



AMERICAN PARKINSON DISEASE ASSOCIATION, INC.

**FINANCIAL REPORT
AUGUST 31, 2018 AND 2017**

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, 2018, 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, 2018, 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.

Report on Summarized Comparative Information

We have previously audited APDA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
February 4, 2019

**AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION**

		August 31,	
		2018	2017
ASSETS			
Cash and equivalents	\$	6,727,039	\$ 7,681,187
Bequests receivable, net		403,053	405,733
Contributions receivable		10,261	57,298
Investments		2,351,433	1,730,847
Investments held for charitable gift annuities		71,035	50,155
Prepaid expenses and other assets		373,549	359,156
Property and equipment, net		2,458,987	2,555,722
Total Assets	\$	12,395,357	\$ 12,840,098
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable and accrued expenses	\$	556,422	\$ 406,621
Deferred revenue		220,390	188,626
Grants payable, net		1,252,745	1,109,386
Charitable gift annuities payable		64,786	47,274
Total Liabilities		2,094,343	1,751,907
COMMITMENTS			
NET ASSETS:			
Unrestricted net assets		7,672,033	8,707,244
Temporarily restricted net assets		2,456,037	2,208,003
Permanently restricted net assets		172,944	172,944
Total Net Assets		10,301,014	11,088,191
Total Liabilities and Net Assets	\$	12,395,357	\$ 12,840,098

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2018	2017
SUPPORT AND REVENUES:					
Contributions	\$ 5,542,938	\$ 1,062,593	\$ -	\$ 6,605,531	\$ 5,507,124
Legacies, bequests and estates	815,573	458,093	-	1,273,666	3,810,596
Special events	2,368,288	294,452	-	2,662,740	2,354,185
Investment return	317,276	-	-	317,276	316,836
Contributed services	9,366,367	-	-	9,366,367	10,653,917
Other revenue	27,548	-	-	27,548	47,292
	<u>18,437,990</u>	<u>1,815,138</u>	<u>-</u>	<u>20,253,128</u>	<u>22,689,950</u>
NET ASSETS RELEASED FROM RESTRICTIONS					
	<u>1,567,104</u>	<u>(1,567,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>20,005,094</u>	<u>248,034</u>	<u>-</u>	<u>20,253,128</u>	<u>22,689,950</u>
EXPENSES:					
Program services:					
Patient and program services	2,338,986	-	-	2,338,986	2,122,083
Research	2,126,228	-	-	2,126,228	1,974,304
Public and professional education	13,075,236	-	-	13,075,236	14,034,024
Total program services	<u>17,540,450</u>	<u>-</u>	<u>-</u>	<u>17,540,450</u>	<u>18,130,411</u>
Supporting Services:					
Management and general	936,470	-	-	936,470	789,046
Fundraising	2,563,385	-	-	2,563,385	2,182,543
Total supporting services	<u>3,499,855</u>	<u>-</u>	<u>-</u>	<u>3,499,855</u>	<u>2,971,589</u>
Total expenses	<u>21,040,305</u>	<u>-</u>	<u>-</u>	<u>21,040,305</u>	<u>21,102,000</u>
CHANGE IN NET ASSETS	(1,035,211)	248,034	-	(787,177)	1,587,950
NET ASSETS, BEGINNING OF YEAR	<u>8,707,244</u>	<u>2,208,003</u>	<u>172,944</u>	<u>11,088,191</u>	<u>9,500,241</u>
NET ASSETS, END OF YEAR	<u>\$ 7,672,033</u>	<u>\$ 2,456,037</u>	<u>\$ 172,944</u>	<u>\$ 10,301,014</u>	<u>\$ 11,088,191</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	Program Services				Support Services			TOTAL	
	Patient and Program Services	Research	Public and Professional Education	Total	Management and General	Fundraising	Total	2018	2017
	Grants and awards	\$ 634,734	\$ 1,806,505	\$ -	\$ 2,441,239	\$ -	\$ -	\$ -	\$ 2,441,239
Patient direct aid	641,770	-	-	641,770	-	-	-	641,770	503,053
Conferences, symposium and public education	-	-	1,017,608	1,017,608	-	-	-	1,017,608	730,037
Contributed services	-	-	9,366,367	9,366,367	-	-	-	9,366,367	10,653,917
Salaries	612,879	170,059	966,702	1,749,640	509,844	514,727	1,024,571	2,774,211	2,349,511
Payroll taxes and employee benefits	177,885	49,359	280,580	507,824	147,979	149,396	297,375	805,199	853,596
Occupancy	27,625	7,665	43,574	78,864	22,981	23,201	46,182	125,046	113,120
Telephone	16,914	4,693	26,678	48,285	14,070	14,206	28,276	76,561	63,989
Supplies, stationery and printing	17,074	4,738	26,930	48,742	14,203	14,339	28,542	77,284	75,279
Office and miscellaneous	49,812	13,822	78,569	142,203	41,438	41,835	83,273	225,476	283,957
Computer and website	31,805	8,825	50,167	90,797	26,458	26,713	53,171	143,968	122,704
Professional services	35,098	9,739	55,362	100,199	29,198	29,479	58,677	158,876	141,701
Insurance	19,111	5,303	30,144	54,558	15,898	16,050	31,948	86,506	73,696
Travel and meetings	4,038	1,121	6,370	11,529	3,359	3,391	6,750	18,279	10,863
Mailings	-	24,908	1,015,389	1,040,297	52,609	1,141,026	1,193,635	2,233,932	2,118,259
Special events	-	-	-	-	-	530,035	530,035	530,035	458,750
Investment management fees	6,720	1,865	10,599	19,184	5,590	5,644	11,234	30,418	23,255
Maintenance and repairs	15,081	4,185	23,787	43,053	12,546	12,665	25,211	68,264	37,099
Other	17,392	4,826	27,432	49,650	14,468	14,608	29,076	78,726	87,140
	<u>2,307,938</u>	<u>2,117,613</u>	<u>13,026,258</u>	<u>17,451,809</u>	<u>910,641</u>	<u>2,537,315</u>	<u>3,447,956</u>	<u>20,899,765</u>	<u>20,986,323</u>
Depreciation and amortization	31,048	8,615	48,978	88,641	25,829	26,070	51,899	140,540	115,677
Total	\$ 2,338,986	\$ 2,126,228	\$ 13,075,236	\$ 17,540,450	\$ 936,470	\$ 2,563,385	\$ 3,499,855	\$ 21,040,305	\$ 21,102,000

See accompanying notes to financial statements.

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

	<u>Year Ended August 31,</u>	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (787,177)	\$ 1,587,950
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	140,540	115,677
Actuarial change in annuities	8,220	7,169
Realized gain on sale of investments	(196,245)	(156,006)
Unrealized gain on investments	(53,084)	(104,069)
Proceeds from donated investments	(341,562)	(79,655)
Changes in operating assets and liabilities:		
Bequests receivable, net	2,680	(98,285)
Contributions receivable	47,037	(57,298)
Prepaid expenses and other current assets	(14,393)	1,817
Accounts payable and accrued expenses	149,801	23,345
Deferred revenue	31,764	79,362
Grants payable	143,359	(195,540)
Net cash flows from operating activities	<u>(869,060)</u>	<u>1,124,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,798,056)	(1,757,491)
Purchases of investments - charitable gift annuities	(34,468)	(9,871)
Purchase of property and equipment	(43,806)	(86,272)
Proceeds from sale of investments	<u>3,781,950</u>	<u>1,762,624</u>
Net cash flows from investing activities	<u>(94,380)</u>	<u>(91,010)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to beneficiaries - charitable gift annuities	(10,176)	(9,271)
Charitable gift annuities received	<u>19,468</u>	<u>-</u>
Net cash flows from financing activities	<u>9,292</u>	<u>(9,271)</u>
NET CHANGE IN CASH AND EQUIVALENTS	(954,148)	1,024,186
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>7,681,187</u>	<u>6,657,001</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 6,727,039</u>	<u>\$ 7,681,187</u>
SUPPLEMENTAL CASH FLOW INFORMATION - DONATED INVESTMENTS	<u>\$ 341,562</u>	<u>\$ 79,655</u>

See accompanying notes to financial statements.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

APDA has an office in New York and 19 chapters throughout the United States. APDA is supported primarily through public donations.

Basis of Accounting - The financial statements of APDA are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - APDA conforms to Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958-205, "Financial Statements for Not-for-Profit Organizations." Under FASB ASC Topic 958, APDA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

APDA is also in conformity with FASB ASC Topic 958-605 "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

The classes are defined as follows:

Unrestricted - Unrestricted net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of operations, unrestricted contributions, or restricted contributions whose restrictions have expired.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by APDA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of APDA pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by APDA is limited by donor-imposed restrictive stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of APDA.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

Bequests Receivable - APDA has been named beneficiary of various estates. Bequests received under such estates are not recorded until the amounts become determinable and fixed. As of August 31, 2018 and 2017, 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, 2018 and 2017. Bequests receivable are normally expected to be collected within one year.

Contributions, Contributions Receivable, and Revenue - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor imposed restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met, the amount is shown as a reclassification of restricted net assets to unrestricted net assets. If a donor's restriction is met in the same period that the support is recognized, the contribution is reported as an increase in unrestricted net assets.

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.

Investments - Investments are stated at fair value based upon quoted market values. Interest and dividends and realized and unrealized gains and losses, if any, are reported as investment income in the statement of activities and changes in net assets. Investment return is reported in unrestricted net assets unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis. The cost of securities sold is determined using the specific identification method.

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

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

Investments Held in Charitable Gift Annuities and Related Liabilities - Under charitable gift annuity contracts, APDA receives immediate and unrestricted title to the contributed assets and agrees to make fixed period payments over various periods, generally the life of the donor. Contributed assets are recorded at fair value at the date of receipt and a liability is established for the present value of future annuity payments. Net present values are calculated using the applicable federal discount rate at the date of the gift. The excess of contributed assets over the annuity liability is recorded as a contribution. In subsequent years, the liability for future annuity payments is reduced by payments and is adjusted to reflect amortization of the discount and changes in actuarial assumptions, including life expectancies, at the end of the year. The assets to fund these liabilities are maintained in a separate and distinct fund managed by an investment manager and are invested in accordance with applicable state laws and reserve requirements. As of August 31, 2018 and 2017, APDA's reserves totaling \$71,035 and \$50,155, respectively, were calculated following New York reserve requirements.

Property and Equipment - APDA capitalizes all acquisitions in excess of \$1,000 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 - The Organization 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, 2018 and 2017, management has determined that these assets are not impaired.

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 \$9,366,367 and \$10,653,917 for the years ended August 31, 2018 and 2017, 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*.

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

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, 2018, tax years ending in 2015 through 2017 are open to examination, with limited exceptions for various states.

Comparative Information - The Statements of Activities and Changes in Net Assets and Statements of Functional Expenses include certain prior year summarized comparative information in total but not by net asset class. 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, 2017, from which the summarized information was derived.

Reclassifications - Certain prior period amounts have been reclassified for consistency with the current year presentation. Specifically, legal fees and accounting fees that were previously presented separately were combined as professional services on the statement of functional expenses. Postage, equipment leases and dues, subscription, licenses and fees that were presented separately were combined as other expenses on the statement of functional expenses. These reclassifications had no impact on the change in net assets or on total net assets.

Recently Issued Accounting Pronouncements - 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". The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on the 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, the 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, 2019. 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.

In May 2014, the FASB issued ASU No. 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. APDA is currently evaluating the impact of this adoption on its financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from August 31, 2018 through February 4, 2019, 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 - Bequests Receivable:

Bequests receivables have been discounted over the payment period using a discount rate of 2% for 2018 and 2017. Bequests receivable are due as follows:

	August 31,	
	2018	2017
Less than one year	\$ 310,528	\$ 315,522
One to five years	95,000	95,000
	405,528	410,522
Less: discount to present value	2,475	4,789
Bequests receivable, net	\$ 403,053	\$ 405,733

Note 3 - Investments at Fair Value - Recurring:

Financial Accounting Standards Board (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:

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments at Fair Value - Recurring (continued):

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.

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, 2018 and 2017:

	<i>Fair Value as of August 31, 2018</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets				
Investments:				
Cash	\$ 168,369	\$ -	\$ -	\$ 168,369
Mutual Funds- Equities	2,183,064	-	-	2,183,064
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	42,753	-	-	42,753
Total investments in charitable gift annuities	<u>\$ 71,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,035</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments at Fair Value - Recurring (continued):

	<i>Fair Value as of August 31, 2017</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets				
Investments:				
Cash	\$ 209,829	\$ -	\$ -	\$ 209,829
Mutual Funds- Equities	1,521,018	-	-	1,521,018
Total investments	\$ 1,730,847	\$ -	\$ -	\$ 1,730,847
Investments in charitable gift annuities:				
Cash	\$ 5,479	\$ -	\$ -	\$ 5,479
Mutual Funds - Fixed Income	44,676	-	-	44,676
Total investments in charitable gift annuities	\$ 50,155	\$ -	\$ -	\$ 50,155

The following is a summary of investment return related to APDA's investments for the years ended:

	August 31,	
	2018	2017
Interest and dividends	\$ 67,946	\$ 55,288
Unrealized gains	53,085	105,542
Realized gains (losses)	196,245	156,006
	\$ 317,276	\$ 316,836

Investment expenses totaled \$30,418 and \$23,255 as of August 31, 2018 and 2017, respectively.

Note 4 - Property and Equipment:

Property and equipment consisted of the following:

	August 31,	
	2018	2017
Land	\$ 696,071	\$ 696,071
Building	2,820,626	2,820,627
Building improvements	136,213	110,842
Leasehold improvements	15,900	15,900
Computers and website	129,551	123,868
Furniture and equipment	160,511	147,759
	3,958,872	3,915,067
Less: Accumulated depreciation and amortization	(1,499,885)	(1,359,345)
Property and equipment, net	\$ 2,458,987	\$ 2,555,722

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 5 - 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:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Less than one year	\$ 1,252,745	\$ 1,030,709
One to five years	-	80,000
	<u>1,252,745</u>	<u>1,110,709</u>
Less: present value discount (discount rate of 1.15%)	-	1,323
Grants payable, net	<u>\$ 1,252,745</u>	<u>\$ 1,109,386</u>

Note 6 - Lease Commitments:

APDA leases office space and equipment under operating leases. At August 31, 2018, 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>	
2019	\$ 126,888
2020	125,124
2021	120,884
2022	73,057
2023	12,642
	<u>\$ 458,595</u>

Rent expense for the years ended August 31, 2018 and 2017 totaled \$87,782 and \$78,255, respectively.

Note 7 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Specific research activities	\$ 763,025	\$ 754,159
Patient services	926,068	787,348
Local chapters and other uses	766,944	666,496
	<u>\$ 2,456,037</u>	<u>\$ 2,208,003</u>

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 8 - Permanently Restricted Net Assets:

Permanently restricted net assets are available for the purposes listed below. Income from permanently restricted net assets is expendable to support the following:

	<u>August 31,</u>	
	<u>2018</u>	<u>2017</u>
Research	\$ 64,520	\$ 64,520
General purposes	<u>108,424</u>	<u>108,424</u>
	<u>\$ 172,944</u>	<u>\$ 172,944</u>

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

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 9 - Endowment Funds (continued):

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.

Changes in Donor-Restricted Endowment Net Assets

	August 31, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2017	\$ -	\$ -	\$ 172,944	\$ 172,944
Investment return	-	138	-	138
Appropriation of endowment assets for expenditure	-	(138)	-	(138)
Endowment net assets, August 31, 2018	\$ -	\$ -	\$ 172,944	\$ 172,944
	August 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2016	\$ -	\$ -	\$ 172,944	\$ 172,944
Investment return	-	133	-	133
Appropriation of endowment assets for expenditure	-	(133)	-	(133)
Endowment net assets, August 31, 2017	\$ -	\$ -	\$ 172,944	\$ 172,944

AMERICAN PARKINSON DISEASE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

Note 10 - Allocation of Joint Costs:

During the years ended August 31, 2018 and 2017, APDA incurred joint costs for mailings which included fund-raising appeals. Such joint costs were allocated as follows:

	August 31,	
	2018	2017
Fundraising costs	\$ 479,788	\$ 451,815
Management and general	51,534	51,427
Public and professional education	994,433	961,094
Research	24,392	12,532
	<u>\$ 1,550,147</u>	<u>\$ 1,476,868</u>

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 \$18,500, or \$24,500 for employees age 50 and older (for 2018).

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, 2018 and 2017, 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, 2018 and 2017.

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, 2018 and 2017 totaled \$240,415 and \$227,935, 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 11 - 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 2018 and 2017 is for the Plan's year-end at June 30, 2018 and 2017, 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, 2018 and 2017, respectively. The multi-employer contributions listed in the table below are APDA's multi-employer contributions made in fiscal years ended August 31, 2018 and 2017.

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

<u>Pension Fund</u>	<u>EIN/Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status</u>	<u>Contributions</u>		<u>Surcharge Imposed</u>	<u>Collective Bargaining Agreement Exp. Date</u>
		<u>2018</u>	<u>2017</u>	<u>Pending/ Implemented</u>	<u>2018</u>	<u>2017</u>		
The Cultural Institutions Pension Fund	11-2001170	Green	Green	N/A	\$240,415	\$227,935	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, 2018 and 2017 totaled \$6,065 and \$5,750, 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 receives research funding in the amount of \$120,000 per year and Information and Referral funding in the amount of \$34,650 per year.

Note 13 - 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, 2019, 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.