

Parkinson Research Foundation, Inc.
December 31, 2015

Financial Statements

Mercurio & Maxwell CPAS, LLC
713 South Orange Avenue
Suite 103
Sarasota, FL 34236

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parkinson Research Foundation, Inc.

We have audited the accompanying financial statements of Parkinson Research Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

To the Board of Directors
Parkinson Research Foundation, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkinson Research Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mercurio & Marshall CPAS LLC

Sarasota, Florida
February 12, 2016

Statement of Financial Position
December 31, 2015

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u> Total (For comparative purposes only)
Current assets:		
Cash and cash equivalents	\$ 736,956	\$ 518,048
Temporarily restricted cash	-	-
Unconditional promises to give	-	347,062
Due from related party	34,628	8,962
Prepaid expenses	27,675	11,363
Prepaid rent	21,971	21,971
	<hr/>	<hr/>
Total current assets	821,230	907,406
Property and equipment, net	65,294	99,436
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Total assets	<u>\$ 886,524</u>	<u>\$ 1,006,842</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	28,390	66,351
Accrued payroll and taxes	-	0
Deferred revenue	-	10,000
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Total current liabilities	28,390	76,351
Unrestricted net assets	858,134	920,490
Temporarily restricted net assets	-	10,000
	<hr/>	<hr/>
Total net assets	858,134	930,490
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 886,524</u>	<u>\$ 1,006,841</u>

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u> Total (For comparative purposes only)
Support and revenue:		
Contributions	1,356,444	\$ 1,408,675
Bequests	103,280	45,390
Conferences	23,132	25,453
Interest	-	11
Other	<u>63,225</u>	<u>60,175</u>
Total support and revenue	<u>1,546,081</u>	<u>1,539,704</u>
Expenses:		
Program services	985,493	1,090,590
General and administrative	247,760	258,436
Fund raising and development	<u>385,184</u>	<u>460,950</u>
Total expenses	<u>1,618,437</u>	<u>1,809,976</u>
Change in unrestricted net assets	(72,356)	(270,272)
Temporarily restricted revenue	<u>-</u>	<u>10,000</u>
Change in net assets	(72,356)	(260,272)
Net assets - beginning of year	<u>930,490</u>	<u>1,190,762</u>
Net assets - end of year	<u>\$ 858,134</u>	<u>\$ 930,490</u>

See accompanying notes to financial statements.

Statement of Functional Expenses
Year Ended December 31, 2015

	2015			Total Expenses	2014
	Program Services	General and Administrative	Fund raising and Development		Total (For comparative purposes only)
Grants made	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 35,000
Professional fees	-	18,779	-	18,779	16,573
Licensing service	-	-	-	-	-
Advertising	19,739	-	-	19,739	28,545
Automobile	3,563	802	89	4,454	1,895
Bank fees	-	10,096	-	10,096	13,235
Dues and Subscriptions	1,759	396	44	2,199	1,791
Office	59,336	13,351	1,485	74,172	92,600
Payroll and taxes	271,325	116,282	-	387,607	386,456
Employee benefits	3,528	1,512	-	5,040	9,450
Licenses and permits	7,979	1,408	14,081	23,468	21,670
Telephone	18,335	2,804	431	21,570	22,866
Travel	14,206	145	145	14,496	23,374
Depreciation	19,778	15,823	3,956	39,557	41,655
Lockbox services	6,766	1,194	11,939	19,899	18,921
Creative services	11,435	2,018	20,179	33,632	39,144
Data management	10,193	1,799	17,986	29,978	28,032
Data processing	23,357	4,122	41,217	68,696	90,993
List rental	5,670	1,001	10,005	16,676	37,852
Mailings	22,103	3,901	39,005	65,009	74,502
Postage and paper	85,313	15,055	150,552	250,920	314,995
Conference and education	114,764	-	-	114,764	108,320
Rent	175,403	26,826	4,127	206,356	174,659
Website	2,575	322	322	3,219	14,169
Repairs	440	67	10	517	120
Printing	27,565	4,594	44,411	76,570	83,435
RDC service fee	14,280	2,520	25,200	42,000	42,000
Newsletter	-	-	-	-	624
Special event	-	-	-	-	30,368
Program services-other	46,081	2,943	-	49,024	56,730
Total functional expenses	<u>\$ 985,493</u>	<u>\$ 247,760</u>	<u>\$ 385,184</u>	<u>\$ 1,618,437</u>	<u>\$ 1,809,976</u>

See accompanying notes to financial statements.

Statement of Cash Flows
Year Ended December 31, 2015

	<u>2015</u>	2014 Total (For comparative purposes only)
Cash flows from operating activities:		
Change in net assets	\$ (72,356)	\$ (260,272)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	39,557	41,655
(Increase) decrease in assets:		
Due from affiliate	(25,666)	30,966
Unconditional promises to give	347,062	19,938
Prepaid expenses	(16,312)	8,812
Prepaid rent	-	11,419
Increase (decrease) in liabilities:		
Accounts payable	(37,961)	(40,104)
Accrued payroll and taxes	-	(69)
Deferred revenue	<u>(10,000)</u>	<u>10,000</u>
Net cash flows from operating activities	<u>224,324</u>	<u>(177,655)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(5,416)</u>	<u>(3,651)</u>
Net cash flows from investing activities	<u>(5,416)</u>	<u>(3,651)</u>
Net increase (decrease) in cash	218,908	(181,306)
Cash and cash equivalents - beginning of year	<u>518,048</u>	<u>699,354</u>
Cash and cash equivalents - end of year	<u>\$ 736,956</u>	<u>\$ 518,048</u>

See accompanying notes to financial statements.

Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Parkinson Research Foundation, Inc. ("The Foundation"), a Delaware Corporation, was founded on September, 5, 2003, as a not-for-profit. The main function of the Foundation is to support medical research into the cause, cure, and treatment of Parkinson's disease and to inform the general public about Parkinson's disease. This involves the soliciting of funds via direct mail campaigns and the Foundation's web site in support of its charitable and education programs. In September 2012, the organization moved their administrative office to a 7533 sq. ft. facility in Sarasota, FL and opened Parkinson Place, which offers a community center for anyone with Parkinson's disease to attend free classes, lectures and seminars and a safe place to associate with others facing the same health issues. The purpose of the center is to promote an improved quality of life through education, group exercise and social activities.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities in accordance with generally accepted accounting principles. Net assets, revenues, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. No temporarily restricted assets were held at December 31, 2015.

Permanently Restricted – Net assets restricted by the donor to be maintained permanently by the Foundation. No permanently restricted assets were held at December 31, 2015.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers money market funds and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Notes to Financial Statements
December 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Promises to Give

Unconditional Promises to give are recognized as revenue in the period received and as assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Property and Equipment

Property and equipment is reflected in the financial statements at cost, or if donated, at the estimated fair value on the date of donation. The Foundation capitalizes all assets purchased greater than \$500. Depreciation expense is computed using the straight line method over the estimated useful life of the assets which range from three to five years. Depreciation Expense for 2015 was \$39,557.

Grants and Contributions

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests

Bequests are contributions that are recognized as revenues when the donor makes an unconditional promise to give to the organization at the net realizable value as estimated by management after consulting with the decedent's representative.

Functional Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes to Financial Statements
December 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Donated Services and In-kind Contributions

The Foundation recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation recognized \$19,500 in donated services from physicians and attorneys as speakers in their education conferences. In addition, the Foundation received in kind meals and gifts for participants with a value of \$74,525.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived. Certain prior year accounts have been reclassified in order to conform to current year presentation.

Note 2 – Property and Equipment:

Property and equipment at December 31, 2015, consisted of the following:

Office furniture and equipment	\$ 180,949
Leasehold Improvement	<u>48,169</u>
	\$ 229,118
Less: Accumulated depreciation	<u>(163,824)</u>
Net	\$ <u>65,294</u>

Notes to Financial Statements
December 31, 2015

Note 3 – Leases:

During the year, the Foundation renegotiated and entered into a 60 month operating lease agreement for use of a copier. Rental payments as of December 31, 2015, totaled \$ 19,140. Future minimum lease payments under the noncancellable lease are as follows:

Year Ending December 31,

2016	19,140
2017	19,140
2018	19,140
2019	19,140
2020	11,165

Effective September 1, 2012 the Foundation moved to a new facility and opened Parkinson Place. They entered into a 5 year lease with annual increases of 3%. The Foundation increased the space leased in 2014 from 7,533 sq. ft. to 10,582 sq. ft. Future minimum payments under the noncancellable lease are as follows:

Year Ending December 31,

2016	204,947
2017	211,067
2018	217,398
2019	129,012
2020	11,165

Note 4 – Uninsured Cash Balance:

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Foundation places its cash and cash equivalents with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation limit. Management considers the risk to be minimal. Cash balances in excess of FDIC limits as of December 31, 2015 were \$480,747.

Note 5 – Concentrations:

The Foundation uses different vendors to provide lists of donor leads, postage and mailing coordination services during the year. Payment to these service providers each represents more than ten percent (10%) of the Foundation's annual expenses for the year.

Notes to Financial Statements
December 31, 2015

Note 6 – Income Tax Status:

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for a charitable contribution deduction by individual donors. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Foundation had no uncertain income tax positions that could have a significant effect on the consolidated financial statements for the year ended December 31, 2015. The Foundation's federal income tax returns for fiscal years ended December 31, 2014, 2013 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Note 7 – Related Party Transactions:

The Foundation pays a company owned by a relative of a member of the Board of Directors for State registration filing and monitoring services. This company's fees totaled \$22,030 for the State registration filing and monitoring services during the year ended December 31, 2015.

On June 9, 2015 the Foundation extended a non-interest bearing 36 month term loan in the amount of \$25,000, to Parkinson Therapy, LLC. The main shareholder of Parkinson Therapy, LLC is a member of the Board of Directors.

As of December 31, 2015, the Foundation is owed by Macular Degeneration Association (MDA) \$9,628 for expenses paid on behalf of MDA. MDA is under common control with the Foundation. Organizations under control and the existence of that control could result in changes in net assets or financial position of the Foundation significantly different from those that would have been obtained if the organizations were autonomous. MDA was responsible for \$30,000 or 15% of the rent expense on the new facility.

Note 8- Advertising Costs:

Advertising costs are expensed as incurred. The costs incurred for the year ending December 31, 2015 were \$19,739.

Notes to Financial Statements
December 31, 2015

Note 9 – Allocation of Joint Costs:

The Foundation allocates expenditures between program services, general and administrative, and fund raising activities, in accordance with the provisions of the American Institute of Certified Public Accountants' Statement of Position (SOP 98-2) "Accounting for Costs of Activities of Not-For-Profit Organizations That Includes Fundraising". The mission of the foundation is to help find a cure for Parkinson's disease through funding research, while providing education and services that improve the quality of life for Parkinson patients and caregivers.

In 2015, the Foundation conducted activities that included (a) requests for contributions, (b) program services, and (c) general and administrative components. These activities included direct mail fund raising campaigns and distribution of and introduction to educational information. The cost of conducting activities included a total of \$1,435,059 of joint costs which are not specifically attributable to a particular component of the activities. Joint costs for these activities have been allocated pursuant to SOP 98-2 as set forth in the Statement of Functional Expenses and include:

Fund Raising	\$385,184
Educational programs	830,990
General and administrative	218,885

Note 10 – Subsequent Events:

Subsequent events have been evaluated through February 12, 2016, which is the date the financial statements were available to be issued.