



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

AUTISM RESEARCH INSTITUTE Audited Financial Statements Year Ended December 31, 2023

	CONTENTS	<u>Page</u>
Independent Auditor's Report		1-2
Financial Statements		
Statement of Financial Position		3
Statement of Activities		4
Statement of Functional Expenses		5
Statement of Cash Flows		6
Notes to Financial Statements		7-13



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
AUTISM RESEARCH INSTITUTE

Opinion

We have audited the accompanying financial statements of Autism Research Institute (ARI, a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 ARI as of December 31, 2023, and the changes 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 ARI 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 ARI'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. 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 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 ARI'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 ARI'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 ARI's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 15, 2024

Sonnenberg & Company, CPAs

AUTISM RESEARCH INSTITUTE
Statement of Financial Position
December 31, 2023
(With Comparative Information for December 31, 2022)

ASSETS	<u>2023</u>	<u>2022</u>
Cash	\$ 281,218	\$ 891,739
Restricted cash	21,162	60,655
Contributions receivable	50,000	-
Prepaid expenses	26,906	6,268
Investments	4,345,041	3,032,312
Property & equipment, net	<u>16,453</u>	<u>17,764</u>
Total Assets	<u>\$ 4,740,780</u>	<u>\$ 4,008,738</u>
LIABILITIES & NET ASSETS		
Liabilities		
Accounts payable	\$ 12,759	\$ 12,728
Payroll liabilities	51,951	48,500
Research grants payable	-	88,928
Total Liabilities	<u>64,710</u>	<u>150,156</u>
Net Assets		
Without donor restrictions	4,596,323	3,789,342
With donor restrictions	<u>79,747</u>	<u>69,240</u>
Total Net Assets	<u>4,676,070</u>	<u>3,858,582</u>
Total Liabilities & Net Assets	<u>\$ 4,740,780</u>	<u>\$ 4,008,738</u>

The accompanying notes are an integral part of the financial statements

AUTISM RESEARCH INSTITUTE
Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Comparative Information for the Year Ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
SUPPORT & REVENUE				
Contributions	\$ 1,635,523	\$ 140,347	\$ 1,775,870	\$ 1,020,222
Membership dues	3,415		3,415	5,892
Interest & dividends	109,532		109,532	54,399
Contributed materials	478		478	1,966
Gains (losses) on investments	367,699		367,699	(486,072)
Other income	10,186		10,186	17,342
Net assets released from restrictions	129,840	(129,840)	-	-
Total Support & Revenue	<u>2,256,673</u>	<u>10,507</u>	<u>2,267,180</u>	<u>613,749</u>
EXPENSES				
Program Services	1,229,670		1,229,670	1,193,642
Supporting Services				
Management & general	139,481		139,481	114,692
Fundraising	80,541		80,541	65,599
Total Supporting Services	<u>220,022</u>	<u>-</u>	<u>220,022</u>	<u>180,291</u>
Total Expenses	<u>1,449,692</u>	<u>-</u>	<u>1,449,692</u>	<u>1,373,934</u>
Change in Net Assets	806,981	10,507	817,488	(760,185)
Net Assets, Beginning of Year	<u>3,789,342</u>	<u>69,240</u>	<u>3,858,582</u>	<u>4,618,767</u>
Net Assets, End of Year	<u>\$ 4,596,323</u>	<u>\$ 79,747</u>	<u>\$ 4,676,070</u>	<u>\$ 3,858,582</u>

The accompanying notes are an integral part of the financial statements

AUTISM RESEARCH INSTITUTE
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Information for the Year Ended December 31, 2022)

	<u>SUPPORTING SERVICES</u>			<u>2023</u> Totals	<u>2022</u> Totals
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fundraising</u>		
Personnel	\$ 422,429	\$ 18,775	\$ 28,162	\$ 469,366	\$ 440,415
Advertising & promotion			5,375	5,375	4,140
Accounting	3,636	23,612	242	27,490	29,416
Contract services	1,900	58,020	29,293	89,213	71,457
Depreciation	798	513		1,311	1,749
Fiscal sponsorship	46,680			46,680	69,768
Insurance		7,196		7,196	6,728
Miscellaneous	2,821	6,563		9,384	12,888
Office expenses	21,295	786	1,179	23,260	20,721
Occupancy	38,160	2,880	2,160	43,200	43,680
Physicians' training program	19,419			19,419	29,019
Postage & delivery	3,220		4,453	7,673	4,143
Printing & dissemination	18,436		6,455	24,891	30,621
Research grants	504,929			504,929	489,328
Telephone/internet/utilities	9,751	433	650	10,834	11,290
Think tanks/conferences	72,143			72,143	40,776
Travel	6,558	20,703	2,572	29,833	11,536
Webinars	16,559			16,559	18,008
Website	40,936			40,936	38,251
Total Expenses	<u>\$ 1,229,670</u>	<u>\$ 139,481</u>	<u>\$ 80,541</u>	<u>\$ 1,449,692</u>	<u>\$ 1,373,934</u>

The accompanying notes are an integral part of the financial statements

AUTISM RESEARCH INSTITUTE
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Information for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 817,488	\$ (760,185)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,311	1,749
(Gains) losses on investments	(367,699)	486,072
Noncash contributions-donated stock	-	(1,066)
(Increase) / Decrease in:		
Contributions receivable	(50,000)	-
Prepaid expenses	(20,638)	(5,983)
Increase / (Decrease) in:		
Accounts payable	31	1,083
Payroll liabilities	3,451	8,383
Research grants payable	(88,928)	(61,072)
Net cash provided (used) by operating activities	295,016	(331,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	596,502	161,057
Purchase of investments	(1,432,000)	(75,000)
Reinvestment of interest & dividends	(109,532)	(54,399)
Net cash provided by (used in) investing activities	(945,030)	31,658
Net Decrease in Cash & Restricted Cash	(650,014)	(299,361)
Cash & Restricted Cash at:		
Beginning of Year	952,394	1,251,755
End of Year	\$ 302,380	\$ 952,394
Cash	\$ 281,218	\$ 891,739
Restricted Cash	21,162	60,655
Total Cash & Restricted Cash	\$ 302,380	\$ 952,394

The accompanying notes are an integral part of the financial statements

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 1. Nature of Organization

The Autism Research Institute (ARI), a non-profit organization, is the hub of a worldwide network of parents and professionals concerned with autism. ARI was founded in 1967 to conduct and foster scientific research designed to improve the methods of diagnosing, treating, and preventing autism. This is accomplished through ARI's mission to advance the health of autistic people through biomedical research and free education. ARI's programs include the following activities:

- Funding, conducting and facilitating cutting-edge research on underlying cause(s) and effective treatments of autism.
- Curating and housing the National Autism History Museum, to bridge the gap between the autism community and the wider public.
- Maintaining autism.org website, that provides medical, biomedical, nutritional, and educational information on autism.
- Maintaining the ARI data bank, one of the world's largest, which contains over 42,000 detailed case histories of autism from more than 60 countries.
- Collaborating with the Massachusetts General Hospital gastrointestinal tissue bank to provide research material for scientists investigating the systemic causes and effects of autism.
- Informing the medical community about best-practice treatments. ARI offers, in joint-providership with the Cleveland Clinic, complimentary *AMA PRA Category 1 Credit™* to physicians. Connecting physicians to improved standards of care is crucial to amplifying understanding of the medical nature of the disorder.
- Producing free online webcasts focused on cutting-edge research and evidence-based interventions, reaching more than 61,000 live attendees and more than 1 million playback views on YouTube.
- Publishing several e-newsletters with more than 140,000 subscribers and a quarterly (hardcopy) science newsletter.
- Facilitating a worldwide network of parents, scientists, and practitioners involved in identifying and exploring evidence-based treatment avenues.
- Sponsoring national and regional multidisciplinary think tanks involving researchers and experienced clinicians.
- Running a toll-free telephone resource line. This service responds to questions from individuals in the autism community.
- Translating materials, live webinars, and recorded webinars into 25 different languages.
- Investigating accurate methods to diagnose autism and the relationship of those methods to treatment efficacy.

ARI is supported primarily by contributions.

Note 2. Summary of Significant Accounting Policies

Basis of Financial Presentation: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies, continued

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions that are restricted by the donor 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 fiscal year in which the contributions are 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 as net assets released from restrictions.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash and other highly liquid investments with an original maturity of three months or less when purchased. ARI had no cash equivalents as of December 31, 2023. Bank deposits that are held by investment managers in brokerage accounts as part of a long-term strategy and not used for operations are treated as investments.

Restricted Cash: Restricted cash consists of a separate checking account held on behalf of Autism/Asperger's Research Program at Arizona State University (ASU), for which ARI is acting as a fiscal sponsor under a fiscal sponsorship agreement (see Note 8).

Fair Value Measurements: ARI measures fair value at the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments, spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including ARI's own assumptions in determining the fair value of investments).

The valuations of ARI's investments according to the fair value hierarchy are all Level 1.

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements

Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies, continued

Property and Equipment: Acquisitions of property and equipment over \$2,000 are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of the donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended December 31, 2023 was \$1,311.

Compensated Absences: Unpaid employee leave benefits are recognized as liabilities of ARI. The accrued vacation liability of \$15,284 is included in payroll liabilities on the statement of financial position as of December 31, 2023.

Revenue Recognition: Contributions are recognized when the donor makes a promise to give to ARI that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Membership dues are recognized over the membership period.

Contributed Nonfinancial Assets: The estimated fair value of contributed goods and professional services is recorded in the financial statements. Contributed goods are recorded at fair value at the date of donation. Contributed professional services are recognized in the financial statements because the services create nonfinancial assets, require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. ARI presents contributed nonfinancial assets in accordance with Accounting Standards Update 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. For the year ended December 31, 2023, ARI recorded \$478 in contributed materials for the ARI's office.

ARI contributed volunteer services which have not been reflected in the accompanying financial statements because such services do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

Leases: ARI accounts for leases in accordance with FASB ASC 842. ARI determines if an arrangement conveys the right to use an identified asset and whether ARI obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. ARI recognizes a lease liability and ROU asset at the commencement date of the lease. ARI elected not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less.

Comparative Financial Information: The accompanying 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ARI's audited financial statements for the year ended December 31, 2022, from which the summarized information was derived. Certain reclassifications of the prior year amounts have been made to maintain consistency between periods presented.

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses: The costs of providing various services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ARI. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, office expenses, postage and delivery, occupancy, telephone, internet, and utilities, which are allocated on the basis of estimates of time and effort.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates under different assumptions or conditions.

Note 3. Income Tax Status

ARI is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California State Revenue and Taxation Code. ARI qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii) and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that ARI is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 2023. Management has evaluated its tax positions and related income tax contingencies and does not believe that any material uncertain tax positions exist.

Note 4. Investments

Investments are carried at fair value based on quoted market prices in active markets. The realized and unrealized gains and losses on investments are reflected in the statement of activities. Investment revenues are reported net of related investment expenses. Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 4. Investments, continued

At December 31, 2023, investments consisted of the following:

Cash and cash equivalents held for long-term investments	\$ 20,381
Mutual funds	698,105
Equities	2,120,779
Fixed income & preferreds	1,286,219
Alternatives	219,557
	<u>\$ 4,345,041</u>

Note 5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year end:	
Cash	\$ 281,218
Contributions receivable	50,000
Investments	4,345,041
Total financial assets	<u>4,676,259</u>
Funds subject to donor-imposed restrictions	(79,747)
Financial assets available to meet general expenditures within one year	<u>\$ 4,596,512</u>

ARI receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. ARI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of ARI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 6. Property and Equipment

Property and equipment consist of the following as of December 31, 2023:

Leasehold improvements	\$ 18,018
Media equipment	58,451
Vehicle	24,500
Domain name	10,000
	<u>110,969</u>
Less: accumulated depreciation	(94,516)
Property and equipment, net	<u>\$ 16,453</u>

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023:

Oxalate study	\$ 8,585
Research	50,000
Autism/Asperger's Research Program at ASU	21,162
	<u>\$ 79,747</u>

Net assets in the amount of \$129,840 were released from donor restrictions for the year ended December 31, 2023 by incurring expenses satisfying the restricted purpose of Autism/Asperger's Research Program at ASU.

Note 8. Fiscal Sponsorship Agreement

ARI acts as a fiscal sponsor for Autism/Asperger's Research Program at Arizona State University (Program). In accordance with the November 2015 agreement, ARI receives donations on behalf of the Program, including proceeds of a fundraising event organized by the Program, "Zoowalk for Autism Research". ARI disburses funds to vendors and research grants to the Program at ARI's discretion upon request of the Program. In connection with the agreement, ARI recognized contributions with donor restrictions of \$90,347 for the year ended December 31, 2023.

Note 9. Operating Lease

ARI leases its office space at 4182, 4184, 4186, and 4186 1/2 Adams Avenue under a month-to-month operating lease agreement. Total rent expense was \$36,000 for the year ended December 31, 2023.

Note 10. Retirement Benefits

ARI maintains 403(b)(7) retirement plan for its employees. Employees may defer part of their compensation each year up to the maximum amount allowed by the Internal Revenue Code. No employer contributions to the plan were made during the year ended December 31, 2023.

Note 11. Service Contracts/Related Party Transactions

Under an agreement for the physicians' training webcast program with The Cleveland Clinic Foundation (CCF), ARI reimburses CCF for expenses related to the production of training videos. Physicians receive continuing medical education credit for viewing online videos which are available on the Cleveland Clinic Center for Continuing Education website. ARI paid \$8,860 to CCF in 2023 under the May 18, 2021 agreement for Series 6: *Co-Occurring Conditions and Autism Spectrum Disorders*. ARI's future obligations under the August 30, 2023 agreement for Series 7: *Current Perspectives on Autism* were \$26,650. The obligations are to be fulfilled in accordance with the budget and payment schedule.

AUTISM RESEARCH INSTITUTE

Notes to Financial Statements
Year Ended December 31, 2023

Note 11. Service Contracts/Related Party Transactions, continued

The renewed employment agreement for Executive Director services is from February 1, 2023 through January 31, 2025 automatically renewing for a successive one-year period. A monthly base compensation is \$14,709 plus \$15,000 for retirement and one-half of the cost of medical, vision and dental insurance.

ARI paid \$8,550 during the year ended December 31, 2023 to the Board Chair for developing curriculum and moderating several continuing education webcasts for licensed medical professionals. The Board Chair also serves as Activity Director for the physicians' training webcast program.

Note 12. Date of Management Review

ARI's management has evaluated subsequent events through March 15, 2024, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustments to, or disclosure in, the financial statements.