

FINANCIAL STATEMENTS



ORGANIZATION FOR AUTISM RESEARCH

**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

June 8, 2022

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,230,862	\$ 1,867,049
Investments	16,876	8,625
Pledges receivable, net of allowance for doubtful accounts of \$24,500 in 2021	61,095	53,974
Inventory	75,855	83,599
Prepaid expenses	245,001	227,251
Right of use asset	<u>96,885</u>	<u>-</u>
Total current assets	<u>2,726,574</u>	<u>2,240,498</u>
FIXED ASSETS		
Furniture	22,515	22,515
Computer equipment and software	10,715	10,715
Website development	<u>192,961</u>	<u>192,961</u>
	226,191	226,191
Less: Accumulated depreciation and amortization	<u>(208,325)</u>	<u>(199,589)</u>
Net fixed assets	<u>17,866</u>	<u>26,602</u>
OTHER ASSETS		
Other assets	22,288	32,849
Right-of-use asset, net of current	<u>528,412</u>	<u>717,383</u>
Total other assets	<u>550,700</u>	<u>750,232</u>
TOTAL ASSETS	<u>\$ 3,295,140</u>	<u>\$ 3,017,332</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Note payable	\$ 133,249	\$ 134,995
Accounts payable and accrued liabilities	21,721	12,236
Accrued salaries and related benefits	20,892	18,854
Lease liability	<u>100,336</u>	<u>-</u>
Total current liabilities	276,198	166,085
LONG-TERM LIABILITIES		
Lease liability, net of current	<u>590,086</u>	<u>782,754</u>
Total liabilities	<u>866,284</u>	<u>948,839</u>
NET ASSETS		
Without donor restrictions	1,856,254	1,426,083
With donor restrictions	<u>572,602</u>	<u>642,410</u>
Total net assets	<u>2,428,856</u>	<u>2,068,493</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,295,140</u>	<u>\$ 3,017,332</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, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 1,050,227	\$ 222,221	\$ 1,272,448	\$ 1,129,953
Events revenue, net of related expenses of \$12,453 in 2021	295,948	-	295,948	501,262
Donated services	13,125	-	13,125	16,000
Interest income	12,399	-	12,399	12,854
Merchandise and publications	1,829	-	1,829	685
Investment gain (loss), net	5,037	-	5,037	(701)
Other revenue	8,551	-	8,551	-
Net assets released from donor restrictions	<u>292,029</u>	<u>(292,029)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,679,145</u>	<u>(69,808)</u>	<u>1,609,337</u>	<u>1,660,053</u>
EXPENSES				
Program Services:				
Research	342,638	-	342,638	481,274
Information	489,126	-	489,126	553,623
Education	<u>194,811</u>	<u>-</u>	<u>194,811</u>	<u>196,753</u>
Total program services	<u>1,026,575</u>	<u>-</u>	<u>1,026,575</u>	<u>1,231,650</u>
Supporting Services:				
Management	130,924	-	130,924	152,140
Fundraising	<u>226,470</u>	<u>-</u>	<u>226,470</u>	<u>239,323</u>
Total supporting services	<u>357,394</u>	<u>-</u>	<u>357,394</u>	<u>391,463</u>
Total expenses	<u>1,383,969</u>	<u>-</u>	<u>1,383,969</u>	<u>1,623,113</u>
Change in net assets, before other item	295,176	(69,808)	225,368	36,940
OTHER ITEM				
Extinguishment of debt	<u>134,995</u>	<u>-</u>	<u>134,995</u>	<u>-</u>
Change in net assets	430,171	(69,808)	360,363	36,940
Net assets at beginning of year	<u>1,426,083</u>	<u>642,410</u>	<u>2,068,493</u>	<u>2,031,553</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,856,254</u>	<u>\$ 572,602</u>	<u>\$ 2,428,856</u>	<u>\$ 2,068,493</u>

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021			
	Program Services			Total Program Services
	Research	Information	Education	
Salaries and benefits	\$ 148,564	\$ 305,185	\$ 63,068	\$ 516,817
Occupancy	34,239	64,182	14,361	112,782
Research and information grants	129,885	-	2,553	132,438
Scholarship program	-	-	103,000	103,000
Office expense	18,482	32,733	6,317	57,532
Professional fees	415	26,578	207	27,200
Postage and delivery	1,414	29,353	546	31,313
Printing	546	18,643	273	19,462
Telephone and internet	3,096	4,337	1,548	8,981
Depreciation and amortization	3,145	3,145	1,573	7,863
Registrations	8	8	4	20
Advertising	-	2,142	-	2,142
Insurance	1,464	1,464	732	3,660
Equipment, repairs and maintenance	1,248	1,248	624	3,120
Bad debt expense	-	-	-	-
Travel	132	108	5	245
Conference and meetings	-	-	-	-
TOTAL	\$ 342,638	\$ 489,126	\$ 194,811	\$ 1,026,575

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021 (Continued)			2020	
	Supporting Services			Total Expenses	Total Expenses
	Management	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 7,695	\$ 168,304	\$ 175,999	\$ 692,816	\$ 699,918
Occupancy	2,303	18,924	21,227	134,009	131,680
Research and information grants	-	-	-	132,438	251,924
Scholarship program	-	-	-	103,000	109,500
Office expense	65,134	7,441	72,575	130,107	71,353
Professional fees	51,631	1,557	53,188	80,388	129,292
Postage and delivery	1,628	11,097	12,725	44,038	43,147
Printing	171	3,626	3,797	23,259	77,117
Telephone and internet	968	968	1,936	10,917	12,462
Depreciation and amortization	437	437	874	8,737	11,947
Registrations	3	8,689	8,692	8,712	9,647
Advertising	-	2,602	2,602	4,744	2,053
Insurance	457	457	914	4,574	4,069
Equipment, repairs and maintenance	390	390	780	3,900	4,483
Bad debt expense	104	1,975	2,079	2,079	38,631
Travel	3	3	6	251	9,837
Conference and meetings	-	-	-	-	16,053
TOTAL	\$ 130,924	\$ 226,470	\$ 357,394	\$ 1,383,969	\$ 1,623,113

ORGANIZATION FOR AUTISM RESEARCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 360,363	\$ 36,940
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,736	11,947
Unrealized (gain) loss on investments	(4,642)	3,042
Change in allowance for doubtful accounts	(21,185)	15,078
Forgiveness of debt	(134,995)	-
Decrease (increase) in:		
Pledges receivable	14,064	23,214
Inventory	7,744	(24,226)
Prepaid expenses	(17,750)	(78,380)
Right of use asset	(96,885)	-
Other assets	10,561	19,069
Change in the measurement of operating lease	(3,697)	65,371
Increase (decrease) in:		
Accounts payable and accrued liabilities	9,485	(31,862)
Accrued salaries and related benefits	2,038	5,055
Lease liability	100,336	-
Deferred rent	-	(2,861)
Net cash provided by operating activities	<u>234,173</u>	<u>42,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(18,835)
Purchase of investments	(3,609)	(4,918)
Net cash used by investing activities	<u>(3,609)</u>	<u>(23,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>133,249</u>	<u>134,995</u>
Net cash provided by financing activities	<u>133,249</u>	<u>134,995</u>
Net increase in cash and cash equivalents	363,813	153,629
Cash and cash equivalents at beginning of year	<u>1,867,049</u>	<u>1,713,420</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,230,862</u>	<u>\$ 1,867,049</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 791,651</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 791,651</u>

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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, 2020, from which the summarized information was derived.

New accounting pronouncement adopted -

During the year ended June 30, 2021, OAR adopted 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. Analysis of the various provisions of this standard resulted in no significant changes in the way OAR recognized revenue; however, the presentation and disclosures of revenue have been enhanced. OAR has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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 gain (loss), which is presented net of investment expenses paid to 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.

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, 2021 totaled \$8,736.

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.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

Uncertain tax positions -

For the year ended June 30, 2021, 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.

Revenue and support -

Contributions and grants -

OAR receives contributions and grants from individuals, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. OAR performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is 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.

Contributions and grants qualifying as conditional contributions contain a right of return from obligation provision that limits OAR on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. OAR did not have any unrecognized conditional awards as of June 30, 2021.

Events revenue -

Events revenue is classified as an exchange transaction and follow ASU 2014-09, *Revenue from Contracts With Customers*. Revenue is recorded at a point in time when the performance obligation is met which is when the related event has occurred. Transaction price is based on cost. OAR has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Merchandise and publications -

Merchandise and publication revenue is recognize as revenue when the performance obligation is met, which is when the merchandise and publication is rendered to customers.

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.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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 \$4,744 for the year ended June 30, 2021.

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.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

New accounting pronouncement not yet adopted (continued) -

The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

OAR plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following at June 30, 2021:

	<u>Fair Value</u>
Equities	\$ <u>16,876</u>
Included in investment income are the following:	
Interest and dividends	\$ 445
Unrealized gain	4,642
Investment fees	<u>(50)</u>
TOTAL INVESTMENT INCOME, NET	\$ <u>5,037</u>

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). 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.

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

2. INVESTMENTS (Continued)

There have been no changes in the methodologies used at June 30, 2021. There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2021. 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, 2021 OAR's equities in the amount of \$16,876 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. During the year ended June 30, 2021, OAR applied and received forgiveness of \$134,995 in principal from the Small Business Administration. The amount of loan forgiveness is recorded as from extinguishment of debt on the Statement of Activities and Change in Net Assets.

On February 2, 2021, OAR applied for and received a second loan from the Small Business Administration in the amount of \$133,249. On July 13, 2021, OAR applied for and received forgiveness in the amount \$133,249. This will be recorded during the year ended June 30, 2022.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021:

Employment initiative	\$ 249,219
Scholarships	158,000
Brophy fund	72,842
Research	53,450
Programs - general	14,432
Veterans and families	10,000
Wisconsin programs	9,659
Information	<u>5,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 572,602</u>

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:

Scholarships	\$ 103,000
Employment initiative	86,845
Programs - general	59,080
Research	43,050
Wisconsin programs	<u>54</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 292,029</u>

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. LEASE COMMITMENTS

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, 2021 the unamortized operating lease liability was \$590,086.

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, 2021 was \$134,009. Total payments on the lease during the year ended June 30, 2021 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

2022	\$	132,619
2023		135,942
2024		139,332
2025		142,809
2026		146,379
Thereafter		<u>99,824</u>
	\$	<u><u>796,905</u></u>

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, 2021 totaled \$22,658.

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
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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	\$ 2,230,862
Investments	16,876
Pledges receivable	<u>61,095</u>
Subtotal financial assets available within one year	2,308,833
Less: Donor restricted funds	<u>(572,602)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 1,736,231**

OAR has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2021, OAR has financial assets equal to approximately fifteen months of operating expenses.

8. COMMITMENTS

During the year ended June 30, 2021, OAR entered into contracts to fund research projects. As of June 30, 2021, 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, 2021.

9. RELATED PARTY

During the year ended June 30, 2021, legal services in the amount of \$13,125 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 \$74,000 for the year ended June 30, 2021.

10. SUBSEQUENT EVENTS

In preparing these financial statements, OAR has evaluated events and transactions for potential recognition or disclosure through June 8, 2022, the date the financial statements were issued.