

FINANCIAL STATEMENTS

**ORGANIZATION FOR AUTISM
RESEARCH**

**FOR THE YEAR ENDED JUNE 30, 2008
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2007**

ORGANIZATION FOR AUTISM RESEARCH

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Organization for Autism Research (OAR) as of June 30, 2008, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of OAR's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from OAR's 2007 financial statements, which were audited by other auditors and, in their report dated October 16, 2007, they expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization for Autism Research as of June 30, 2008, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

January 9, 2009

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ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 415,415	\$ 322,969
Pledges receivable, net of allowance for doubtful accounts of \$48,410	193,644	257,942
Other receivables	427	26,710
Inventory	13,051	13,238
Prepaid expenses	<u>15,464</u>	<u>11,517</u>
Total current assets	<u>638,001</u>	<u>632,376</u>
FURNITURE AND EQUIPMENT		
Furniture	24,751	13,271
Computer equipment	<u>19,119</u>	<u>13,525</u>
	43,870	26,796
Less: Accumulated depreciation and amortization	<u>(18,907)</u>	<u>(14,711)</u>
Net furniture and equipment	<u>24,963</u>	<u>12,085</u>
OTHER ASSETS	<u>4,563</u>	<u>4,563</u>
TOTAL ASSETS	<u>\$ 667,527</u>	<u>\$ 649,024</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Note payable	\$ -	\$ 1,470
Accounts payable and accrued liabilities	15,704	22,741
Accrued salaries and related benefits	272	-
Other current liabilities	<u>1,046</u>	<u>-</u>
Total current liabilities	<u>17,022</u>	<u>24,211</u>
LONG-TERM LIABILITIES		
Rent abatement (Note 4)	<u>6,295</u>	<u>-</u>
Total liabilities	<u>23,317</u>	<u>24,211</u>
NET ASSETS		
Unrestricted	483,288	543,004
Temporarily restricted (Note 2)	<u>160,922</u>	<u>81,809</u>
Total net assets	<u>644,210</u>	<u>624,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 667,527</u>	<u>\$ 649,024</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, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

	<u>2008</u>			<u>2007</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Contributions	\$ 251,062	\$ 26,217	\$ 277,279	\$ 333,074
Foundation grants	33,192	142,774	175,966	86,808
Conference	33,900	-	33,900	31,259
Donated services (Notes 3 and 8)	13,250	-	13,250	22,500
Special events, net of related expenses of \$133,973	718,633	-	718,633	491,685
Interest income	6,635	-	6,635	7,179
Other revenue	-	-	-	4,301
Net assets released from donor restrictions (Note 2)	<u>89,878</u>	<u>(89,878)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,146,550</u>	<u>79,113</u>	<u>1,225,663</u>	<u>976,806</u>
EXPENSES				
Program Services:				
Research	525,362	-	525,362	390,837
Information	297,155	-	297,155	241,788
Education	<u>155,738</u>	<u>-</u>	<u>155,738</u>	<u>145,340</u>
Total program services	<u>978,255</u>	<u>-</u>	<u>978,255</u>	<u>777,965</u>
Supporting Services:				
Management	61,471	-	61,471	76,013
Fundraising	<u>166,540</u>	<u>-</u>	<u>166,540</u>	<u>69,834</u>
Total supporting services	<u>228,011</u>	<u>-</u>	<u>228,011</u>	<u>145,847</u>
Total expenses	<u>1,206,266</u>	<u>-</u>	<u>1,206,266</u>	<u>923,812</u>
Change in net assets	(59,716)	79,113	19,397	52,994
Net assets at beginning of year	<u>543,004</u>	<u>81,809</u>	<u>624,813</u>	<u>571,819</u>
NET ASSETS AT END OF YEAR	<u>\$ 483,288</u>	<u>\$ 160,922</u>	<u>\$ 644,210</u>	<u>\$ 624,813</u>

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007**

	Program Services			Total Program Services
	Research	Information	Education	
Research and information programs	\$ 378,711	\$ 98,563	\$ 7,755	\$ 485,029
Salaries and benefits (Note 5)	102,068	140,515	51,545	294,128
Occupancy (Note 4)	23,114	21,955	11,085	56,154
Conference and meetings	744	830	60,592	62,166
Professional fees	5,451	5,379	2,717	13,547
Fundraising	-	-	-	-
Postage and delivery	2,649	4,517	1,345	8,511
Printing	950	12,860	475	14,285
Scholarship program	-	-	14,270	14,270
Miscellaneous	2,816	3,206	1,455	7,477
Telephone and internet	3,394	3,421	1,714	8,529
Travel	2,215	2,787	1,217	6,219
Advertising (Note 6)	-	-	-	-
Equipment, repairs and maintenance	1,757	1,692	846	4,295
Registrations	-	-	-	-
Depreciation and amortization	-	-	-	-
Office expense	953	890	452	2,295
Insurance	540	540	270	1,350
Dues and subscriptions	-	-	-	-
	\$ 525,362	\$ 297,155	\$ 155,738	\$ 978,255

See accompanying notes to financial statements.

2008			2007		
Supporting Services					
Management	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	Total Expenses
\$ 806	\$ 85	\$ 891	\$ 485,920	\$ 372,354	
12,187	100,307	112,494	406,622	290,463	
4,194	5,280	9,474	65,628	50,285	
902	254	1,156	63,322	67,856	
25,276	3,395	28,671	42,218	51,999	
-	31,974	31,974	31,974	2,947	
991	9,187	10,178	18,689	8,754	
559	631	1,190	15,475	22,663	
-	-	-	14,270	-	
5,754	604	6,358	13,835	5,670	
626	1,043	1,669	10,198	7,158	
444	3,328	3,772	9,991	18,110	
60	9,115	9,175	9,175	5,495	
440	440	880	5,175	5,087	
4,142	150	4,292	4,292	4,836	
4,196	-	4,196	4,196	4,249	
138	620	758	3,053	2,803	
127	127	254	1,604	2,958	
629	-	629	629	125	
\$ 61,471	\$ 166,540	\$ 228,011	\$ 1,206,266	\$ 923,812	

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 19,397	\$ 52,994
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,196	4,249
(Increase) decrease in:		
Pledges receivable	64,298	(95,750)
Other receivables	26,283	-
Inventory	187	-
Prepaid expenses	(3,947)	(3,866)
Other assets	-	6,804
Increase (decrease) in:		
Accounts payable and accrued liabilities	(7,037)	17,241
Accrued salaries and related benefits	272	(9,339)
Other current liabilities	1,046	-
Rent abatement	<u>6,295</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>110,990</u>	<u>(27,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(17,074)</u>	<u>-</u>
Net cash used by investing activities	<u>(17,074)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(1,470)</u>	<u>(6,165)</u>
Net cash used by financing activities	<u>(1,470)</u>	<u>(6,165)</u>
Net increase (decrease) in cash and cash equivalents	92,446	(33,832)
Cash and cash equivalents at beginning of year	<u>322,969</u>	<u>356,801</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 415,415</u>	<u>\$ 322,969</u>

See accompanying notes to financial statements.

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Organization for Autism Research (OAR) is a nonprofit 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 Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

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 the organization's financial statements for the year ended June 30, 2007, 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.

At times during the year, OAR maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Pledges receivable -

Pledges receivable are stated at their net realizable value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Furniture and equipment -

Furniture and equipment in excess of \$500 are capitalized and stated at cost. Furniture and equipment 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 as incurred.

Income taxes -

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

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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

Inventory -

Inventory consists of publications, which are recorded at the lower of cost or market value.

Net asset classification -

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

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

Contributions and grants -

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

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Reclassification -

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

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2008:

Conference	\$ 36,340
Scholarships	27,783
Latino Outreach	46,799
Services for Adults with Autism	<u>50,000</u>
	<u>\$ 160,922</u>

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

Conference	\$ 12,661
Scholarships	17,217
Latino Outreach	50,000
Parent's Guide to Assessment	<u>10,000</u>
	<u>\$ 89,878</u>

3. DONATED SERVICES

During the year ended June 30, 2008, OAR was the beneficiary of donated services which allow OAR to provide greater resources towards various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2008.

Legal Services	<u>\$ 13,250</u>
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4. LEASE COMMITMENTS

OAR leases office space under a five-year lease term, which originated in November 2007. Base rent is \$69,680 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. At the commencement of the lease a letter of credit was obtained in OAR's name and the landlord under the lease was specified as the beneficiary under the arrangement. The letter of credit was in the amount of \$17,420 and was established to satisfy the security deposit provision under the leasing arrangement. The landlord can draw on any amount up to \$17,420, but as of June 30, 2008 there were no amounts drawn on the letter of credit.

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

ORGANIZATION FOR AUTISM RESEARCH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

4. LEASE COMMITMENTS (Continued)

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

<u>Year Ended June 30,</u>	
2009	\$ 71,081
2010	73,210
2011	75,397
2012	77,663
2013	<u>26,143</u>
	<u>\$ 323,494</u>

Rent expense for the year ended June 30, 2008 was \$65,628.

5. RETIREMENT PLAN

OAR provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. OAR contributes up to 3% percent of gross wages, up to \$3,000 per year. Contributions to the plan during the year ended June 30, 2008 was \$9,840.

6. ADVERTISING

OAR incurs certain costs related to advertising. It is OAR's policy to expense these costs as incurred. During the year ended June 30, 2008, advertising costs were \$9,175.

7. COMMITMENTS

During the year ended June 30, 2008, OAR entered into contracts to fund research projects. As of June 30, 2008, OAR's remaining obligation under these arrangements totaled \$298,388.

8. RELATED PARTY

During the year ended June 30, 2008, legal services in the amount of \$13,250 were donated by a law firm in which OAR's Chairman has an ownership interest.

Board members' cash contributions totaled \$36,217 for the year ended June 30, 2008.