



AMERICAN PARKINSON DISEASE ASSOCIATION, INC.

**FINANCIAL REPORTS
AUGUST 31, 2022 AND 2021**

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

Opinion

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, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of APDA as of August 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of APDA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about APDA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 APDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about APDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
March 24, 2023

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2022	2021
ASSETS		
Cash and equivalents	\$ 9,881,328	\$ 9,816,938
Contributions receivable	19,999	19,999
Bequests receivable	4,830,823	220,267
Employee retention credit receivable	193,391	128,927
Long-term investments	3,361,696	3,519,832
Investments held for charitable gift annuities	158,803	188,660
Prepaid expenses and other assets	324,455	214,619
Property and equipment, net	2,375,799	2,419,583
Beneficial interest in remainder trusts	2,161,241	2,651,791
Beneficial interest in perpetual trusts	1,286,671	1,551,169
Total Assets	\$ 24,594,206	\$ 20,731,785
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 733,665	\$ 762,597
Grants payable	1,049,535	2,233,685
Charitable gift annuities payable	159,680	128,623
Paycheck protection program loan	-	617,952
Total Liabilities	1,942,880	3,742,857
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	17,718,480	10,537,195
With donor restrictions	4,932,846	6,451,733
Total Net Assets	22,651,326	16,988,928
Total Liabilities and Net Assets	\$ 24,594,206	\$ 20,731,785

See accompanying notes to financial statements.

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

	August 31,			
	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
OPERATING SUPPORT AND REVENUES:				
Contributions	\$ 9,771,168	\$ 721,875	\$ 10,493,043	\$ 1,198,532
Bequests	7,918,637	19,812	7,938,449	22,700
Contributed services	2,670,800	-	2,670,800	-
Other revenue	44,994	78	45,072	216
	<u>20,405,599</u>	<u>741,765</u>	<u>21,147,364</u>	<u>1,221,448</u>
				<u>18,481,700</u>
NET ASSETS RELEASED FROM RESTRICTIONS	1,506,900	(1,506,900)	-	(1,213,383)
	<u>21,912,499</u>	<u>(765,135)</u>	<u>21,147,364</u>	<u>8,065</u>
Total Operating Support and Revenues				<u>18,481,700</u>
EXPENSES:				
Program services:				
Patient and program services	2,235,337	-	2,235,337	1,910,505
Research	2,329,015	-	2,329,015	2,963,656
Public and professional education	7,148,027	-	7,148,027	9,051,968
Total Program Services	<u>11,712,379</u>	<u>-</u>	<u>11,712,379</u>	<u>13,926,129</u>
Supporting Services:				
Management and general	1,242,524	-	1,242,524	1,092,684
Fundraising	2,209,833	-	2,209,833	2,038,484
Total Supporting Services	<u>3,452,357</u>	<u>-</u>	<u>3,452,357</u>	<u>3,131,168</u>
Total Expenses	<u>15,164,736</u>	<u>-</u>	<u>15,164,736</u>	<u>17,057,297</u>
Change in net assets from operations	6,747,763	(765,135)	5,982,628	8,065
				<u>1,424,403</u>
NON-OPERATING (EXPENSES) REVENUES:				
Investment return, net	(203,299)	1,296	(202,003)	1,004
Change in value of split interest and annuity agreements	(45,594)	(755,048)	(800,642)	476,926
Employee retention credit	64,463	-	64,463	128,927
Paycheck protection program loan forgiveness	617,952	-	617,952	-
Total Non-Operating (Expenses) Revenues	<u>433,522</u>	<u>(753,752)</u>	<u>(320,230)</u>	<u>477,930</u>
				<u>2,147,464</u>
CHANGE IN NET ASSETS	7,181,285	(1,518,887)	5,662,398	485,995
NET ASSETS, BEGINNING OF YEAR	<u>10,537,195</u>	<u>6,451,733</u>	<u>16,988,928</u>	<u>5,965,738</u>
NET ASSETS, END OF YEAR	<u>\$ 17,718,480</u>	<u>\$ 4,932,846</u>	<u>\$ 22,651,326</u>	<u>\$ 6,451,733</u>
				<u>\$ 16,988,928</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	Program Services			Support Services			TOTAL
	Patient and Program Services	Public and		Management and General	Fundraising	Total	
		Research	Professional Education				
Salaries	\$ 694,632	\$ 301,390	\$ 1,199,152	\$ 2,195,174	\$ 497,775	\$ 331,871	\$ 829,646
Payroll tax and fringe benefits	219,579	95,272	379,062	693,913	157,351	104,907	262,258
Grants and awards	610,155	1,623,874	-	2,234,029	-	-	-
Donated media	-	-	2,670,800	2,670,800	-	-	-
Outside consulting fees	199,379	86,507	598,766	884,652	154,741	313,545	468,286
Postage	43,402	18,831	690,447	752,680	59,790	548,523	608,313
Stationary and printing	45,887	19,910	520,969	586,766	53,473	400,710	454,183
Meetings and travel	34,734	15,070	59,962	109,766	24,890	16,595	41,485
Office	57,485	24,942	150,526	232,953	43,584	71,443	115,027
Computer and website	39,134	16,980	85,178	141,292	28,865	33,805	62,670
Mailings	5,183	2,249	171,733	179,165	11,301	142,058	153,359
Occupancy	43,400	18,831	74,923	137,154	31,101	20,735	51,836
Direct donor benefit	19,505	8,463	33,671	61,639	13,977	9,318	23,295
Maintenance and repairs	9,879	4,286	17,054	31,219	7,079	4,720	11,799
Legal	20,868	9,054	36,025	65,947	14,954	9,972	24,926
Telephone	18,104	7,855	31,253	57,212	12,973	8,649	21,622
Dues, subscriptions, licenses and fees	12,718	5,518	21,955	40,191	9,114	6,075	15,189
Insurance	25,444	11,040	43,924	80,408	18,233	12,155	30,388
Accounting	84,434	36,635	145,760	266,829	60,506	40,340	100,846
Marketing and advertising	2,750	1,193	132,854	136,797	7,942	111,161	119,103
Equipment leases	2,658	1,153	4,589	8,400	1,905	1,271	3,176
Depreciation	31,911	13,846	55,089	100,846	22,868	15,245	38,113
Other miscellaneous expenses	14,096	6,116	24,335	44,547	10,102	6,735	16,837
Total	\$ 2,235,337	\$ 2,329,015	\$ 7,148,027	\$ 11,712,379	\$ 1,242,524	\$ 2,209,833	\$ 3,452,357
							\$ 15,164,736

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021

	Program Services				Support Services			TOTAL
	Patient and Program Services	Research	Public and		Management and General	Fundraising	Total	
			Professional	Education				
Salaries	\$ 621,576	\$ 234,587	\$ 1,146,035	\$ 2,002,198	\$ 456,118	\$ 299,157	\$ 755,275	\$ 2,757,473
Payroll tax and fringe benefits	207,206	78,201	382,038	667,445	152,050	99,725	251,775	919,220
Grants and awards	489,678	2,427,428	-	2,917,106	-	-	-	2,917,106
Donated media	-	-	5,053,225	5,053,225	-	-	-	5,053,225
Outside consulting fees	218,336	82,401	622,563	923,300	168,204	321,191	489,395	1,412,695
Postage	23,510	8,873	530,545	562,928	34,940	489,883	524,823	1,087,751
Stationary and printing	27,080	10,220	454,324	491,624	34,553	410,266	444,819	936,443
Meetings and travel	9,398	3,547	17,327	30,272	6,896	4,522	11,418	41,690
Office	37,812	14,271	107,480	159,563	29,119	55,291	84,410	243,973
Computer and website	11,901	4,491	118,497	134,889	12,238	100,573	112,811	247,700
Mailings	4,719	1,781	141,868	148,368	8,298	133,080	141,378	289,746
Occupancy	38,339	14,469	70,687	123,495	28,133	18,453	46,586	170,081
Direct donor benefit	7,052	2,661	13,002	22,715	5,175	3,394	8,569	31,284
Maintenance and repairs	5,781	2,182	10,659	18,622	4,242	2,783	7,025	25,647
Legal	60,975	23,012	112,423	196,410	44,744	29,348	74,092	270,502
Telephone	21,709	8,193	40,027	69,929	15,930	10,449	26,379	96,308
Dues, subscriptions, licenses and fees	10,514	3,968	19,385	33,867	7,715	5,060	12,775	46,642
Insurance	17,274	6,519	31,849	55,642	12,676	8,315	20,991	76,633
Accounting	18,653	7,040	34,392	60,085	13,688	8,977	22,665	82,750
Marketing and advertising	45,921	17,331	84,667	147,919	33,697	22,101	55,798	203,717
Equipment leases	3,231	1,219	5,957	10,407	2,371	1,554	3,925	14,332
Depreciation	29,840	11,262	55,018	96,120	21,897	14,362	36,259	132,379
Total	\$ 1,910,505	\$ 2,963,656	\$ 9,051,968	\$ 13,926,129	\$ 1,092,684	\$ 2,038,484	\$ 3,131,168	\$ 17,057,297

See accompanying notes to financial statements.

**AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS**

	Year Ended August 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,662,398	\$ 3,571,867
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Employee retention credit receivable	(64,464)	(128,927)
Net investment return on long-term investments	196,891	(974,389)
Proceeds from donated investments	(38,755)	(40,495)
Change in value of charitable gift annuities	75,451	16,427
Depreciation and amortization	138,959	132,379
Change in beneficial interest in remainder trusts	490,550	(309,352)
Change in beneficial interest in perpetual trusts	264,498	(167,574)
Forgiveness of paycheck protection program loan	(617,952)	(502,700)
Changes in operating assets and liabilities:		
Contributions receivable	-	20,909
Bequests receivable	(4,610,556)	(63,822)
Prepaid expenses and other current assets	(109,836)	(42,012)
Accounts payable and accrued expenses	(51,532)	217,059
Grants payable	(1,184,150)	(641,772)
Net cash flows from operating activities	151,502	1,087,598
CASH FLOWS FROM INVESTING ACTIVITY-		
Purchase of property and equipment	(72,575)	(227,731)
Net cash flows from investing activity	(72,575)	(227,731)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to beneficiaries of charitable gift annuities	(14,537)	(14,553)
Paycheck protection program loan proceeds	-	617,952
Net cash flows from financing activities	(14,537)	603,399
NET CHANGE IN CASH AND EQUIVALENTS	64,390	1,463,266
CASH AND EQUIVALENTS, BEGINNING OF YEAR	9,816,938	8,353,672
CASH AND EQUIVALENTS, END OF YEAR	\$ 9,881,328	\$ 9,816,938
SUPPLEMENTAL CASH FLOW INFORMATION:		
DONATED INVESTMENTS	\$ 38,755	\$ 40,495
PROPERTY AND EQUIPMENT ADDITIONS FINANCED BY ACCOUNTS PAYABLE	\$ 22,600	\$ 73,625

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:

Nature of the Organization - 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 APDA’s long-term investments (see Note 4). 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.

Bequests and Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their 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. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. APDA determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable.

Employee Retention Credit - In 2021, APDA claimed Employee Retention Credits (“ERC”) totaling \$128,927 under the CARES Act, enacted on March 27, 2020. An additional amount of \$64,464 was claimed in 2022. ERC revenue represents refundable tax credits against certain employer taxes already paid on Form 941 Employer Quarterly Federal Tax. APDA’s policy is to account for the ERC as contributions, which are conditioned upon certain eligibility requirements and the incurrence of qualifying expenses. Amounts claimed are recognized as a revenue and a receivable in the period the conditions have been met. Receivables for refund claims not yet received as of August 31, 2022 of \$193,391, are expected to be collected within one year.

Long-Term 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.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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.

Split Interest Agreements – Generally Accepted Accounting Principles ("GAAP") requires the recording of all unconditional, irrevocable split interest agreements under which APDA is entitled to receive a benefit.

Charitable Gift Annuities – Charitable gift annuities consist of contributions received subject to annuity contracts under which APDA is obligated to make agreed-upon periodic payments during the lives of the donors or designated beneficiaries of the donors. Upon the receipt of a gift annuity, the net present value of the actuarially determined annuity payable is recognized as a liability, and the remainder received in excess of this liability is recorded as contribution revenue. The liability for future payments is decreased by payments made to donors or to the designated beneficiaries. Annual adjustments are made based upon actuarial valuations of the obligations for future annuity payments and reflected as a change in value of split interest agreements in the statements of activities and changes in net assets. As of August 31, 2022 and 2021, APDA had 10 and 11 charitable gift annuity contracts outstanding with a gross gift value of \$230,228 and \$240,228, respectively.

APDA is required by state mandate to establish a reserve which amounted to \$139,995 and \$148,285 at August 31, 2022 and 2021, respectively. At August 31, 2022 and 2021, APDA had \$158,803 and \$188,660, respectively, in investment assets limited to use for the gift annuity contracts, which exceeds the minimum requirement.

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 reflected as a change in value of split interest agreements 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 reflected as a change in value of split interest agreements 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):

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

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, 2022 and 2021, 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. In March 2021, APDA applied for and received additional PPP funding in the amount of \$617,952. 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. Additionally, there is a deferral period from the date of the loan funding in which there are no payments of principal, interest or fees through the date that the SBA remits the borrower's loan forgiveness amount. 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. During the year ended August 31, 2022, APDA was officially forgiven for the first PPP loan in the total amount of \$502,700. In December 2021, APDA was officially forgiven for the second PPP loan in the total amount of \$617,952.

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.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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

Concentrations - For the year ended August 31, 2022 approximately 21% of APDA's total operating support and revenues was provided by one source. Receivable from this source accounted for 83% of total bequests receivable at August 31, 2022. There were no concentrations noted for the year ended August 31, 2021.

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.

Pledges made for special events are recognized in the year the pledge is made as contributions, 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.

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, 2022 and 2021. 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 \$2,670,800 and \$5,053,225 for the years ended August 31, 2022 and 2021, 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. All donated services were utilized by APDA and there were no donor-imposed restrictions associated with the donated services.

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.

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, 2022, tax years ending in 2019 through 2021 are open to examination, with limited exceptions for various states.

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.

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.

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

Newly Adopted Accounting Pronouncement - In September 2020, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)”, which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management adopted this FASB during the August 31, 2022 fiscal year by enhancing footnote disclosure.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

Recently Issued Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, “Leases (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, 2022 through March 24, 2023 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 - 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,	
	2022	2021
Financial assets at year end:		
Cash and equivalents	\$ 9,881,328	\$ 9,816,938
Contributions receivable	19,999	19,999
Bequests receivable	4,830,823	220,267
Employee retention credit receivable	193,391	128,927
Long-term investments	3,361,696	3,519,832
Less: Purpose Restrictions (Note 8)	(1,139,882)	(1,554,832)
Less: Endowments (Note 9)	(175,377)	(174,081)
Financial assets available to meet general expenditures over the next twelve months	\$ 16,971,978	\$ 11,977,050

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

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 3 – Contributions and Bequests Receivable:

Contributions and bequests receivable are due as follows:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Contributions receivable:		
Less than one year	<u>\$ 19,999</u>	<u>\$ 19,999</u>
Bequests receivable:		
Less than one year	<u>\$ 4,830,823</u>	<u>\$ 220,267</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.

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 (held by others): Valued using the fair value of fund investments as reported by a third party.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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, 2022 and 2021:

	<i>Fair Value as of August 31, 2022</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Long-term investments:				
Cash	\$ 426,558	\$ -	\$ -	\$ 426,558
Mutual Funds - Fixed Income	18,156	-	-	18,156
Mutual Funds - Equities	2,916,982	-	-	2,916,982
Total long-term investments	<u>\$ 3,361,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,361,696</u>
Investments in charitable gift annuities:				
Cash	\$ 2,353	\$ -	\$ -	\$ 2,353
Mutual Funds - Fixed Income	156,450	-	-	156,450
Total investments in charitable gift annuities	<u>\$ 158,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,803</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,161,241</u>	<u>\$ 2,161,241</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286,671</u>	<u>\$ 1,286,671</u>
	<i>Fair Value as of August 31, 2021</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Long-term investments:				
Cash	\$ 86,840	\$ -	\$ -	\$ 86,840
Mutual Funds- Equities	3,432,992	-	-	3,432,992
Total long-term investments	<u>\$ 3,519,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,519,832</u>
Investments in charitable gift annuities:				
Cash	\$ 3,852	\$ -	\$ -	\$ 3,852
Mutual Funds - Fixed Income	184,808	-	-	184,808
Total investments in charitable gift annuities	<u>\$ 188,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,660</u>
Beneficial interest in remainder trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,651,791</u>	<u>\$ 2,651,791</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,551,169</u>	<u>\$ 1,551,169</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interests	
	August 31,	
	2022	
	Remainder	Perpetual
Balance, at beginning of year	\$ 2,651,791	\$ 1,551,169
Investment return, net	(478,323)	(217,150)
Distributions	(12,227)	(47,348)
Balance, at end of year	<u>\$ 2,161,241</u>	<u>\$ 1,286,671</u>
	2021	
	Remainder	Perpetual
Balance, at beginning of year	\$ 2,342,439	\$ 1,383,595
Investment return, net	320,946	208,575
Distributions	(11,594)	(41,001)
Balance, at end of year	<u>\$ 2,651,791</u>	<u>\$ 1,551,169</u>

Note 5 - Property and Equipment:

Property and equipment consisted of the following:

	August 31,	
	2022	2021
Land	\$ 696,071	\$ 696,071
Building	2,820,627	2,820,627
Improvements	548,435	483,158
Computers and website	163,438	133,540
Furniture and equipment	<u>170,244</u>	<u>170,244</u>
	4,398,815	4,303,640
Less: Accumulated depreciation and amortization	<u>(2,023,016)</u>	<u>(1,884,057)</u>
Property and equipment, net	<u>\$ 2,375,799</u>	<u>\$ 2,419,583</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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>	
2023	\$ 974,535
2024	<u>75,000</u>
	<u>\$ 1,049,535</u>

Note 7 - Commitments:

Lease Commitments- APDA leases office space and equipment under operating leases. At August 31, 2022, 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>	
2023	\$ 125,229
2024	138,858
2025	142,778
2026	146,764
2027	150,817
Thereafter	<u>76,871</u>
	<u>\$ 781,317</u>

Rent expense for the years ended August 31, 2022 and 2021 totaled \$128,660 and \$126,966, 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 with Donor Restrictions:

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

	Year Ended August 31,	
	2022	2021
Subject to expenditure for specified purpose:		
Specific research activities	\$ 245,481	\$ 305,502
Patient services	485,224	664,754
Local chapters and other uses	409,177	584,576
	1,139,882	1,554,832
Subject to the passage of time		
Special events	169,675	519,860
Beneficial interest in remainder trusts	2,161,241	2,651,791
	2,330,916	3,171,651
Endowments (see Note 9)		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for research	2,447	1,151
Perpetual in nature, earnings from which are subject to endowment spending policies and appropriation	172,930	172,930
	175,377	174,081
Beneficial interest in perpetual trusts	1,286,671	1,551,169
	\$ 4,932,846	\$ 6,451,733

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 9 - 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 9 - 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,	
	2022	2021
	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 174,081	\$ 173,077
Investment return, net	1,296	1,004
Appropriation for expenditure	-	-
Endowment net assets, end of year	\$ 175,377	\$ 174,081

Note 10 - Allocation of Joint Costs:

During the years ended August 31, 2022 and 2021, APDA incurred joint costs for mailings that included fund-raising appeals. Such joint costs were allocated as follows:

	August 31,	
	2022	2021
Fundraising costs	\$ 1,433,115	\$ 716,227
Management and general	77,899	50,050
Public and professional education	1,655,130	1,363,461
Research	16,214	12,425
	\$ 3,182,358	\$ 2,142,163

Note 11 - 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 and \$20,500 in 2021 and 2022, respectively, or \$26,000 and \$27,000 in 2021 and 2022, respectively, for employees age 50 and older.

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, 2022 and 2021, 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, 2022 and 2021.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 11 - Retirement Plans (continued):

Multi-Employer Pension Plan

Certain employees are covered by a 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.

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, 2022 and 2021 totaled \$262,947 and \$296,490, 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 2022 and 2021 is for the Plan’s year-end at June 30, 2022 and 2021, 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, 2022 and 2021, respectively. The multi-employer contributions listed in the table below are APDA’s multi-employer contributions made in fiscal years ended August 31, 2022 and 2021.

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

Pension Fund	EIN/Plan Number	Protection Act Zone Status		Status Pending/ Implemented	Contributions		Bargaining Agreement Surcharge Imposed	Exp. Date
		2022	2021		2022	2021		
The Cultural Institutions Pension Fund	11-2001170	Green	Green	N/A	\$ 262,947	\$ 296,490	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, 2022 and 2021 totaled \$5,212 and \$5,876, respectively.

Note 12 - 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 \$112,500, 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, 2022 and 2021, respectively.