

**FINANCIAL STATEMENTS**

**ORGANIZATION FOR AUTISM  
RESEARCH**

**FOR THE YEAR ENDED JUNE 30, 2009  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2008**

# 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 the Organization for Autism Research (OAR) as of June 30, 2009, 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 financial statements for the year ended June 30, 2008 and, in our report dated January 9, 2009, we 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 OAR as of June 30, 2009, 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 29, 2010

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**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2009**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 344,427	\$ 415,415
Pledges receivable, net of allowance for doubtful accounts of \$66,626 and \$48,410 for the years ended June 30, 2009 and 2008, respectively	318,992	193,644
Other receivables	-	427
Inventory	28,362	13,051
Prepaid expenses	<u>14,661</u>	<u>15,464</u>
Total current assets	<u>706,442</u>	<u>638,001</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture	24,751	24,751
Computer equipment and software	<u>19,119</u>	<u>19,119</u>
	43,870	43,870
Less: Accumulated depreciation and amortization	<u>(24,353)</u>	<u>(18,907)</u>
Net furniture and equipment	<u>19,517</u>	<u>24,963</u>
<b>OTHER ASSETS</b>	<u>-</u>	<u>4,563</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 725,959</u></b>	<b><u>\$ 667,527</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 12,056	\$ 15,704
Accrued salaries and related benefits	2,645	272
Other current liabilities	<u>19</u>	<u>1,046</u>
Total current liabilities	<u>14,720</u>	<u>17,022</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent (Note 4)	<u>8,414</u>	<u>6,295</u>
Total liabilities	<u>23,134</u>	<u>23,317</u>
<b>NET ASSETS</b>		
Unrestricted	517,489	483,288
Temporarily restricted (Note 2)	<u>185,336</u>	<u>160,922</u>
Total net assets	<u>702,825</u>	<u>644,210</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 725,959</u></b>	<b><u>\$ 667,527</u></b>

See accompanying notes to financial statements.

**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Contributions	\$ 406,743	\$ 46,850	\$ 453,593	\$ 277,279
Foundation grants	-	102,980	102,980	175,966
Conference	35,050	-	35,050	33,900
Donated services (Notes 3 and 8)	9,150	-	9,150	13,250
Special events, net of related expenses of \$173,732	562,797	-	562,797	718,633
Interest income	2,620	-	2,620	6,635
Net assets released from donor restrictions (Note 2)	<u>125,416</u>	<u>(125,416)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,141,776</u>	<u>24,414</u>	<u>1,166,190</u>	<u>1,225,663</u>
<b>EXPENSES</b>				
Program Services:				
Research	494,109	-	494,109	525,362
Information	224,775	-	224,775	297,155
Education	<u>198,639</u>	<u>-</u>	<u>198,639</u>	<u>155,738</u>
Total program services	<u>917,523</u>	<u>-</u>	<u>917,523</u>	<u>978,255</u>
Supporting Services:				
Management	49,828	-	49,828	61,471
Fundraising	<u>140,224</u>	<u>-</u>	<u>140,224</u>	<u>166,540</u>
Total supporting services	<u>190,052</u>	<u>-</u>	<u>190,052</u>	<u>228,011</u>
Total expenses	<u>1,107,575</u>	<u>-</u>	<u>1,107,575</u>	<u>1,206,266</u>
Change in net assets	34,201	24,414	58,615	19,397
Net assets at beginning of year	<u>483,288</u>	<u>160,922</u>	<u>644,210</u>	<u>624,813</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 517,489</u></b>	<b><u>\$ 185,336</u></b>	<b><u>\$ 702,825</u></b>	<b><u>\$ 644,210</u></b>

See accompanying notes to financial statements.

**ORGANIZATION FOR AUTISM RESEARCH**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	Program Services			Total
	Research	Information	Education	Program Services
Research and information programs	\$ 344,284	\$ 72,984	\$ 24,036	\$ 441,304
Salaries and benefits (Note 5)	99,413	103,096	51,633	254,142
Occupancy (Note 4)	27,251	24,985	15,734	67,970
Conference and meetings	272	106	72,188	72,566
Professional fees (Note 3 and 8)	8,545	8,545	4,296	21,386
Scholarship program	-	-	22,500	22,500
Postage and delivery	3,947	4,018	1,965	9,930
Telephone and internet	3,702	4,198	1,851	9,751
Travel	2,372	2,617	2,074	7,063
Miscellaneous	547	595	302	1,444
Advertising (Note 6)	-	-	-	-
Depreciation and amortization	-	-	-	-
Registrations	80	80	40	200
Equipment, repairs and maintenance	1,663	1,362	775	3,800
Fundraising	-	10	-	10
Office expense	755	846	415	2,016
Printing	657	712	520	1,889
Insurance	592	592	296	1,480
Dues and subscriptions	29	29	14	72
<b>TOTAL</b>	<b>\$ 494,109</b>	<b>\$ 224,775</b>	<b>\$ 198,639</b>	<b>\$ 917,523</b>

See accompanying notes to financial statements.

Supporting Services				2008	
Management	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	
\$ -	\$ -	\$ -	\$ 441,304	\$ 485,920	
10,737	107,766	118,503	372,645	406,622	
3,771	3,772	7,543	75,513	65,628	
2,298	33	2,331	74,897	63,322	
13,744	12,132	25,876	47,262	42,218	
-	-	-	22,500	14,270	
1,195	1,587	2,782	12,712	18,689	
892	1,388	2,280	12,031	10,198	
656	2,469	3,125	10,188	9,991	
4,861	171	5,032	6,476	13,835	
-	5,745	5,745	5,745	9,175	
5,446	-	5,446	5,446	4,196	
4,842	150	4,992	5,192	4,292	
492	422	914	4,714	5,175	
-	3,798	3,798	3,808	31,974	
616	247	863	2,879	3,053	
143	309	452	2,341	15,475	
126	126	252	1,732	1,604	
9	109	118	190	629	
\$ 49,828	\$ 140,224	\$ 190,052	\$ 1,107,575	\$ 1,206,266	

See accompanying notes to financial statements.

**ORGANIZATION FOR AUTISM RESEARCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 58,615	\$ 19,397
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	5,446	4,196
Allowance for doubtful accounts	18,216	(9,426)
(Increase) decrease in:		
Pledges receivable	(143,564)	73,724
Other receivables	427	26,283
Inventory	(15,311)	187
Prepaid expenses	803	(3,947)
Other assets	4,563	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(3,648)	(7,037)
Accrued salaries and related benefits	2,373	272
Other current liabilities	(1,027)	1,046
Deferred rent	<u>2,119</u>	<u>6,295</u>
Net cash provided (used) by operating activities	<u>(70,988)</u>	<u>110,990</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>-</u>	<u>(17,074)</u>
Net cash used by investing activities	<u>-</u>	<u>(17,074)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	<u>-</u>	<u>(1,470)</u>
Net cash used by financing activities	<u>-</u>	<u>(1,470)</u>
Net increase (decrease) in cash and cash equivalents	(70,988)	92,446
Cash and cash equivalents at beginning of year	<u>415,415</u>	<u>322,969</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 344,427</u></b>	<b><u>\$ 415,415</u></b>

See accompanying notes to financial statements.

# ORGANIZATION FOR AUTISM RESEARCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### 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 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 OAR's financial statements for the year ended June 30, 2008, 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, 2009

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

##### Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48-3, OAR is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, OAR has not implemented those provisions in the 2009 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, OAR continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of June 30, 2009, OAR has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

##### 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 and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of OAR and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

##### Contributions and grants -

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

ORGANIZATION FOR AUTISM RESEARCH

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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.

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.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2009:

Wisconsin Autism Program	\$ 34,214
Scholarships	9,294
Latino Outreach	319
Services for Adults with Autism	50,000
Autism Caregivers Project	32,000
Autism Grant for Military Families	40,509
Assessment Guides	15,000
Research Grants	<u>4,000</u>
	<b><u>\$ 185,336</u></b>

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:

Wisconsin Autism Program	\$ 2,126
Scholarships	46,339
Latino Outreach	76,480
Autism Grant for Military Families	<u>471</u>
	<b><u>\$ 125,416</u></b>

3. DONATED SERVICES

During the year ended June 30, 2009, OAR was the beneficiary of donated services, which allow OAR to provide greater resources towards various programs. Donated services are recorded at their fair market value as of the date of the services are performed. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2009:

<b>Legal Services</b>	<b><u>\$ 9,150</u></b>
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**ORGANIZATION FOR AUTISM RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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, 2009, 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.

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

<u>Year Ended June 30,</u>	
2010	\$ 73,210
2011	75,397
2012	77,663
2013	<u>26,143</u>
	<b><u>\$ 252,413</u></b>

Rent expense for the year ended June 30, 2009 was \$75,513.

**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% percent of gross wages, up to \$3,000 per year. Contributions to the plan during the year ended June 30, 2009 were \$5,586.

**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, 2009, advertising costs were \$5,745.

**7. COMMITMENTS**

During the year ended June 30, 2009, OAR entered into contracts to fund research projects. As of June 30, 2009, OAR's remaining obligation under these arrangements totaled \$253,696.

**ORGANIZATION FOR AUTISM RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**8. RELATED PARTY**

During the year ended June 30, 2009, legal services in the amount of \$9,150 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 \$36,350 for the year ended June 30, 2009.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, OAR has evaluated events and transactions for potential recognition or disclosure through January 29, 2010, the date the financial statements were issued.