

Parkinson Foundation of the National Capital Area

Financial Statements
and Independent Auditors' Report

June 30, 2020 and 2019

Parkinson Foundation of the National Capital Area

Financial Statements
June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parkinson Foundation of the National Capital Area

We have audited the accompanying financial statements of the Parkinson Foundation of the National Capital Area ("the Foundation"), which comprise the statements of financial position as of June 30, 2020 and 2019; 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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 16, 2021

Parkinson Foundation of the National Capital Area

Statements of Financial Position June 30, 2020 and 2019

| | 2020 | 2019 |
|---------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 681,632 | \$ 1,019,706 |
| Investments | 886,744 | 698,596 |
| Certificates of deposit | 917,302 | 360,283 |
| Contributions receivable | 6,000 | - |
| Property and equipment, net | 10,189 | 12,170 |
| Total assets | <u>\$ 2,501,867</u> | <u>\$ 2,090,755</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 60,211 | \$ 41,583 |
| Loan payable | 57,467 | - |
| Total liabilities | <u>117,678</u> | <u>41,583</u> |
| Net Assets | | |
| Without donor restrictions: | | |
| Undesignated | 1,776,978 | 1,447,631 |
| Board-designated quasi-endowment fund | 602,091 | 596,421 |
| Total without donor restrictions | 2,379,069 | 2,044,052 |
| With donor restrictions | 5,120 | 5,120 |
| Total net assets | <u>2,384,189</u> | <u>2,049,172</u> |
| Total liabilities and net assets | <u>\$ 2,501,867</u> | <u>\$ 2,090,755</u> |

Parkinson Foundation of the National Capital Area

Statement of Activities For the Year Ended June 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|-------------------------------|----------------------------|----------------------------|
| Revenue and Support | | | |
| Contributions | \$ 510,552 | \$ - | \$ 510,552 |
| Walk Off Parkinson's | 374,226 | - | 374,226 |
| In-kind contributions | 750,424 | - | 750,424 |
| Sponsorships | 55,707 | - | 55,707 |
| Symposium registrations | 44,708 | - | 44,708 |
| Wellness registrations | 49,528 | - | 49,528 |
| Investment income, net | 12,640 | - | 12,640 |
| Total revenue and support | <u>1,797,785</u> | <u>-</u> | <u>1,797,785</u> |
| Expenses | | | |
| Program services | <u>1,251,638</u> | <u>-</u> | <u>1,251,638</u> |
| Supporting services: | | | |
| Management and general | 123,111 | - | 123,111 |
| Fundraising | <u>88,019</u> | <u>-</u> | <u>88,019</u> |
| Total supporting services | <u>211,130</u> | <u>-</u> | <u>211,130</u> |
| Total expenses | <u>1,462,768</u> | <u>-</u> | <u>1,462,768</u> |
| Change in Net Assets | 335,017 | - | 335,017 |
| Net Assets, beginning of year | <u>2,044,052</u> | <u>5,120</u> | <u>2,049,172</u> |
| Net Assets, end of year | <u><u>\$ 2,379,069</u></u> | <u><u>\$ 5,120</u></u> | <u><u>\$ 2,384,189</u></u> |

See accompanying notes.

Parkinson Foundation of the National Capital Area

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 | 1,812,923 | (10,885) | 1,802,038 |
| Expenses | | | |
| Program services | 1,320,545 | - | 1,320,545 |
| Supporting services: | | | |
| Management and general | 159,080 | - | 159,080 |
| Fundraising | 82,691 | - | 82,691 |
| Total supporting services | 241,771 | - | 241,771 |
| Total expenses | 1,562,316 | - | 1,562,316 |
| Change in Net Assets | 250,607 | (10,885) | 239,722 |
| Net Assets, beginning of year | 1,793,445 | 16,005 | 1,809,450 |
| Net Assets, end of year | \$ 2,044,052 | \$ 5,120 | \$ 2,049,172 |

See accompanying notes.

Parkinson Foundation of the National Capital Area

Statement of Functional Expenses
For the Year Ended June 30, 2020

| | Program Services | Supporting Services | | Total Supporting Services | Total |
|-----------------------------------|---------------------|---------------------------|------------------|---------------------------------|---------------------|
| | | Management and General | Fundraising | | |
| Salaries and benefits | \$ 306,803 | \$ 47,415 | \$ 38,886 | \$ 86,301 | \$ 393,104 |
| Walk Off Parkinson's | 35,940 | - | 35,940 | 35,940 | 71,880 |
| Parkinson's Response Mobile Unit | 5,776 | - | - | - | 5,776 |
| Symposium | 75,930 | - | - | - | 75,930 |
| In-kind expense | 633,894 | 12,361 | - | 12,361 | 646,255 |
| Wellness program expenses | 125,709 | - | - | - | 125,709 |
| Occupancy | 22,136 | 4,442 | 2,767 | 7,209 | 29,345 |
| Accounting | - | 35,142 | - | 35,142 | 35,142 |
| Printing, mailshop, and design | 4,487 | - | 3,771 | 3,771 | 8,258 |
| Computer supplies and expenses | 6,030 | 1,105 | 627 | 1,732 | 7,762 |
| Postage | 2,771 | 586 | 1,149 | 1,735 | 4,506 |
| Membership dues and subscriptions | 1,095 | - | 3,407 | 3,407 | 4,502 |
| Office supplies and expenses | 4,206 | 4,807 | - | 4,807 | 9,013 |
| Bank and credit fees | 168 | 7,845 | 643 | 8,488 | 8,656 |
| Insurance | 3,324 | 577 | - | 577 | 3,901 |
| Telephone | 5,682 | 2,351 | 16 | 2,367 | 8,049 |
| Depreciation | - | 3,080 | - | 3,080 | 3,080 |
| Meeting expenses | 554 | 947 | - | 947 | 1,501 |
| Advertising | 8,672 | - | - | - | 8,672 |
| Travel | 7,720 | 2,365 | 513 | 2,878 | 10,598 |
| Miscellaneous | 741 | 88 | 300 | 388 | 1,129 |
| Total Expenses | \$ 1,251,638 | \$ 123,111 | \$ 88,019 | \$ 211,130 | \$ 1,462,768 |

See accompanying notes.

Parkinson Foundation of the National Capital Area

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

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

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|---|------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 335,017 | \$ 239,722 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Realized and unrealized loss (gain) | 8,206 | (5,779) |
| Depreciation | 3,080 | 2,581 |
| Donated securities | (22,625) | (44,689) |
| Change in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Contributions receivable | (6,000) | - |
| Prepaid expenses | - | 3,795 |
| Donated rent receivable | - | 10,710 |
| Increase (decrease) in: | | |
| Accounts payable | 18,628 | (7,148) |
| | 336,306 | 199,192 |
| Net cash provided by operating activities | 336,306 | 199,192 |
| Cash Flows from Investing Activities | | |
| Purchases of fixed assets | (1,099) | (14,207) |
| Purchases of investments | (199,613) | (98,788) |
| Purchases of certificates of deposits | (557,019) | (360,283) |
| Proceeds from sales of investments | 25,884 | 194,282 |
| | (731,847) | (278,996) |
| Net cash used in investing activities | (731,847) | (278,996) |
| Cash Flows from Financing Activity | | |
| Principal proceeds on loan payable | 57,467 | - |
| | 57,467 | - |
| Net cash provided by financing activity | 57,467 | - |
| Net Decrease in Cash and Cash Equivalents | (338,074) | (79,804) |
| Cash and Cash Equivalents, beginning of year | 1,019,706 | 1,099,510 |
| Cash and Cash Equivalents, end of year | \$ 681,632 | \$ 1,019,706 |
| Supplementary Disclosure of Non-Cash Operating Activities | | |
| Donated securities | \$ 22,625 | \$ 44,689 |

See accompanying notes.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

1. Nature of Operations

The Parkinson Foundation of the National Capital Area (“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

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Certificates of Deposit

The Foundation held certificates of deposit totaling \$917,302 and \$360,283 at June 30, 2020 and 2019, 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*.

Contributions Receivable

Contributions receivable represent unconditional promises to give. All contributions receivable are expected to be collected within one year, and are recorded at net realizable value at June 30, 2020. There were no contributions receivable recorded at June 30, 2019. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

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.

In-Kind Contributions

The Foundation receives in-kind contributions in the form of donated services and materials, as disclosed in Note 10. Contributed materials are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions revenue is reported as restricted support if received with donor or grantor 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. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation also organizes a walk to raise awareness of Parkinson's disease. Contributions received from the walk is recognized when cash, securities, or other assets, or an unconditional promise to give is received.

Registration revenues are amounts paid by or on behalf of symposium or other events participants. Registration fees are based on published fixed rates and collected at the time of registration, resulting in a deferred revenue balance. Registration revenues are recognized in the period the related conference or event is conducted.

Sponsorships are recognized as either contributions or exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, sponsorship agreements contain a right of return or right of release from obligation should the sponsored event not take place. As such, the Foundation recognizes revenue for these conditional contributions when the related event is conducted.

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.

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.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications have no effect on the change in net assets previously reported.

Change in Accounting Principles

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the 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 2023.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 16, 2021, the date the financial statements were available to be issued.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Subsequent Events (continued)

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that are likely to impact the Foundation. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its impact on the Foundation's employees and donors, all of which are uncertain and cannot be predicted. The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 681,632 | \$ 1,019,706 |
| Investments | 886,744 | 698,596 |
| Certificates of deposit | 917,302 | 360,283 |
| Contributions receivable | 6,000 | - |
| Less: Board-designated funds | (602,091) | (596,421) |
| Less: restricted by donors with purpose restrictions | <u>(5,120)</u> | <u>(5,120)</u> |
| Total available for general expenditures | <u>\$ 1,884,467</u> | <u>\$ 1,477,044</u> |

Financial assets that are subject to donor or other internal Board restrictions that make them unavailable for general expenditures within one year of the statements 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 90 days of normal operating expenses.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

3. Liquidity and Availability (continued)

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.

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.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

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, 2020:

| | Total fair value | Level 1 | Level 2 | Level 3 |
|-----------------------------|---------------------|-------------------|-------------|----------|
| Mutual funds: | | | | |
| US mid cap | \$ 263,502 | \$ 263,502 | \$ - | - |
| Emerging markets | 34,358 | 34,358 | - | - |
| Real estate | 21,669 | 21,669 | - | - |
| International large cap | 85,203 | 85,203 | - | - |
| International small/mid cap | 20,250 | 20,250 | - | - |
| Global bond fund | 52,966 | 52,966 | - | - |
| Short term bond fund | 40,079 | 40,079 | - | - |
| Intermediate-term bond | 124,894 | 124,894 | - | - |
| Inflation-protected bond | 53,752 | 53,752 | - | - |
| Cash and cash equivalents | 190,071 | 190,071 | - | - |
| Total investments | <u>\$ 886,744</u> | <u>\$ 886,744</u> | <u>\$ -</u> | <u>-</u> |

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 | <u>\$ 698,596</u> | <u>\$ 698,596</u> | <u>\$ -</u> | <u>-</u> |

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

5. Investments and Fair Value Measurements (continued)

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

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Interest and dividends | \$ 28,970 | \$ 21,418 |
| Realized and unrealized (loss) gain | (8,206) | 5,779 |
| Less: in-kind investment management fees | <u>(8,124)</u> | <u>(8,124)</u> |
| Total investment income, net | <u>\$ 12,640</u> | <u>\$ 19,073</u> |

6. Property and Equipment

Property and equipment consists of the following at June 30:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|------------------|------------------|
| Furniture and equipment | \$ 25,677 | \$ 26,848 |
| Less: accumulated depreciation | <u>(15,488)</u> | <u>(14,678)</u> |
| Property and equipment, net | <u>\$ 10,189</u> | <u>\$ 12,170</u> |

7. Loan Payable

On May 6, 2020, the Foundation sought relief under the CARES Act and received a \$57,467 loan under the Paycheck Protection Program (PPP). This loan (“PPP Loan”) is an unsecured debt obligation and is scheduled to mature on May 6, 2022. As permitted under the CARES Act, the Foundation expects to apply for loan forgiveness, inclusive of both principal and accrued interest, in accordance with the terms of the CARES Act, based on payroll and other allowable costs incurred since disbursement of the PPP Loan. Any amount not forgiven by the Small Business Administration (SBA) is subject to an interest rate of 1.00% per annum commencing on the date of the PPP Loan.

The Foundation evaluated the applicable accounting guidance relative to the PPP Loan and accounted for the proceeds of the PPP Loan as debt under ASC 470. Principal and interest payments due under the PPP Loan are generally deferred until the review and approval of any forgiveness is made by the SBA, subject to the PPP rules.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
June 30, 2020 and 2019

7. **Loan Payable (continued)**

The Foundation expects the PPP Loan to be forgiven, but cannot provide assurance of such forgiveness until it has been approved by the Foundation's lender and the SBA. Any portion of the PPP Loan that is forgiven will be recorded in the Foundation's statements of activities as a gain on extinguishment of debt in the period of forgiveness.

At June 30, 2020, the Foundation recorded \$57,467 as a loan payable, which is reflected in the accompanying statements of financial position.

8. **Net Assets With Donor Restrictions**

Net assets with donor restrictions total \$5,120 at both June 30, 2020 and 2019, and are available for the Foundation's research project.

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.

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 contributions receivable.

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
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9. 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:

| | 2020 | 2019 |
|---|------------|------------|
| Quasi-endowment fund, beginning balance | \$ 596,421 | \$ 572,756 |
| Dividends and interest | 18,711 | 18,425 |
| Unrealized (loss) gain | (13,041) | 5,240 |
| Quasi-endowment fund, ending balance | \$ 602,091 | \$ 596,421 |

10. In-Kind Contributions

During the years ended June 30, 2020 and 2019, the Foundation was the beneficiary of donated services and materials, which allowed the Foundation to provide greater resources toward various programs.

The following in-kind contributions have been included in the accompanying statements of activities for the years ended June 30:

| | 2020 | 2019 |
|-----------------------------|------------|------------|
| Facility use | \$ 246,439 | \$ 279,165 |
| Fitness centers access fees | 164,560 | 111,210 |
| Instructor fees | 95,493 | 124,590 |
| Symposium | 67,648 | 97,588 |
| Advertising | 58,881 | - |
| Parkinson Pointers in-kind | 52,895 | 57,650 |
| Office rent and parking | 29,345 | 16,177 |
| Professional services | 22,558 | 32,974 |
| Other | 12,605 | 37,817 |
| Total in-kind contributions | \$ 750,424 | \$ 757,171 |

Parkinson Foundation of the National Capital Area

Notes to Financial Statements
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11. Operating Leases

In November 2016, the Foundation entered into a license agreement to sublease an 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. For the years ended June 30, 2020 and 2019, the Foundation recorded in-kind contribution and corresponding occupancy expenses of \$29,345 and \$26,887, respectively.

Subsequent to year end, this license agreement was terminated effective November 14, 2020. The Foundation entered into a new license agreement for a new office space in Silver Spring, Maryland, on a month-to-month basis at no cost, commencing on November 15, 2020.

12. Pension Plan

The Foundation participates in a standardized 401(k) profit sharing plan. All employees may participate after the completion of three consecutive months of eligible service beginning on the employee's date of hire. 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 \$15,565 and \$16,237 for the years ended June 30, 2020 and 2019, respectively.

13. 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.

14. 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.