and support	<u>1,598,257</u>	<u>(34,617)</u>	<u>1,563,640</u>
Expenses			
Program services	<u>1,136,849</u>	-	<u>1,136,849</u>
Supporting services:			
Management and general	116,386	-	116,386
Fundraising	<u>83,386</u>	-	<u>83,386</u>
Total supporting services	<u>199,772</u>	-	<u>199,772</u>
Total expenses	<u>1,336,621</u>	-	<u>1,336,621</u>
Change in Net Assets	261,636	(34,617)	227,019
Net Assets, beginning of year	<u>1,531,809</u>	<u>50,622</u>	<u>1,582,431</u>
Net Assets, end of year	<u><u>\$ 1,793,445</u></u>	<u><u>\$ 16,005</u></u>	<u><u>\$ 1,809,450</u></u>

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Supporting Services	
Salaries and benefits	\$ 317,634	\$ 43,501	\$ 39,616	\$ 83,117	\$ 400,751
Walk Off Parkinson's Symposium	44,256	-	33,277	33,277	77,533
In-kind expense	157,252	-	-	-	157,252
Wellness program expenses	609,074	26,203	6	26,209	635,283
Occupancy	138,713	-	-	-	138,713
Accounting	-	26,887	-	26,887	26,887
Printing, mailshop, and design	-	30,767	-	30,767	30,767
Computer supplies and expenses	2,200	100	4,459	4,559	6,759
Postage	3,358	2,025	409	2,434	5,792
Membership dues and subscriptions	3,061	690	1,687	2,377	5,438
Office supplies and expenses	2,190	-	-	-	2,190
Bank and credit fees	5,675	3,231	1,478	4,709	10,384
Insurance	54	5,849	1,226	7,075	7,129
Telephone	4,414	9,457	497	9,954	14,368
Depreciation	6,602	3,973	-	3,973	10,575
Meeting expenses	-	2,581	-	2,581	2,581
Advertising	1,221	353	6	359	1,580
Travel	19,938	-	-	-	19,938
Miscellaneous	4,903	567	30	597	5,500
	-	2,896	-	2,896	2,896
Total Expenses	\$ 1,320,545	\$ 159,080	\$ 82,691	\$ 241,771	\$ 1,562,316

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2018

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Supporting Services	
Salaries and benefits	\$ 277,810	\$ 51,541	\$ 35,113	\$ 86,654	\$ 364,464
Walk Off Parkinson's Symposium	36,361	-	36,360	36,360	72,721
In-kind expense	181,275	-	-	-	181,275
Wellness program expenses	457,358	4,423	-	4,423	461,781
Occupancy	141,305	-	-	-	141,305
Accounting	20,563	2,571	2,571	5,142	25,705
Printing, mailshop, and design	-	32,155	-	32,155	32,155
Computer supplies and expenses	2,517	53	4,383	4,436	6,953
Postage	5,382	486	2,113	2,599	7,981
Membership dues and subscriptions	733	980	1,722	2,702	3,435
Office supplies and expenses	1,050	1,124	-	1,124	2,174
Bank and credit fees	1,138	4,079	-	4,079	5,217
Insurance	383	6,188	978	7,166	7,549
Telephone	35	6,835	-	6,835	6,870
Depreciation	5,354	4,016	-	4,016	9,370
Meeting expenses	-	528	-	528	528
Advertising	831	871	81	952	1,783
Travel	2,384	-	65	65	2,449
Miscellaneous	2,351	536	-	536	2,887
	19	-	-	-	19
Total Expenses	\$ 1,136,849	\$ 116,386	\$ 83,386	\$ 199,772	\$ 1,336,621

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 239,722	\$ 227,019
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain	(5,779)	(27,784)
Depreciation	2,581	528
Donated securities	(44,689)	(29,794)
Discount on donated rent receivable	-	(398)
Change in operating assets and liabilities:		
Decrease in:		
Prepaid expenses	3,795	15,155
Donated rent receivable	10,710	25,705
Decrease in:		
Accounts payable	(7,148)	(192)
Net cash provided by operating activities	199,192	210,239
Cash Flows from Investing Activities		
Purchases of fixed assets	(14,207)	-
Purchases of investments	(98,788)	(44,578)
Purchases of certificates of deposits	(360,283)	-
Proceeds from sales of investments	194,282	29,832
Net cash used in investing activities	(278,996)	(14,746)
Net (Decrease) Increase in Cash and Cash Equivalents	(79,804)	195,493
Cash and Cash Equivalents, beginning of year	1,099,510	904,017
Cash and Cash Equivalents, end of year	\$ 1,019,706	\$ 1,099,510
Supplementary Disclosure of Non-Cash Operating Activities		
Donated securities	\$ 44,689	\$ 29,794

See accompanying notes.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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 and Classification of Net Assets

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.

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 net investment income in the accompanying statements of activities.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Certificates of Deposit

The Foundation held certificates of deposit totaling \$360,283 and \$0 at June 30, 2019 and 2018, respectively, with original maturity dates greater than a period of ninety days that are carried at amortized cost. Interest earned on the certificates of deposit is included in the accompanying statements of activities. These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*.

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, 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. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

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.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

In-Kind Contributions

In-kind contributions consist of donated goods and contributed services, principally event facility, legal, and other professional services, and are recorded at their estimated fair value at the date of receipt.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$19,938 and \$2,449 during the years ended June 30, 2019 and 2018, respectively.

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.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for the liquidity and availability footnote, which is permitted by the ASU in the year of adoption. The implementation had no impact on previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued 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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 30, 2020, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Foundation has \$1,477,044 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures as of June 30, 2019, as shown below:

Cash and cash equivalents	\$ 1,019,706
Short-term investments	698,596
Certificates of deposit	360,283
Less: Board-designated funds	(596,421)
Less: restricted by donors with purpose restrictions	<u>(5,120)</u>
Total available for general expenditures	<u><u>\$ 1,477,044</u></u>

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

3. Liquidity and Availability (continued)

Financial assets that are subject to donor or other internal Board restrictions that make them unavailable for general expenditures within one year of the statement of financial position date have been deducted from funds available for general expenditures.

The Foundation monitors the balance of its cash and cash equivalents on hand, with a goal to maintain balances at levels sufficient to meet at least 30 days of normal operating expenses. The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests the excess of its short-term operating needs in money market and mutual funds, and certificates of deposit.

4. 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.

5. Investments and Fair Value Measurements

The Foundation follows FASB 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, 2019 and 2018

5. 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 table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at June 30, 2019:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
US mid cap	\$ 258,814	\$ 258,814	\$ -	\$ -
Emerging markets	31,231	31,231	-	-
Real estate	21,196	21,196	-	-
International large cap	81,906	81,906	-	-
International small/mid cap	17,930	17,930	-	-
Global bond fund	53,302	53,302	-	-
Short term bond fund	39,041	39,041	-	-
Intermediate-term bond	122,916	122,916	-	-
Inflation-protected bond	54,264	54,264	-	-
Cash and cash equivalents	17,996	17,996	-	-
Total investments	\$ 698,596	\$ 698,596	\$ -	\$ -

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

5. 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, 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	<u>\$ 743,622</u>	<u>\$ 743,622</u>	<u>\$ -</u>	<u>-</u>

Net investment income consists of the following for the years ended June 30:

	2019	2018
Interest and dividends	\$ 21,418	\$ 16,484
Realized and unrealized gain	5,779	27,784
Less: in kind investment management fees	<u>(8,124)</u>	<u>(6,996)</u>
Total investment income, net	<u>\$ 19,073</u>	<u>\$ 37,272</u>

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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, which totaled \$10,710 as of June 30, 2018. There is no donated rent receivable as of June 30, 2019.

7. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 28,020	\$ 13,813
Less: accumulated depreciation	<u>(15,850)</u>	<u>(13,269)</u>
Property and equipment, net	<u>\$ 12,170</u>	<u>\$ 544</u>

8. Net Assets With Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Research-restricted contributions	\$ 5,120	\$ 5,120
Donated rent receivable	-	10,710
Betty R. Fuller Caregiver Respite Fund	<u>-</u>	<u>175</u>
Total net assets with donor restrictions	<u>\$ 5,120</u>	<u>\$ 16,005</u>

9. 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 net assets without donor restrictions. Accordingly, the Fund is not subject to the Virginia Uniform Prudent Management of Institutional Funds Act.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

9. 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:

	<u>2019</u>	<u>2018</u>
Quasi-endowment fund, beginning balance	\$ 572,756	\$ 532,505
Dividends and interest	18,425	14,243
Unrealized gain	<u>5,240</u>	<u>26,008</u>
Quasi-endowment fund, ending balance	<u><u>\$ 596,421</u></u>	<u><u>\$ 572,756</u></u>

10. Operating Lease

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, continued for two years at no cost, and was renewed on a month-to-month basis at no cost starting November 2018. Donated rent expense of \$26,887 and \$25,705 was recognized for the years ended June 30, 2019 and 2018, respectively, and is reported in occupancy expenses in the accompanying statements of functional expenses.

Parkinson Foundation of the National Capital Area, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

11. 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 \$16,237 and \$14,638 for the years ended June 30, 2019 and 2018, respectively.

12. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

13. 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.