THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Contents

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the 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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Michael J. Fox Foundation for Parkinson's Research as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these financial statements, in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 26, 2022

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Financial Position

	December 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	**$ 207,408,707**	$ 106,821,911
Cash and cash equivalents - restricted	**1,961,870**	1,961,870
Contributions receivable, net	**22,408,960**	19,451,387
Investments	**89,955,756**	88,822,242
Split-interest agreements - charitable gift annuities	**1,241,247**	2,126,632
Inventory	**97,204**	66,708
Prepaid expenses and other assets	**1,217,916**	2,637,555
Property and equipment, net	**8,869,711**	10,216,059
	$ 333,161,371	$ 232,104,364
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 6,136,677**	$ 4,499,282
Grants payable, net (see Note E)	**136,308,299**	104,179,370
Loans payable, net	**-**	1,150,196
Interest payable	**-**	772,458
Paycheck Protection Program loan payable	**-**	3,704,328
Deferred rent obligation	**10,711,478**	11,144,505
	153,156,454	125,450,139
Commitments, contingencies, and other uncertainty (see Notes E, I and J)		
Net Assets:		
Without donor restrictions	**54,062,817**	86,579,740
With donor restrictions:		
Purpose restrictions	**115,940,496**	10,568,168
Time-restricted for future periods	**10,001,604**	9,506,317
Total net assets with donor restrictions	**125,942,100**	20,074,485
Total net assets	**180,004,917**	106,654,225
	$ 333,161,371	$ 232,104,364

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Activities

	Year Ended December 31, 2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	**$ 106,205,739**	**$ 235,746,045**	**$ 341,951,784**	$ 176,572,673	$ 18,048,360	$ 194,621,033
Special events (net of direct benefits to donors of $979,376 and $206,331 in 2021 and 2020, respectively)	**6,111,229**	**-**	**6,111,229**	5,065,698	-	5,065,698
Investment income, net	**578,842**	**-**	**578,842**	1,670,879	-	1,670,879
Change in value of split-interest agreements	**-**	**(955,965)**	**(955,965)**	-	124,201	124,201
Rental income	**2,153,853**	**-**	**2,153,853**	2,168,822	-	2,168,822
Returned grant	**-**	**-**	**-**	1,080,000	-	1,080,000
Net losses on foreign translation	**(19,463)**	**-**	**(19,463)**	(65,273)	-	(65,273)
Gain on Paycheck Protection Program loan forgiveness	**3,704,328**	**-**	**3,704,328**	-	-	-
Miscellaneous income (net of costs of goods sold of $17,028 and $16,134 in 2021 and 2020, respectively)	**26,436**	**-**	**26,436**	3,802	-	3,802
Total public support and revenue before release of restrictions	**118,760,964**	**234,790,080**	**353,551,044**	186,496,601	18,172,561	204,669,162
Net assets released from restrictions	**128,922,465**	**(128,922,465)**	**-**	24,740,057	(24,740,057)	-
Total public support and revenue	**247,684,459**	**105,866,585**	**353,551,044**	211,236,658	(6,567,496)	204,669,162
Expenses:						
Program services	**256,872,830**	**-**	**256,872,830**	149,899,180	-	149,899,180
Supporting services:						
Management and general	**8,139,291**	**-**	**8,139,291**	8,158,844	-	8,158,844
Fund-raising	**15,188,231**	**-**	**15,188,231**	13,881,513	-	13,881,513
Total supporting services	**23,327,522**	**-**	**23,327,522**	22,040,357	-	22,040,357
Total expenses	**280,200,352**	**-**	**280,200,352**	171,939,537	-	171,939,537
Change in net assets	**(32,515,893)**	**105,866,585**	**73,350,692**	39,297,121	(6,567,496)	32,729,625
Net assets, beginning of year	**86,579,740**	**20,074,485**	**106,654,225**	47,282,619	26,641,981	73,924,600
Net assets, end of year	**$ 54,062,817**	**$ 125,942,100**	**$ 180,004,917**	$ 86,579,740	$ 20,074,485	$ 106,654,225

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2021					Year Ended December 31, 2020				
	Program Services	Supporting Services				Program Services	Supporting Services			
	Research for a Cure	Management and General	Fund-Raising	Total Supporting Services	2021	Research for a Cure	Management and General	Fund-Raising	Total Supporting Services	2020
Grant awards	**$ 233,245,492**	**$ -**	**$ -**	**$ -**	**$ 233,245,492**	$ 130,461,001	$ -	$ -	$ -	$ 130,461,001
Salaries and wages	**12,136,806**	**3,591,406**	**6,032,343**	**9,623,749**	**21,760,555**	10,026,070	3,363,245	6,390,685	9,753,930	19,780,000
Payroll taxes and employee benefits	**2,595,461**	**740,189**	**1,332,449**	**2,072,638**	**4,668,099**	2,122,986	722,033	1,409,843	2,131,876	4,254,862
Data processing and bank fees	**18,104**	**37,018**	**817,134**	**854,152**	**872,256**	24,221	34,094	746,094	780,188	804,409
Professional fees	**2,494,346**	**127,717**	**1,294,055**	**1,421,772**	**3,916,118**	1,809,022	723,002	854,668	1,577,670	3,386,692
Recruitment and training costs	**125,635**	**73,455**	**83,502**	**156,957**	**282,592**	65,904	96,724	134,088	230,812	296,716
Technology	**973,420**	**77,070**	**691,078**	**768,148**	**1,741,568**	705,993	222,586	512,398	734,984	1,440,977
Scientific meetings	**108,628**	**-**	**-**	**-**	**108,628**	461,689	-	-	-	461,689
Travel and meetings	**-**	**4,579**	**325,595**	**330,174**	**330,174**	9,040	11,523	114,744	126,267	135,307
Postage and delivery	**285,313**	**5,132**	**340,813**	**345,945**	**631,258**	144,939	2,849	296,219	299,068	444,007
Office supplies and equipment	**111,775**	**73,210**	**92,630**	**165,840**	**277,615**	32,080	1,151	43,552	44,703	76,783
Advertising and publicity	**1,076,970**	**375**	**2,275,153**	**2,275,528**	**3,352,498**	598,418	-	1,380,993	1,380,993	1,979,411
Insurance	**100,659**	**33,178**	**39,350**	**72,528**	**173,187**	120,354	21,003	40,031	61,034	181,388
Printing and production	**1,075,032**	**647**	**579,989**	**580,636**	**1,655,668**	261,566	394	526,143	526,537	788,103
Dues and subscriptions	**57,471**	**7,176**	**16,466**	**23,642**	**81,113**	266,564	31,965	41,221	73,186	339,750
Occupancy	**1,790,846**	**2,803,938**	**745,056**	**3,548,994**	**5,339,840**	1,811,851	2,619,390	725,232	3,344,622	5,156,473
Depreciation and amortization	**676,872**	**477,835**	**410,508**	**888,343**	**1,565,215**	977,482	228,173	570,129	798,302	1,775,784
Miscellaneous expenses	**-**	**2,051**	**-**	**2,051**	**2,051**	-	-	-	-	-
Marathon runner fees	**-**	**-**	**112,110**	**112,110**	**112,110**	-	-	95,473	95,473	95,473
Space rental/catering	**-**	**-**	**979,376**	**979,376**	**979,376**	-	-	206,331	206,331	206,331
Merchandise expense	**-**	**17,028**	**-**	**17,028**	**17,028**	-	16,134	-	16,134	16,134
Interest	**-**	**84,315**	**-**	**84,315**	**84,315**	-	80,712	-	80,712	80,712
Total expenses	**256,872,830**	**8,156,319**	**16,167,607**	**24,323,926**	**281,196,756**	149,899,180	8,174,978	14,087,844	22,262,822	172,162,002
Less: direct benefits to donors	**-**	**-**	**(979,376)**	**(979,376)**	**(979,376)**	-	-	(206,331)	(206,331)	(206,331)
Less: costs of goods sold	**-**	**(17,028)**	**-**	**(17,028)**	**(17,028)**	-	(16,134)	-	(16,134)	(16,134)
Total expenses per consolidated statements of activities	**$ 256,872,830**	**$ 8,139,291**	**$ 15,188,231**	**$ 23,327,522**	**$ 280,200,352**	$ 149,899,180	$ 8,158,844	$ 13,881,513	$ 22,040,357	$ 171,939,537

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Cash Flows

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:		
Change in net assets	**$ 73,350,692**	$ 32,729,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,565,215**	1,775,784
Losses on disposal of property and equipment	**2,051**	-
Net realized and unrealized gains	**(52,731)**	(459,086)
Donated securities	**(236,043,932)**	(122,159,602)
Proceeds from donated securities	**236,008,244**	121,918,872
Donations of split-interest agreements	**(70,580)**	(704,095)
Change in value of split-interest agreements	**955,965**	(124,201)
Gain on Paycheck Protection Program loan forgiveness	**(3,704,328)**	-
Changes in:		
Contributions receivable, net	**(2,957,573)**	6,775,697
Inventory	**(30,496)**	(4,154)
Prepaid expenses and other assets	**1,419,639**	(48,654)
Accounts payable and accrued expenses	**1,637,395**	(705,070)
Deferred revenue	**-**	(2,000)
Grants payable, net	**32,128,929**	5,066,373
Deferred rent obligation	**(433,027)**	(824,959)
Net cash provided by operating activities	**103,775,463**	43,234,530
Cash flows from investing activities:		
Purchases of property and equipment	**(220,918)**	(650,769)
Purchases of investments	**(10,985,789)**	(31,475,043)
Proceeds from sales of investments	**9,940,694**	24,966,016
Net cash used in investing activities	**(1,266,013)**	(7,159,796)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	**-**	3,704,328
Repayments of loans	**(1,150,196)**	-
Repayments of interest	**(856,773)**	-
Interest payments accrued on loan payable	**84,315**	80,712
Net cash (used in) provided by financing activities	**(1,922,654)**	3,785,040
Net increase in cash, cash equivalents, and restricted cash	**100,586,796**	39,859,774
Cash, cash equivalents, and restricted cash, beginning of year	**108,783,781**	68,924,007
Cash, cash equivalents and restricted cash, end of year	**$ 209,370,577**	$ 108,783,781
Supplemental disclosure of cash flow information:		
Interest paid during the year	**$ 856,773**	$ -

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, 2021 and 2020, 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 nonprofit funder of Parkinson's research. It is dedicated to accelerating a cure and ensuring the development of improved therapies for the estimated six million people worldwide 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 and care partners, business leaders, clinical-trial participants and donors.

[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.

[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 comprised 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 includes approximately $1,962,000 of restricted cash relating to the Foundation's letters of credits for both 2021 and 2020, respectively (see Note J[3]).

Canadian cash equivalents expressed in United States dollars were approximately $1,755,000 and $1,164,000 for 2021 and 2020, 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 gains and losses on this translation are included in the accompanying consolidated statements of activities.

The Foundation maintains significant balances of cash and highly liquid investments in anticipation of immediate needs for cash flow funding of committed research payments during the subsequent year.

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

[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 which are 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 consolidated statements of activities as increases or decreases in net assets without donor restrictions, 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, or by their net asset values, as determined by the Foundation's management on the date of donation. The Foundation's policy is to sell donated securities immediately, and, accordingly, for purposes of the consolidated statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

The Foundation's policy is to invest in cash and cash equivalents as the Foundation deliberately holds neither an endowment nor excessive reserves in order to aggressively make funds available for Parkinson's research.

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.

[6] Split-interest agreements:

A portion of the Foundation's assets result from deferred-giving vehicles subject to split-interest agreements. The contribution revenue from these split-interest agreements is recognized upon the establishment of the agreement, at the fair value of the estimated future receipts, discounted for the estimated time period necessary to complete the agreement. Gains or losses resulting from changes in the value of these split-interest agreements are recorded within the "with donor restrictions" category of net assets on the consolidated statements of activities, as they are considered inherently restricted for time. As of December 31, 2021, the Foundation has a beneficial interest in twenty three charitable gift annuities, held by a third party.

[7] Inventory:

The Foundation's inventory consists of merchandise available for sale. Inventory is valued at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventory to its present location and condition. Cost is determined using the first-in-first-out principle. Trade goods purchased from third parties are valued at the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to complete the sale. Obsolete inventory is written off as necessary.

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

[8] 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. There were no triggering events occurring which would impact property and equipment requiring management to test for, or adjust for, impairment losses during 2021 or 2020. 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.

[9] Grants payable:

The Foundation records unconditional grant expenses for research grants 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. Unconditional grants not expected to be paid within the following year are reported at their discounted present values.

[10] Deferred rent obligation:

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.

[11] 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. During 2020, the Foundation updated its vacation policy, allowing employees to carry over up to 18 days of unused vacation time into the subsequent year. 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, 2021 and 2020, this accrued vacation obligation was $480,786 and $392,640, respectively, and was reported in the accompanying consolidated statements of financial position as a part of accounts payable and accrued expenses.

[12] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The Paycheck Protection Program (“PPP”) established by the CARES Act, implemented by the U.S. Small Business Administration (“SBA”), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During 2020, the Foundation applied for and received PPP funds.

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

[12] Paycheck Protection Program loan payable: (continued)

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. During 2020, the Foundation elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. During the year ended December 31, 2021, the Foundation applied for and received full forgiveness of its loan from the bank and the SBA in the amount of $3,704,328. Accordingly, this forgiven amount is reflected as a gain on Paycheck Protection Program loan forgiveness in the consolidated statements of activities as of December 31, 2021.

[13] Net assets:

(i) Net assets without donor restrictions:

The Foundation's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors regarding their use.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or a specified period 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".

[14] Revenue recognition:

(i) Contributions and grants:

Contributions and grants to the Foundation are recognized as revenue upon the receipt of cash, 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 costs of the benefits received by the attendee at the event. Special event income is reported net of the direct benefits to donors. Special event revenues, other than contributions, applicable to a future year are recognized as revenue in the year the special event takes place.

(iii) Rental revenue:

Revenue received from subleases 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.

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

[15] Advertising costs:

The Foundation expenses the cost of advertising as incurred. Advertising expenses were approximately $3,352,000 and $1,979,000 for 2021 and 2020, respectively. Advertising costs include programmatic expenses for clinical research study recruitment.

[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 activities. The consolidated statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of the expense. Indirect expenses have been allocated on the basis of time allocation with the exception of rent, insurance, depreciation and amortization, which are allocated based on square footage.

[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 FASB's 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 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] Upcoming accounting principles:

(i) Leases:

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Foundation for the annual period beginning after December 15, 2021. ASU 2016-02 should be applied on a modified prospective basis. Upon the adoption of the guidance, operating leases are capitalized on the consolidated statements of financial position at the present value of lease payments. The consolidated statements of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing or risk free rate at the date of adoption. The impact on the Foundation's consolidated financial statements is currently being evaluated. Information about the Foundation's undiscounted future lease payments and the timing of those payments is provided in Note J.

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

[19] Upcoming accounting principles: (continued)

(ii) Contributed Nonfinancial Assets:

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation and techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the consolidated financial statements and related note disclosures.

[20] Reclassification:

Certain information in the prior year's consolidated financial statements has been reclassified to conform to the current year's presentation.

[21] Subsequent events:

The Foundation has evaluated subsequent events through May 26, 2022, 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,	
	2021	**2020**
Less than one year	**$ 13,362,603**	$ 9,754,927
One year to five years	**9,885,000**	10,368,999
	23,247,603	20,123,926
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 2.5% - 3.5%	**(838,643)**	(672,539)
	$ 22,408,960	$ 19,451,387

NOTE B - CONTRIBUTIONS RECEIVABLE (CONTINUED)

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

The Foundation has received conditional funding for research from various donors, for which not all conditions had been satisfied as of year-end. Accordingly, such pledges are not included as revenue on the accompanying consolidated statements of activities. During December 31, 2021 and 2020, conditional pledges totaled approximately $830,000 and $870,000, respectively. These pledges will be recognized as the conditions are met by the requisite actions of the Foundation.

NOTE C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS

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

	December 31,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Investments in common stock	**$ 596,095**	**$ 80,981**	$ 472,440	$ 18,742
Certificates of deposit	**89,359,661**	**89,368,478**	88,349,802	88,348,772
Total investments	**$ 89,955,756**	**$ 89,449,459**	$ 88,822,242	$ 88,367,514

Concentrations of the Foundation's investment in excess of 10% of the fair values of its portfolio included approximately 99% invested in certificates of deposits in 2021 and 2020, respectively.

During each year, net investment income consisted of the following:

	Year Ended December 31,	
	2021	2020
Interest and dividends	**$ 526,261**	$ 1,211,943
Net realized gains	**1,162**	11,709
Net unrealized gains	**51,569**	447,377
Investment advisory fees	**(150)**	(150)
	$ 578,842	$ 1,670,879

NOTE C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS (CONTINUED)

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.

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

	December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments in common stock	**$ 596,095**	**$ -**	**$ -**	**$ 596,095**
Certificates of deposit	**-**	**89,359,661**	**-**	**89,359,661**
Total investments	**596,095**	**89,359,661**	**-**	**89,955,756**
Split-interest agreements	**-**	**-**	**1,241,247**	**1,241,247**

	December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments in common stock	$ 472,440	$ -	$ -	$ 472,440
Certificates of deposits	-	88,349,802	-	88,349,802
Total investments	472,440	88,349,802	-	90,948,874
Split-interest agreements	-	-	2,126,632	2,126,632

During 2021 and 2020, the Foundation received contributions of split-interest agreements of $70,580 and $704,095 respectively.

NOTE C - INVESTMENTS AND SPLIT INTEREST AGREEMENTS (CONTINUED)

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, 2021 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Split-interest agreements	$ 1,241,247	Income approach	Growth rate/ discount rate	0.4% to 3.6%

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2021	2020
Computer hardware and software	**$ 1,774,158**	$ 1,553,242
Furniture and fixtures	**2,260,005**	2,327,846
Leasehold improvements	**12,266,620**	13,772,195
	16,300,783	17,653,283
Less: accumulated depreciation and amortization	**(7,431,072)**	(7,437,224)
	$ 8,869,711	$10,216,059

During 2021, the Foundation disposed of property and equipment no longer in use of $1,573,418, resulting in a loss on disposals of $2,051. There were no disposals in 2020.

NOTE E - GRANTS PAYABLE

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

	December 31,	
	2021	2020
In less than one year	**$ 101,089,121**	$ 81,270,012
In one-to-five years	**35,846,077**	23,927,980
	136,935,198	105,197,992
Reduction of grants due in excess of one year to present value, at discount rates ranging from 0.50% - 2.5%	**(626,899)**	(1,018,622)
	$ 136,308,299	$ 104,179,370

NOTE E - GRANTS PAYABLE

As of December 31, 2021, the Foundation has committed to $295,894,101 of grants, of which $158,958,903 have conditions which have not been satisfied yet, and accordingly, under U.S. GAAP, cannot be recorded as liabilities. The Foundation maintains cash reserves included in net assets without donor restrictions against certain of these conditional grants.

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 combined loan balance, net of original issue discounts, was $1,150,196 as of December 31, 2020, and accrued interest payable as of December 31, 2020 was $772,458. During 2021, the Foundation repaid the loan balance of $1,150,196 in full and paid the accrued interest through December 2021 of $856,773.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2021	**2020**
Purpose restricted:		
Research	**$ 115,940,496**	$ 10,568,168
Time-restricted for future periods	**10,001,604**	9,506,317
	$ 125,942,100	$ 20,074,485

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each year, net assets with donor restrictions were released from restrictions as follows:

	December 31, 2021	2020
Purpose restricted:		
Research	**$ 123,464,872**	$ 19,794,836
Time-restricted for future periods	**5,457,593**	4,945,221
	$ 128,922,465	$ 24,740,057

In 2021, the net assets with donor restrictions and released from restriction include research for the Aligning Science Across Parkinson's (ASAP) program.

NOTE H- 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 $969,286 and $1,049,792 in 2021 and 2020, respectively.

NOTE I - RENTAL INCOME AGREEMENTS

The Foundation has agreements with two unrelated parties to sublease a portion of its office space in Manhattan. These agreements are set to expire through 2023. Rental income related to these agreements was $2,153,853 and $2,168,822, as of December 31, 2021 and 2020, respectively, and was recognized in the accompanying consolidated statements of activities.

Future minimum rent payments to be received under these lease agreements are as follows:

Year	Amount
2022	$ 1,218,478
2023	1,245,875
	$ 2,464,353

NOTE J - COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTY

[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 was reimbursed by the landlord for a portion of the leasehold improvements. The amount reimbursed by the landlord was recorded as abatement, which was amortized as a reduction to rent expense over the term of the lease. The cumulative differences between rent expense and amounts paid were $10,711,478 and $11,144,505 as of December 31, 2021 and 2020, respectively, and have been reported as deferred rent obligation in the accompanying consolidated statements of financial position.

NOTE J - COMMITMENTS, CONTINGENCIES AND OTHER UNCERTAINTY (CONTINUED)

[1] Lease commitments: (continued)

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

Year	Amount
2022	$ 5,662,447
2023	5,925,137
2024	5,977,033
2025	6,028,928
2026	6,080,823
Thereafter	18,291,028
	$ 47,965,396

Rent expense for 2021 and 2020 was $5,339,840 and $5,156,473 respectively.

[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] Letter of credit:

The Foundation has an unused letter of credit with a bank for $3,923,739, 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] Government audit:

On April 22, 2020, the Foundation received $3,704,328 in funds from Signature Bank and the balance was reported as a PPP loan payable on the consolidated statements of financial position as of December 31, 2020. In May 2021, the bank and the SBA formally approved full forgiveness of the PPP loan in the amount of $3,704,328.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. Under the CARES Act, all borrowers are required to maintain their loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

[5] COVID-19:

The extent of the impact of the COVID-19 outbreak on the Foundation’s operational and financial performance will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions towards the Foundation’s programs, all of which are highly uncertain and cannot be predicted. If contributions towards the Foundation’s programs are impacted for an extended period, results of operations may be materially adversely affected. The Foundation has taken several measures to conserve cash, including reducing the 2022 budget and reforecasting expenses. These steps are intended to help protect the liquidity of the Foundation, which intentionally carries minimal operating reserves in order to maximize mission-related investments.

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general expenditure within one year of December 31, 2021 and 2020, because of donor-imposed restrictions:

	December 31,	
	2021	**2020**
Cash and cash equivalents	**$ 207,408,707**	$ 106,821,911
Contributions receivable, net	**22,408,960**	19,451,387
Investments	**89,955,756**	88,822,242
Total financial assets available within one year	**319,773,423**	215,095,540
Less:		
Amounts unavailable for general expenditures within one year, due to donor restrictions for:		
Purpose	**(115,940,496)**	(10,568,168)
Time-restricted for future periods	**(10,001,604)**	(9,506,317)
	(125,942,100)	(20,074,485)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 193,831,323**	$ 195,021,055

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 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 these financial institutions.

NOTE M - CONCENTRATION OF REVENUE

During 2021 and 2020, approximately 65% and 58%, respectively, of the Foundation's total support and revenue was provided by two donors.

NOTE N - LINE OF CREDIT

The Foundation has a line of credit in the amount of $20,000,000 with Signature Bank. The line may be used for operations and bears interest at prime rate, minus 0.50%. The line is collateralized by the Foundation's other assets held by the bank, which includes its cash accounts and CDs. There were no drawdowns during 2021 or 2020. The line of credit is renewable annually.