

**FINANCIAL STATEMENTS**



**ORGANIZATION FOR AUTISM RESEARCH**

**FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2019**

# ORGANIZATION FOR AUTISM RESEARCH

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**CPAs & ADVISORS**

## **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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Freedman*

February 3, 2021

**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,867,049	\$ 1,713,420
Investments	8,625	6,749
Pledges receivable, net of allowance for doubtful accounts of \$45,685 in 2020	53,974	92,266
Inventory	83,599	59,373
Prepaid expenses	<u>227,251</u>	<u>148,871</u>
Total current assets	<u>2,240,498</u>	<u>2,020,679</u>
<b>FIXED ASSETS</b>		
Furniture	22,515	42,500
Computer equipment and software	10,715	24,694
Website development	<u>192,961</u>	<u>192,961</u>
	226,191	260,155
Less: Accumulated depreciation and amortization	<u>(199,589)</u>	<u>(240,441)</u>
Net fixed assets	<u>26,602</u>	<u>19,714</u>
<b>OTHER ASSETS</b>		
Other assets	32,849	51,918
Right of use asset	<u>717,383</u>	<u>-</u>
Total other assets	<u>750,232</u>	<u>51,918</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,017,332</b></u>	<u><b>\$ 2,092,311</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Note payable	\$ 59,212	\$ -
Accounts payable and accrued liabilities	12,236	44,098
Accrued salaries and related benefits	18,854	13,799
Deferred rent	<u>-</u>	<u>2,861</u>
Total current liabilities	<u>90,302</u>	<u>60,758</u>
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	75,783	-
Lease liability	<u>782,754</u>	<u>-</u>
Total long-term liabilities	<u>858,537</u>	<u>-</u>
Total liabilities	<u>948,839</u>	<u>60,758</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,426,083	1,271,373
With donor restrictions	<u>642,410</u>	<u>760,180</u>
Total net assets	<u>2,068,493</u>	<u>2,031,553</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 3,017,332</b></u>	<u><b>\$ 2,092,311</b></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, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 915,828	\$ 214,125	\$ 1,129,953	\$ 1,008,680
Events revenue, net of related expenses of \$213,695 in 2020	501,262	-	501,262	626,789
Donated services	16,000	-	16,000	12,847
Interest income	12,854	-	12,854	15,348
Merchandise and publications	685	-	685	687
Investment (loss) gain, net	(2,822)	2,121	(701)	460
Net assets released from donor restrictions	<u>334,016</u>	<u>(334,016)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,777,823</u>	<u>(117,770)</u>	<u>1,660,053</u>	<u>1,664,811</u>
<b>EXPENSES</b>				
Program Services:				
Research	481,274	-	481,274	555,986
Information	553,623	-	553,623	611,535
Education	<u>196,753</u>	<u>-</u>	<u>196,753</u>	<u>248,986</u>
Total program services	<u>1,231,650</u>	<u>-</u>	<u>1,231,650</u>	<u>1,416,507</u>
Supporting Services:				
Management	152,140	-	152,140	56,857
Fundraising	<u>239,323</u>	<u>-</u>	<u>239,323</u>	<u>265,927</u>
Total supporting services	<u>391,463</u>	<u>-</u>	<u>391,463</u>	<u>322,784</u>
Total expenses	<u>1,623,113</u>	<u>-</u>	<u>1,623,113</u>	<u>1,739,291</u>
Change in net assets	154,710	(117,770)	36,940	(74,480)
Net assets at beginning of year	<u>1,271,373</u>	<u>760,180</u>	<u>2,031,553</u>	<u>2,106,033</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,426,083</u></b>	<b><u>\$ 642,410</u></b>	<b><u>\$ 2,068,493</u></b>	<b><u>\$ 2,031,553</u></b>

**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020							2019	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Research	Information	Education	Total Program Services	Management	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 143,127	\$ 314,021	\$ 57,030	\$ 514,178	\$ 9,962	\$ 175,778	\$ 185,740	\$ 699,918	\$ 700,524
Research and information grants	251,264	-	660	251,924	-	-	-	251,924	299,229
Occupancy	33,578	62,943	14,090	110,611	2,502	18,567	21,069	131,680	117,179
Professional fees	9,314	32,247	4,357	45,918	74,350	9,024	83,374	129,292	141,842
Scholarship program	-	-	109,500	109,500	-	-	-	109,500	147,000
Printing	1,506	70,932	539	72,977	337	3,803	4,140	77,117	29,464
Office expense	12,223	26,033	3,270	41,526	23,409	6,418	29,827	71,353	105,084
Postage and delivery	636	32,276	310	33,222	801	9,124	9,925	43,147	43,640
Bad debt expense	-	-	-	-	36,699	1,932	38,631	38,631	17,439
Conference and meetings	15,480	82	-	15,562	35	456	491	16,053	30,940
Telephone and internet	3,940	3,940	1,970	9,850	1,381	1,231	2,612	12,462	10,545
Depreciation and amortization	4,301	4,301	2,151	10,753	597	597	1,194	11,947	62,743
Travel	2,863	3,114	1,355	7,332	838	1,667	2,505	9,837	9,624
Registrations	-	-	-	-	279	9,368	9,647	9,647	6,843
Equipment, repairs and maintenance	1,435	1,435	717	3,587	448	448	896	4,483	5,924
Insurance	1,303	1,303	652	3,258	407	404	811	4,069	3,881
Advertising	304	996	152	1,452	95	506	601	2,053	7,390
<b>TOTAL</b>	<b>\$ 481,274</b>	<b>\$ 553,623</b>	<b>\$ 196,753</b>	<b>\$ 1,231,650</b>	<b>\$ 152,140</b>	<b>\$ 239,323</b>	<b>\$ 391,463</b>	<b>\$ 1,623,113</b>	<b>\$ 1,739,291</b>

See accompanying notes to financial statements.

**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 36,940	\$ (74,480)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	11,947	62,743
Unrealized loss (gain)	3,042	(1,123)
Realized loss	-	755
Change in allowance for doubtful accounts	15,078	(1,425)
Decrease (increase) in:		
Pledges receivable	23,214	(32,635)
Inventory	(24,226)	9,997
Prepaid expenses	(78,380)	34,126
Other assets	19,069	(42,244)
Change in the measurement of operating lease	65,371	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(31,862)	11,695
Accrued salaries and related benefits	5,055	3,455
Deferred rent	<u>(2,861)</u>	<u>(13,963)</u>
Net cash provided (used) by operating activities	<u>42,387</u>	<u>(43,099)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(18,835)	(9,251)
Purchase of investments	<u>(4,918)</u>	<u>(2,529)</u>
Net cash used by investing activities	<u>(23,753)</u>	<u>(11,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	<u>134,995</u>	<u>-</u>
Net cash provided by financing activities	<u>134,995</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	153,629	(54,879)
Cash and cash equivalents at beginning of year	<u>1,713,420</u>	<u>1,768,299</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,867,049</u></b>	<b><u>\$ 1,713,420</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
<b>Donated Securities</b>	<b><u>\$ -</u></b>	<b><u>\$ 6,353</u></b>
<b>Right of Use Asset</b>	<b><u>\$ 791,651</u></b>	<b><u>\$ -</u></b>
<b>Operating Lease Liability for Right of Use Asset</b>	<b><u>\$ 791,651</u></b>	<b><u>\$ -</u></b>



# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

### 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2019, from which the summarized information was derived.

#### New accounting pronouncements adopted -

During the year ended June 30, 2020, OAR adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. OAR adopted the ASU using a modified prospective basis.

Also during the year ended June 30, 2020, OAR early adopted ASU 2019-01, *Leases (Topic 842)*. The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.

# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

#### 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.

#### Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment (loss) gain, which is presented net of investment expenses paid by external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. OAR's policy is to liquidate all gifts of investments as soon as possible after the gift.

#### Fair value measurement -

OAR adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. OAR accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

#### Pledges receivable -

Pledges receivable are stated at their net realizable value, which approximates fair 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, 2020, OAR's management did a detailed analysis of all outstanding receivables. Based on its analysis, OAR adjusted the allowance balance accordingly.

#### Inventory -

Inventory consists of publications and apparel and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 Simplifying the Measurement of Inventory.

#### 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. Depreciation and amortization expense for the year ended June 30, 2020 totaled \$11,947.

# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

#### Income taxes -

OAR is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code. OAR is not a private foundation.

#### Uncertain tax positions -

For the year ended June 30, 2020, 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.

#### Contributions and grants -

Contributions and grants are recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

#### Events revenue -

Events revenue is recognized when the related event has occurred and is recorded net of events expenses in the Statement of Activities and Change in Net Assets.

#### 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.

#### Advertising -

OAR expenses advertising costs as incurred. Advertising expense was \$2,054 for the year ended June 30, 2020.

#### 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. Expenses directly attributed to a specific functional area of OAR are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

Functional allocation of expenses (continued) -

During the year ended June 30, 2020, OAR revised their methodology of allocating certain costs under ASU-2016-14. While OAR operated in the same manner as in prior years, this revision increased their management expenses by 6% as compared to June 30, 2019.

Risks and uncertainties -

OAR invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact OAR's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

OAR plans to adopt the new ASU at the required implementation date.

### 2. INVESTMENTS

Investments consisted of the following at June 30, 2020:

	<u>Fair Value</u>
<b>Equities</b>	<b>\$ <u>8,625</u></b>
Included in investment loss are the following:	
Interest and dividends	\$ 2,391
Unrealized loss	(3,042)
Investment fees	<u>(50)</u>
<b>TOTAL INVESTMENT LOSS, NET</b>	<b>\$ <u>(701)</u></b>

In accordance with FASB ASC 820, *Fair Value Measurement*, OAR has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

### 2. INVESTMENTS (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market OAR has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

There have been no changes in the methodologies used at June 30, 2020. There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

Following is a description of the valuation methodology used for investments measured at fair value.

*Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.

As of June 30, 2020 OAR's equities in the amount of \$8,625 are considered Level 1.

### 3. NOTE PAYABLE

On April 16, 2020, OAR received loan proceeds in the amount of \$134,995 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first seven months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. OAR intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. OAR intends to apply for forgiveness after completing the 24 week period. If forgiveness is granted, OAR will record revenue from debt extinguishments during the period that forgiveness was approved.

Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

#### Year Ended June 30,

2021	\$ 59,212
2022	<u>75,783</u>
<b>NOTE PAYABLE</b>	<b><u>\$ 134,995</u></b>

**ORGANIZATION FOR AUTISM RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2020:

Employment initiative	\$ 336,064
Scholarships	110,000
Brophy fund	72,121
Programs - general	64,512
Research	35,000
Veterans and families	10,000
Wisconsin programs	9,713
Information	<u>5,000</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 642,410</u></b>

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

Employment initiative	\$ 103,022
Scholarships	109,500
Programs - general	39,088
Research	45,000
Wisconsin programs	<u>37,406</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 334,016</u></b>

**5. LEASE COMMITMENTS**

OAR entered into a 75-month lease, which originated in June 2013 and expired in August 2019. Base rent was \$8,479 per month, plus a proportionate share of expenses, increasing by a factor of 2.75% per year.

In March 2019, OAR entered into a 90-month lease agreement commencing on September 1, 2019 and expiring on February 28, 2027. Base rent is \$10,561 per month, plus a proportionate share of expenses, increasing by a factor of 2.5% per year.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-01 related to *Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statement of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a straight line basis. The guidance in the ASU is effective for non public entities beginning after December 15, 2021 and early adoption is permitted. OAR elected to early adopt during the year ended June 30, 2020. As a result, OAR recorded a right-of-use asset in the amount of \$791,651. OAR recorded an operating lease liability in the amount of \$791,651 by calculating the net present value using the discount rate of 5%.

The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement. As of June 30, 2020 the unamortized operating lease liability was \$782,754.

**ORGANIZATION FOR AUTISM RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**5 LEASE COMMITMENTS (Continued)**

The lease cost, including imputed interest and amortization of the right-of-use asset plus the straight-line rent expense for the year ended June 30, 2020 was \$131,680. Total payments on the lease during the year ended June 30, 2020 were \$42,244. The future minimum lease payments (shown below) reflect the rental payments through the termination date.

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

**Year Ending June 30**

2021	\$ 129,384
2022	132,619
2023	135,942
2024	139,332
2025	142,809
Thereafter	<u>246,203</u>
	<b><u>\$ 926,289</u></b>

Rent expense for the year ended June 30, 2020 totaled \$131,680.

**6. 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 and up to \$3,000 per year. Contributions to the Plan during the year ended June 30, 2020 totaled \$17,356.

**7. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,867,049
Investments	8,625
Pledges receivable	<u>53,974</u>
Subtotal financial assets available within one year	1,929,648
Less: Donor restricted funds	<u>(642,410)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,287,238</u></b>

OAR has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020, OAR has financial assets equal to approximately nine months of operating expenses.

**ORGANIZATION FOR AUTISM RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. COMMITMENTS**

During the year ended June 30, 2020, OAR entered into contracts to fund research projects. As of June 30, 2020, OAR's remaining obligation under these arrangements totaled \$90,985. These obligations are contingent upon certain deliverables and therefore have not been accrued as of June 30, 2020.

**9. RELATED PARTY**

During the year ended June 30, 2020, legal services in the amount of \$16,000 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 \$160,451 for the year ended June 30, 2020.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, OAR has evaluated events and transactions for potential recognition or disclosure through February 3, 2021, the date the financial statements were issued.