



AMERICAN PARKINSON DISEASE ASSOCIATION, INC.

**FINANCIAL REPORT
AUGUST 31, 2019 AND 2018**

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, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

WISS & COMPANY, LLP

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, APDA has adjusted its 2018 financial statements to retrospectively apply the change in accounting principles resulting from Accounting Standards Update, ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the 2018 financial statements were restated to reflect the correction of an error to properly reflect a beneficial interest in trusts, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited APDA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
February 21, 2020

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2019	2018
ASSETS		<i>(as restated)</i>
Cash and equivalents	\$ 6,670,436	\$ 6,727,039
Bequests receivable, net	1,138,876	403,053
Contributions receivable	45,037	24,929
Investments	2,395,677	2,351,433
Investments held for charitable gift annuities	49,443	71,035
Prepaid expenses and other assets	339,745	358,881
Property and equipment, net	2,339,341	2,458,987
Beneficial interest in remainder trusts	2,273,514	2,346,987
Beneficial interest in perpetual trusts	1,272,366	1,328,856
Total Assets	\$ 16,524,435	\$ 16,071,200
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 542,608	\$ 556,422
Deferred revenue	399,625	220,390
Grants payable	2,080,272	1,252,745
Charitable gift annuities payable	54,052	64,786
Total Liabilities	3,076,557	2,094,343
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	7,336,607	7,672,033
With donor restrictions	6,111,271	6,304,824
Total Net Assets	13,447,878	13,976,857
Total Liabilities and Net Assets	\$ 16,524,435	\$ 16,071,200

See accompanying notes to financial statements.

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

	August 31,					
	2019			2018 (as restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 8,171,422	\$ 1,447,731	\$ 9,619,153	\$ 8,176,988	\$ 1,062,593	\$ 9,239,581
Legacies, bequests and estates	1,817,921	283,921	2,101,842	743,249	458,093	1,201,342
Investment return, net	67,532	123	67,655	359,182	-	359,182
Change in value of beneficial interest in assets held by others	-	(129,963)	(129,963)	-	121,010	121,010
Contributed services	13,471,575	-	13,471,575	9,366,367	-	9,366,367
Other revenue	62,490	2,069	64,559	48,018	-	48,018
	<u>23,590,940</u>	<u>1,603,881</u>	<u>25,194,821</u>	<u>18,399,352</u>	<u>1,936,148</u>	<u>20,335,500</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,797,434</u>	<u>(1,797,434)</u>	<u>-</u>	<u>1,567,104</u>	<u>(1,567,104)</u>	<u>-</u>
Total support and revenues	<u>25,388,374</u>	<u>(193,553)</u>	<u>25,194,821</u>	<u>19,966,456</u>	<u>369,044</u>	<u>20,335,500</u>
EXPENSES:						
Program services:						
Patient and program services	2,390,658	-	2,390,658	2,324,046	-	2,324,046
Research	2,668,277	-	2,668,277	2,124,363	-	2,124,363
Public and professional education	17,407,960	-	17,407,960	13,064,637	-	13,064,637
Total program services	<u>22,466,895</u>	<u>-</u>	<u>22,466,895</u>	<u>17,513,046</u>	<u>-</u>	<u>17,513,046</u>
Supporting Services:						
Management and general	1,194,963	-	1,194,963	930,880	-	930,880
Fundraising	2,061,942	-	2,061,942	2,557,741	-	2,557,741
Total supporting services	<u>3,256,905</u>	<u>-</u>	<u>3,256,905</u>	<u>3,488,621</u>	<u>-</u>	<u>3,488,621</u>
Total expenses	<u>25,723,800</u>	<u>-</u>	<u>25,723,800</u>	<u>21,001,667</u>	<u>-</u>	<u>21,001,667</u>
CHANGE IN NET ASSETS	(335,426)	(193,553)	(528,979)	(1,035,211)	369,044	(666,167)
NET ASSETS, BEGINNING OF YEAR	<u>7,672,033</u>	<u>6,304,824</u>	<u>13,976,857</u>	<u>8,707,244</u>	<u>5,935,780</u>	<u>14,643,024</u>
NET ASSETS, END 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>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	Program Services				Support Services			TOTAL	
	Patient and Program Services	Research	Public and Professional Education	Total	Management and General	Fundraising	Total	2019	2018
Salaries	\$ 697,182	\$ 229,902	\$ 1,220,791	\$ 2,147,875	\$ 491,736	\$ 339,163	\$ 830,899	\$ 2,978,774	\$ 2,774,211
Payroll tax and fringe benefits	213,616	70,442	374,050	658,108	150,668	103,920	254,588	912,696	805,199
Contributed services	-	-	13,471,575	13,471,575	-	-	-	13,471,575	9,366,367
Grants and awards	769,896	2,117,245	-	2,887,141	-	-	-	2,887,141	2,799,118
Outside consulting fees	195,542	67,380	534,531	797,453	146,589	318,281	464,870	1,262,323	1,174,469
Postage	19,077	11,932	407,340	438,349	30,328	443,597	473,925	912,274	783,449
Stationary and printing	39,479	17,986	398,409	455,874	44,744	399,614	444,358	900,232	812,591
Meetings and travel	112,103	36,967	196,296	345,366	79,068	54,536	133,604	478,970	620,647
Office	71,257	23,999	158,012	253,268	51,965	73,063	125,028	378,296	407,273
Computer and website	47,400	16,598	147,141	211,139	36,327	97,558	133,885	345,024	207,722
Mailings	-	1,594	105,643	107,237	4,767	122,700	127,467	234,704	280,802
Occupancy	40,399	13,322	70,741	124,462	28,494	19,654	48,148	172,610	125,046
Direct donor benefit	29,132	9,607	51,012	89,751	20,548	14,172	34,720	124,471	132,907
Maintenance and repairs	20,511	6,764	35,916	63,191	14,467	9,978	24,445	87,636	68,264
Legal	19,154	6,316	33,539	59,009	13,509	9,318	22,827	81,836	101,876
Telephone	18,845	6,214	32,997	58,056	13,291	9,168	22,459	80,515	76,561
Dues, subscriptions, licenses and fees	17,473	5,762	30,596	53,831	12,324	8,500	20,824	74,655	74,381
Insurance	17,170	5,662	30,066	52,898	12,110	8,353	20,463	73,361	90,126
Accounting	13,809	4,554	24,180	42,543	9,740	6,717	16,457	59,000	57,000
Marketing and advertising	6,835	2,254	11,969	21,058	4,821	3,325	8,146	29,204	62,731
Equipment leases	4,672	1,541	8,181	14,394	3,295	2,273	5,568	19,962	14,198
Depreciation	33,825	11,154	59,229	104,208	23,858	16,455	40,313	144,521	140,540
Other miscellaneous expenses	3,281	1,082	5,746	10,109	2,314	1,597	3,911	14,020	26,189
Total	\$ 2,390,658	\$ 2,668,277	\$ 17,407,960	\$ 22,466,895	\$ 1,194,963	\$ 2,061,942	\$ 3,256,905	\$ 25,723,800	\$ 21,001,667

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		<i>(as restated)</i>
Change in net assets	\$ (528,979)	\$ (666,167)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	144,521	140,540
Actuarial change in annuities	(182)	8,220
Net realized and unrealized losses (gains)	5,517	(249,329)
Proceeds from donated investments	(10,295)	(341,562)
Change in beneficial interest in remainder trusts	73,473	(67,063)
Change in beneficial interest in perpetual trusts	56,490	(53,947)
Changes in operating assets and liabilities:		
Bequests receivable, net	(735,823)	2,680
Contributions receivable	(20,108)	47,037
Prepaid expenses and other current assets	19,136	(14,393)
Accounts payable and accrued expenses	(13,814)	149,801
Deferred revenue	179,235	31,764
Grants payable	827,527	143,359
Net cash flows from operating activities	(3,302)	(869,060)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,975,842)	(3,798,056)
Purchases of investments - charitable gift annuities	-	(34,468)
Purchase of property and equipment	(24,875)	(43,806)
Proceeds from sale of investments	2,957,968	3,781,950
Net cash flows from investing activities	(42,749)	(94,380)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to beneficiaries - charitable gift annuities	(10,552)	(10,176)
Charitable gift annuities received	-	19,468
Net cash flows from financing activities	(10,552)	9,292
NET CHANGE IN CASH AND EQUIVALENTS	(56,603)	(954,148)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	6,727,039	7,681,187
CASH AND EQUIVALENTS, END OF YEAR	\$ 6,670,436	\$ 6,727,039
SUPPLEMENTAL CASH FLOW INFORMATION -		
DONATED INVESTMENTS	\$ 10,295	\$ 341,562

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 18 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.

Legacies, Estates and Bequests Receivable - APDA has been named beneficiary under various wills. Bequests received under such estates are not recorded until clear title is established and the amounts become determinable and fixed. As of August 31, 2019 and 2018, such amounts are recorded as bequests receivable on the accompanying statement of financial position. No allowance for doubtful bequests is considered necessary by management for the years ended August 31, 2019 and 2018. These receivables are normally expected to be fully collected within one year.

There are other wills that APDA is a beneficiary of, however they are not recognized because the total realizable value of is not presently determinable.

Contributions, Contributions Receivable, and Revenue - Contributions are recorded as without donor restriction or with donor restriction, depending on the existence and/or nature of any donor imposed restrictions. Donor restricted contributions are reported as increases in donor restricted net assets. When the restriction is met, the amount is shown as a reclassification of donor restricted net assets to net assets without donor restriction. If a donor's restriction is met in the same period that the support is recognized, the contribution is reported as an increase in net assets without donor restriction.

Contributions made for special events are recognized in the year the event takes place based upon the conditional nature of the pledge. If contributions are received prior to the event, they are recorded as deferred revenue.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

Investments - Investments are stated at fair value based upon quoted market values. Net investment return/(loss) 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.

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, 2019 and 2018, APDA's reserves totaling \$49,443 and \$71,035, 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.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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.

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, 2019 and 2018, management has determined that these assets are not impaired.

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.

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 \$13,471,575 and \$9,366,367 for the years ended August 31, 2019 and 2018, 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 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.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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.

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, 2019, tax years ending in 2016 through 2018 are open to examination, with limited exceptions for various states.

Comparative Information - The Statements of Functional Expenses include certain prior year summarized comparative information by natural total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with APDA's financial statements as of and for the year ended August 31, 2018, from which the summarized information was derived.

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 August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-profit Entities. ASU 2016-14 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. Management 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.

Recently Issued Accounting Pronouncements - In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its 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 February 2016, FASB issued ASU No. 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, 2020. The requirements of this standard include a significant increase in required disclosures. Management is currently evaluating the impact of this ASU on its financial statements.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)", Classification of Certain Cash Receipts and Cash Payments. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statements of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, the FASB issued ASU No. 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 should be applied on a modified prospective basis. Management is currently evaluating the impact of this ASU on its financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from August 31, 2019 through February 21, 2020 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.

Note 2 - Restatement:

Certain prior period amounts have been restated to conform to the current year presentation. Such restatements were limited to the statements of financial position, statements of activities and changes in net assets and statements of cash flows, and certain notes to the financial statements, but they did not impact the statements of functional expenses. Specifically, APDA adjusted the 2018 beginning of year net assets and recorded beneficial interests in remainder and perpetual trusts of \$3,675,843, as well as an increase in support and revenue due to the change in value of beneficial interest in assets held by others of \$121,010 in 2018 as required by the Financial Accounting Standards Board ("FASB").

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 3 - 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,	
	2019	2018
Financial assets at year end:		
Cash and equivalents	\$ 6,670,436	\$ 6,727,039
Bequest receivable, net (Note 4)	1,366,947	310,528
Contributions receivable	45,037	24,929
Investments	2,395,677	2,351,433
Less: Endowments (Note 11)	(172,944)	(172,944)
Financial assets available to meet general expenditures over the next twelve months	\$ 10,305,153	\$ 9,240,985

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 4 - Bequests Receivable:

Bequests receivables have been discounted over the payment period using a discount rate of 2% for 2019 and 2018. Bequests receivable are due as follows:

	August 31,	
	2019	2018
Less than one year	\$ 1,366,947	\$ 310,528
One to five years	-	95,000
	1,366,947	405,528
Less: discount to present value	-	2,475
Bequests receivable, net	\$ 1,366,947	\$ 403,053

Note 5 - 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 5 - 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 Perpetual Trust: 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, 2019 and 2018:

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 5 - Investments at Fair Value - Recurring (continued):

	<i>Fair Value as of August 31, 2019</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Cash	\$ 28,057	\$ -	\$ -	\$ 28,057
Mutual Funds- Equities	<u>2,367,620</u>	<u>-</u>	<u>-</u>	<u>2,367,620</u>
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	<u>44,298</u>	<u>-</u>	<u>-</u>	<u>44,298</u>
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>
	<i>Fair Value as of August 31, 2018</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Cash	\$ 168,369	\$ -	\$ -	\$ 168,369
Mutual Funds- Equities	<u>2,183,064</u>	<u>-</u>	<u>-</u>	<u>2,183,064</u>
Total investments	<u>\$ 2,351,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351,433</u>
Investments in charitable gift annuities:				
Cash	\$ 28,282	\$ -	\$ -	\$ 28,282
Mutual Funds - Fixed Income	<u>42,753</u>	<u>-</u>	<u>-</u>	<u>42,753</u>
Total investments in charitable gift annuities	<u>\$ 71,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,035</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,346,987</u>	<u>\$ 2,346,987</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,328,856</u>	<u>\$ 1,328,856</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 5 - Investments at Fair Value - Recurring (continued):

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests	
	August 31,	
	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>
	2018	
	Remainder	Perpetual
Balance, at beginning of year	\$ 2,279,924	\$ 1,274,909
Investment return, net	77,798	115,536
Distributions	(10,735)	(61,589)
Balance, at end of year	<u>\$ 2,346,987</u>	<u>\$ 1,328,856</u>

Note 6 - Property and Equipment:

Property and equipment consisted of the following:

	August 31,	
	2019	2018
Land	\$ 696,071	\$ 696,071
Building	2,820,626	2,820,626
Building improvements	145,866	136,213
Leasehold improvements	15,900	15,900
Computers and website	114,306	129,551
Furniture and equipment	<u>174,274</u>	<u>160,511</u>
	3,967,043	3,958,872
Less: Accumulated depreciation and amortization	<u>(1,627,702)</u>	<u>(1,499,885)</u>
Property and equipment, net	<u>\$ 2,339,341</u>	<u>\$ 2,458,987</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 7 - Grants Payable:

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

	August 31,	
	2019	2018
Less than one year	\$ 1,920,272	\$ 1,252,745
One to five years	160,000	-
	\$ 2,080,272	\$ 1,252,745

Note 8 - Lease Commitments:

APDA leases office space and equipment under operating leases. At August 31, 2019, future minimum rental payments under these operating leases, inclusive of the effect of the office lease escalation clause, are as follows:

Year Ending August 31,	
2020	\$ 130,764
2021	120,884
2022	73,057
2023	12,642
	\$ 337,347

Rent expense for the years ended August 31, 2019 and 2018 totaled \$143,636 and \$87,782, respectively and is included in occupancy in the statements of functional expenses.

Note 9 - 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,	
	2019	2018
Satisfaction of purpose restrictions:		
Specific research activities	\$ 436,252	\$ 744,199
Patient services	533,716	315,432
Local chapters and other uses	827,466	507,473
	\$ 1,797,434	\$ 1,567,104

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 10 – Net Assets With Donor Restrictions:

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

	Year Ended August 31,	
	2019	2018
Subject to expenditure for specified purpose:		
Specific research activities	\$ 789,152	\$ 763,025
Patient services	887,493	926,068
Local chapters and other uses	715,802	766,944
	2,392,447	2,456,037
Subject to the passage of time		
Beneficial interest in remainder trusts	2,273,514	2,346,987
Subject to restriction in perpetuity:		
Endowments subject to spending policies and appropriation (see Note 11)		
Research	64,520	64,520
General Purposes	108,424	108,424
	172,944	172,944
Beneficial interest in perpetual trusts	1,272,366	1,328,856
	\$ 6,111,271	\$ 6,304,824

Note 11 - 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;

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

(3) General economic conditions;

Note 11 - Endowment Funds (continued):

(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.

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.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 11 - Endowment Funds (continued):

Endowment Net Asset Composition and Changes in Endowment Net Assets as of and for the Fiscal Year Ended August 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 172,944	\$ 172,944
Appropriation for expenditure	-	(123)	(123)
Investment return	-	123	123
Contributions	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 172,944</u>	<u>\$ 172,944</u>

Composition of Endowment Net Assets With Donor Restrictions:

Original gift amount required to be held in perpetuity	\$ 172,944
Accumulated investment gains	-
	<u>\$ 172,944</u>

Endowment Net Asset Composition and Changes in Endowment Net Assets as of and for the Fiscal Year Ended August 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 172,944	\$ 172,944
Appropriation for expenditure	-	(138)	(138)
Investment return	-	138	138
Contributions	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 172,944</u>	<u>\$ 172,944</u>

Composition of Endowment Net Assets With Donor Restrictions:

Original gift amount required to be held in perpetuity	\$ 172,944
Accumulated investment gains	-
	<u>\$ 172,944</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 12 - Allocation of Joint Costs:

During the years ended August 31, 2019 and 2018, APDA incurred joint costs for mailings that included fund-raising appeals. Such joint costs were allocated as follows:

	August 31,	
	2019	2018
Fundraising costs	\$ 483,917	\$ 479,788
Management and general	49,496	51,534
Public and professional education	1,096,986	994,433
Research	16,554	24,392
	<u>\$ 1,646,953</u>	<u>\$ 1,550,147</u>

Note 13 - 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 \$19,000, or \$25,000 for employees age 50 and older (for 2019).

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, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018 totaled \$267,608 and \$240,415, respectively. APDA's contributions do not represent more than 5% of the total contributions received by the plan for both periods presented.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 13 - Retirement Plans (continued):

APDA’s participation in these plans is outlined in the following table. The most recent Pension Protection Act Zone Status available in 2019 and 2018 is for the Plan’s year-end at June 30, 2019 and 2018, 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, 2019 and 2018, respectively. The multi-employer contributions listed in the table below are APDA’s multi-employer contributions made in fiscal years ended August 31, 2019 and 2018.

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
		2019	2018		2019	2018		
The Cultural Institutions Pension Fund	11-2001170	Green	Green	N/A	\$267,608	\$240,415	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, 2019 and 2018 totaled \$6,268 and \$6,065, respectively.

Note 14 - 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 \$150,000 and \$120,000 and Information and Referral funding in the amount of \$34,650 for August 31, 2019 and 2018, respectively.

Note 15 - Other Commitments:

Every year APDA's Scientific Advisory Board reviews grant proposals and sets the scientific direction of APDA's annual research investment. For fiscal year end August 31, 2020, APDA has awarded \$1.7 million in research grants to support cutting-edge Parkinson’s disease research via three Post-Doctoral Fellowships, eleven Research Grants, and eight APDA Centers of Advanced Research.