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Eisner LLP
Accountants and Advisors

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 and 2008



Eisner LLP
Accountants and Advisors

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Michael J. Fox Foundation for Parkinson's Research
New York, New York

We have audited the accompanying consolidated statements of financial position of The Michael J. Fox Foundation for Parkinson's Research (the "Foundation") as of December 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements enumerated above present fairly, in all material respects, the financial position of The Michael J. Fox Foundation for Parkinson's Research as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eisner LLP".

New York, New York
May 3, 2010

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Financial Position

	December 31,	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 16,331,539	\$ 2,133,965
Investments	17,091,145	28,828,571
Contributions receivable, net	35,401,415	26,762,424
Prepaid expenses and other current assets	156,687	162,958
Security deposits	33,061	33,061
Inventory	28,036	
Property and equipment, net	<u>278,893</u>	<u>388,610</u>
	<u>\$ 69,320,776</u>	<u>\$ 58,309,589</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,713,780	\$ 1,066,594
Grants payable, net	42,161,174	38,882,706
Loan payable	1,000,196	1,000,196
Interest payable	59,511	13,089
Deferred rent	<u>358,114</u>	<u>367,192</u>
	<u>45,292,775</u>	<u>41,329,777</u>
Commitments (Note H)		
Net assets:		
Unrestricted	2,345,986	(5,516,236)
Temporarily restricted	<u>21,682,015</u>	<u>22,496,048</u>
	<u>24,028,001</u>	<u>16,979,812</u>
	<u>\$ 69,320,776</u>	<u>\$ 58,309,589</u>

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions (including donated goods and services)	\$ 21,731,004	\$ 23,702,893	\$ 45,433,897	\$ 10,892,105	\$ 24,443,772	\$ 35,335,877
Special events (net of direct benefit to donors of \$269,950 and \$334,350 in 2009 and 2008, respectively)	3,170,273	2,655,407	5,825,680	4,272,146	2,469,844	6,741,990
Investment income	119,440		119,440	662,655		662,655
Miscellaneous income	37,425		37,425	25,682		25,682
Total public support and revenue before release of restrictions	25,058,142	26,358,300	51,416,442	15,852,588	26,913,616	42,766,204
Net assets released from restrictions	27,172,333	(27,172,333)	0	13,325,952	(13,325,952)	0
Total public support and revenue	52,230,475	(814,033)	51,416,442	29,178,540	13,587,664	42,766,204
Expenses:						
Program services	39,153,137		39,153,137	36,236,785		36,236,785
Management and general	1,263,737		1,263,737	1,093,996		1,093,996
Fund-raising	3,951,379		3,951,379	4,130,806		4,130,806
Total expenses	44,368,253		44,368,253	41,461,587		41,461,587
Change in net assets	7,862,222	(814,033)	7,048,189	(12,283,047)	13,587,664	1,304,617
Net assets, beginning of year	(5,516,236)	22,496,048	16,979,812	6,766,811	8,908,384	15,675,195
Net assets, end of year	\$ 2,345,986	\$ 21,682,015	\$ 24,028,001	\$ (5,516,236)	\$ 22,496,048	\$ 16,979,812

See notes consolidated to financial statements

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Functional Expenses

	December 31,							
	2009				2008			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Grant awards	\$ 34,683,414			\$ 34,683,414	\$ 32,848,659			\$ 32,848,659
Salaries and wages	2,111,557	\$ 811,800	\$ 1,705,175	4,628,532	1,664,328	\$ 747,791	\$ 1,618,163	4,030,282
Payroll taxes and employee benefits	344,880	156,958	301,317	803,155	254,688	128,747	276,005	659,440
Donation processing			95,166	95,166			81,672	81,672
Professional fees	535,443	89,999	146,849	772,291	154,819	35,744	209,439	400,002
Research advisors	103,059			103,059	107,356			107,356
Web-site expenses	51,605		17,202	68,807	11,291		3,764	15,055
Recruitment costs	430	238	792	1,460	2,550	8,530	1,145	12,225
Technology expense	121,629	13,709	62,535	197,873	40,110	13,863	58,327	112,300
Telephone	27,066	5,469	18,062	50,597	23,576	5,887	16,360	45,823
Travel and entertainment	87,085	6,863	129,511	223,459	54,961	13,328	152,264	220,553
Postage and delivery	34,916	4,653	120,454	160,023	29,374	3,996	123,708	157,078
Office supplies and equipment	12,384	7,578	13,641	33,603	13,030	6,189	12,995	32,214
Credit card and broker fees			182,495	182,495			142,118	142,118
Utilities - repairs and maintenance	21,413	8,369	17,567	47,349	24,758	11,035	25,170	60,963
Scientific meetings	663,453			663,453	664,591			664,591
Advertising and publicity	22,318	2,005	35,141	59,464	24,991		36,172	61,163
Insurance	11,097	3,291	7,135	21,523	7,439	3,480	7,592	18,511
Printing and production	61,739	1,161	221,487	284,387	83,944	411	286,546	370,901
Dues and subscriptions	20,507	7,512	19,552	47,571	12,536	427	2,866	15,829
Rent	173,779	67,919	142,564	384,262	151,188	67,388	148,968	367,544
Depreciation and amortization	55,385	21,647	45,436	122,468	55,321	24,658	54,509	134,488
Marathon runner fees			128,766	128,766			78,950	78,950
Other special events expense			525,523	525,523			778,963	778,963
Interest expense		46,422		46,422		13,089		13,089
Miscellaneous	9,978	8,144	15,009	33,131	7,275	9,433	15,110	31,818
	<u>\$ 39,153,137</u>	<u>\$ 1,263,737</u>	<u>\$ 3,951,379</u>	<u>\$ 44,368,253</u>	<u>\$ 36,236,785</u>	<u>\$ 1,093,996</u>	<u>\$ 4,130,806</u>	<u>\$ 41,461,587</u>

See notes consolidated to financial statements

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,048,189	\$ 1,304,617
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	122,468	134,488
Net realized and unrealized losses on investments	37,975	82,275
Donation of securities	(15,163,620)	(6,080,374)
Changes in:		
Contributions receivable	(8,638,991)	(11,195,927)
Prepaid expenses and other current assets	6,269	(125,943)
Inventory	(28,036)	
Accounts payable and accrued expenses	647,186	108,807
Interest payable	46,422	13,089
Grants payable	3,278,468	(9,078)
Deferred rent	(9,078)	7,551,665
	<u>(12,652,748)</u>	<u>(8,216,381)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(12,749)	(4,380)
Purchases of investments	(23,512,185)	(28,811,623)
Proceeds from sales of investments	50,375,256	5,991,720
	<u>26,850,322</u>	<u>(22,824,283)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Proceeds from loan payable		1,000,196
		<u>1,000,196</u>
Net cash provided by financing activities		
Net change in cash and cash equivalents	14,197,574	(30,040,468)
Cash and cash equivalents, beginning of year	<u>2,133,965</u>	<u>32,174,433</u>
Cash and cash equivalents, end of year	<u>\$ 16,331,539</u>	<u>\$ 2,133,965</u>
Supplemental information:		
Donated goods and services	\$ 12,250	\$

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Michael J. Fox established The Michael J. Fox Foundation for Parkinson's Research (the "Foundation"), incorporated in Delaware in 2000, after publicly disclosing in 1998 that he had been diagnosed with the disease seven years earlier. Parkinson's disease is a chronic, degenerative neurological disorder that affects an estimated five million people worldwide. The Foundation is dedicated to ensuring the development of better treatments and, ultimately, a cure for Parkinson's disease through an aggressively funded research agenda.

In 2009, The Michael J. Fox Foundation for Parkinson's Research ("MJFF Canada") was established as an officially registered tax-exempt charity in Canada. As this entity meets the criteria for consolidation, its financial statements are consolidated with those of the Foundation. As MJFF Canada's assets and liabilities and its operations were not significant at December 31, 2009, they are not shown separately in the accompanying consolidated financial statements.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws. MJFF Canada is exempt from similar taxes under Canadian law.

[2] Financial reporting:

(a) Basis of accounting:

The accompanying consolidated financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

(b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Functional allocation of expenses:

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

(d) Cash, cash equivalents and investments:

For financial statement purposes, cash and cash equivalents are comprised of highly liquid financial instruments (such as U.S. treasury notes or other government securities) with original maturities of three months or less at the date of acquisition. Cash and cash equivalents include \$132,000 of restricted cash.

Investments include highly liquid financial instruments with original maturities of between four and twelve months at the date of acquisition.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Financial reporting: (continued)

(d) Cash, cash equivalents and investments: (continued)

The Foundation maintains a large balance of cash and highly liquid investments in recognition of the fact that a high percentage of these assets have already been committed to future research payments.

(e) Net assets:

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) *Unrestricted:*

Unrestricted net assets represent those resources that are not subject to donor restrictions.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources the use of which has been restricted by donors for research grants or the passage of time. Net assets released from restrictions represent the payment of these grants and/or the passage of time.

A significant amount of contributions raised from special events are restricted for research.

[3] Investments and investment income:

Investments in U.S. government securities and marketable securities are reported at their fair values when acquired; donated securities are recorded at their fair values on the dates of the gifts. It is the Foundation's policy to sell donated securities upon receipt. Realized and unrealized appreciation or depreciation of investments is included in the accompanying consolidated statements of activities.

[4] Contributions and grants received:

Contributions and grants to the Foundation are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. At times, contributions to the Foundation from only a few sources may be significant in relation to all contributions raised during the year.

[5] Property and equipment:

Property and equipment are stated at their original costs or at their fair values at the dates of donation. Depreciation is provided using the straight-line method over the estimated useful lives of three years for computer software, five years for equipment and seven years for furniture and fixtures. Amortization of leasehold improvements is provided over the terms of the lease.

[6] Inventory:

The Foundation's inventory consists of merchandise, which is valued at the lower of cost or market value, determined on a first-in, first-out method.

[7] Grants payable:

The Foundation records appropriations for research grants as an expense and liability after approval by the Board of Directors, based upon (i) the recommendations of the Research Committee of the Board, with the guidance and input of the Scientific Advisory Board and other highly regarded scientists who serve on grant-review committees specializing in Parkinson's research, and (ii) the availability of funding.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Deferred rent:

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the rental amounts paid, which are attributable to scheduled rent increases, is reported as a "deferred rent" obligation in the accompanying consolidated statements of financial position.

[9] Accrued vacation:

Based on their tenure, the Foundation's employees are entitled to be paid for unused vacation time if they leave the Foundation's employ. Accordingly, at each year-end, the Foundation must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. The accrued vacation obligation for 2009 and 2008 was approximately \$25,000 and \$22,000, respectively.

[10] Income taxes:

In 2009, the Foundation adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Foundation, ASC 740-10-05 is potentially applicable to the incurrence of unrelated business income ("UBIT") attributable to certain of the Foundation's investments. ASC 740-10-05 in 2009 has not had, and is not expected to have, a material impact on the Foundation's financial statements.

[11] Fair value of financial instruments:

In 2008, the Foundation adopted ASC 820-10-05 relating to fair-value measurement. Accordingly, the Foundation reports a fair-value measurement of all applicable financial assets and liabilities, including investments, contributions receivable, short-term payables, and grants payable.

[12] Subsequent events:

The Foundation considers all accounting treatments, and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after year-end through the date of the independent auditors' report.

NOTE B - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2009		2008	
	Cost	Fair Value	Cost	Fair Value
U.S. government securities			\$ 28,601,675	\$ 28,811,623
Certificates of deposit	17,071,039	17,080,472		
Common stock	10,656	10,673	16,396	16,948
	<u>\$ 17,081,695</u>	<u>\$ 17,091,145</u>	<u>\$ 28,618,071</u>	<u>\$ 28,828,571</u>

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE B - INVESTMENTS (CONTINUED)

During each year, investment income (losses) consisted of the following:

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 157,415	\$ 744,930
Net realized losses	(57,977)	(82,933)
Net unrealized gains	<u>20,002</u>	<u>658</u>
	<u>\$ 119,440</u>	<u>\$ 662,655</u>

As described in Note A [11], the Foundation has adopted ASC 820-10-05 relating to fair-value measurement, which prescribes three levels of fair-value measurement as follows:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. The types of investments and other assets included in Level 1 consist of exchange-traded equity securities and debt, short-term money-market funds, and actively traded obligations issued by the U.S. government and governmental agencies.

Level 2: Valuations are based on either (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include alternative investments that are redeemable at or near the balance sheet date.

Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability.

The Foundation's investments are included entirely in Level 1.

NOTE C - CONTRIBUTIONS RECEIVABLE

At each year-end, unconditional amounts promised to the Foundation, but not yet collected, have been recorded as receivables and are estimated to be due as follows:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
2009		\$ 21,454,934
2010	\$ 31,020,452	3,114,823
2011	3,736,159	2,305,000
2012	800,000	300,000
2013	250,000	250,000
Thereafter	<u>275,000</u>	<u>275,000</u>
	36,081,611	27,699,757
Less discount to present value of 6%	<u>(680,196)</u>	<u>(937,333)</u>
	<u>\$ 35,401,415</u>	<u>\$ 26,762,424</u>

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	December 31,	
	<u>2009</u>	<u>2008</u>
Computer hardware and software	\$ 286,134	\$ 273,383
Furniture and fixtures	202,009	202,009
Equipment	275,243	275,243
Leasehold improvements	<u>267,187</u>	<u>267,187</u>
	1,030,573	1,017,822
Less accumulated depreciation and amortization	<u>(751,680)</u>	<u>(629,212)</u>
	<u>\$ 278,893</u>	<u>\$ 388,610</u>

NOTE E - GRANTS PAYABLE

At each year-end, grants payable are due to be paid as follows:

	December 31,	
	<u>2009</u>	<u>2008</u>
2009		\$ 25,915,854
2010	\$ 32,203,693	9,759,266
2011	8,826,725	3,342,760
2012	<u>1,789,282</u>	<u>797,658</u>
	42,819,700	39,815,538
Less discount to present value, at a rate of 3%	<u>(658,526)</u>	<u>(932,832)</u>
	<u>\$ 42,161,174</u>	<u>\$ 38,882,706</u>

NOTE F - LOAN PAYABLE

During 2008, the Foundation entered into a loan agreement, the terms of which stipulate that the Foundation record the present value of \$2,450,000, discounted at a rate of 4.53% per annum. Interest is compounded on a semiannual basis, and no principal or interest payments are due until 2028. The loan balance and original issue discount was \$1,000,196 as of both December 31, 2009 and 2008, and accrued interest payable as of December 31, 2009 and 2008 was \$56,511 and \$13,089, respectively. Funds obtained were applied to fund research focused on developing a cure for Parkinson's disease.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets were restricted for the following:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Research	\$ 18,198,358	\$ 19,221,549
Time restrictions	<u>3,483,657</u>	<u>3,274,499</u>
	<u>\$ 21,682,015</u>	<u>\$ 22,496,048</u>

Net assets of \$27,172,333 and \$13,325,952 were released from restrictions for research during 2009 and 2008, respectively.

NOTE H - COMMITMENTS

[1] Lease commitment:

The Foundation has a lease for office space that expires on August 30, 2016. Future minimum rent payments, exclusive of escalation charges and real estate taxes, are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 397,000
2011	442,000
2012	451,000
2013	451,000
2014	451,000
Thereafter	<u>751,000</u>
	<u>\$ 2,943,000</u>

Rent expense for 2009 and 2008 was \$384,262 and \$367,544, respectively.

[2] Letter of credit:

The Foundation has a \$285,000 unused letter of credit with a bank which is required under the lease agreement for its office space. The letter of credit is collateralized by a \$132,000 time deposit that the Foundation must maintain with the bank.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Notes to Consolidated Financial Statements December 31, 2009 and 2008

NOTE I - RELATED-PARTY TRANSACTIONS

During 2009 and 2008, the Foundation incurred design and creative advice expenses of \$111,477 and \$72,654, respectively, for services rendered by a communications, brand-development and design agency, the chairman of which is a member of the Foundation's Board of Directors.

NOTE J - RETIREMENT BENEFITS

The Foundation has a defined-contribution retirement plan, formed under U.S. Internal Revenue Code Section 401(k), that covers all employees who meet certain length-of-service requirements. Participants' contributions are fully vested at all times. The Foundation's contributions to the plan were \$125,294 and \$103,518 in 2009 and 2008, respectively.

NOTE K - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash with a major banking institution in amounts which, from time to time, may be in excess of federal insurance limits. Management believes that the Foundation has no significant risk of loss on these accounts relating to the failure of the banking institution.

NOTE L - DONATED GOODS AND SERVICES

Contributions of services are recognized by the Foundation as both revenue and expense in the accompanying statements of activities, if the services (i) create or enhance non-financial assets or (ii) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The fair value of contributed services, which included consulting and legal services, was \$7,500 for 2009. Donated supplies, which consisted of donated merchandise, were valued at \$4,750 for 2009.

NOTE M - DEFICIT IN UNRESTRICTED NET ASSETS

A significant amount of the contributions raised by the Foundation each year are temporarily restricted for a variety of research projects. The corresponding grant awards made annually by the Foundation, but not funded in cash until subsequent years, are designed to address those research projects. Accordingly, annual grant awards are intended to utilize contributions that are both unrestricted and temporarily restricted, which may result, in some years, in a deficit in unrestricted net assets until temporary net assets are released from restriction. There was no such deficit as of December 31, 2009. The deficit in unrestricted net assets at December 31, 2008 was \$5,516,236.