

FINANCIAL STATEMENTS



ORGANIZATION FOR AUTISM RESEARCH

**FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

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

Opinion

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, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OAR as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OAR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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

Management is responsible for the preparation and fair presentation of the 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 OAR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 OAR'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 OAR'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.

Report on Summarized Comparative Information

We have previously audited OAR's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 4, 2024

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,135,755	\$ 2,604,952
Investments	73,679	22,469
Pledges receivable, net of allowance for doubtful accounts of \$0	20,238	73,677
Inventory	69,885	57,061
Prepaid expenses	230,792	177,088
Total current assets	3,530,349	2,935,247
FIXED ASSETS		
Furniture	22,515	22,515
Computer equipment and software	12,811	10,715
Website development	351,361	297,911
	386,687	331,141
Less: Accumulated depreciation and amortization	(254,983)	(222,118)
Net fixed assets	131,704	109,023
OTHER ASSETS		
Deposit	22,288	22,288
Right-of-use asset, net	426,315	528,412
Total other assets	448,603	550,700
TOTAL ASSETS	\$ 4,110,656	\$ 3,594,970

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 36,641	\$ 43,781
Accrued salaries and related benefits	24,520	20,195
Lease liability	117,941	108,901
Total current liabilities	179,102	172,877
LONG-TERM LIABILITIES		
Lease liability, net of current	363,213	481,154
Total liabilities	542,315	654,031
NET ASSETS		
Without donor restrictions	3,040,379	2,486,917
With donor restrictions	527,962	454,022
Total net assets	3,568,341	2,940,939
TOTAL LIABILITIES AND NET ASSETS	\$ 4,110,656	\$ 3,594,970

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 1,712,271	\$ 453,711	\$ 2,165,982	\$ 1,681,649
Events revenue, net of related expenses of \$417,213 in 2023	559,211	-	559,211	460,736
Donated services	15,150	-	15,150	12,890
Merchandise and publications	1,971	-	1,971	1,359
Investment income, net	63,295	150	63,445	15,805
Other revenue	25,228	-	25,228	5,772
Net assets released from donor restrictions	<u>379,921</u>	<u>(379,921)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,757,047</u>	<u>73,940</u>	<u>2,830,987</u>	<u>2,178,211</u>
EXPENSES				
Program Services:				
Research	615,729	-	615,729	505,139
Information	776,828	-	776,828	670,015
Education	<u>371,431</u>	<u>-</u>	<u>371,431</u>	<u>261,869</u>
Total program services	<u>1,763,988</u>	<u>-</u>	<u>1,763,988</u>	<u>1,437,023</u>
Supporting Services:				
Management	161,467	-	161,467	142,860
Fundraising	<u>278,130</u>	<u>-</u>	<u>278,130</u>	<u>219,494</u>
Total supporting services	<u>439,597</u>	<u>-</u>	<u>439,597</u>	<u>362,354</u>
Total expenses	<u>2,203,585</u>	<u>-</u>	<u>2,203,585</u>	<u>1,799,377</u>
Change in net assets, before other item	553,462	73,940	627,402	378,834
OTHER ITEM				
Extinguishment of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,249</u>
Change in net assets	553,462	73,940	627,402	512,083
Net assets at beginning of year	<u>2,486,917</u>	<u>454,022</u>	<u>2,940,939</u>	<u>2,428,856</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,040,379</u>	<u>\$ 527,962</u>	<u>\$ 3,568,341</u>	<u>\$ 2,940,939</u>

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023							2022	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Research	Information	Education	Total Program Services	Management	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 210,960	\$ 395,095	\$ 101,361	\$ 707,416	\$ 16,927	\$ 227,956	\$ 244,883	\$ 952,299	\$ 786,578
Research and information grants	299,357	33,590	23,221	356,168	-	-	-	356,168	293,692
Scholarship program	-	-	207,490	207,490	-	-	-	207,490	161,000
Office expense	18,417	34,983	6,704	60,104	84,675	8,242	92,917	153,021	128,936
Lease and other occupancy expenses	37,787	70,831	15,856	124,474	2,819	14,086	16,905	141,379	142,532
Professional fees	5,499	30,939	2,899	39,337	48,908	7,345	56,253	95,590	92,482
Printing	297	84,609	149	85,055	93	3,133	3,226	88,281	48,999
Postage and delivery	1,217	62,373	678	64,268	606	2,478	3,084	67,352	62,904
Information technology	1,499	29,866	749	32,114	1,460	468	1,928	34,042	24,086
Depreciation and amortization	11,560	11,560	5,780	28,900	2,359	1,606	3,965	32,865	13,793
Travel	16,218	7,381	2,665	26,264	1,703	3,971	5,674	31,938	10,363
Telephone and internet	3,807	5,375	1,903	11,085	1,190	1,190	2,380	13,465	11,458
Insurance	2,422	2,422	1,211	6,055	757	807	1,564	7,619	4,616
Advertising	-	6,134	-	6,134	-	455	455	6,589	9,336
Conference and meetings	5,159	140	-	5,299	-	795	795	6,094	2,691
Registrations	8	8	4	20	3	5,122	5,125	5,145	10,017
Equipment, repairs and maintenance	1,522	1,522	761	3,805	(33)	476	443	4,248	4,487
Bad debt (recovery) expense	-	-	-	-	-	-	-	-	(8,593)
TOTAL	\$ 615,729	\$ 776,828	\$ 371,431	\$ 1,763,988	\$ 161,467	\$ 278,130	\$ 439,597	\$ 2,203,585	\$ 1,799,377

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 627,402	\$ 512,083
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,865	13,793
Unrealized loss (gain) on investments	3,385	(1,908)
Donated securities	(54,595)	-
Change in allowance for doubtful accounts	(37,198)	12,698
Forgiveness of debt	-	(133,249)
Amortization of right-of-use asset	102,097	96,885
Decrease (increase) in:		
Pledges receivable	90,637	(25,280)
Inventory	(12,824)	18,794
Prepaid expenses	(53,704)	67,913
(Decrease) increase in:		
Accounts payable and accrued liabilities	(7,140)	22,060
Accrued salaries and related benefits	4,325	(697)
Lease liability	<u>(108,901)</u>	<u>(100,367)</u>
Net cash provided by operating activities	<u>586,349</u>	<u>482,725</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(55,546)	(104,950)
Purchase of investments	<u>-</u>	<u>(3,685)</u>
Net cash used by investing activities	<u>(55,546)</u>	<u>(108,635)</u>
Net increase in cash and cash equivalents	530,803	374,090
Cash and cash equivalents at beginning of year	<u>2,604,952</u>	<u>2,230,862</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,135,755</u>	<u>\$ 2,604,952</u>

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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, 2022, 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.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, 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. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

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, 2023 totaled \$32,865.

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, 2023, 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, 2023

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

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, 2023.

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. 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 delivered to customers.

Donated services -

Donated services consist of pro bono legal counsel. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OAR.

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.

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Use of estimates (continued) -

Accordingly, actual results could differ from those estimates.

Advertising -

OAR expenses advertising costs as incurred. Advertising expense was \$6,589 for the year ended June 30, 2023.

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.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for OAR for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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, 2023:

	<u>Fair Value</u>
Equities	\$ <u>73,679</u>

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

2. INVESTMENTS (Continued)

Included in investment income are the following:

Interest and dividends	\$ 66,905
Unrealized loss	(3,385)
Investment fees	<u>(75)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 63,445</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.

There have been no changes in the methodologies used at June 30, 2023. There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2023. 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, 2023, OAR's equities in the amount of \$73,679 are considered Level 1.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023:

Scholarships	\$ 260,660
Brophy fund	74,306
Research	63,500
Veterans and families	15,000
UK Operations	15,000
Wisconsin programs	9,346
Endowment earnings - greatest needs	150
Endowment to be invested in perpetuity	<u>90,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 527,962</u>

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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	\$ 195,490
Employment initiative	79,593
Research	58,000
Programs - general	26,260
AIR-P	17,325
Kits for Kids	3,089
Conference	<u>164</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 379,921</u>

4. LEASE COMMITMENT

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.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

OAR elected to early adopt during the year ended June 30, 2020 and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. 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, 2023, the unamortized operating lease liability was \$481,154.

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, 2023 was \$141,379. Total payments on the lease during the year ended June 30, 2023 were \$135,942. 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:

<u>Year Ending June 30,</u>	
2024	\$ 139,332
2025	142,809
2026	146,379
2027	<u>99,824</u>
	528,344
Less: Imputed interest	<u>(47,190)</u>
	481,154
Less: Current portion	<u>(117,941)</u>
LONG-TERM PORTION	<u>\$ 363,213</u>

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

5. 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, 2023 totaled \$26,300.

6. 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	\$ 3,135,755
Investments	73,679
Pledges receivable	<u>20,238</u>
Subtotal financial assets available within one year	3,229,672
Less: Donor restricted funds	<u>(527,962)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,701,710</u>

OAR has a policy to structure its financial assets to be available and liquid as its obligations become due.

7. ENDOWMENT

OAR's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, OAR considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. OAR has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, OAR considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 90,000	\$ 90,000
Accumulated investment earnings	-	150	150
TOTAL ENDOWMENT FUNDS	\$ -	\$ 90,150	\$ 90,150

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment return, net	\$ -	\$ 150	\$ 150
Contributions	-	90,000	90,000
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 90,150	\$ 90,150

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration.

Return Objectives and Risk Parameters -

OAR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to gain the highest possible yield without putting OAR's capital at risk. This will primarily be done through an interest-bearing savings account or money market account earning annual interest of at least 1%. If funds are invested in an investment portfolio, investments should be qualified as investment grade by Standard & Poor's, Inc. and/or Moody's Investment Services, Inc. in the form of U.S. Treasury securities, U.S. Government guaranteed agencies, or sponsored agencies.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, OAR relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). OAR targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

7. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

OAR has a current policy of appropriating for distribution each year none of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, OAR considered the long-term expected return on its endowment. Accordingly, over the long-term, OAR expects the current spending policy to allow its endowment to grow at an average of 1% annually. This is consistent with OAR's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

8. COMMITMENTS

During the year ended June 30, 2023, OAR entered into contracts to fund research projects. As of June 30, 2023, OAR's remaining obligation under these arrangements totaled \$120,446. These obligations are contingent upon certain deliverables and therefore have not been accrued as of June 30, 2023.

9. RELATED PARTY

During the year ended June 30, 2023, legal services in the amount of \$15,150 were donated by a law firm in which OAR's Chairman has an ownership interest. The costs associated with the donated legal services, at fair value, are included in professional fees on the accompanying Statement of Functional Expenses. These services did not have restrictions attached to them and were charged to management. Board Members' cash contributions to the organization totaled \$155,057 for the year ended June 30, 2023.

10. SUBSEQUENT EVENTS

In preparing these financial statements, OAR has evaluated events and transactions for potential recognition or disclosure through March 4, 2024, the date the financial statements were issued.