EisnerAmper

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Michael J. Fox Foundation for Parkinson's Research (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 organization'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 organization'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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Michael J. Fox Foundation for Parkinson's Research as of December 31, 2017 and 2016, 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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 22, 2018

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Financial Position

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	**$ 92,911,975**	$ 102,142,613
Contributions receivable, net	**23,264,963**	20,919,938
Investments	**13,620,255**	11,999,431
Charitable gift annuities	**1,232,393**	616,319
Prepaid expenses and other assets	**4,407,633**	1,200,352
Cash and cash equivalents - restricted	**2,757,506**	2,757,506
Inventory	**24,386**	28,256
Property and equipment, net	**6,522,373**	1,041,945
	$ 144,741,484	$ 140,706,360
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 4,337,439**	$ 3,895,853
Grants payable, net	**79,170,309**	72,959,202
Loans payable, net	**1,150,196**	1,150,196
Interest payable	**540,516**	469,706
Deferred rent	**5,896,838**	1,282,264
Annuities payable	**617,454**	375,036
Deferred revenue	**2,000**	7,000
	91,714,752	80,139,257
Commitments (Note I)		
Net assets:		
Unrestricted	**40,122,604**	37,677,949
Temporarily restricted	**12,904,128**	22,889,154
Total net assets	**53,026,732**	60,567,103
	$ 144,741,484	$ 140,706,360

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	**$ 40,191,867**	**$ 58,019,349**	**$ 98,211,216**	$ 46,739,810	$ 62,056,355	$ 108,796,165
Special events (net of direct benefit to donors of $1,144,837 and $1,055,788 in 2017 and 2016, respectively)	**3,430,844**	**2,158,810**	**5,589,654**	3,272,734	2,877,591	6,150,325
Investment income, net	**249,320**		**249,320**	98,147		98,147
Rental income				286,452		286,452
Miscellaneous income	**1,023,446**		**1,023,446**	25,691		25,691
Total public support and revenue before release of restrictions	**44,895,477**	**60,178,159**	**105,073,636**	50,422,834	64,933,946	115,356,780
Net assets released from restrictions	**70,163,185**	**(70,163,185)**	**0**	59,988,466	(59,988,466)	0
Total public support and revenue	**115,058,662**	**(9,985,026)**	**105,073,636**	110,411,300	4,945,480	115,356,780
Expenses:						
Program services	**98,197,740**		**98,197,740**	90,245,875		90,245,875
Management and general	**3,749,111**		**3,749,111**	2,939,463		2,939,463
Fund-raising	**10,667,156**		**10,667,156**	9,743,030		9,743,030
Total expenses	**112,614,007**		**112,614,007**	102,928,368		102,928,368
Change in net assets	**2,444,655**	**(9,985,026)**	**(7,540,371)**	7,482,932	4,945,480	12,428,412
Net assets, beginning of year	**37,677,949**	**22,889,154**	**60,567,103**	30,195,017	17,943,674	48,138,691
Net assets, end of year	**$ 40,122,604**	**$ 12,904,128**	**$ 53,026,732**	$ 37,677,949	$ 22,889,154	$ 60,567,103

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Functional Expenses

	Year Ended December 31,									
	2017					2016				
	Program Services – Research for a Cure	Management and General	Fund-Raising	Direct Benefit to Donor	Total	Program Services – Research for a Cure	Management and General	Fund-Raising	Direct Benefit to Donor	Total
Grant awards	$ 82,295,717				$ 82,295,717	$ 75,441,743				$ 75,441,743
Salaries and wages	7,620,566	$ 2,324,734	$ 4,720,404		14,665,704	6,644,236	$ 1,855,615	$ 4,184,700		12,684,551
Payroll taxes and employee benefits	1,407,809	481,891	1,188,452		3,078,152	1,384,203	373,604	869,594		2,627,401
Data processing and bank fees	21,438	52,287	513,973		587,698	17,829	47,955	1,122,696		1,188,480
Professional fees	1,145,765	115,080	696,197		1,957,042	1,131,705	90,171	426,276		1,648,152
Recruitment and training costs	134,293	40,658	91,004		265,955	125,300	31,448	80,540		237,288
Technology	530,256	46,709	437,645		1,014,610	528,984	38,093	374,432		941,509
Scientific meetings	1,169,202				1,169,202	1,676,054				1,676,054
Travel and meetings		8,912	455,367		464,279		10,939	480,317		491,256
Postage and delivery	94,269	1,791	100,372		196,432	59,813	3,437	91,752		155,002
Office supplies and equipment	38,301	7,958	25,682		71,941	34,135	8,425	23,013		65,573
Advertising and publicity	812,140		331,733		1,143,873	767,946	1,255	324,859		1,094,060
Insurance	63,454	9,904	23,779		97,137	59,753	7,873	21,278		88,904
Printing and production	373,852	1,911	257,129		632,892	465,258	1,529	227,961		694,748
Dues and subscriptions	199,384	5,043	36,269		240,696	130,280	3,727	36,263		170,270
Occupancy	1,871,066	441,123	938,120		3,250,309	1,608,571	350,891	801,219		2,760,681
Depreciation and amortization	420,228	140,300	231,987		792,515	170,065	46,712	106,686		323,463
Other special events			619,043		619,043			571,444		571,444
Interest		70,810			70,810		67,789			67,789
	98,197,740	3,749,111	10,667,156		112,614,007	90,245,875	2,939,463	9,743,030		102,928,368
Direct benefit to donors				$ 1,144,837	1,144,837				$ 1,055,788	1,055,788
Total expenses	$ 98,197,740	$ 3,749,111	$ 10,667,156	$ 1,144,837	$ 113,758,844	$ 90,245,875	$ 2,939,463	$ 9,743,030	$ 1,055,788	$ 103,984,156

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Cash Flows

	Year Ended December 31, 2017	Year Ended December 31, 2016
Cash flows from operating activities:		
Change in net assets	**$ (7,540,371)**	$ 12,428,412
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**792,515**	323,463
Net realized and unrealized losses	**109,306**	5,899
Donated securities	**(39,735,321)**	(41,103,707)
Proceeds from donated securities	**39,432,865**	41,094,040
Charitable gift annuities	**(616,074)**	(85,308)
Changes in:		
Contributions receivable, net	**(2,345,025)**	(4,602,655)
Prepaid expenses and other assets	**(3,207,281)**	(565,422)
Inventory	**3,870**	10,001
Accounts payable and accrued expenses	**441,586**	1,216,098
Grants payable, net	**6,211,107**	(2,592,111)
Interest payable	**70,810**	67,789
Deferred rent	**4,614,574**	721,796
Annuities payable	**242,418**	47,421
Deferred revenues	**(5,000)**	(145,800)
Net cash (used in) provided by operating activities	**(1,530,021)**	6,819,916
Cash flows from investing activities:		
Purchases of property and equipment	**(6,272,943)**	(514,255)
Purchases of investments	**(13,459,416)**	(11,980,181)
Proceeds from sales of investments	**12,031,742**	1,260,732
Net cash used in investing activities	**(7,700,617)**	(11,233,704)
Net decrease in cash, cash equivalents, and restricted cash	**(9,230,638)**	(4,413,788)
Cash, cash equivalents, and restricted cash, beginning of year	**104,900,119**	109,313,907
Cash, cash equivalents and restricted cash, end of year	**$ 95,669,481**	$ 104,900,119

See notes to consolidated financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Actor Michael J. Fox established The Michael J. Fox Foundation for Parkinson's Research ("MJFF U.S."), incorporated in Delaware in 2000, after publicly disclosing in 1998 that he had been diagnosed with Parkinson's disease seven years earlier, at age 29.

In 2009, The Michael J. Fox Foundation for Parkinson's Research in Canada ("MJFF Canada") was established as an officially registered tax-exempt charity in Canada. Due to MJFF U.S.'s financial influence over MJFF Canada and the two entities having governing-board members in common, the financial statements of the two entities have been consolidated (together, the "Foundation"). All significant intercompany accounts and transactions have been eliminated in consolidation. MJFF Canada's assets and liabilities and its operations were not significant at December 31, 2017 and 2016, and they are not reported separately in the consolidated financial statements.

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

Today, the Foundation is the world's largest not-for-profit funder of Parkinson's research. It is dedicated to accelerating a cure and improved therapies for the estimated five million people living with Parkinson's disease today. The Foundation pursues its goals through an aggressively funded, highly targeted research program, coupled with the active global engagement of scientists, Parkinson's patients, business leaders, clinical-trial participants, donors, and volunteers.

In addition to funding more than $800,000,000 in research through the end of December 31, 2017, the Foundation has fundamentally altered the trajectory of progress toward a cure. Operating at the hub of worldwide Parkinson's research, the Foundation (i) forges groundbreaking collaborations with industry leaders, academic scientists and government research funders; (ii) leverages new technologies to amplify the patient voice in Parkinson's research; (iii) mobilizes patients and loved ones to increase the flow of participants into clinical trials; and (iv) coordinates community engagement efforts including patient policy advocacy, education and community building through the grassroots involvement of thousands of Team Fox members around the world.

From inception, the Foundation has invested in high-risk, high-reward research targets - an approach that in a few short years has transformed the field of Parkinson's disease research. The Foundation partners with the Parkinson's research community, speeding financial and intellectual resources to the scientists who are carrying out projects with the greatest promise to impact patients' lives in the near term. This includes strengthening the Parkinson's drug development pipeline by pushing forward investigations of genetic and other disease-modifying targets with the best chance of slowing Parkinson's disease progression, as well as by addressing patients' unmet symptomatic needs. To date, the Foundation has evaluated work on more than 600 therapeutic targets, and is supporting more than 125 clinical trials.

[2] Financial reporting:

(a) Basis of accounting:

The 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 ("U.S. GAAP") as applicable to not-for-profit organizations.

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

[2] Financial reporting: (continued)

(b) Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Cash, cash equivalents, restricted cash, and investments:

For financial-statement purposes, cash and cash equivalents are composed 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, except for those held as a part of the investment portfolio. Cash and cash equivalents include approximately $2,758,000 of restricted cash related to the Foundation's two letters of credit (see Note I[4]).

Canadian cash equivalents in United States dollars were approximately $142,000 and $1,318,000 for 2017 and 2016, respectively. Foreign-currency translation gains or losses are the inherent result of the process of translating Canadian dollars into U.S. dollars for financial-reporting purposes. The unrealized gains on this translation are included in the accompanying consolidated statements of activities.

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.

(d) Net assets:

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

(i) *Unrestricted:*

Unrestricted net assets represent those net assets that are not subject to donor restrictions and are available for current operations.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the consolidated statements of activities as "net assets released from restrictions". A significant portion of contributions raised from special events are restricted for research.

(e) 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 consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management. Indirect costs have been functionalized on the basis of time allocation.

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

[3] Investments:

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

Investments in common stock with readily determinable fair values were reported at their fair value as of year-end in the consolidated statements of financial position.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted on a temporary basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by quoted market prices on the dates of donation or by their net asset values as determined by the Foundation's management. The Foundation's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

Investment expenses include the services of investment advisors. The balances of investment advisory fees disclosed in Note B are those specific fees charged by the Foundation's investment advisors in each year.

[4] Split-interest agreements:

A portion of the Foundation's assets result from deferred-giving vehicles subject to split-interest agreements. The Foundation currently maintains ten charitable gift annuities.

Charitable gift annuities are unrestricted, irrevocable gifts for which the Foundation agrees in turn to pay a life annuity to the donor or to a designated beneficiary. The contributions and the corresponding liabilities immediately become part of the general assets and liabilities of the Foundation, subject to the Foundation's maintaining an actuarial reserve in accordance with New York State Law.

The Foundation's liabilities associated with the charitable gift annuities are calculated on the basis of actuarial data commonly used by not-for-profit organizations. Discount rates published by the Internal Revenue Service ("IRS") are employed to determine the net present value of both contributions and liabilities pertaining to these deferred-giving arrangements.

[5] 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.

[6] Intellectual property:

During 2016, the Foundation established a patent related to a Parkinson's invention. Future revenue from royalties will be recognized as the payments are received. The value of the patent is immaterial to the consolidated financial statements as a whole, and therefore, has not been reported in the statements of financial position as of December 31, 2017 and 2016, respectively.

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

[7] Property and equipment:

Property and equipment are stated at their original costs, at dates of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation. The Foundation capitalizes computer hardware and software, furniture and fixtures, and leasehold improvements with a cost of $2,500 or more, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of computer hardware and software and furniture and fixtures is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are amortized over the remaining lease term.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2017 and 2016, respectively, and in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[8] 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 disease research and (ii) the availability of funding. Grants not expected to be paid within the following year are reported at their discounted present values.

[9] Deferred rent:

For financial reporting purposes, the aggregate minimum rent expense is recognized using the straight-line method over the terms of the lease. The accumulative difference between rent expense incurred by the Foundation and the rental amounts paid, which are attributable to scheduled rent increases, is reported as a deferred rent obligation in the consolidated statements of financial position.

[10] Accrued vacation:

Based on their tenure, the Foundation's employees are entitled to be paid for unused vacation time for a period up to five days, in the event that they leave the Foundation. Accordingly, at each year-end, the Foundation must recognize a liability for the amount that would be incurred if all employees with such unused vacation time were to leave; the obligation is recalculated every year. At December 31, 2017 and 2016, this accrued vacation obligation was approximately $172,000 and $128,000, respectively, and was reported in the accompanying consolidated statements of financial position as a part of accounts payable and accrued expenses.

[11] Revenue recognition:

(a) Contributions, grants, and pledges:

Contributions and grants to the Foundation are recognized as revenue upon the receipt of specified cash or other assets or of unconditional pledges and are considered available for unrestricted use, unless specifically restricted on a temporary or permanent basis by the donor. Conditional contributions are recorded when the conditions have been met and, if received in advance, are recognized in the consolidated statements of financial position as deferred revenue. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

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

[11] Revenue recognition: (continued)

(b) Rental revenue:

Revenue received from the sublease of the Foundation's prior office space is recognized ratably over the length of the term specified in the agreement. Revenue related to rental income received in advance is deferred until the following year.

[12] Advertising costs:

The Foundation expenses the cost of advertising as incurred. Advertising expenses were approximately $1,144,000 and $1,094,000 for 2017 and 2016, respectively.

[13] Volunteers:

A number of unpaid volunteers have made significant contributions of their time supporting the Foundation. The value of this contributed time is not recorded in the consolidated financial statements because it does not meet the criteria for revenue recognition required by U.S. GAAP.

[14] Income tax uncertainties:

The Foundation follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because the Foundation has always recorded the potential liability for unrelated business income taxes related to its merchandise sales, and due to its general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Foundation's consolidated financial statements.

[15] Subsequent events:

The Foundation has evaluated subsequent events through May 22, 2018, the date on which the consolidated financial statements were available to be issued.

[16] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and the availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Foundation will adopt this new pronouncement in 2018.

NOTE B – INVESTMENTS AND CHARITABLE GIFT ANNUITIES

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

	December 31,			
	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Investments:				
Common stock	**$ 91,301**	**$ 87,846**		
Cash and cash equivalents:				
Certificates of deposit	**13,528,954**	**13,530,530**	$ 11,999,431	$ 11,999,811
Charitable gift annuities	**1,232,393**	**1,106,662**	616,319	594,663
	$ 14,852,648	**$ 14,725,038**	$ 12,615,750	$ 12,594,474

At December 31, 2017 and 2016, concentrations of the Foundation's investment in excess of 10% of the fair values of its portfolio included approximately 91% and 95%, respectively, invested in certificates of deposits.

During each year, net investment income including gains from translation of foreign currencies, consisted of the following:

	Year Ended December 31,	
	2017	2016
Interest and dividends	**$ 283,924**	$ 88,441
Net realized losses	**(215,640)**	(9,667)
Net unrealized gains - investments	**2,259**	3,768
Net investment gains - charitable gift annuities	**104,075**	5,221
Net foreign-translation exchange gains	**74,852**	10,534
Investment advisory fees	**(150)**	(150)
	$ 249,320	$ 98,147

ASC Topic 820, *Fair Value Measurements,* establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments or similar investments that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

NOTE B - INVESTMENTS AND CHARITABLE GIFT ANNUITIES (CONTINUED)

The availability of market data is monitored by the Foundation's management, to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2017 and 2016, there were no transfers among the fair-value hierarchy levels.

The following is a summary of the fair values of investments and other applicable assets at each year-end, in accordance with ASC Topic 820 fair-value levels:

	December 31, 2017			December 31, 2016	
	Level 1	Level 3	Total	Level 3	Total
Investments in common stock	$ 91,301		$ 91,301		
Charitable gift annuities		$ 1,232,393	1,232,393	$ 616,319	$ 616,319
Total	$ 91,301	$ 1,232,393	$ 1,323,694	$ 616,319	$ 616,319

The Foundation's investments also include certificates of deposit which are considered to be long-term cash and cash equivalents, totaling $13,528,954 and $11,999,431 in 2017 and 2016, respectively, and therefore are not included in the fair-value hierarchy.

The following table summarizes the changes in the fair value of the Level 3 investments in charitable gift annuities in 2017 and 2016:

Balance - December 31, 2015	$ 531,011
Contributions	110,000
Amounts paid to annuitants	(29,913)
Net investment gain	5,221
Balance - December 31, 2016	616,319
Contributions	550,741
Amounts paid to annuitants	(38,742)
Net investment gain	104,075
Balance - December 31, 2017	**$ 1,232,393**

Quantitative information regarding unobservable inputs developed by the Foundation and assumptions used to measure the fair value of split-interest agreements as of December 31, 2017 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Charitable gift annuities	$ 1,232,393	Fair value of assets	Growth rate / discount rate	1.2% to 2.6%

NOTE C - CONTRIBUTIONS RECEIVABLE

At each year-end, contributions receivable are estimated to be collected as follows:

	December 31, 2017	December 31, 2016
Less than one year	**$ 13,782,103**	$ 9,682,357
One year to five years	**10,361,787**	12,447,207
	24,143,890	22,129,564
Reduction of pledges due in excess of one year to present value, at a discount rate of 3.5%	**(878,927)**	(1,209,626)
	$ 23,264,963	$ 20,919,938

Based on prior experience with its donors, including the prior history of collections, management expects all receivables to be fully collectible. Accordingly, no allowance for doubtful amounts has been provided.

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31, 2017	December 31, 2016
Computer hardware and software	**$ 95,765**	$ 462,858
Furniture and fixtures	**1,506,033**	154,343
Leasehold improvements	**5,444,181**	2,187,378
	7,045,979	2,804,579
Less: accumulated depreciation and amortization	**(1,977,607)**	(1,762,634)
	5,068,372	1,041,945
Construction-in-progress	**1,454,001**	
	$ 6,522,373	$ 1,041,945

During 2017, the Foundation moved into its new office space located in Manhattan. The Foundation occupied one floor, while the additional floors remained under construction. The construction-in-progress included in the table above, represents costs incurred related to the design and altercation of this new space that was not put into service as of December 31, 2017. In addition during 2017, the Foundation disposed of fully-depreciated computer hardware and software, and furniture no longer in use of $577,542.

NOTE E – GRANTS PAYABLE

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

	December 31, 2017	December 31, 2016
In less than one year	**$ 67,963,896**	$ 57,278,096
In one-to-five years	**12,294,759**	16,751,349
	80,258,655	74,029,445
Reduction of grants due in excess of one year to present value, at a discount rate of 3.5%	**(1,088,346)**	(1,070,243)
	$ 79,170,309	$ 72,959,202

NOTE F - LOANS PAYABLE

In 2008, the Foundation entered into a loan agreement with a bank, 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.

During 2012, the Foundation entered into an additional loan agreement with the bank, the terms of which stipulate that the Foundation must record the loan's present value of $228,600, discounted at a rate of 2.56% per annum. Interest is compounded on a semiannual basis, and no principal or interest payments are due until 2028.

The loan balances, net of original issue discounts, were $1,150,196 as of both December 31, 2017 and 2016, respectively, and accrued interest payable as of December 31, 2017 and 2016 was $540,516 and $469,706, respectively. Funds obtained were applied to fund research focused on developing a cure for Parkinson's disease.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

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

	December 31, 2017	December 31, 2016
Research	**$ 3,638,527**	$ 12,698,726
Time restrictions	**9,265,601**	10,190,428
	$ 12,904,128	$ 22,889,154

During each year, net assets released from restrictions were due to the following:

	December 31, 2017	December 31, 2016
Research	**$ 66,320,601**	$ 58,836,310
Time restrictions	**3,842,584**	1,152,156
	$ 70,163,185	$ 59,988,466

NOTE H - RENTAL INCOME AGREEMENT

The Foundation had an agreement to sublease its prior office space in Manhattan to an unrelated party that expired in August 2016. Rental income related to this agreement and recognized in the accompanying consolidated statements of activities was $286,452 during 2016.

NOTE I - COMMITMENTS

[1] Lease commitments:

In 2016, the Foundation signed an operating lease agreement for office space located in Manhattan. The lease provided for escalation charges through the lease term, which is set to expire in November 2029. The aggregate minimum lease payments are currently being amortized using the straight-line method over the term of the lease.

Additionally, under the terms of the lease, the Foundation is to be reimbursed by the landlord for a portion of the leasehold improvements. The amount to be reimbursed by the landlord is recorded as abatement, which will be amortized as a reduction to rent expense over the term of the lease. The cumulative differences between rent expense and amounts paid were $5,896,838 and $1,282,264 as of December 31, 2017 and 2016, respectively and have been reported as deferred rent in the accompanying consolidated statements of financial position.

The Foundation has two additional lease agreements; the first for office space located in Manhattan that will expire in January 2019 and the second for office space located in Washington D.C. that is set to expire in April 2018. Subsequent to year end, the Foundation moved its D.C. office into a new space under a lease set to expire in May 2021.

Future minimum rent payments, exclusive of escalation charges and real estate taxes are as follows:

Year	Amount
2018	$ 2,773,404
2019	5,165,391
2020	5,335,938
2021	5,409,535
2022	5,661,393
Thereafter	42,395,718
	$ 66,741,379

Rent expense for 2017 and 2016 was $2,822,039 and $2,354,389, respectively.

[2] Construction Commitments:

In conjunction with the construction-in-progress, the Foundation has outstanding contractual agreements of approximately $5,218,000 as of December 31, 2017.

[3] Contracts:

In the normal course of its business, the Foundation enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

NOTE I - COMMITMENTS (CONTINUED)

[4] Letters of credit:

The Foundation has a $795,636 unused letter of credit with a bank, which is required under the lease agreement for its existing office space in Manhattan. This letter of credit is also collateralized by a $795,636 time deposit that the Foundation must maintain with the bank.

The Foundation has an additional $3,923,739 unused letter of credit with a bank, which is required under the lease agreement for its existing office space in Manhattan. This letter of credit is also collateralized by a $1,961,870 time-deposit that the Foundation must maintain with the bank.

[5] Contingent funding for research:

The Foundation has been awarded contingent research funding of $1,500,000 from several donors, to be received over the next several years. Since these funds are contingent upon the progress of research, these amounts have not been included in the accompanying consolidated financial statements.

NOTE J - RETIREMENT BENEFITS

The Foundation has a defined-contribution retirement plan, formed under Section 401(k) of the Code that covers all employees who meet certain length-of-service requirements. The Foundation's contributions to the plan were $779,759 and $664,189 in 2017 and 2016, respectively.

NOTE K - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash in amounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes the Foundation is not exposed to any significant risk of loss due to the failure of these banking institutions.

NOTE L - CONCENTRATION OF REVENUE

During 2017 and 2016, approximately 36% and 43%, respectively, of the Foundation's total support and revenue was provided by two donors in both years.