



**Parkinson Voice Project, Inc.**

**Financial Statements**  
**June 30, 2020 and 2019**

# Parkinson Voice Project, Inc.

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## **Independent Auditors' Report**

To the Board of Directors of  
Parkinson Voice Project, Inc.

We have audited the accompanying financial statements of Parkinson Voice Project, Inc. (Organization) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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 error or fraud.

### **Auditors' Responsibility**

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

An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas  
December 3, 2020

**Parkinson Voice Project, Inc.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,292,183	\$ 2,037,405
Pledges receivable, net	497,500	77,020
Investments	1,174,091	195,782
Other assets	58,370	38,025
Security deposits	9,550	9,550
Property and equipment, net	834,384	883,433
Assets restricted in perpetuity:		
Cash and cash equivalents	-	98,000
Pledge receivable	127,000	277,000
Investments	873,000	625,000
<b>Total assets</b>	<b>\$ 4,866,078</b>	<b>\$ 4,241,215</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 24,207	\$ 84,423
Accrued expenses	27,829	26,460
Deferred rent	87,149	84,191
Note payable	-	4,781
<b>Total liabilities</b>	139,185	199,855
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	2,016,270	2,559,308
Board designated	1,131,303	-
With donor restrictions	1,579,320	1,482,052
<b>Total net assets</b>	4,726,893	4,041,360
<b>Total liabilities and net assets</b>	<b>\$ 4,866,078</b>	<b>\$ 4,241,215</b>

See notes to financial statements.

**Parkinson Voice Project, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 2,288,904	\$ 423,781	\$ 2,712,685
Program revenue	232,877	-	232,877
Investment loss, net	(3,818)	(28,152)	(31,970)
Other	18,364	-	18,364
Net assets released from restrictions	298,361	(298,361)	-
<b>Total revenue and support</b>	<b>2,834,688</b>	<b>97,268</b>	<b>2,931,956</b>
<b>Expenses:</b>			
Program	1,921,638	-	1,921,638
General and administrative	198,130	-	198,130
Fundraising	126,655	-	126,655
<b>Total expenses</b>	<b>2,246,423</b>	<b>-</b>	<b>2,246,423</b>
<b>Change in net assets</b>	<b>588,265</b>	<b>97,268</b>	<b>685,533</b>
<b>Net assets at beginning of year</b>	<b>2,559,308</b>	<b>1,482,052</b>	<b>4,041,360</b>
<b>Net assets at end of year</b>	<b>\$ 3,147,573</b>	<b>\$ 1,579,320</b>	<b>\$ 4,726,893</b>

See notes to financial statements.

**Parkinson Voice Project, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 2,471,577	\$ -	\$ 2,471,577
Program revenue	144,105	-	144,105
Investment income, net	40,599	15,841	56,440
Other	32,867	-	32,867
Net assets released from restrictions	324,568	(324,568)	-
<b>Total revenue and support</b>	<b>3,013,716</b>	<b>(308,727)</b>	<b>2,704,989</b>
<b>Expenses:</b>			
Program	2,113,658	-	2,113,658
General and administrative	201,244	-	201,244
Fundraising	142,105	-	142,105
<b>Total expenses</b>	<b>2,457,007</b>	<b>-</b>	<b>2,457,007</b>
<b>Change in net assets</b>	<b>556,709</b>	<b>(308,727)</b>	<b>247,982</b>
<b>Net assets at beginning of year</b>	<b>2,002,599</b>	<b>1,790,779</b>	<b>3,793,378</b>
<b>Net assets at end of year</b>	<b>\$ 2,559,308</b>	<b>\$ 1,482,052</b>	<b>\$ 4,041,360</b>

See notes to financial statements.

**Parkinson Voice Project, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 743,484	\$ 97,369	\$ 73,352	\$ 914,205
Employee benefits and taxes	116,455	13,736	9,396	139,587
<b>Total salaries and related expenses</b>	859,939	111,105	82,748	1,053,792
Contract services	82,273	8,814	16,055	107,142
Professional fees	16,765	50,117	157	67,039
Supplies	210,040	4,718	2,258	217,016
Travel	37,561	590	59	38,210
Meetings and conferences	113,477	3,680	1,040	118,197
Communication	144,131	171	18,148	162,450
Gifts, grants and assistance	95,426	3,013	316	98,755
Occupancy	179,783	3,873	1,846	185,502
Equipment rental	3,834	79	39	3,952
Telephone	13,727	377	354	14,458
Insurance	6,323	2,725	105	9,153
Miscellaneous	8,087	5,770	1,981	15,838
<b>Total expenses before depreciation</b>	1,771,366	195,032	125,106	2,091,504
Depreciation	150,272	3,098	1,549	154,919
<b>Total expenses</b>	<b>\$ 1,921,638</b>	<b>\$ 198,130</b>	<b>\$ 126,655</b>	<b>\$ 2,246,423</b>

See notes to financial statements.

**Parkinson Voice Project, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 824,861	\$ 84,613	\$ 69,225	\$ 978,699
Employee benefits and taxes	152,225	12,128	8,641	172,994
<b>Total salaries and related expenses</b>	977,086	96,741	77,866	1,151,693
Contract services	37,660	28,395	15,264	81,319
Professional fees	13,743	50,005	140	63,888
Supplies	145,463	963	681	147,107
Travel	117,873	1,920	-	119,793
Meetings and conferences	178,956	4,917	581	184,454
Communication	210,606	652	34,912	246,170
Gifts, grants and assistance	70,899	1,647	361	72,907
Occupancy	191,666	3,935	1,967	197,568
Equipment rental	3,786	78	39	3,903
Telephone	15,493	324	160	15,977
Insurance	6,209	3,668	82	9,959
Miscellaneous	5,095	5,130	8,618	18,843
<b>Total expenses before depreciation</b>	1,974,535	198,375	140,671	2,313,581
Depreciation	139,123	2,869	1,434	143,426
<b>Total expenses</b>	<b>\$ 2,113,658</b>	<b>\$ 201,244</b>	<b>\$ 142,105</b>	<b>\$ 2,457,007</b>

See notes to financial statements.

**Parkinson Voice Project, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 685,533	\$ 247,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	154,919	143,426
Change in discount on pledges receivable	2,241	(5,773)
Change in allowance for doubtful accounts	(5,000)	-
Unrealized losses on investments	77,844	7,968
Changes in operating assets and liabilities:		
Pledges receivable	(417,721)	6,340
Other assets	(20,345)	(328)
Accounts payable	(60,216)	(5,524)
Accrued expenses	1,369	3,030
Deferred rent	2,958	2,959
<b>Net cash provided by operating activities</b>	<b>421,582</b>	<b>400,080</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(105,870)	(38,320)
Purchases of investments	(1,304,153)	(196,809)
<b>Net cash used by investing activities</b>	<b>(1,410,023)</b>	<b>(235,129)</b>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(4,781)	(4,879)
Collection of pledge restricted for endowment	150,000	98,000
<b>Net cash provided by financing activities</b>	<b>145,219</b>	<b>93,121</b>
<b>Change in cash and cash equivalents</b>	<b>(843,222)</b>	<b>258,072</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,135,405</b>	<b>1,877,333</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,292,183</b>	<b>\$ 2,135,405</b>
Supplemental cash flow information -		
Cash paid during the year for interest	\$ 153	\$ 521
<b>Reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position to the statements of cash flows:</b>		
Cash and cash equivalents	\$ 1,292,183	\$ 2,037,405
Cash and cash equivalents restricted for endowment	-	98,000
<b>Total cash, cash equivalents and restricted cash shown in the statements of cash flows</b>	<b>\$ 1,292,183</b>	<b>\$ 2,135,405</b>

# Parkinson Voice Project, Inc.

## Notes to Financial Statements

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### 1. Organization

Parkinson Voice Project, Inc. (Organization) is a Texas not-for-profit corporation established in 2005 and exempt from income tax under 501(c)(3) of the U.S. Internal Revenue Code. The Organization's mission is to preserve the voices of individuals with Parkinson's and related neurological disorders through intensive speech therapy, follow-up support, research, education, and community awareness. The Organization's vision is to collaborate with other compassionate speech-language pathologists to replicate our SPEAK OUT!® and The LOUD Crowd® therapy programs throughout the world.

The Organization accomplishes its mission through the following program services:

- **Speech Therapy** – The Organization provides speech therapy (SPEAK OUT!) followed by an ongoing maintenance program (The LOUD Crowd) to help people with Parkinson's and related neurological disorders regain and maintain their ability to speak. SPEAK OUT! consists of individual therapy sessions provided by licensed speech-language pathologists. Patients typically receive four weeks of speech therapy and complete daily speech, voice and cognitive exercises to improve the strength and coordination of the speech mechanism. Because the muscles used for speaking are the same used for swallowing, improving the speech abilities often improves swallowing abilities. The LOUD Crowd consists of weekly speech groups, a singing program and care partner groups. The Organization conducts over 500 LOUD Crowd groups each year. The Organization also awards grants to speech therapy clinics who are replicating the Organization's two-part therapy program to help their Parkinson's communities. The grants paid for training and speech therapy supplies.
- **Education** – In addition to providing speech therapy in its clinic in Richardson, Texas, the Organization also provides workshops to train speech-language pathologists in its treatment methods and encourages the replication of SPEAK OUT! and LOUD Crowd. The Organization also exhibits at Parkinson's and medical conferences to educate patients, families and medical professionals about speech disorders related to Parkinson's and treatment options. The Organization also hosts educational presentations given by Parkinson's experts from around the world in its Parkinson's Education Center.

The Organization is funded primarily through contributions from the general public.

### 2. Summary of Significant Accounting Procedures

#### *Basis of Accounting*

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

## **Parkinson Voice Project, Inc.**

### **Notes to Financial Statements**

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#### ***Financial Statement Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Contributions whose restrictions are met in the same year the contributions are received are reported as net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents, investments and pledges receivable.

The Organization maintains cash and money market accounts at creditworthy financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

## **Parkinson Voice Project, Inc.**

### **Notes to Financial Statements**

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Pledges receivable are unsecured and due from various donors. The Organization evaluates the collectability of pledges receivable and maintains allowances for potential losses.

#### ***Cash and Cash Equivalents***

The Organization considers highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization classifies money market fund held by external investment managers as investments as these funds are not readily available for operations.

#### ***Restricted Cash***

Restricted cash consists of cash required by the donor to be held in perpetuity.

#### ***Investments***

The Organization's investments consist of mutual funds and are carried at fair value. Investment transactions are recorded on the trade date, which results in receivables and payables on trades that have not yet settled as of the financial statement date, and dividend income is recorded when earned.

Realized gains and losses are recorded as the difference between historical cost and fair value, and are shown on a net basis. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods.

#### ***Pledges Receivable***

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at the present value of the expected future cash flows.

An allowance for doubtful pledges is estimated based on management's analysis of historical payment trends, specific known collection risks, write-off trends and current economic conditions and is adjusted for those pledges receivable for which collection is uncertain.

#### ***Property and Equipment***

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the donation. The Organization capitalizes expenditures for property and equipment with a value greater than \$2,500. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 15 years. Leasehold improvements are amortized over the shorter of the lease term or useful life of the asset.

## **Parkinson Voice Project, Inc.**

### **Notes to Financial Statements**

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#### ***Deferred Rent***

The Organization has entered into an office lease agreement, which contains a provision for future rent increases. In accordance with GAAP, rent cost is accounted for on a straight-line basis over the rent term.

#### ***Revenue Recognition***

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donated supplies are reflected as contributions at their estimated fair values at date of receipt. During the years ended June 30, 2020 and 2019, the Organization received \$4,582 and \$1,178, respectively, in donated supplies. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and 2019, the Organization received \$1,500 and \$150, respectively, in donated services that met the criteria to be recorded as support on the Organization's financial statements.

A substantial number of volunteers made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these financial statements because it does not meet the criteria for recognition under GAAP. Volunteer hours totaled 3,890 and 4,578 for the years ended June 30, 2020 and 2019, respectively.

#### ***Federal Income Tax***

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended June 30, 2020 and 2019. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded

## **Parkinson Voice Project, Inc.**

### **Notes to Financial Statements**

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that as of June 30, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

#### ***Advertising***

Advertising and promotional costs are expensed as incurred and for the years ended June 30, 2020 and 2019 totaled \$53,840 and \$110,803, respectively.

#### ***Allocation of Functional Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, equipment rental and depreciation, which are allocated on a square footage basis, as well as salaries and employee benefits and taxes, which are allocated on the basis of estimates of time and effort. Contract services, supplies, telephone, insurance and miscellaneous are allocated based on a combination of square footage, time and effort and direct allocations. All other expenses have been directly allocated.

#### ***Estimates and Assumptions***

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***New Accounting Pronouncements***

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

## **Parkinson Voice Project, Inc.**

### **Notes to Financial Statements**

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The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

#### ***Accounting Pronouncements Adopted***

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Organization has adopted this ASU as of and for the year ended June 30, 2020 with retrospective application for the 2019 financial statements.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The Organization has adopted this ASU as of and for the year ended June 30, 2020 with retrospective application for the 2019 financial statements. .

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way The Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

**Parkinson Voice Project, Inc.**  
**Notes to Financial Statements**

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### 3. Pledges Receivable

The Organization had the following pledges receivable at June 30:

	<u>2020</u>	<u>2019</u>
Amount due in:		
Less than one year	\$ 189,690	\$ 150,861
One to five years	<u>447,000</u>	<u>218,108</u>
Subtotal	636,690	368,969
Allowance for doubtful accounts	(2,500)	(7,500)
Unamortized present value discount	<u>(9,690)</u>	<u>(7,449)</u>
	<u>\$ 624,500</u>	<u>\$ 354,020</u>

Pledges due in more than one year are reflected at the net present value of future cash flows using a market discount rate of 1% at June 30, 2020 and 2.5% at June 30, 2019.

At June 30, 2020, 83% of pledges receivable were due from 3 donors. At June 30, 2019, 94% of pledges receivable were due from two donors.

### 4. Conditional Promises to Give

During the year ended June 30, 2019, the Organization was awarded a conditional grant totaling \$500,000 each year for the next four years. The grant is conditioned upon the Organization raising \$500,000 each year by December 31. During the year ended June 30, 2020, the Organization met the conditions to be able to receive the \$500,000.

### 5. Investments

Under the fair value measurements and disclosures topic of the codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1           Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
  
- Level 2           Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

**Parkinson Voice Project, Inc.**  
**Notes to Financial Statements**

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Level 3            Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

***Mutual Funds***

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying asset owned by the fund, less its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The investments held by the Organization are measured using Level 1 inputs.

The following table presents the investments at fair value as of June 30:

	2020	2019
Mutual funds:		
Money market	\$ 55,753	\$ 4,205
Bond	1,028,463	404,758
Equity	962,875	411,819
	\$ 2,047,091	\$ 820,782

**Parkinson Voice Project, Inc.**  
**Notes to Financial Statements**

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Investment income (loss), including interest and dividends earned on cash and cash equivalents, consists of the following for the year ended June 30:

	2020	2019
Interest and dividend income	\$ 50,226	\$ 67,340
Unrealized losses on investments	(77,844)	(7,968)
Investment fees	(4,352)	(2,932)
Investment income (loss), net	\$ (31,970)	\$ 56,440

## 6. Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Leasehold improvements	\$ 1,022,685	\$ 1,022,685
Furniture and fixtures	214,909	214,909
Equipment and software	304,781	247,395
Works of art	48,484	-
	1,590,859	1,484,989
Accumulated depreciation	(756,475)	(601,556)
	\$ 834,384	\$ 883,433

Depreciation expense totaled \$154,919 and \$143,426 for the years ended June 30, 2020 and 2019, respectively.

## 7. Note Payable

The Organization financed the development of their website through a \$14,575 note agreement dated January 21, 2017 with the vendor. The note is payable in monthly installments of \$450 with interest at .58% and matures on May 31, 2020. As of June 30, 2019 the balance on the note payable was \$4,781. The remaining balance of the note payable totaling \$4,781 was paid during the year ended June 30, 2020.

**Parkinson Voice Project, Inc.**  
**Notes to Financial Statements**

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**8. Employee Benefit Plan**

In January 2009, the Organization adopted the Parkinson Voice Project Inc. 401(k) Profit Sharing Plan and Trust (Benefit Plan) which covers eligible employees. The Organization provides for matching contributions of 100% of the employee's contribution up to 5% of their salary and may provide for a discretionary contribution. For the years ended June 30, 2020 and 2019, the Organization's matching contributions to the Benefit Plan totaled \$31,403 and \$31,760, respectively. No discretionary contributions were made during the years ended June 30, 2020 or 2019.

**9. Lease Commitment**

The Organization leases its office space under a non-cancellable operating lease agreement expiring December 31, 2031. The lease includes fixed rent escalations, which are amortized on a straight-line basis. The lease requires the Organization pay common area maintenance costs. Total rent expense for the office lease for the years ended June 30, 2020 and 2019 was approximately \$144,000.

The following is a schedule of future minimum lease payments required under the non-cancellable lease agreement for the years ending June 30:

2021	\$	104,808
2022		101,321
2023		101,004
2024		101,004
2025		101,004
Thereafter		777,702

**10. Net Assets Without Donor Restrictions**

Net assets without donor restriction totaling \$1,131,303 was designated by the board of directors for general operating purposes as of June 30, 2020.

**Parkinson Voice Project, Inc.**  
**Notes to Financial Statements**

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**11. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 509,690	\$ 85,909
Scholarships for therapy	-	1,909
Endowment earnings	69,630	97,782
Loud Crowd	-	296,452
Restricted in perpetuity	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,579,320</u>	<u>\$ 1,482,052</u>

**12. Endowment Fund**

The Organization has one donor-restricted endowment fund established to support the position of one Speech-Language Pathologist in the speech therapy treatment of individuals with Parkinson's and other neurological disorders. The balance required by the donor to be held in perpetuity totaled \$1,000,000 as of June 30, 2020 and 2019, respectively. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

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- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization’s investment policy

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding sufficient to support the programs of the Organization and donor objectives and to preserve or increase the purchasing power of the assets supported by its endowment.

The investment policy establishes an achievable return objective through diversification of asset classes. As identified in the investment policy, the investment committee will maintain reasonable diversification at all times within both equity and bond securities so as to provide for the investment objectives while avoiding undue risk concentration in any single asset class or investment category.

The spending policy calculates the amount of money annually distributed from the Organization’s endowed funds. The current spending policy is to distribute an amount not greater than 5% of the principal balance of the fund at the beginning of the year the distribution is made. Annual distributions begin upon collection of the final endowment pledge payment expected in 2022.

Changes in the endowment fund with donor restrictions by net asset classifications for the years ended June 30, 2020 and 2019 are summarized as follows:

	Accumulated investment earnings	Original gift amount	Total
Endowment net assets, July 1, 2018	\$ 81,941	\$ 1,000,000	\$ 1,081,941
Investment earnings	15,841	-	15,841
Endowment net assets, June 30, 2019	97,782	1,000,000	1,097,782
Investment loss	(28,152)	-	(28,152)
Endowment net assets, June 30, 2020	\$ 69,630	\$ 1,000,000	\$ 1,069,630

### **13. Related Party Transactions**

During the years ended June 30, 2020 and 2019, the Organization received contributions from members of the board of directors totaling \$400,409 and \$1,210,262, respectively. Pledges receivable outstanding from members of the board of directors at June 30, 2020 and 2019 totaled \$150,000 and \$69,717, respectively.

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**14. Liquidity and Availability of Resources**

The Organization's financial assets available within one year of the statement of financial position date of June 30, 2020 and 2019 for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,292,183	\$ 2,135,405
Pledges receivable, net	624,500	354,020
Investments	<u>2,047,091</u>	<u>820,782</u>
Total financial assets	3,963,774	3,310,207
Less amounts not available for general expenditures within one year:		
Donor restricted endowment to be retained in perpetuity	1,000,000	1,000,000
Pledges receivable collectible beyond one year	447,000	218,108
Board-designated fund	<u>1,131,303</u>	<u>-</u>
Financial assets not available for general expenditures	<u>2,578,303</u>	<u>1,218,108</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,385,471</u>	<u>\$ 2,092,099</u>

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year. In the event the need arises to utilize the board-designated fund for liquidity purposes, the fund could be drawn upon through board resolution.

The Organization has a goal to maintain financial assets, which consist of cash and receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$385,000. The Organization has a policy to structure its financial assets to be available for general expenditures, liabilities and other obligations as they come due.

**15. Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity around the world. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

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On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law. On April 16, 2020, the Organization received a forgivable loan in the amount of \$196,887 pursuant to the Paycheck Protection Program. The Organization used all of the proceeds to make eligible payments by June 30, 2020. The Organization has elected to account for the Paycheck Protection Program forgivable loan as a conditional grant in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 958 and expects all of the loan to be forgiven. Accordingly, the Organization has recognized \$196,887 as grant revenue in the accompanying statement of activities for the year ended June 30, 2020.

**16. Subsequent Events**

Management has evaluated subsequent events through the date which the financial statements were available to be issued and concluded that no additional disclosures are required.