



AMERICAN PARKINSON DISEASE ASSOCIATION, INC.

**FINANCIAL REPORTS
AUGUST 31, 2020 AND 2019**

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Parkinson Disease Association, Inc.
Staten Island, New York

We have audited the accompanying financial statements of American Parkinson Disease Association, Inc. (a nonprofit organization) ("APDA"), which comprise the statement of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

Auditors' 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 the 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 auditors' 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 APDA as of August 31, 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.

WISS & COMPANY, LLP

Effect of Adopting New Accounting Standard

As discussed in Note 1 to the financial statements, APDA adopted new accounting guidance related to Financial Accounting Standards Board Accounting Standards Update, 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605).” Adoption of this standard has been applied on a modified prospective basis and resulted in a \$399,625 decrease in deferred revenue and related increase in contributions along with an \$87,500 increase in grants payable and related grants and awards expense. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wiss & Company". The script is cursive and fluid.

WISS & COMPANY, LLP

Florham Park, New Jersey
March 4, 2021

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2020	2019
ASSETS		
Cash and equivalents	\$ 8,353,672	\$ 6,670,436
Bequests receivable	156,445	1,138,876
Contributions receivable	40,908	45,037
Investments	2,504,948	2,395,677
Investments held for charitable gift annuities	207,481	49,443
Prepaid expenses and other assets	172,607	339,745
Property and equipment, net	2,250,606	2,339,341
Beneficial interest in remainder trusts	2,342,439	2,273,514
Beneficial interest in perpetual trusts	<u>1,383,595</u>	<u>1,272,366</u>
 Total Assets	 <u>\$ 17,412,701</u>	 <u>\$ 16,524,435</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 471,913	\$ 542,608
Deferred revenue	-	399,625
Grants payable	2,586,457	2,080,272
Charitable gift annuities payable	145,570	54,052
Paycheck protection program loan	<u>502,700</u>	<u>-</u>
Total Liabilities	<u>3,706,640</u>	<u>3,076,557</u>
 COMMITMENTS		
 NET ASSETS:		
Without donor restrictions	7,740,323	7,336,607
With donor restrictions	<u>5,965,738</u>	<u>6,111,271</u>
Total Net Assets	<u>13,706,061</u>	<u>13,447,878</u>
 Total Liabilities and Net Assets	 <u>\$ 17,412,701</u>	 <u>\$ 16,524,435</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	August 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 8,653,638	\$ 1,317,398	\$ 9,971,036	\$ 8,171,422	\$ 1,447,731	\$ 9,619,153
Bequests	1,485,388	115,469	1,600,857	1,817,921	283,921	2,101,842
Investment return, net	156,044	126	156,170	67,532	123	67,655
Change in value of beneficial interest in assets held by others	-	180,154	180,154	-	(129,963)	(129,963)
Contributed services	10,330,201	-	10,330,201	13,471,575	-	13,471,575
Other revenue	109,401	7,438	116,839	62,490	2,069	64,559
	<u>20,734,672</u>	<u>1,620,585</u>	<u>22,355,257</u>	<u>23,590,940</u>	<u>1,603,881</u>	<u>25,194,821</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,766,118</u>	<u>(1,766,118)</u>	<u>-</u>	<u>1,797,434</u>	<u>(1,797,434)</u>	<u>-</u>
Total support and revenues	<u>22,500,790</u>	<u>(145,533)</u>	<u>22,355,257</u>	<u>25,388,374</u>	<u>(193,553)</u>	<u>25,194,821</u>
EXPENSES:						
Program services:						
Patient and program services	2,210,966	-	2,210,966	2,390,658	-	2,390,658
Research	2,757,119	-	2,757,119	2,668,277	-	2,668,277
Public and professional education	14,061,480	-	14,061,480	17,407,960	-	17,407,960
Total program services	<u>19,029,565</u>	<u>-</u>	<u>19,029,565</u>	<u>22,466,895</u>	<u>-</u>	<u>22,466,895</u>
Supporting Services:						
Management and general	1,070,270	-	1,070,270	1,194,963	-	1,194,963
Fundraising	1,997,239	-	1,997,239	2,061,942	-	2,061,942
Total supporting services	<u>3,067,509</u>	<u>-</u>	<u>3,067,509</u>	<u>3,256,905</u>	<u>-</u>	<u>3,256,905</u>
Total expenses	<u>22,097,074</u>	<u>-</u>	<u>22,097,074</u>	<u>25,723,800</u>	<u>-</u>	<u>25,723,800</u>
CHANGE IN NET ASSETS	403,716	(145,533)	258,183	(335,426)	(193,553)	(528,979)
NET ASSETS, BEGINNING OF YEAR	<u>7,336,607</u>	<u>6,111,271</u>	<u>13,447,878</u>	<u>7,672,033</u>	<u>6,304,824</u>	<u>13,976,857</u>
NET ASSETS, END OF YEAR	<u>\$ 7,740,323</u>	<u>\$ 5,965,738</u>	<u>\$ 13,706,061</u>	<u>\$ 7,336,607</u>	<u>\$ 6,111,271</u>	<u>\$ 13,447,878</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	Program Services				Support Services			TOTAL
	Patient and Program Services	Research	Public and Professional Education	Total	Management and General	Fundraising	Total	2020
Salaries	\$ 646,135	\$ 232,285	\$ 1,108,144	\$ 1,986,564	\$ 451,019	\$ 285,309	\$ 736,328	\$ 2,722,892
Payroll tax and fringe benefits	228,608	82,184	392,070	702,862	159,574	100,944	260,518	963,380
Grants and awards	755,407	2,220,211	-	2,975,618	-	-	-	2,975,618
Donated media	-	-	10,330,201	10,330,201	-	-	-	10,330,201
Outside consulting fees	169,160	63,046	492,453	724,659	126,966	296,624	423,590	1,148,249
Postage	20,575	12,261	475,847	508,683	33,716	492,304	526,020	1,034,703
Stationary and printing	40,113	18,129	404,747	462,989	42,758	386,193	428,951	891,940
Meetings and travel	49,914	17,944	85,604	153,462	34,841	22,040	56,881	210,343
Office	56,277	20,743	142,859	219,879	41,319	75,679	116,998	336,877
Computer and website	48,210	18,242	165,167	231,619	37,275	111,761	149,036	380,655
Mailings	544	1,601	128,200	130,345	5,970	139,830	145,800	276,145
Occupancy	44,668	16,058	76,608	137,334	31,180	19,724	50,904	188,238
Direct donor benefit	5,126	1,843	8,791	15,760	3,578	2,263	5,841	21,601
Maintenance and repairs	11,945	4,294	20,485	36,724	8,338	5,274	13,612	50,336
Legal	19,164	6,889	32,867	58,920	13,377	8,462	21,839	80,759
Telephone	21,530	7,740	36,925	66,195	15,029	9,507	24,536	90,731
Dues, subscriptions, licenses and fees	16,654	5,988	28,563	51,205	11,625	7,354	18,979	70,184
Insurance	20,553	7,389	35,249	63,191	14,347	9,075	23,422	86,613
Accounting	16,611	5,972	28,487	51,070	11,595	7,335	18,930	70,000
Marketing and advertising	978	352	1,677	3,007	683	431	1,114	4,121
Equipment leases	3,573	1,285	6,129	10,987	2,494	1,578	4,072	15,059
Depreciation	33,818	12,158	58,000	103,976	23,606	14,933	38,539	142,515
Other miscellaneous expenses	1,403	505	2,407	4,315	980	619	1,599	5,914
Total	<u>\$ 2,210,966</u>	<u>\$ 2,757,119</u>	<u>\$ 14,061,480</u>	<u>\$ 19,029,565</u>	<u>\$ 1,070,270</u>	<u>\$ 1,997,239</u>	<u>\$ 3,067,509</u>	<u>\$ 22,097,074</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	Program Services				Support Services			TOTAL
	Patient and Program Services	Research	Public and Professional Education	Total	Management and General	Fundraising	Total	2019
Salaries	\$ 697,182	\$ 229,902	\$ 1,220,791	\$ 2,147,875	\$ 491,736	\$ 339,163	\$ 830,899	\$ 2,978,774
Payroll tax and fringe benefits	213,616	70,442	374,050	658,108	150,668	103,920	254,588	912,696
Grants and awards	769,896	2,117,245	-	2,887,141	-	-	-	2,887,141
Donated media	-	-	13,471,575	13,471,575	-	-	-	13,471,575
Outside consulting fees	195,542	67,380	534,531	797,453	146,589	318,281	464,870	1,262,323
Postage	19,077	11,932	407,340	438,349	30,328	443,597	473,925	912,274
Stationary and printing	39,479	17,986	398,409	455,874	44,744	399,614	444,358	900,232
Meetings and travel	112,103	36,967	196,296	345,366	79,068	54,536	133,604	478,970
Office	71,257	23,999	158,012	253,268	51,965	73,063	125,028	378,296
Computer and website	47,400	16,598	147,141	211,139	36,327	97,558	133,885	345,024
Mailings	-	1,594	105,643	107,237	4,767	122,700	127,467	234,704
Occupancy	40,399	13,322	70,741	124,462	28,494	19,654	48,148	172,610
Direct donor benefit	29,132	9,607	51,012	89,751	20,548	14,172	34,720	124,471
Maintenance and repairs	20,511	6,764	35,916	63,191	14,467	9,978	24,445	87,636
Legal	19,154	6,316	33,539	59,009	13,509	9,318	22,827	81,836
Telephone	18,845	6,214	32,997	58,056	13,291	9,168	22,459	80,515
Dues, subscriptions, licenses and fees	17,473	5,762	30,596	53,831	12,324	8,500	20,824	74,655
Insurance	17,170	5,662	30,066	52,898	12,110	8,353	20,463	73,361
Accounting	13,809	4,554	24,180	42,543	9,740	6,717	16,457	59,000
Marketing and advertising	6,835	2,254	11,969	21,058	4,821	3,325	8,146	29,204
Equipment leases	4,672	1,541	8,181	14,394	3,295	2,273	5,568	19,962
Depreciation	33,825	11,154	59,229	104,208	23,858	16,455	40,313	144,521
Other miscellaneous expenses	3,281	1,082	5,746	10,109	2,314	1,597	3,911	14,020
Total	<u>\$ 2,390,658</u>	<u>\$ 2,668,277</u>	<u>\$ 17,407,960</u>	<u>\$ 22,466,895</u>	<u>\$ 1,194,963</u>	<u>\$ 2,061,942</u>	<u>\$ 3,256,905</u>	<u>\$ 25,723,800</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 258,183	\$ (528,979)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	142,515	144,521
Contribution received under charitable gift annuity	(163,202)	-
Change in value of charitable gift annuities	(51,279)	21,410
Net investment return on long-term investments	(89,468)	(33,166)
Proceeds from donated investments	(19,803)	(11,078)
Change in beneficial interest in remainder trusts	(68,925)	73,473
Change in beneficial interest in perpetual trusts	(111,229)	56,490
Changes in operating assets and liabilities:		
Bequests receivable, net	982,431	(735,823)
Contributions receivable	4,129	(20,108)
Prepaid expenses and other current assets	167,138	19,136
Accounts payable and accrued expenses	(70,695)	(13,814)
Deferred revenue	(399,625)	179,235
Grants payable	506,185	827,527
Net cash flows from operating activities	<u>1,086,355</u>	<u>(21,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(53,779)</u>	<u>(24,875)</u>
Net cash flows from investing activities	<u>(53,779)</u>	<u>(24,875)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to beneficiaries of charitable gift annuities	(15,241)	(10,552)
Proceeds from establishment of charitable gift annuities	163,202	-
Paycheck protection program loan proceeds	502,700	-
Net cash flows from financing activities	<u>650,661</u>	<u>(10,552)</u>
NET CHANGE IN CASH AND EQUIVALENTS	1,683,237	(56,603)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>6,670,436</u>	<u>6,727,039</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 8,353,673</u>	<u>\$ 6,670,436</u>
SUPPLEMENTAL CASH FLOW INFORMATION -		
DONATED INVESTMENTS	<u>\$ 19,803</u>	<u>\$ 11,078</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Founded in 1961, the American Parkinson Disease Association, Inc. ("APDA") is a not-for-profit organization committed to serving the Parkinson community through a comprehensive program of research, patient education and support. APDA's mission of "Every day, we provide the support, education, and research that will help everyone impacted by Parkinson's disease live life to the fullest" is accomplished through the following programs:

Patient and Program Services- APDA has developed a network of Chapters and Information and Referral Centers nationwide to promote awareness and provide information to persons suffering from Parkinson's disease.

Research- APDA sponsors research into the cause, diagnosis, treatment and cure of Parkinson's disease.

Public and Professional Education- APDA sponsors educational conferences for professionals, patients, caregivers and families, and publishes a quarterly newsletter, educational booklets and other materials about Parkinson's disease.

APDA has an office in New York and 16 chapters throughout the United States. APDA is supported primarily through public donations.

Cash and Equivalents and Credit Risk - Cash and equivalents include money market accounts and other highly liquid short-term investments, purchased with maturities of three months or less except those included as part of investments. Cash is maintained in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") of up to \$250,000 each. At times, cash balances may be in excess of the FDIC insurance limit. APDA has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash.

Investments - Investments are stated at fair value based upon quoted market values. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Net investment return is reported as net assets without donor restriction unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis. The cost of securities sold is determined using the specific identification method.

The investments are protected by the Securities Insurance Protection Corporation ("SIPC"), which provides limited insurance in certain circumstances for securities and cash held in brokerage accounts. The insurance is limited to \$500,000 for securities and \$250,000 for cash balances. The insurance does not protect against investment losses. At times, such balances may be in excess of SIPC insured limits.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Investments Held in Charitable Gift Annuities and Related Liabilities - Under charitable gift annuity contracts, APDA receives immediate and unrestricted title to the contributed assets and agrees to make fixed period payments over various periods, generally the life of the donor. Contributed assets are recorded at fair value at the date of receipt and a liability is established for the present value of future annuity payments. Net present values are calculated using the applicable federal discount rate at the date of the gift. The excess of contributed assets over the annuity liability is recorded as a contribution. In subsequent years, the liability for future annuity payments is reduced by payments and is adjusted to reflect amortization of the discount and changes in actuarial assumptions, including life expectancies, at the end of the year. The assets to fund these liabilities are maintained in a separate and distinct fund managed by an investment manager and are invested in accordance with applicable state laws and reserve requirements. As of August 31, 2020 and 2019, APDA's reserves totaling \$207,481 and \$49,443, respectively, were calculated following New York reserve requirements.

Property and Equipment - APDA capitalizes all acquisitions in excess of \$2,500 at cost or, if donated, at their fair value at the date of the gift. When fixed assets are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income.

Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred. Estimated useful lives are:

Building	30 years
Building improvements	20 - 30 years
Leasehold improvements	3 - 5 years
Computers and website	3 - 5 years
Furniture and equipment	3 - 7 years

Beneficial Interests in Remainder Trusts Held by Others - APDA has been named as an irrevocable beneficiary of charitable remainder trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, APDA has neither possession nor control over the assets of the trusts. A charitable remainder trust is an arrangement in which the donor establishes and funds a trust with specific distributions to be made to a specified party over a specified period. Upon termination of the trust, the remainder of the trust's assets are paid to the beneficiaries designated by the donor. At the date APDA receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities and changes in net assets, and a beneficial interest in remainder trusts is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities and changes in net assets.

Beneficial Interests in Perpetual Trusts Held by Others - APDA has been named as an irrevocable beneficiary in perpetual trusts held and administered by independent trustees. Under the terms of the trust, APDA has the right to receive its portion of the income earned on the trust assets in perpetuity, but never receives the assets held in trust. At the date APDA receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities and changes in net assets, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities and changes in net assets.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Long-Lived Assets - APDA evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment. At August 31, 2020 and 2019, management has determined that these assets are not impaired.

Paycheck Protection Program Loan - In April 2020 APDA applied for and received funding for a Paycheck Protection Program ("PPP") loan totaling \$502,700 under the U.S. Small Business Administration ("SBA"), which is part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), enacted on March 27, 2020. Under the terms of the PPP, up to 100% of the principal and accrued interest may be forgiven if certain criteria are met and the loan proceeds are used for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act. The loan accrues interest at a rate of 1% and any portion of the principal and interest that is not forgiven is required to be paid through April 2022. APDA's policy is to account for the PPP loan as debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) APDA pays off the loan.

Net Assets - Net assets, revenues gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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.

Support and Revenue Recognition - APDA recognizes revenue following applicable guidance, which is determined by the existence or absence of a reciprocal exchange transaction.

Contributions - APDA recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. 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 met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Pledges made for special events are recognized in the year the pledge is made, regardless of when the event takes place based upon the unconditional nature of the pledges. In cases where there is a benefit received by the donor, the fair market value of the value to be received by the donor is recognized as deferred revenue until the year the event occurs. Prior to the implementation of Topic 605, any contributions received prior to the event, were recorded as deferred revenue.

Bequests - APDA has been named beneficiary under various wills. Bequests are recognized as receivables and contributions if they are irrevocable, unconditional, and measurable. If a gift does not meet these criteria it is not recognized as contribution revenue until the will is declared valid and subject to final distribution. At that time, APDA recognizes the contribution at fair value, net of a discount for likely fees and taxes, based on historical experience. No allowance for doubtful bequests is considered necessary by management for the years ended August 31, 2020 and 2019. Bequests receivable are normally expected to be fully collected within one year and any receivable in excess of one year is subject to discounting.

Contributed Services - Donated services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying statement of activities at their fair value. The majority of the donated service is directly related to APDA's awareness campaign and public education, which is included in public education in the accompanying statement of functional expenses. Contributed services include donated media (television and radio broadcasting and other forms of media, including public service announcements) valued at approximately \$10,330,201 and \$13,471,575 for the years ended August 31, 2020 and 2019, respectively. The fair value of the donated media is determined based on consideration of cash payments typically made by buyers for similar advertising and media, standard discounts given for similarly placed media, the media type and placement and other considerations.

APDA does not recognize any revenue or expense from services contributed by volunteers because it does not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities*.

Grants and Awards - Grants and awards given to other organizations are recognized in the period the award is approved by management, and grant recipients are notified and grant conditions, if any, are met. Grants that are expected to be paid within one year are recorded at net realizable value. Grants that are expected to be paid in future years are recorded at the present value of their estimated cash flows. The discounts on those grants are computed using risk-free interest rates applicable to the years in which the grants are made. Amortization of the discounts is included in grants and related expenses.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited as well as the percentage of time and hours worked by the personnel on the programs. Other expenses are allocated on the basis of direct costs.

Income Taxes - APDA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for Federal or State Income taxes in the accompanying financial statements. APDA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the Internal Revenue Code.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax ("UBIT"). All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. The most significant jurisdictions in which APDA is required to file tax returns include the U.S. Federal jurisdiction and the State of New York, although APDA files in almost every state. APDA is subject to examination by the Federal taxing authority up to three years from the extended due date of the tax return. As of August 31, 2020, tax years ending in 2017 through 2019 are open to examination, with limited exceptions for various states.

Reclassifications - Certain prior period amounts have been reclassified for consistency with the current year presentation. These reclassifications had no impact on the change in net assets or on total net assets.

Estimates and Uncertainties - 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Newly Adopted Accounting Pronouncement - In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)." The amendments in this standard clarifies and improves guidance concerning 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the Topic 958, Not-for-Profit Entities or as exchange (reciprocal) transactions subject to other guidance and 2) determining where the contribution is conditional. This ASU is effective for annual periods beginning after December 15, 2018 and permits the use of either a full retrospective approach for all periods presented or a modified prospective basis for all new and existing agreements. The ASU has been applied on a modified prospective basis to both contributions received and grants and awards made and has had a material impact to APDA. Special event contributions of \$399,625 that were previously deferred until the event took place, are now considered unconditional and recognized in full due to their unconditional nature. Various grants and awards are now recognized based on the presence or absence of conditions and resulted in an increase of \$87,500.

Recently Issued Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which replaces the existing guidance in ASC 840 - Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. This ASU is effective for fiscal years beginning after December 15, 2021. The requirements of this standard include a significant increase in required disclosures. Management is currently evaluating the impact of this ASU on the financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from August 31, 2020 through March 4, 2021 the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of financial position date have been recognized in the accompanying financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

In early 2020, the worldwide coronavirus pandemic that causes COVID-19 spread to the United States and caused significant business disruption in the area in which APDA operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. APDA is closely monitoring its investment portfolio and liquidity and is actively working to minimize the impact of these declines. Given the uncertainty related to COVID- 19, management cannot reasonably estimate the overall impact on APDA's financial statements related to these matters.

Note 2- Liquidity and Availability:

Management regularly monitors the availability of resources required to meet its operating needs. For purposes of analyzing resources available to meet general expenses over a 12-month period, management considers all expenses related to its ongoing activities. Financial assets available for general expense, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	August 31,	
	2020	2019
Financial assets at year end:		
Cash and equivalents	\$ 8,353,672	\$ 6,670,436
Bequests receivable (Note 3)	156,445	1,138,876
Contributions receivable	40,908	45,037
Investments	2,504,948	2,395,677
Less: Purpose Restrictions (Note 9)	(1,724,852)	(2,072,493)
Less: Endowments (Note 10)	(173,077)	(172,961)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,882,896</u>	<u>\$ 10,077,065</u>

Management does not anticipate an unanticipated liquidity need, as there are sufficient financial assets available to meet operating needs over the next twelve months.

Note 3 - Bequests Receivable:

Bequests receivable are due as follows:

	August 31,	
	2020	2019
Less than one year	<u>\$ 156,445</u>	<u>\$ 1,138,876</u>

Note 4 - Investments at Fair Value - Recurring:

FASB Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures FASB ASC 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 4 - Investments at Fair Value - Recurring (continued):

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual Funds - equities and fixed income: Valued at the closing price reported from an actively traded exchange.
- Beneficial Interest in Trusts: Valued using the fair value of fund investments as reported by a third party.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although APDA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, APDA's assets at fair value as of August 31, 2020 and 2019:

	<i>Fair Value as of August 31, 2020</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments:				
Cash	\$ 150,697	\$ -	\$ -	\$ 150,697
Mutual Funds- Equities	2,354,251	-	-	2,354,251
Total investments	<u>\$ 2,504,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,504,948</u>
Investments in charitable gift annuities:				
Cash	\$ 3,471	\$ -	\$ -	\$ 3,471
Mutual Funds - Fixed Income	204,010	-	-	204,010
Total investments in charitable gift annuities	<u>\$ 207,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,481</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,342,439</u>	<u>\$ 2,342,439</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,383,595</u>	<u>\$ 1,383,595</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 4 - Investments at Fair Value - Recurring (continued):

	<i>Fair Value as of August 31, 2019</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments:				
Cash	\$ 28,057	\$ -	\$ -	\$ 28,057
Mutual Funds- Equities	2,367,620	-	-	2,367,620
Total investments	<u>\$ 2,395,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,395,677</u>
Investments in charitable gift annuities:				
Cash	\$ 5,145	\$ -	\$ -	\$ 5,145
Mutual Funds - Fixed Income	44,298	-	-	44,298
Total investments in charitable gift annuities	<u>\$ 49,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,443</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,514</u>	<u>\$ 2,273,514</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,366</u>	<u>\$ 1,272,366</u>

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests	
	August 31, 2020	
	Remainder	Perpetual
Balance, at beginning of year	\$ 2,273,514	\$ 1,272,366
Investment return, net	79,724	152,231
Distributions	(10,799)	(41,002)
Balance, at end of year	<u>\$ 2,342,439</u>	<u>\$ 1,383,595</u>
	2019	
	Remainder	Perpetual
Balance, at beginning of year	\$ 2,346,987	\$ 1,328,856
Investment return, net	(62,199)	(34,753)
Distributions	(11,274)	(21,737)
Balance, at end of year	<u>\$ 2,273,514</u>	<u>\$ 1,272,366</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 5 - Property and Equipment:

Property and equipment consisted of the following:

	August 31,	
	2020	2019
Land	\$ 696,071	\$ 696,071
Building	2,820,627	2,820,627
Improvements	212,608	161,765
Computers and website	102,735	114,306
Furniture and equipment	170,244	174,274
	4,002,285	3,967,043
Less: Accumulated depreciation and amortization	(1,751,679)	(1,627,702)
Property and equipment, net	<u>\$ 2,250,606</u>	<u>\$ 2,339,341</u>

Note 6 - Grants Payable:

APDA has agreements with various institutions that are payable in installments. Some agreements are conditional on continued appropriate performance, reporting requirements, and adequate funding and others are unconditional. APDA has unconditional grant commitments payable as follows as of:

<u>Year Ending August 31,</u>	
2021	\$ 2,511,457
2022	75,000
	<u>\$ 2,586,457</u>

Note 7 - Lease Commitments:

APDA leases office space and equipment under operating leases. At August 31, 2020, future minimum rental payments under these operating leases, inclusive of the effect of the office lease escalation clause, are as follows:

<u>Year Ending August 31,</u>	
2021	\$ 120,884
2022	61,190
2023	23,251
2024 and thereafter	-
	<u>\$ 205,325</u>

Rent expense for the years ended August 31, 2020 and 2019 totaled \$140,268 and \$143,636, respectively and is included in occupancy in the statements of functional expenses.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 8 - Net Assets Released From Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions are summarized as follows:

	Year Ended August 31,	
	2020	2019
Satisfaction of Purpose Restrictions:		
Specific research activities	\$ 791,387	\$ 436,252
Patient services	333,851	533,716
Local chapters and other uses	546,981	500,833
Satisfaction of Time Restrictions:		
Special events	93,889	326,510
Endowment Appropriations	<u>10</u>	<u>123</u>
	<u>\$ 1,766,118</u>	<u>\$ 1,797,434</u>

Note 9 – Net Assets With Donor Restrictions:

Net assets with donor restrictions are available for the following purposes as stipulated by donors:

	Year Ended August 31,	
	2020	2019
Subject to expenditure for specified purpose:		
Specific research activities	\$ 384,827	\$ 789,152
Patient services	728,689	887,493
Local chapters and other uses	<u>611,336</u>	<u>395,848</u>
	<u>1,724,852</u>	<u>2,072,493</u>
Subject to the passage of time		
Special events	341,775	319,937
Beneficial interest in remainder trusts	<u>2,342,439</u>	<u>2,273,514</u>
	<u>2,684,214</u>	<u>2,593,451</u>
Endowments (see Note 10)		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for research	147	31
Perpetual in nature, earnings from which are subject to endowment spending policies and appropriation	<u>172,930</u>	<u>172,930</u>
	<u>173,077</u>	<u>172,961</u>
	<u>1,383,595</u>	<u>1,272,366</u>
Beneficial interest in perpetual trusts	<u>\$ 5,965,738</u>	<u>\$ 6,111,271</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 10 - Endowment Funds:

APDA maintains a donor-restricted fund whose purpose is to provide long-term support for its patient services, research, and education programs. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, APDA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) original gift of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by APDA in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, APDA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the institution and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the institution;
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution; and
- (8) The investment policy of the institution

Investment Objectives

APDA has adopted an investment policy that primarily emphasizes the preservation of the capital and secondarily maximizes the total return. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of APDA. In establishing the investment objectives of APDA, management has taken into account the time horizon available for investment, the nature of APDA's cash flows and liabilities, and other factors that affect APDA's risk tolerance.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, APDA will ensure appropriate diversification to marketable equity securities. There shall be no Securities and Exchange Commission unregistered securities, private placement, venture capital, or direct investments in real or personal property. Approved investments include among others equity securities and fixed income securities.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 10 - Endowment Funds (continued):

Spending Policy

APDA has a policy of appropriating for expenditure the amount needed to cover the expenses of the related endowment projects. The spending policy is followed unless the fair value of endowment assets is less than its respective historical dollar value or there are specific donor stipulations to the contrary.

Changes in Donor-Restricted Endowment Net Assets

	Year Ended August 31,	
	2020	2019
	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 172,961	\$ 172,961
Investment return, net	126	123
Appropriation for expenditure	(10)	(123)
Endowment net assets, end of year	<u>\$ 173,077</u>	<u>\$ 172,961</u>

Note 11 - Allocation of Joint Costs:

During the years ended August 31, 2020 and 2019, APDA incurred joint costs for mailings that included fund-raising appeals. Such joint costs were allocated as follows:

	Year Ended August 31,	
	2020	2019
Fundraising costs	\$ 597,351	\$ 483,917
Management and general	54,163	49,496
Public and professional education	1,232,943	1,096,986
Research	13,613	16,554
	<u>\$ 1,898,070</u>	<u>\$ 1,646,953</u>

Note 12 - Retirement Plans:

APDA is a member of the New York City Cultural Institutions Retirement System ("CIRS") which administers three separate multiemployer plans – a savings plan, a pension plan, and a group life and welfare benefits plan.

Savings Plan

The savings plan is a 401(k) retirement plan which allows employees to defer up to 50% of their salaries on a pre-tax basis up to a maximum of \$19,500, or \$26,000 for employees age 50 and older (for 2020).

Employees are 100% vested in their accounts which include their contributions, employer-matching contributions and investment gains, if any. During the fiscal years ended August 31, 2020 and 2019, employer matching was suspended and no contribution was required. APDA did not make any contributions to the savings plan during the fiscal years ended August 31, 2020 and 2019.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 12 - Retirement Plans (continued):

Multi-Employer Pension Plan

Certain employees are covered by a union sponsored, collectively bargained, multi-employer pension plan. Contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of hours worked.

Such plans are administered through the unions involved. Under U.S. legislation regarding such pension plans, a company is required to continue funding its proportionate share of a plan's unfunded vested benefits in the event of withdrawal (as defined by the legislation) from a plan or plan termination. APDA may have a potential obligation as a participant. The information required to determine the total amount of the contingent obligation, is not readily available. However, APDA has no present intention of withdrawing from any of these plans, nor has APDA been informed that there is any intention to terminate such plans.

APDA's contribution to the pension plan during the fiscal years ended August 31, 2020 and 2019 totaled \$299,502 and \$267,608, respectively. APDA's contributions do not represent more than 5% of the total contributions received by the plan for both periods presented.

APDA's participation in these plans is outlined in the following table. The most recent Pension Protection Act Zone Status available in 2020 and 2019 is for the Plan's year-end at June 30, 2020 and 2019, respectively. Among other factors, generally, plans in the red zone are less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The FIP/RP Status Pending / Implemented Column indicates plans for which a funding improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. Unless otherwise noted, the information for this table was obtained from the Forms 5500 filed for each plan's year-end at June 30, 2020 and 2019, respectively. The multi-employer contributions listed in the table below are APDA's multi-employer contributions made in fiscal years ended August 31, 2020 and 2019.

The following table contains information about APDA's multi-employer pension plan:

Pension Fund	EIN/Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		2020	2019		2020	2019		
The Cultural Institutions Pension Fund	11-2001170	Green	Green	N/A	\$ 299,502	\$ 267,608	No	6/30/2020

Group Life and Welfare Plan

Full time employees are eligible for life insurance following three months of employment under the group life and welfare plan. APDA's contribution to the Group Life and Welfare Plan the fiscal years ended August 31, 2020 and 2019 totaled \$6,746 and \$6,268, respectively.

Note 13 - Related Parties:

There is a member of the Board of Directors that is also the Chairman of the Scientific Advisory Board. In addition, this member heads the Department of Neurology at the University of Alabama at Birmingham and received research funding in the amount of \$75,000 and \$50,000, advanced center funding in the amount of \$100,000, and Information and Referral funding in the amount of \$34,650 for the fiscal years ended August 31, 2020 and 2019, respectively.