

THE MICHAEL J. FOX FOUNDATION  
FOR PARKINSON'S RESEARCH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of The Michael J. Fox Foundation for Parkinson's Research (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Michael J. Fox Foundation for Parkinson's Research as of December 31, 2023 and 2022, and the consolidated changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
June 6, 2024



# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Consolidated Statements of Financial Position

	December 31,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 114,346,951	\$ 144,960,420
Cash and cash equivalents - restricted	1,961,870	1,961,870
Contributions receivable, net	69,385,163	22,818,272
Investments	131,145,103	191,936,755
Split interest agreements - charitable gift annuities	1,013,047	514,558
Inventory	92,921	79,186
Prepaid expenses and other assets	3,414,525	2,142,283
Right-of-use asset	24,499,736	28,348,519
Property and equipment, net	6,546,681	7,728,406
	<b>\$ 352,405,997</b>	<b>\$ 400,490,269</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 8,617,011	\$ 6,903,895
Grants payable, net (see Note E)	175,494,159	151,320,651
Other liabilities	480,261	405,724
Lease liability	32,779,126	37,888,948
	<b>217,370,557</b>	<b>196,519,218</b>
Commitment and contingencies (see Notes E, H and I)		
Net assets:		
Without donor restrictions	<b>58,827,396</b>	55,132,969
With donor restrictions:		
Purpose restrictions	75,113,993	140,412,702
Time-restricted for future periods	1,094,051	8,425,380
Total net assets with donor restrictions	<b>76,208,044</b>	148,838,082
Total net assets	<b>135,035,440</b>	203,971,051
	<b>\$ 352,405,997</b>	<b>\$ 400,490,269</b>

See notes to consolidated financial statements.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 142,988,326	\$ 155,276,175	\$ 298,264,501	\$ 115,964,308	\$ 237,736,608	\$ 353,700,916
Special events (net of direct benefits to donors of \$1,437,569 and \$1,011,757 in 2023 and 2022, respectively)	6,133,889	-	6,133,889	5,904,203	-	5,904,203
Investment income, net	11,285,910	-	11,285,910	2,255,845	-	2,255,845
Gains (losses) in value of split-interest agreements	-	75,957	75,957	-	(791,637)	(791,637)
Rental income	1,572,418	-	1,572,418	1,254,824	-	1,254,824
Net (losses) gains on foreign translation	(75,914)	-	(75,914)	52,182	-	52,182
Miscellaneous income (net of costs of goods sold of \$68,761 and \$56,929 in 2023 and 2022, respectively)	5,882	-	5,882	3,717	-	3,717
Total public support and revenue before release of restrictions	161,910,511	155,352,132	317,262,643	125,435,079	236,944,971	362,380,050
Net assets released from restrictions	227,982,170	(227,982,170)	-	214,048,989	(214,048,989)	-
Total public support and revenue	389,892,681	(72,630,038)	317,262,643	339,484,068	22,895,982	362,380,050
<b>Expenses:</b>						
Program services	347,510,710	-	347,510,710	306,703,342	-	306,703,342
Supporting services:						
Management and general	15,561,047	-	15,561,047	12,856,486	-	12,856,486
Fund-raising	23,126,497	-	23,126,497	18,854,088	-	18,854,088
Total supporting services	38,687,544	-	38,687,544	31,710,574	-	31,710,574
Total expenses	386,198,254	-	386,198,254	338,413,916	-	338,413,916
<b>Change in net assets</b>	3,694,427	(72,630,038)	(68,935,611)	1,070,152	22,895,982	23,966,134
Net assets, beginning of year	55,132,969	148,838,082	203,971,051	54,062,817	125,942,100	180,004,917
<b>Net assets, end of year</b>	\$ 58,827,396	\$ 76,208,044	\$ 135,035,440	\$ 55,132,969	\$ 148,838,082	\$ 203,971,051

See notes to consolidated financial statements.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Consolidated Statements of Functional Expenses

	Year Ended December 31, 2023					Year Ended December 31, 2022				
	Program Services	Supporting Services			2023	Program Services	Supporting Services			2022
	Research for a Cure	Management and General	Fund-Raising	Total Supporting Services		Research for a Cure	Management and General	Fund-Raising	Total Supporting Services	
Grant awards	\$ 288,277,151	\$ -	\$ -	\$ -	\$ 288,277,151	\$ 269,251,101	\$ -	\$ -	\$ -	\$ 269,251,101
Salaries and wages	19,915,247	6,902,670	9,560,961	16,463,631	36,378,878	15,122,638	5,399,202	7,743,790	13,142,992	28,265,630
Payroll taxes and employee benefits	4,493,714	1,691,763	2,605,392	4,297,155	8,790,869	3,264,293	1,081,532	1,969,765	3,051,297	6,315,590
Data processing and bank fees	61,509	36,086	784,738	820,824	882,333	179,555	35,672	674,825	710,497	890,052
Professional fees	14,873,086	1,924,194	2,181,775	4,105,969	18,979,055	6,865,413	992,409	2,039,578	3,031,987	9,897,400
Recruitment and training	65,263	411,306	41,648	452,954	518,217	50,466	344,598	2,092	346,690	397,156
Technology	1,523,298	754,120	688,629	1,442,749	2,966,047	1,230,224	754,799	456,661	1,211,460	2,441,684
Scientific meetings	4,619,300	24,934	394,587	419,521	5,038,821	1,443,180	64,893	220,595	285,488	1,728,668
Travel and meetings	2,566,673	164,460	1,250,233	1,414,693	3,981,366	1,619,412	64,962	636,402	701,364	2,320,776
Postage and delivery	145,294	9,250	421,244	430,494	575,788	136,759	7,619	442,846	450,465	587,224
Office supplies and equipment	88,978	121,468	66,980	188,448	277,426	122,291	189,987	50,544	240,531	362,822
Advertising and publicity	7,917,698	-	2,921,300	2,921,300	10,838,998	5,005,213	-	2,768,111	2,768,111	7,773,324
Insurance	85,761	47,591	54,010	101,601	187,362	105,406	35,507	42,350	77,857	183,263
Printing and production	372,264	2,359	1,017,906	1,020,265	1,392,529	112,249	14,269	940,559	954,828	1,067,077
Dues and subscriptions	89,166	18,601	11,589	30,190	119,356	107,096	31,333	10,963	42,296	149,392
Occupancy	1,590,010	3,211,204	550,038	3,761,242	5,351,252	1,493,779	3,141,273	428,440	3,569,713	5,063,492
Depreciation and amortization	781,218	227,456	449,469	676,925	1,458,143	582,038	521,938	284,464	806,402	1,388,440
Miscellaneous expenses	-	-	3,735	3,735	3,735	6,829	578	38,227	38,805	45,634
Marathon runner fees	45,080	-	122,263	122,263	167,343	5,400	-	103,876	103,876	109,276
Bad debt expense	-	13,585	-	13,585	13,585	-	175,915	-	175,915	175,915
Space rental/catering	-	-	1,437,569	1,437,569	1,437,569	-	-	1,011,757	1,011,757	1,011,757
Merchandise expense	-	68,761	-	68,761	68,761	-	56,929	-	56,929	56,929
<b>Total expenses</b>	<b>347,510,710</b>	<b>15,629,808</b>	<b>24,564,066</b>	<b>40,193,874</b>	<b>387,704,584</b>	<b>306,703,342</b>	<b>12,913,415</b>	<b>19,865,845</b>	<b>32,779,260</b>	<b>339,482,602</b>
Less: direct benefits to donors	-	-	(1,437,569)	(1,437,569)	(1,437,569)	-	-	(1,011,757)	(1,011,757)	(1,011,757)
Less: costs of goods sold	-	(68,761)	-	(68,761)	(68,761)	-	(56,929)	-	(56,929)	(56,929)
<b>Total expenses per consolidated statements of activities</b>	<b>\$ 347,510,710</b>	<b>\$ 15,561,047</b>	<b>\$ 23,126,497</b>	<b>\$ 38,687,544</b>	<b>\$ 386,198,254</b>	<b>\$ 306,703,342</b>	<b>\$ 12,856,486</b>	<b>\$ 18,854,088</b>	<b>\$ 31,710,574</b>	<b>\$ 338,413,916</b>

See notes to consolidated financial statements.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (68,935,611)	\$ 23,966,134
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,458,143	1,388,440
Noncash lease amortization	3,848,783	3,768,734
Bad debt expense	13,585	175,915
Net realized and unrealized (gains) losses	(177,385)	572,677
Donated securities	(102,280,707)	(238,789,660)
Proceeds from sales of donated securities	107,028,094	238,614,028
Donations of split-interest agreements	(422,532)	(64,948)
Change in value of split-interest agreements	(75,957)	791,637
Changes in:		
Contributions receivable, net	(46,580,476)	(585,227)
Inventory	(13,735)	18,018
Prepaid expenses and other assets	(1,272,242)	(924,367)
Accounts payable and accrued expenses	1,713,116	767,218
Grants payable, net	24,173,508	15,012,352
Other liabilities	74,537	405,724
Lease liability	(5,109,822)	(4,939,783)
Net cash (used in) provided by operating activities	<u>(86,558,701)</u>	<u>40,176,892</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(276,418)	(247,135)
Purchases of investments	(24,400,088)	(168,547,545)
Proceeds from sales of investments	<u>80,621,738</u>	<u>66,169,501</u>
Net cash provided by (used in) investing activities	<u>55,945,232</u>	<u>(102,625,179)</u>
<b>Decrease in cash, cash equivalents, and restricted cash</b>	<b>(30,613,469)</b>	<b>(62,448,287)</b>
Cash, cash equivalents, and restricted cash, beginning of year	<u>146,922,290</u>	<u>209,370,577</u>
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<u><b>\$ 116,308,821</b></u>	<u><b>\$ 146,922,290</b></u>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash lease liability arising from obtaining right-of-use assets	<u>\$ -</u>	<u>\$ 42,828,731</u>

See notes to consolidated financial statements.



# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

Actor Michael J. Fox established The Michael J. Fox Foundation for Parkinson's Research ("MJFF U.S."), incorporated in Delaware in 2000, after publicly disclosing in 1998 that he had been diagnosed with Parkinson's disease seven years earlier, at age 29.

In 2009, The Michael J. Fox Foundation for Parkinson's Research in Canada ("MJFF Canada") was established as an officially registered tax-exempt charity in Canada. Due to MJFF U.S.'s financial influence over MJFF Canada and the two entities having governing-board members in common, the financial statements of the two entities have been consolidated (together, the "Foundation"). All significant intercompany accounts and transactions have been eliminated in consolidation. MJFF Canada's assets and liabilities and its operations were not significant at December 31, 2023 and 2022, and they are not reported separately in the consolidated financial statements.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and from state and local taxes under comparable laws. MJFF Canada is exempt from similar taxes under Canadian law.

Today, the Foundation is the world's largest nonprofit funder of Parkinson's research. It is dedicated to accelerating a cure and ensuring the development of improved therapies for the estimated six million people worldwide living with Parkinson's disease today. The Foundation pursues its goals through an aggressively funded, highly targeted research program, coupled with the active global engagement of scientists, Parkinson's patients and care partners, business leaders, clinical-trial participants and donors.

In addition to funding more than \$1.5 billion in research programs through the end of December 31, 2023, the Foundation has fundamentally altered the trajectory of progress toward a cure. Positioned at the global hub of Parkinson's research, the Foundation: (i) forges groundbreaking collaborations with industry leaders, academic scientists and government research funders; (ii) leverages new technologies to amplify the patient voice in Parkinson's research; (iii) mobilizes patients and families to increase the flow of participants into clinical trials; and (iv) coordinates community engagement efforts including patient policy advocacy, education and community building through the grassroots involvement of thousands of Team Fox members around the world.

From its inception, the Foundation has invested in high-risk, high-reward research targets - an approach that in a few short years has transformed the field of Parkinson's disease research. The Foundation partners with the Parkinson's research community, speeding financial and intellectual resources to the scientists who are carrying out projects with the greatest promise to impact patients' lives in the near term. This includes strengthening the Parkinson's drug development pipeline by pushing forward investigations of genetic and other emerging targets with the best chance of stopping or slowing Parkinson's disease progression, as well as by addressing patients' unmet symptomatic needs. To date, the Foundation has evaluated work on more than 600 therapeutic targets, and has supported more than 125 clinical trials.

#### [2] Basis of accounting:

The consolidated financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

#### [3] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

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

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

For financial-statement purposes, cash and cash equivalents are comprised of highly liquid financial instruments (such as U.S. Treasury notes or certificates of deposits) with original maturities of three months or less at the date of acquisition. Cash and cash equivalents includes approximately \$1,962,000 of restricted cash relating to the Foundation's letters of credits for both 2023 and 2022, respectively (see Note I[3]).

Canadian cash equivalents expressed in United States dollars were approximately \$1,950,000 and \$1,047,000 for 2023 and 2022, respectively. Foreign-currency translation gains or losses are the inherent result of the process of translating Canadian dollars into U.S. dollars for financial-reporting purposes. The gains and losses on this translation are included in the accompanying consolidated statements of activities.

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

#### [5] Investments:

Investments include investments in common stock and U.S. Treasury bills with readily determinable fair values which are reported at their fair value as of year-end in the consolidated statements of financial position. The certificates of deposit with original maturities of between four and twelve months at the date of acquisition, valued at amortized cost, which approximates fair value, as well as a U.S. Treasury bond were redeemed during 2023.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, or by their net asset values, as determined by the Foundation's management on the date of donation. The Foundation's policy is to sell donated securities immediately, and, accordingly, for purposes of the consolidated statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

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

Investment expenses include the services of investment advisors. The balances of investment advisory fees disclosed in Note C are those specific fees charged by the Foundation's investment advisors in each year.

#### [6] Split-interest agreements:

A portion of the Foundation's assets result from deferred-giving vehicles subject to split-interest agreements. The contribution revenue from these split-interest agreements is recognized upon the establishment of the agreement, at the fair value of the estimated future receipts, discounted for the estimated time period necessary to complete the agreement. Gains or losses resulting from changes in the value of these split-interest agreements are recorded within the "with donor restrictions" category of net assets on the consolidated statements of activities, as they are considered inherently restricted for time. As of December 31, 2023 and 2022, the Foundation has a beneficial interest in twenty-nine charitable gift annuities, held by a third party, and twenty-six charitable gift annuities, held by a third party, respectively.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

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

#### [7] Inventory:

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

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

#### [8] Property and equipment:

Property and equipment are stated at their original costs at dates of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation. The Foundation capitalizes computer hardware and software, furniture and fixtures, and leasehold improvements with a cost of \$25,000 or more, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of computer hardware and software and furniture and fixtures is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are amortized over the remaining lease term.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, and recognizes any impairment in the year of determination. There were no triggering events during 2023 and 2022 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

#### [9] Grants payable:

The Foundation records unconditional grant expenses for research grants after approval by the Board of Directors, based upon: (i) the recommendations of the Research Committee of the Board, with the guidance and input of the Scientific Advisory Board and other highly regarded scientists who serve on grant-review committees specializing in Parkinson's disease research; and (ii) the availability of funding. Unconditional grants not expected to be paid within the following year are reported at their discounted present values.

#### [10] Leases:

The Foundation determines if an arrangement is a lease at inception. For the Foundation's operating lease, a right-of-use ("ROU") asset represents the Foundation's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Foundation's lease agreement does not provide an implicit interest rate, the Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

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

#### [11] Net assets:

(i) *Net assets without donor restrictions:*

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

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statements of activities as "net assets released from restrictions."

#### [12] Revenue recognition:

(i) *Contributions and grants:*

Contributions and grants to the Foundation are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with purpose restrictions or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) *Special events:*

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

(iii) *Rental revenue:*

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

#### [13] Advertising costs:

The Foundation expenses the cost of advertising as incurred. Advertising expenses were approximately \$10,839,000 and \$6,836,000 for 2023 and 2022, respectively. Advertising costs include programmatic expenses for clinical research study recruitment expanded in both years.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

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

#### [14] Functional allocation of expenses:

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

#### [15] Volunteers:

A number of unpaid volunteers have made significant contributions of their time supporting the Foundation. The value of this contributed time is not recorded in the consolidated financial statements because it does not meet the criteria for revenue recognition required by U.S. GAAP.

#### [16] Income taxes:

The Foundation follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For the Foundation, these provisions could be applicable to the incurrence of unrelated business income tax ("UBIT") on merchandise sales. Because the Foundation has always recorded the potential liability for UBIT, and due to its general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Foundation's consolidated financial statements.

#### [17] Reclassification:

Certain information in the prior years' consolidated financial statements was reclassified to conform to the current years' presentation.

#### [18] Subsequent events:

The Foundation has evaluated subsequent events through June 6, 2024, the date on which the consolidated financial statements were available to be issued.

### NOTE B - CONTRIBUTIONS RECEIVABLE

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

	December 31,	
	2023	2022
Less than one year	\$ 64,980,744	\$ 15,620,355
One to five years	4,781,994	8,015,500
	69,762,738	23,635,855
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 2.5% - 5.5%	(363,990)	(641,668)
Less: allowance for doubtful accounts	(13,585)	(175,915)
	<u>\$ 69,385,163</u>	<u>\$ 22,818,272</u>

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE B - CONTRIBUTIONS RECEIVABLE (CONTINUED)

The Foundation has received conditional funding for research from various donors, for which not all conditions had been satisfied as of year-end. Accordingly, such pledges are not included as revenue on the accompanying consolidated statements of activities. During December 31, 2023 and 2022, conditional pledges totaled approximately \$3,038,000 and \$540,000, respectively. These pledges will be recognized as the conditions are met by the requisite actions of the Foundation.

### NOTE C - INVESTMENTS AND SPLIT-INTEREST AGREEMENTS

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

	December 31,			
	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Investments in				
common stock	\$ 27,108	\$ 3,050	\$ 1,714,871	\$ 1,716,134
U.S. Treasury bond	-	-	181,546	184,971
U.S. Treasury bills	131,117,995	130,971,341	-	-
Certificates of deposit	-	-	190,040,338	190,053,546
	<u>\$ 131,145,103</u>	<u>\$ 130,974,391</u>	<u>\$ 191,936,755</u>	<u>\$ 191,954,651</u>

Concentrations of the Foundation's investment in excess of 10% of the fair values of its portfolio included approximately 99% invested in U.S. Treasury bills in 2023, and approximately 99% invested in certificates of deposits in 2022.

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

	December 31,	
	2023	2022
Interest and dividends	\$ 11,104,504	\$ 2,828,672
Net realized losses	(11,223)	(48,484)
Net unrealized gains (losses)	188,608	(524,193)
Investment advisory fees	(150)	(150)
	<u>\$ 11,281,739</u>	<u>\$ 2,255,845</u>

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets, at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar assets in active markets; or (ii) quoted prices for those assets or similar assets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE C - INVESTMENTS AND SPLIT-INTEREST AGREEMENTS (CONTINUED)

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the assets; or (ii) the assets cannot be independently valued.

The availability of market data is monitored by the Foundation's management, to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

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

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Investments in common stock	\$ 27,108	\$ -	\$ -	\$ 27,108
U.S. Treasury bills	131,117,995	-	-	131,117,995
Total investments	131,145,103	-	-	131,145,103
Split-interest agreements	\$ -	\$ -	\$ 1,013,047	\$ 1,013,047

  

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Investments in common stock	\$ 1,714,871	\$ -	\$ -	\$ 1,714,871
U.S. Treasury bond	-	181,546	-	181,546
Certificates of deposit	-	190,040,338	-	190,040,338
Total investments	1,714,871	190,221,884	-	191,936,755
Split-interest agreements	\$ -	\$ -	\$ 514,558	\$ 514,558

During 2023 and 2022, the Foundation received contributions of split-interest agreements of \$422,532 and \$64,948, respectively.

Quantitative information regarding unobservable inputs developed by the Foundation and assumptions used to measure the fair value of split-interest agreements as of December 31, 2023 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Split-interest agreements	\$ 1,013,047	Income approach	Growth rate/ discount rate	0.4% to 7.4%

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE D - PROPERTY AND EQUIPMENT

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Computer and equipment	\$ 2,185,687	\$ 2,021,293
Furniture and fixtures	2,372,029	2,260,005
Leasehold improvements	<u>12,266,620</u>	<u>12,266,620</u>
	<b>16,824,336</b>	16,547,918
Less: accumulated depreciation and amortization	<u>(10,277,655)</u>	<u>(8,819,512)</u>
	<u><b>\$ 6,546,681</b></u>	<u>\$ 7,728,406</u>

### NOTE E - GRANTS PAYABLE

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
One year or less	\$ 150,196,998	\$ 121,900,202
One to five years	<u>28,038,599</u>	<u>31,775,423</u>
	<b>178,235,597</b>	153,675,625
Reduction of grants due in excess of one year to present value, at discount rates ranging from 0.5% - 5.5%	<u>(2,741,438)</u>	<u>(2,354,974)</u>
	<u><b>\$ 175,494,159</b></u>	<u>\$ 151,320,651</u>

As of December 31, 2023, the Foundation has committed to \$186,469,582 of grants, of which \$8,233,985 have conditions which have not been satisfied yet, and accordingly, under U.S. GAAP, cannot be recorded as liabilities. The Foundation maintains cash reserves included in net assets without donor restrictions against certain of these conditional grants.

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Research	\$ 75,113,993	\$ 140,412,702
Time-restricted for future periods	<u>1,094,051</u>	<u>8,425,380</u>
	<u><b>\$ 76,208,044</b></u>	<u>\$ 148,838,082</u>



# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	December 31,	
	2023	2022
Purpose restricted:		
Research	\$ 219,535,934	\$ 206,647,676
Time-restricted for future periods	8,446,236	7,401,313
	<u>\$ 227,982,170</u>	<u>\$ 214,048,989</u>

In 2023 and 2022, the net assets with donor restrictions and released from restriction include research for the Aligning Science Across Parkinson's (ASAP) program.

### NOTE G - EMPLOYEE RETIREMENT PLANS

#### [1] Defined contribution 401(k) retirement plan:

The Foundation has a defined-contribution retirement plan, formed under Section 401(k) of the Code that covers all employees who meet certain length-of-service requirements. The Foundation's contributions to the plan were \$1,811,693 and \$1,376,158 in 2023 and 2022, respectively.

#### [2] Deferred-compensation 457(b) retirement plan:

During 2023, the Foundation established a 457(b) plan for those employees whose salaries exceed the 401(a)(17) salary limit. Employees may elect to make their own contributions. As of December 31, 2023, the accumulated balance was \$81,892 and is included as an asset and liability in the accompanying consolidated statements of financial position. The Foundation did not make any contributions into this plan during 2023.

### NOTE H - RENTAL INCOME AGREEMENTS

The Foundation has agreements with two unrelated parties to sublease a portion of its office space in Manhattan. One lease expired during 2023 and the other lease is set to expire through 2029. Rental income related to these agreements was \$1,572,418 and \$1,254,824, as of December 31, 2023 and 2022, respectively, and was recognized in the accompanying consolidated statements of activities.

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

Year	Amount
2024	\$ 774,351
2025	789,838
2026	805,635
2027	821,747
2028	838,182
Thereafter	783,584
	<u>\$ 4,813,337</u>

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE I - COMMITMENTS AND CONTINGENCIES

#### [1] Lease commitments:

In 2016, the Foundation signed an operating lease agreement for office space located in Manhattan. The lease provided for escalation charges through the lease term, which is set to expire in November 2029. The aggregate minimum lease payments are currently being amortized using the straight-line method over the term of the lease.

Additionally, under the terms of the lease, the Foundation was reimbursed by the landlord for a portion of the leasehold improvements. The amount reimbursed by the landlord was recorded as abatement, which was amortized as a reduction to rent expense over the term of the lease.

Expenses relating to the "lease costs," which include all costs during the period associated with an operating lease were \$5,351,252 and \$5,063,492 in 2023 and 2022, respectively. There were no costs related to variable lease components.

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

<u>Year Ending December 31,</u>	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 5,664,108
2024	5,664,108	5,664,108
2025	5,664,108	5,664,108
2026	5,664,108	5,664,108
2027	5,944,656	5,944,656
2028	5,944,656	5,944,656
Thereafter	<u>5,449,268</u>	<u>5,449,268</u>
Total minimum lease payments	<b>34,330,904</b>	39,995,012
Less: amount representing interest	<u>(1,551,778)</u>	<u>(2,106,064)</u>
	<b><u>\$ 32,779,126</u></b>	<b><u>\$ 37,888,948</u></b>
<b>Weighted average remaining lease term:</b>		
Operating lease	6 years (71 months)	7 years (83 months)
<b>Weighted average discount rate:</b>		
Operating lease	1.58%	1.58%

#### [2] Contracts:

In the normal course of its business, the Foundation enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

#### [3] Letter of credit:

The Foundation has an unused letter of credit with a bank for \$3,923,729, which is required under the lease agreement for its existing office space in Manhattan. This letter of credit is also collateralized by a \$1,196,870 time-deposit that the Foundation must maintain with the bank.

# THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

## Notes to Consolidated Financial Statements December 31, 2023 and 2022

### NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general expenditure within one year of December 31, 2023 and 2022, because of donor-imposed restrictions:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 114,346,951	\$ 144,960,420
Contributions receivable, net	69,385,163	22,818,272
Investments	131,145,103	191,936,755
Split-interest agreements - charitable gift annuities	1,013,047	514,558
	<u>315,890,264</u>	<u>360,230,005</u>
Total financial assets available within one year		
Less:		
Amounts unavailable for general expenditures within one year, due to donor restrictions for:		
Purpose	(75,113,993)	(140,412,702)
Time-restricted for future periods	(1,094,051)	(8,425,380)
	<u>(76,208,044)</u>	<u>(148,838,082)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 239,682,220</u>	<u>\$ 211,391,923</u>

### Liquidity policy:

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

### NOTE K - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in a high-credit-quality financial institutions in amounts which, at times, may be in excess of federally insured limits. The Foundation has not experienced any losses in such accounts, and management monitors the risk associated with concentrations on an ongoing basis.

### NOTE L - CONCENTRATION OF REVENUE

During 2023 and 2022, approximately 64% and 70%, respectively, of the Foundation's total support and revenue was provided by three donors in 2023 and two donors in 2022.

### NOTE M - LINE OF CREDIT

The Foundation has a line of credit in the amount of \$20,000,000 with a financial institution. The line may be used for operations and bears interest at prime rate, minus 0.50%. The line is collateralized by the Foundation's other assets held by the bank, which includes its cash accounts and CDs. There were no drawdowns during 2023 or 2022. The line of credit is renewable annually.