EISNERAMPER

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

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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, 2018 and 2017, and 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 consolidated 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 audits 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 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 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, 2018 and 2017, 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
June 4, 2019

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Financial Position

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	**$ 52,892,700**	$ 92,911,975
Contributions receivable, net	**24,536,345**	23,264,963
Investments	**60,131,383**	13,620,255
Charitable gift annuities	**1,728,826**	1,232,393
Prepaid expenses and other assets	**1,897,553**	4,407,633
Cash and cash equivalents - restricted	**2,757,506**	2,757,506
Inventory	**23,853**	24,386
Property and equipment, net	**11,735,277**	6,522,373
	$ 155,703,442	$ 144,741,484
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 4,426,933**	$ 4,337,439
Deferred revenue	**127,908**	2,000
Grants payable, net	**86,255,655**	79,170,309
Loans payable, net	**1,150,196**	1,150,196
Interest payable	**614,482**	540,516
Deferred rent	**12,273,191**	5,896,838
Annuities payable	**876,183**	617,454
	105,724,548	91,714,752
Commitments (Note K)		
Net assets:		
Without donor restrictions	**26,342,941**	40,122,604
With donor restrictions:		
Time restricted	**13,339,777**	9,265,601
Purpose	**10,296,176**	3,638,527
Total net assets with donor restrictions	**23,635,953**	12,904,128
Total net assets	**49,978,894**	53,026,732
	$ 155,703,442	$ 144,741,484

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Public support and revenue:						
Contributions	**$ 77,433,452**	**$ 39,617,489**	**$ 117,050,941**	$ 40,191,867	$ 58,019,349	$ 98,211,216
Special events (net of direct benefit to donors of $1,051,575 and $1,144,837 in 2018 and 2017, respectively)	**2,946,830**	**2,021,399**	**4,968,229**	3,430,844	2,158,810	5,589,654
Investment income, net	**889,404**		**889,404**	249,320		249,320
Rental income	**150,510**		**150,510**			
Miscellaneous income (net cost of goods sold of $110,317 and $57,606 in 2018 and 2017, respectively)	**66,418**		**66,418**	1,023,446		1,023,446
Total public support and revenue before release of restrictions	**81,486,614**	**41,638,888**	**123,125,502**	44,895,477	60,178,159	105,073,636
Net assets released from restrictions	**30,907,063**	**(30,907,063)**	**0**	70,163,185	(70,163,185)	0
Total public support and revenue	**112,393,677**	**10,731,825**	**123,125,502**	115,058,662	(9,985,026)	105,073,636
Expenses:						
Program services	**108,539,237**		**108,539,237**	98,197,740		98,197,740
Supporting services:						
Management and general	**4,318,395**		**4,318,395**	3,749,111		3,749,111
Fund-raising	**13,315,708**		**13,315,708**	10,667,156		10,667,156
Total supporting services	**17,634,103**		**17,634,103**	14,416,267		14,416,267
Total expenses	**126,173,340**		**126,173,340**	112,614,007		112,614,007
Change in net assets	**(13,779,663)**	**10,731,825**	**(3,047,838)**	2,444,655	(9,985,026)	(7,540,371)
Net assets, beginning of year	**40,122,604**	**12,904,128**	**53,026,732**	37,677,949	22,889,154	60,567,103
Net assets, end of year	**$ 26,342,941**	**$ 23,635,953**	**$ 49,978,894**	$ 40,122,604	$ 12,904,128	$ 53,026,732

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Functional Expenses
Year Ended December 31, 2018
(with summarized financial information for December 31, 2017)

	Program Services	Supporting Services				Totals	
	Research for a Cure	**Management and General**	**Fund-Raising**	**Direct Benefit to Donors**	**Total Supporting Services**	**2018**	**2017**
Grant awards	**$ 88,257,395**					**$ 88,257,395**	$ 82,295,717
Salaries and wages	**8,809,929**	**$ 2,307,860**	**$ 5,236,799**		**$ 7,544,659**	**16,354,588**	14,665,704
Payroll taxes and employee benefits	**1,864,263**	**559,327**	**1,229,292**		**1,788,619**	**3,652,882**	3,078,152
Data processing and bank fees	**18,620**	**46,005**	**596,751**		**642,756**	**661,376**	587,698
Professional fees	**1,222,891**	**110,237**	**662,219**		**772,456**	**1,995,347**	1,957,042
Recruitment and training costs	**119,175**	**85,204**	**84,659**		**169,863**	**289,038**	265,955
Technology	**492,653**	**51,572**	**348,664**		**400,236**	**892,889**	1,014,610
Scientific meetings	**1,243,079**					**1,243,079**	1,169,202
Travel and meetings		**9,338**	**543,792**		**553,130**	**553,130**	464,279
Postage and delivery	**73,029**	**2,916**	**134,123**		**137,039**	**210,068**	196,432
Office supplies and equipment	**76,911**	**22,820**	**57,651**		**80,471**	**157,382**	71,941
Advertising and publicity	**1,371,105**		**585,075**		**585,075**	**1,956,180**	1,143,873
Insurance	**69,845**	**10,345**	**32,639**		**42,984**	**112,829**	97,137
Printing and production	**319,899**	**2,637**	**359,580**		**362,217**	**682,116**	632,892
Dues and subscriptions	**265,010**	**6,257**	**44,616**		**50,873**	**315,883**	240,696
Occupancy	**3,640,097**	**587,683**	**2,000,683**		**2,588,366**	**6,228,463**	3,250,309
Depreciation and amortization	**695,336**	**442,228**	**747,826**		**1,190,054**	**1,885,390**	792,515
Space rental/catering			**651,339**	**$ 1,051,575**	**1,702,914**	**1,702,914**	1,763,880
Merchandise expense		**110,317**			**110,317**	**110,317**	57,606
Interest		**73,966**			**73,966**	**73,966**	70,810
Total expenses	**108,539,237**	**4,428,712**	**13,315,708**	**1,051,575**	**18,795,995**	**127,335,232**	113,816,450
Less: Direct benefit to donors				**(1,051,575)**	**(1,051,575)**	**(1,051,575)**	(1,144,837)
Less: Costs of goods sold		**(110,317)**			**(110,317)**	**(110,317)**	(57,606)
Total expenses per statement of activities	**$ 108,539,237**	**$ 4,318,395**	**$ 13,315,708**	**$ 0**	**$ 17,634,103**	**$ 126,173,340**	$ 112,614,007

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Functional Expenses
Year Ended December 31, 2017

	Program Services:	Supporting Services				
	Research for a Cure	Management and General	Fund-Raising	Direct Benefit to Donors	Total Supporting Services	Total 2017
Grant awards	$ 82,295,717					$ 82,295,717
Salaries and wages	7,620,566	$ 2,324,734	$ 4,720,404		$ 7,045,138	14,665,704
Payroll taxes and employee benefits	1,407,809	481,891	1,188,452		1,670,343	3,078,152
Data processing and bank fees	21,438	52,287	513,973		566,260	587,698
Professional fees	1,145,765	115,080	696,197		811,277	1,957,042
Recruitment and training costs	134,293	40,658	91,004		131,662	265,955
Technology	530,256	46,709	437,645		484,354	1,014,610
Scientific meetings	1,169,202					1,169,202
Travel and meetings		8,912	455,367		464,279	464,279
Postage and delivery	94,269	1,791	100,372		102,163	196,432
Office supplies and equipment	38,301	7,958	25,682		33,640	71,941
Advertising and publicity	812,140		331,733		331,733	1,143,873
Insurance	63,454	9,904	23,779		33,683	97,137
Printing and production	373,852	1,911	257,129		259,040	632,892
Dues and subscriptions	199,384	5,043	36,269		41,312	240,696
Occupancy	1,871,066	441,123	938,120		1,379,243	3,250,309
Depreciation and amortization	420,228	140,300	231,987		372,287	792,515
Space rental/catering			619,043	$ 1,144,837	1,763,880	1,763,880
Merchandise expense		57,606			57,606	57,606
Interest		70,810			70,810	70,810
Total expenses	98,197,740	3,806,717	10,667,156	1,144,837	15,618,710	113,116,450
Less: Direct benefit to donors				(1,144,837)	(1,144,837)	(1,144,837)
Less: Costs of goods sold		(57,606)			(57,606)	(57,606)
Total expenses per statements of activities	$ 98,197,740	$ 3,749,111	$ 10,667,156	$ 0	$ 14,416,267	$ 112,614,007

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Cash Flows

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flows from operating activities:		
Change in net assets	**$ (3,047,838)**	$ (7,540,371)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,885,390**	792,515
Gain on sale of furniture and fixtures	**(125,577)**	
Net realized and unrealized losses	**121,744**	109,306
Donated securities	**(45,283,419)**	(39,735,321)
Proceeds from donated securities	**45,332,497**	39,432,865
Charitable gift annuities	**(496,433)**	(616,074)
Changes in:		
Contributions receivable, net	**(1,271,382)**	(2,345,025)
Prepaid expenses and other assets	**2,510,081**	(3,207,281)
Inventory	**533**	3,870
Accounts payable and accrued expenses	**89,494**	441,586
Deferred revenue	**125,908**	(5,000)
Grants payable, net	**7,085,346**	6,211,107
Deferred rent	**6,376,353**	4,614,574
Annuities payable	**258,729**	242,418
Net cash provided by (used in) operating activities	**13,561,426**	(1,600,831)
Cash flows from investing activities:		
Purchases of property and equipment	**(7,147,717)**	(6,272,943)
Purchases of investments	**(50,020,413)**	(13,459,416)
Proceeds from the sale of furniture and fixtures	**175,000**	
Proceeds from sales of investments	**3,338,463**	12,031,742
Net cash used in investing activities	**(53,829,667)**	(7,700,617)
Cash flows from financing activities:		
Interest payments accrued on loan payable	**73,966**	70,810
Net cash provided by financing activities	**73,966**	70,810
Net decrease in cash, cash equivalents, and restricted cash	**(40,019,275)**	(9,230,638)
Cash, cash equivalents, and restricted cash, beginning of year	**95,669,481**	104,900,119
Cash, cash equivalents and restricted cash, end of year	**$ 55,650,206**	$ 95,669,481

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, 2018 and 2017, 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 $900,000,000 in research through the end of December 31, 2018, 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 has supported more than 125 clinical trials.

[2] 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)

[3] 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.

[4] Cash, cash equivalents, and restricted cash:

For financial-statement purposes, cash and cash equivalents are composed of highly liquid financial instruments (such as U.S. Treasury notes or certificates of deposits) with original maturities of three months or less at the date of acquisition. Cash and cash equivalents include approximately $2,758,000 of restricted cash related to the Foundation's two letters of credit (see Note K[3]).

Canadian cash equivalents expressed in United States dollars were approximately $526,000 and $142,000 for 2018 and 2017, 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.

[5] Investments:

Investments include certificates of deposit with original maturities of between four and twelve months at the date of acquisition, valued at amortized cost, which approximates fair value, as well as 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 statements of activities as increases or decreases in net assets without donor restriction unless their use is restricted 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 C are those specific fees charged by the Foundation's investment advisors in each year.

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

[6] Split-interest agreements:

A portion of the Foundation's assets result from deferred-giving vehicles subject to split-interest agreements. The Foundation currently maintains a beneficial interest in thirteen charitable gift annuities, held by a third party.

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.

[7] Inventory:

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

[8] 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, 2018 and 2017, respectively.

[9] 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, 2018 and 2017, 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.

[10] 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.

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

[11] 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 in the consolidated statements of financial position.

[12] 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. At December 31, 2018 and 2017, this accrued vacation obligation was approximately $143,000 and $172,000, respectively, and was reported in the accompanying consolidated statements of financial position as a part of accounts payable and accrued expenses.

[13] Net assets:

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

(i) *Net Assets without Donor Restrictions:*

The Foundation’s net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

(ii) *Net Assets with Donor Restrictions:*

Net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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.

[14] Revenue recognition:

(i) 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. Contributions are reported as "with donor restrictions" if they are received with purpose restrictions or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation’s management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) Special events:

A portion of the gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue whereas the other portion serves as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place.

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

[14] Revenue recognition: (continued)

(iii) Rental revenue:

Revenue received from the sublease of the Foundation's office spaces are recognized ratably over the length of the terms specified in the agreements. Revenue related to rental income received in advance is deferred until the following year.

[15] Advertising costs:

The Foundation expenses the cost of advertising as incurred. Advertising expenses were approximately $1,956,000 and $1,144,000 for 2018 and 2017, respectively.

[16] Functional allocation of expenses:

The costs of providing the Foundation's various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, direct costs have been functionalized within the program or supporting services based on the nature of the expense. Natural expenses attributable to more than one expense category are allocated by management based on time and effort among employees.

[17] 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.

[18] Income taxes:

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. For the Foundation, these provisions could be applicable to the incurrence of unrelated business income tax ("UBIT") on the disallowed transit and qualified parking fringe benefits and merchandise sales. Because the Foundation has always recorded the potential liability for UBIT, 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.

[19] Adoption of 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 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and the availability of resources. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. Accordingly, the Foundation was required to adopt ASU 2016-14 for its year-ended December 31, 2018, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. The Foundation’s adoption of ASU 2016-14 had no effect on the Foundation’s total net assets or its changes in net assets for 2018 and 2017; however, certain reclassifications were required within the functional expenses. Accordingly, the Foundation changed its presentation of its net asset classes, and expanded certain footnote disclosures.

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

[20] Subsequent events:

The Foundation has evaluated subsequent events through June 4, 2019 the date on which the consolidated financial statements were available to be issued.

NOTE B - CONTRIBUTIONS RECEIVABLE

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

	December 31,	
	2018	**2017**
Less than one year	**$ 13,687,099**	$ 13,782,103
One year to five years	**11,778,255**	10,361,787
	25,465,354	24,143,890
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 2.5% - 3.5%	**(929,009)**	(878,927)
	$ 24,536,345	$ 23,264,963

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 C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS

At each year-end, investments and split-interest agreements consisted of the following:

	December 31,			
	2018		**2017**	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Investments:				
Common stock	**$ 30,124**	**$ 28,223**	$ 91,301	$ 87,846
Certificates of deposit	**60,101,259**	**60,103,447**	13,528,954	13,530,530
Split-interest agreements	**1,728,826**	**1,733,199**	1,232,393	1,106,662
	$ 61,860,209	**$ 61,864,869**	$ 14,852,648	$ 14,725,038

At December 31, 2018 and 2017, concentrations of the Foundation's investment in excess of 10% of the fair values of its portfolio included approximately 97% and 91%, respectively, invested in certificates of deposits.

NOTE C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS (CONTINUED)

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

	Year Ended December 31,	
	2018	**2017**
Interest and dividends	**$1,068,809**	$ 283,924
Net realized gains (losses)	**10,546**	(215,640)
Net unrealized (losses) gains - investments	**(2,186)**	2,259
Change in value of split-interest agreements	**(130,104)**	104,075
Net foreign-translation exchange (losses) gains	**(57,511)**	74,852
Investment advisory fees	**(150)**	(150)
	$ 889,404	$ 249,320

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 assets, at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar assets in active markets; or (ii) quoted prices for those assets or similar assets 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 assets; or (ii) the assets cannot be independently valued.

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 2018 and 2017, there were no transfers among the fair-value hierarchy levels.

NOTE C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS (CONTINUED)

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, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments in common stock	**$ 30,124**			**$ 30,124**
Certificates of deposit		**$ 60,101,259**		**60,101,259**
Split-interest agreements			**$ 1,728,826**	**1,728,826**
Total	**$ 30,124**	**$ 60,101,259**	**$ 1,728,826**	**$ 61,860,209**

	December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments in common stock	$ 91,301			$ 91,301
Certificates of deposits		$13,528,954		13,528,954
Split-interest agreements			$ 1,232,393	1,232,393
Total	$ 91,301	$13,528,954	$ 1,232,393	$14,852,648

The following table summarizes the changes in the fair value of the Level 3 in split-interest agreements in 2018 and 2017:

Balance - December 31, 2016	$ 616,319
Contributions	550,741
Amounts paid to annuitants	(38,742)
Net unrealized gains	104,075
Balance - December 31, 2017	**1,232,393**
Contributions	**720,000**
Amounts paid to annuitants	**(93,463)**
Net unrealized losses	**(130,104)**
Balance - December 31, 2018	**$ 1,728,826**

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, 2018 are as follows:

Type	**Fair Value**	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**
Split-interest agreements	$ 1,728,826	Income approach	Growth rate / discount rate	1.2% to 3.4%

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31, 2018	December 31, 2017
Computer hardware and software	**$ 1,459,590**	$ 95,765
Furniture and fixtures	**2,212,676**	1,506,033
Leasehold improvements	**11,852,062**	5,444,181
	15,524,328	7,045,979
Less: accumulated depreciation and amortization	**(3,789,051)**	(1,977,607)
	11,735,277	5,068,372
Construction-in-progress		1,454,001
	$ 11,735,277	$ 6,522,373

The construction-in-progress included in the table above, represented costs incurred related to the design and alteration of the Foundation’s office space which was put into service during 2018. During 2018, the Foundation sold furniture and fixtures no longer in use with a cost of $123,369 to an unrelated party for $175,000, resulting in a gain on sale of $125,577.

NOTE E - GRANTS PAYABLE

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

	December 31, 2018	December 31, 2017
In less than one year	**$ 68,470,190**	$ 67,963,896
In one-to-five years	**18,864,750**	12,294,759
	87,334,940	80,258,655
Reduction of grants due in excess of one year to present value, at discount rates ranging from 2.5% - 3.5%	**(1,079,285)**	(1,088,346)
	$ 86,255,655	$ 79,170,309

NOTE F - LOANS PAYABLE

In 2008, the Foundation entered into an unsecured 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 unsecured 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, 2018 and 2017, respectively, and accrued interest payable as of December 31, 2018 and 2017 was $614,482 and $540,516, respectively. Funds obtained were applied to fund research focused on developing a cure for Parkinson's disease.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions were restricted for the following:

	December 31, 2018	December 31, 2017
Research	**$ 10,296,176**	$ 3,638,527
Time restrictions	**13,339,777**	9,265,601
	$ 23,635,953	$ 12,904,128

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

	December 31, 2018	December 31, 2017
Research	**$ 25,254,112**	$ 66,320,601
Time restrictions	**5,652,951**	3,842,584
	$ 30,907,063	$ 70,163,185

NOTE H - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2018 because of contractual or donor-imposed restrictions.

The Foundation’s financial assets available for general use within one year of the statements of financial position date for general expenditure including operating expenses and scheduled grant payments are as follows:

Cash and cash equivalents	**$ 52,892,700**
Contributions receivable due within one year	**13,687,099**
Investments	**60,131,383**
Total financial assets available within one year	**126,711,182**
Less: amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors:	
Purpose restrictions	**(10,296,176)**
Total financial assets available to meet cash needs for general expenditures within one year	**$116,415,006**

Liquidity policy:

As part of the Foundation’s liquidity management, it maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

NOTE I - 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 $890,878 and $779,759 in 2018 and 2017, respectively.

NOTE J - RENTAL INCOME AGREEMENTS

During 2018, the Foundation entered into an agreement with an unrelated party to sublease a portion of its office space in Manhattan. This agreement is set to expire in 2021. Rental income related to this agreement and recognized in the accompanying consolidated statements of activities was $150,510 during 2018.

Subsequent to year-end in 2019, the Foundation entered into agreement with another unrelated party to sublease an additional portion of its office space in Manhattan. This agreement is set to expire in 2022.

NOTE K - 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 is amortized as a reduction to rent expense over the term of the lease. The cumulative differences between rent expense and amounts paid were $12,273,191 and $5,896,838 as of December 31, 2018 and 2017, 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 expired subsequent to year end in January 2019 and the second for office space located in Washington D.C. that is set to expire in May 2021.

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

Year	Amount
2019	$ 5,406,933
2020	5,413,472
2021	5,436,413
2022	5,662,447
2023	5,925,137
Thereafter	36,377,811
	$ 64,222,213

Rent expense for 2018 and 2017 was $5,823,637 and $2,822,039, respectively.

NOTE K - COMMITMENTS (CONTINUED)

[2] 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.

[3] 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. Subsequent to year-end, in conjunction with the expiration of the respective lease in January 2019, this time deposit was returned to the Foundation.

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.

[4] Contingent funding for research:

The Foundation has been awarded contingent research funding totaling $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 L - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in a high-credit-quality financial institutions in amounts which, at times, may be in excess of federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes that the Foundation is not exposed to any significant risk of loss due to the failure of this financial institutions.

NOTE M - CONCENTRATION OF REVENUE

During 2018 and 2017, approximately 43% and 36%, respectively, of the Foundation's total support and revenue was provided by two donors.