



Parkinson Voice Project, Inc.

Financial Statements
June 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas
October 4, 2021

Parkinson Voice Project, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,244,587	\$ 1,292,183
Pledges receivable, net	349,311	497,500
Investments	2,734,342	1,174,091
Other assets	30,633	58,370
Security deposits	9,550	9,550
Property and equipment, net	738,162	834,384
Assets restricted in perpetuity:		
Pledge receivable	-	127,000
Investments	1,000,000	873,000
Total assets	\$ 6,106,585	\$ 4,866,078
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 34,704	\$ 24,207
Accrued expenses	34,620	27,829
Deferred rent	90,108	87,149
Total liabilities	159,432	139,185
Net assets:		
Without donor restrictions:		
Undesignated	2,163,305	2,016,270
Board designated	2,131,303	1,131,303
With donor restrictions	1,652,545	1,579,320
Total net assets	5,947,153	4,726,893
Total liabilities and net assets	\$ 6,106,585	\$ 4,866,078

See notes to financial statements.

Parkinson Voice Project, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 1,985,649	\$ -	\$ 1,985,649
Government grant	196,887	-	196,887
Program revenue	305,311	-	305,311
Investment income, net	330,644	230,564	561,208
Other	8,544	-	8,544
Net assets released from restrictions	157,339	(157,339)	-
Total revenue and support	2,984,374	73,225	3,057,599
Expenses:			
Program	1,527,204	-	1,527,204
General and administrative	176,224	-	176,224
Fundraising	133,911	-	133,911
Total expenses	1,837,339	-	1,837,339
Change in net assets	1,147,035	73,225	1,220,260
Net assets at beginning of year	3,147,573	1,579,320	4,726,893
Net assets at end of year	\$ 4,294,608	\$ 1,652,545	\$ 5,947,153

See notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 2,092,017	423,781	\$ 2,515,798
Government grant	196,887	-	196,887
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)	-
Total revenue and support	2,834,688	97,268	2,931,956
Expenses:			
Program	1,921,638	-	1,921,638
General and administrative	198,130	-	198,130
Fundraising	126,655	-	126,655
Total expenses	2,246,423	-	2,246,423
Change in net assets	588,265	97,268	685,533
Net assets at beginning of year	2,559,308	1,482,052	4,041,360
Net assets at end of year	\$ 3,147,573	\$ 1,579,320	\$ 4,726,893

See notes to financial statements.

Parkinson Voice Project, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 678,577	\$ 91,002	\$ 60,440	\$ 830,019
Employee benefits and taxes	118,939	14,156	9,154	142,249
Total salaries and related expenses	797,516	105,158	69,594	972,268
Contract services	46,690	4,412	14,410	65,512
Professional fees	23,270	44,904	239	68,413
Supplies	110,726	5,283	1,939	117,948
Travel	408	409	136	953
Meetings and conferences	68,123	2,011	5,610	75,744
Communication	131,833	216	22,984	155,033
Gifts, grants and assistance	23,513	2,310	2,751	28,574
Occupancy	158,669	3,773	1,636	164,078
Equipment rental	3,860	80	40	3,980
Telephone	13,516	455	563	14,534
Insurance	7,194	2,822	203	10,219
Miscellaneous	10,725	1,687	12,454	24,866
Total expenses before depreciation	1,396,043	173,520	132,559	1,702,122
Depreciation	131,161	2,704	1,352	135,217
Total expenses	<u>\$ 1,527,204</u>	<u>\$ 176,224</u>	<u>\$ 133,911</u>	<u>\$ 1,837,339</u>

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
Total salaries and related expenses	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
Total expenses before depreciation	1,771,366	195,032	125,106	2,091,504
Depreciation	150,272	3,098	1,549	154,919
Total expenses	<u>\$ 1,921,638</u>	<u>\$ 198,130</u>	<u>\$ 126,655</u>	<u>\$ 2,246,423</u>

See notes to financial statements.

Parkinson Voice Project, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,220,260	\$ 685,533
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	135,217	154,919
Change in discount on pledges receivable	(9,150)	2,241
Change in allowance for doubtful accounts	-	(5,000)
Unrealized and realized (gain) loss on investments	(524,367)	77,844
Changes in operating assets and liabilities:		
Pledges receivable	157,339	(417,721)
Other assets	27,737	(20,345)
Accounts payable	10,497	(60,216)
Accrued expenses	6,791	1,369
Deferred rent	2,959	2,958
Net cash provided by operating activities	<u>1,027,283</u>	<u>421,582</u>
Cash flows from investing activities:		
Purchases of property and equipment	(38,995)	(105,870)
Purchases of investments	(1,162,884)	(1,304,153)
Net cash used by investing activities	<u>(1,201,879)</u>	<u>(1,410,023)</u>
Cash flows from financing activities:		
Payments on note payable	-	(4,781)
Collection of pledge restricted for endowment	127,000	150,000
Net cash provided by financing activities	<u>127,000</u>	<u>145,219</u>
Change in cash and cash equivalents	<u>(47,596)</u>	<u>(843,222)</u>
Cash and cash equivalents at beginning of year	<u>1,292,183</u>	<u>2,135,405</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,244,587</u></u>	<u><u>\$ 1,292,183</u></u>
Supplemental cash flow information -		
Cash paid during the year for interest	<u><u>\$ -</u></u>	<u><u>\$ 153</u></u>

Parkinson Voice Project, Inc.

Notes to Financial Statements

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:

- **SPEAK OUT! & The LOUD Crowd** — The Organization developed an effective treatment approach for individuals with Parkinson's that combines education, individual speech therapy (SPEAK OUT!), and ongoing group therapy (The LOUD Crowd). SPEAK OUT! consists of individual speech therapy sessions conducted by a licensed speech-language pathologist. Together, the patient and speech-language pathologist work their way through a specialized therapy workbook that consists of speech, voice, and cognitive exercises. After completing SPEAK OUT!, patients transition to a maintenance program called The LOUD Crowd. Since Parkinson's is a progressive, degenerative condition for which there is no cure, ongoing support and encouragement is crucial to helping patients maintain their speaking abilities throughout the disease process. The LOUD Crowd provides this support through speech therapy groups, a singing program, and online speech practice sessions. The Organization continually develops new and innovative therapy materials to improve its program and to keep it "fresh and interesting" for people with Parkinson's (e.g. new therapy workbooks). Since March 2020, the Organization has been providing all of its therapy services online using "teletherapy." Since groups are not meeting in-person, the Organization began offering online practice sessions five days a week to help people with Parkinson's remain consistent with their home practice and to continue to motivate them during the pandemic. Surprisingly, these online sessions have expanded the Organization's reach. A recent report indicated that over 1,000 people are accessing these online practice sessions each day.
- **Speech Therapy Clinic** — The Organization operates a speech therapy clinic that specializes in the treatment of motor speech disorders related to Parkinson's disease. The clinic provides SPEAK OUT! & The LOUD Crowd. Something unique about its clinic is that the Organization has not charged for any of its speech therapy services since 2008. The clinic is funded entirely through donations.

Parkinson Voice Project, Inc.

Notes to Financial Statements

- **SPEAK OUT! & LOUD Crowd Training and Grant Program** — The Organization's vision is that every person with Parkinson's around the globe will have access to SPEAK OUT! & The LOUD Crowd. The Organization developed a training program for speech-language pathologists and graduate students to learn the treatment protocol. Training is provided online with customized continuing education programs. To accelerate its replication process and increase access to SPEAK OUT! & LOUD Crowd, the Organization awards grants to speech therapy clinics. In 2021, 303 grants were awarded to hospitals, universities, and outpatient speech therapy clinics. The grants provided free SPEAK OUT! & LOUD Crowd training to speech-language pathologists and graduate students, therapy workbooks and supplies. Some grant sites also receive funding to purchase specific equipment and supplies.

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).

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.

Parkinson Voice Project, Inc.

Notes to Financial Statements

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.

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.

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.

Parkinson Voice Project, Inc.

Notes to Financial Statements

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.

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, 2021 and 2020, the Organization received \$1,176 and \$5,582, 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, 2021 and 2020, the Organization received \$0 and \$1,500 respectively, in donated services that met the criteria to be recorded as support on the Organization's financial statements.

Parkinson Voice Project, Inc.

Notes to 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 1,995 and 3,890 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. 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 that as of June 30, 2021 and 2020, 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, 2021 and 2020 totaled \$8,998 and \$53,840, 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.

Parkinson Voice Project, Inc.

Notes to Financial Statements

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.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed nonfinancial Assets*, in an effort to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU requires NFPs to present contributed nonfinancial assets (gifts in kind) as a separate line item in the statement of activities.

The ASU requires additional footnote disclosures that include:

- Disaggregation of gifts-in-kind by asset category and corresponding asset value,
- Whether the asset was monetized or used,
- if used, a description of the programs or services that used the asset,
- if monetized, information about the reporting entity's monetization policy,
- the valuation techniques used to value the asset, including the principal market used to arrive at a fair value measure, and
- a description of any donor-imposed restrictions

Parkinson Voice Project, Inc.

Notes to Financial Statements

The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The ASU does allow for early adoption.

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

3. Pledges Receivable

The Organization had the following pledges receivable at June 30:

	2021	2020
Amount due in:		
Less than one year	\$ 51,751	\$ 189,690
One to five years	300,600	447,000
Subtotal	352,351	636,690
Allowance for doubtful accounts	(2,500)	(2,500)
Unamortized present value discount	(540)	(9,690)
	<u>\$ 349,311</u>	<u>\$ 624,500</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, 2021 and 1% at June 30, 2020.

At June 30, 2021, 71% of pledges receivable were due from 2 donors. At June 30, 2020, 83% of pledges receivable were due from 3 donors.

4. Conditional Promises to Give

In August 2019, the Organization was awarded a conditional grant totaling \$2,000,000, to be received in four annual installments of \$500,000 beginning in fiscal year ending June 30, 2020. The grant is conditioned upon the Organization raising \$500,000 each year by December 31. During the years ended June 30, 2021 and 2020, the Organization met the conditions and recognized contribution revenue of \$500,000 in each year.

Parkinson Voice Project, Inc.

Notes to Financial Statements

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; |
| 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.

Parkinson Voice Project, Inc.
Notes to Financial Statements

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

	2021	2020
Mutual funds:		
Money market	\$ 11,046	\$ 55,753
Bond	1,821,444	1,028,463
Equity	1,901,852	962,875
	<u>\$ 3,734,342</u>	<u>\$ 2,047,091</u>

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

	2021	2020
Interest and dividend income	\$ 44,401	\$ 50,226
Unrealized gains (losses) on investments	259,851	(77,844)
Realized gains (losses) on investments	264,516	-
Investment fees	(7,560)	(4,352)
Investment income (loss), net	<u>\$ 561,208</u>	<u>\$ (31,970)</u>

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Leasehold improvements	\$ 1,022,685	\$ 1,022,685
Furniture and fixtures	217,688	214,909
Equipment and software	337,497	304,781
Works of art	51,984	48,484
	1,629,854	1,590,859
Accumulated depreciation	<u>(891,692)</u>	<u>(756,475)</u>
	<u>\$ 738,162</u>	<u>\$ 834,384</u>

Depreciation expense totaled \$135,217 and \$154,919 for the years ended June 30, 2021 and 2020, respectively.

Parkinson Voice Project, Inc.
Notes to Financial Statements

7. 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, 2021 and 2020, the Organization's matching contributions to the Benefit Plan totaled \$27,094 and \$31,403, respectively. No discretionary contributions were made during the years ended June 30, 2021 or 2020.

8. 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, 2021 and 2020 was \$144,367.

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

2022	101,321
2023	101,004
2024	101,004
2025	101,004
2026	111,102
Thereafter	666,660

9. Net Assets Without Donor Restrictions

Net assets without donor restriction totaling \$2,131,303 and \$1,131,303 was designated by the board of directors for general operating purposes as of June 30, 2021 and 2020, respectively.

Parkinson Voice Project, Inc.

Notes to Financial Statements

10. Net Assets With Donor Restrictions

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

	2021	2020
Time restricted	\$ 352,351	\$ 509,690
Endowment earnings	300,194	69,630
Restricted in perpetuity	1,000,000	1,000,000
	<u>\$ 1,652,545</u>	<u>\$ 1,579,320</u>

11. 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, 2021 and 2020, 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 the original value of gifts donated to the permanent endowment as net assets with donor restrictions.

The earnings from the original gift are classified as net asset with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, 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
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization's investment policy

Parkinson Voice Project, Inc.

Notes to Financial Statements

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.

Changes in the endowment fund with donor restrictions for the years ended June 30, 2021 and 2020 are summarized as follows:

	Accumulated investment earnings	Original gift amount	Total
Endowment net assets, July 1, 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
Investment earnings	230,564	-	230,564
Endowment net assets, June 30, 2021	<u>\$ 300,194</u>	<u>\$ 1,000,000</u>	<u>\$ 1,300,194</u>

Parkinson Voice Project, Inc.
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12. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date of June 30, 2021 and 2020 for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,244,587	\$ 1,292,183
Pledges receivable, net	349,311	624,500
Investments	<u>3,734,342</u>	<u>2,047,091</u>
Total financial assets	5,328,240	3,963,774
Less amounts not available for general expenditures within one year:		
Donor restricted endowment to be retained in perpetuity	1,000,000	1,000,000
Future expendable donor-restricted endowment	300,194	69,630
Pledges receivable collectible beyond one year	300,600	447,000
Board-designated fund	<u>2,131,303</u>	<u>1,131,303</u>
Financial assets not available for general expenditures	<u>3,732,097</u>	<u>2,647,933</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,596,143</u></u>	<u><u>\$ 1,315,841</u></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.

13. Related Party Transactions

During the years ended June 30, 2021 and 2020, the Organization received contributions from members of the board of directors totaling \$133,123 and \$400,409, respectively. Pledges receivable outstanding from members of the board of directors at June 30, 2021 and 2020 totaled \$100,000 and \$150,000, respectively.

Parkinson Voice Project, Inc.

Notes to Financial Statements

14. 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.

On April 16, 2020, the Organization entered into an unsecured loan (PPP loan) in the aggregate amount of \$196,887 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. The Organization used all of the proceeds to make eligible payments by June 30, 2020. The Organization elected to account for the PPP loan as a conditional grant in accordance with FASB ASC Topic 958. Accordingly, the PPP loan is reported as grant revenue in the accompanying statement of activities for the year ended June 30, 2020. The Organization received formal forgiveness on January 29, 2021.

On February 8, 2021, the Organization received another PPP loan totaling \$196,887 under the second iteration of the PPP, which has similar terms as the original. The Organization used all of the proceeds to make eligible payment by June 30, 2021. Accordingly, the second PPP loan is reported as grant revenue in the accompanying statement of activities for the year ended June 30, 2021.

15. 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.