

FINANCIAL STATEMENTS



ORGANIZATION FOR AUTISM RESEARCH

**FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015**

ORGANIZATION FOR AUTISM RESEARCH

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Organization for Autism Research
Arlington, Virginia

We have audited the accompanying financial statements of the Organization for Autism Research (OAR), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OAR as of June 30, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited OAR's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

January 6, 2017

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,436,844	\$ 1,281,101
Pledges receivable, net of allowance for doubtful accounts of \$35,491 in 2016 and \$34,976 in 2015	92,585	84,950
Other receivables	4,497	4,583
Inventory	60,192	38,445
Prepaid expenses	<u>92,730</u>	<u>59,994</u>
Total current assets	<u>1,686,848</u>	<u>1,469,073</u>
FIXED ASSETS		
Furniture	47,831	47,831
Computer equipment and software	39,942	37,662
Website	<u>158,461</u>	<u>47,487</u>
	246,234	132,980
Less: Accumulated depreciation and amortization	<u>(68,893)</u>	<u>(60,991)</u>
Net fixed assets	<u>177,341</u>	<u>71,989</u>
OTHER ASSETS	<u>9,674</u>	<u>9,674</u>
TOTAL ASSETS	<u>\$ 1,873,863</u>	<u>\$ 1,550,736</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,553	\$ 69,357
Accrued salaries and related benefits	6,046	2,487
Deferred rent	<u>8,062</u>	<u>5,101</u>
Total current liabilities	<u>31,661</u>	<u>76,945</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	<u>27,668</u>	<u>35,730</u>
Total liabilities	<u>59,329</u>	<u>112,675</u>
NET ASSETS		
Unrestricted	998,616	903,540
Temporarily restricted	<u>815,918</u>	<u>534,521</u>
Total net assets	<u>1,814,534</u>	<u>1,438,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,873,863</u>	<u>\$ 1,550,736</u>

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	\$ 451,965	\$ 412,000	\$ 863,965	\$ 916,763
Foundation grants	-	55,098	55,098	15,000
Merchandise and publications	1,878	-	1,878	1,604
Donated services	11,107	-	11,107	9,888
Special events, net of related expenses of \$177,387 in 2016 and \$181,289 in 2015	604,001	-	604,001	645,959
Interest income	1,295	-	1,295	709
Net assets released from donor restrictions	<u>185,701</u>	<u>(185,701)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,255,947</u>	<u>281,397</u>	<u>1,537,344</u>	<u>1,589,923</u>
EXPENSES				
Program Services:				
Research	456,072	-	456,072	415,658
Information	311,102	-	311,102	338,573
Education	<u>185,224</u>	<u>-</u>	<u>185,224</u>	<u>202,066</u>
Total program services	<u>952,398</u>	<u>-</u>	<u>952,398</u>	<u>956,297</u>
Supporting Services:				
Management	74,956	-	74,956	49,442
Fundraising	<u>133,517</u>	<u>-</u>	<u>133,517</u>	<u>160,065</u>
Total supporting services	<u>208,473</u>	<u>-</u>	<u>208,473</u>	<u>209,507</u>
Total expenses	<u>1,160,871</u>	<u>-</u>	<u>1,160,871</u>	<u>1,165,804</u>
Change in net assets	95,076	281,397	376,473	424,119
Net assets at beginning of year	<u>903,540</u>	<u>534,521</u>	<u>1,438,061</u>	<u>1,013,942</u>
NET ASSETS AT END OF YEAR	<u>\$ 998,616</u>	<u>\$ 815,918</u>	<u>\$ 1,814,534</u>	<u>\$ 1,438,061</u>

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	2016			
	Program Services			
	Research	Information	Education	Total Program Services
Salaries and benefits	\$ 108,340	\$ 145,167	\$ 45,198	\$ 298,705
Research and information grants	263,063	71,605	812	335,480
Scholarship program	-	-	104,975	104,975
Occupancy	32,578	32,578	16,289	81,445
Professional fees	11,948	13,325	5,057	30,330
Conference and meetings	15,055	11,983	292	27,330
Office expense	9,043	10,254	4,589	23,886
Postage and delivery	3,769	9,258	1,918	14,945
Bad debt expense	-	-	-	-
Travel	2,562	5,874	1,237	9,673
Telephone and internet	2,312	3,551	1,156	7,019
Depreciation and amortization	2,845	2,845	1,422	7,112
Registrations	-	-	-	-
Equipment, repairs and maintenance	1,734	1,734	867	4,335
Advertising	1,076	1,076	538	2,690
Printing	1,230	1,335	615	3,180
Insurance	517	517	259	1,293
TOTAL	\$ 456,072	\$ 311,102	\$ 185,224	\$ 952,398

					2015
Supporting Services					
Management	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	
\$ 7,626	\$ 92,209	\$ 99,835	\$ 398,540	\$ 396,787	
-	1,032	1,032	336,512	408,128	
-	-	-	104,975	54,000	
10,499	10,499	20,998	102,443	102,065	
27,599	10,558	38,157	68,487	67,732	
183	3,881	4,064	31,394	20,289	
4,359	2,899	7,258	31,144	24,434	
1,155	1,540	2,695	17,640	17,634	
17,263	-	17,263	17,263	20,029	
789	1,752	2,541	12,214	15,718	
723	723	1,446	8,465	6,634	
395	395	790	7,902	8,710	
2,320	4,453	6,773	6,773	5,537	
543	542	1,085	5,420	5,114	
955	1,430	2,385	5,075	5,769	
385	1,442	1,827	5,007	5,605	
162	162	324	1,617	1,619	
\$ 74,956	\$ 133,517	\$ 208,473	\$ 1,160,871	\$ 1,165,804	

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 376,473	\$ 424,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,902	8,710
Allowance for doubtful accounts	515	(7,992)
(Increase) decrease in:		
Pledges receivable	(8,150)	62,455
Other receivables	86	(875)
Inventory	(21,747)	(11,515)
Prepaid expenses	(32,736)	(22,133)
Other assets	-	(1,200)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(51,804)	47,126
Accrued salaries and related benefits	3,559	(459)
Deferred rent	<u>(5,101)</u>	<u>(2,219)</u>
Net cash provided by operating activities	<u>268,997</u>	<u>496,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment and website	<u>(113,254)</u>	<u>(50,096)</u>
Net cash used by investing activities	<u>(113,254)</u>	<u>(50,096)</u>
Net increase in cash and cash equivalents	155,743	445,921
Cash and cash equivalents at beginning of year	<u>1,281,101</u>	<u>835,180</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,436,844</u>	<u>\$ 1,281,101</u>

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Organization for Autism Research (OAR) is a non-profit organization, established in 2001 and organized to operate exclusively for charitable, scientific, literary and/or educational purposes within the meaning of the Internal Revenue Code. Specifically, the purpose of OAR is to use applied research to answer questions that parents, families, individuals with autism, teachers, and caregivers raise daily.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with OAR's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and cash equivalents -

OAR considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, OAR maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Pledges receivable -

Pledges receivable are stated at their net realizable value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. During the year ended June 30, 2016, OAR management did a detailed analysis of all outstanding receivables. Based on its analysis, OAR adjusted the allowance balance accordingly.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated and amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

OAR is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. OAR is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2016, OAR has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Inventory -

Inventory consists of publications and apparel, which are recorded at the lower of cost or market value using the first-in, first-out method of inventory.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of OAR and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of OAR and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Donated services -

Donated services consist of pro bono legal counsel. Donated services are recorded at their fair market value as of the date the services were performed.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

Research	\$ 35,000
Research information	9,792
Conference sponsorships	16,718
Scholarships	201,088
Guide inventory	15,178
Employment initiative	536,142
Other restricted programs	<u>2,000</u>
	<u>\$ 815,918</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Research	\$ 50,000
Research information	23,278
Conference sponsorship	4,590
Scholarships	59,975
Employment initiative	2,858
Other restricted programs	<u>45,000</u>
	<u>\$ 185,701</u>

3. LEASE COMMITMENTS

OAR entered into a 75-month lease, originating in June 2013. Base rent is \$8,479 per month, plus a proportionate share of expenses, increasing by a factor of 2.75% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30</u>	
2017	\$ 110,630
2018	113,413
2019	116,532
2020	<u>19,956</u>
	<u>\$ 360,531</u>

Rent expense for the year ended June 30, 2016 totaled \$102,443. Deferred rent at June 30, 2016 totaled \$35,730.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

4. RETIREMENT PLAN

OAR provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with six months of eligible experience. OAR matches participating employees' contributions, up to 3% of gross wages, up to \$3,000 per year. Contributions to the plan during the year ended June 30, 2016 totaled \$7,562.

5. ADVERTISING

OAR incurs certain costs related to advertising. It is OAR's policy to expense these costs as incurred. During the year ended June 30, 2016, advertising costs totaled \$15,941. Of that amount, \$10,866 is being netted against special events revenue on the Statement of Activities and Change in Net Assets.

6. COMMITMENTS

During the year ended June 30, 2016, OAR entered into contracts to fund research projects. As of June 30, 2016, OAR's remaining obligation under these arrangements totaled \$80,514. These obligations are contingent upon certain deliverables and therefore have not been accrued as of June 30, 2016.

7. RELATED PARTY

During the year ended June 30, 2016, legal services in the amount of \$11,107 were donated by a law firm in which OAR's Chairman has an ownership interest. The costs associated with the donated legal services are included in professional fees on the accompanying Statement of Functional Expenses.

Board members' cash contributions totaled \$167,375 for the year ended June 30, 2016.

8. SUBSEQUENT EVENTS

In preparing these financial statements, OAR has evaluated events and transactions for potential recognition or disclosure through January 6, 2017, the date the financial statements were issued.