



SARRC

Southwest  
Autism  
Research &  
Resource  
Center

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER

Phoenix, Arizona

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019



Henry+Horne

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Southwest Autism Research and Resource Center  
Phoenix, Arizona

We have audited the accompanying financial statements of Southwest Autism Research and Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Autism Research and Resource Center as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Henry + Horne, LLP

Tempe, Arizona  
May 23, 2021

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

ASSETS	2020	2019*
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,504,755	\$ 1,366,177
Promises to give, current portion, net of allowance of \$74,979 and \$91,062, respectively	849,015	769,130
Contracts and insurance receivable, net of allowance of \$920,114 and \$783,721, respectively	1,538,381	1,395,535
Prepaid expenses and other assets	236,517	177,520
TOTAL CURRENT ASSETS	5,128,668	3,708,362
PROMISES TO GIVE, net of current portion, unamortized discount of \$21,742 and \$29,688, respectively, and allowance of \$8,331 and \$10,118, respectively	627,958	715,079
<b>INVESTMENTS</b>		
Endowments	5,146,952	4,410,608
Other	2,965,572	2,671,965
	8,112,524	7,082,573
CASH RESTRICTED FOR LONG-TERM PURPOSES	172,099	125,000
PROPERTY AND EQUIPMENT, net	4,125,682	3,916,875
DEPOSITS	69,493	47,833
TOTAL ASSETS	\$ 18,236,424	\$ 15,595,722
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 96,371	\$ 56,408
Insurance overpayments	41,099	65,657
Accrued expenses	967,037	740,450
Deferred revenue	449,456	343,156
TOTAL CURRENT LIABILITIES	1,553,963	1,205,671
FORGIVABLE LOAN	21,261	21,261
TOTAL LIABILITIES	1,575,224	1,226,932
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	9,206,597	7,985,249
Board designated	1,337,410	870,315
	10,544,007	8,855,564
With donor restrictions	6,117,193	5,513,226
TOTAL NET ASSETS	16,661,200	14,368,790
TOTAL LIABILITIES AND NET ASSETS	\$ 18,236,424	\$ 15,595,722

\*Reclassified to conform to current year presentation

See accompanying notes.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
 STATEMENTS OF ACTIVITIES  
 Years Ended December 31, 2020 and 2019

	2020			2019*		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>						
Net patient services	\$ 8,360,820	\$ -	\$ 8,360,820	\$ 6,027,126	\$ -	\$ 6,027,126
Research contract revenue	934,278	-	934,278	1,219,911	-	1,219,911
Residential contract revenue	845,018	-	845,018	809,770	-	809,770
Community school tuition	271,011	-	271,011	473,754	-	473,754
Other program revenue	166,143	-	166,143	148,256	-	148,256
Government grants	143,604	-	143,604	-	-	-
Payroll Protection Program						
Government grant	1,853,500	-	1,853,500	-	-	-
Contributions - foundations and corporations	633,626	1,266,600	1,900,226	499,781	1,223,671	1,723,452
Contributions - individuals	374,526	16,401	390,927	817,499	58,404	875,903
Special events contributions	638,323	362,097	1,000,420	471,258	845,995	1,317,253
In-kind support	25,535	-	25,535	45,038	-	45,038
Miscellaneous revenue	21,219	-	21,219	11,400	-	11,400
Net assets released:						
Time restrictions	520,341	(520,341)	-	1,309,294	(1,309,294)	-
Time and purpose restrictions	212,500	(212,500)	-	-	-	-
Purpose restrictions	666,539	(666,539)	-	542,269	(542,269)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>15,666,983</b>	<b>245,718</b>	<b>15,912,701</b>	<b>12,375,356</b>	<b>276,507</b>	<b>12,651,863</b>

See accompanying notes.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
 STATEMENTS OF ACTIVITIES (Continued)  
 Years Ended December 31, 2020 and 2019

	2020			2019*		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>EXPENSES</b>						
Program Services						
Research	\$ 1,774,468	\$ -	\$ 1,774,468	\$ 1,548,257	\$ -	\$ 1,548,257
Clinical services	7,836,700	-	7,836,700	7,028,302	-	7,028,302
Social enterprise	-	-	-	60,011	-	60,011
Residential	981,680	-	981,680	934,959	-	934,959
	<u>10,592,848</u>	<u>-</u>	<u>10,592,848</u>	<u>9,571,529</u>	<u>-</u>	<u>9,571,529</u>
Support Services						
Management and general	2,767,827	-	2,767,827	2,500,050	-	2,500,050
Fundraising	1,067,061	-	1,067,061	1,222,571	-	1,222,571
	<u>3,834,888</u>	<u>-</u>	<u>3,834,888</u>	<u>3,722,621</u>	<u>-</u>	<u>3,722,621</u>
<b>TOTAL EXPENSES</b>	<u>14,427,736</u>	<u>-</u>	<u>14,427,736</u>	<u>13,294,150</u>	<u>-</u>	<u>13,294,150</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN (LOSS)	1,239,247	245,718	1,484,965	(918,794)	276,507	(642,287)
INVESTMENT RETURN (LOSS)	449,196	358,249	807,445	533,487	546,986	1,080,473
CHANGE IN NET ASSETS	1,688,443	603,967	2,292,410	(385,307)	823,493	438,186
NET ASSETS AT BEGINNING OF YEAR	8,855,564	5,513,226	14,368,790	9,240,871	4,689,733	13,930,604
NET ASSETS AT END OF YEAR	<u>\$ 10,544,007</u>	<u>\$ 6,117,193</u>	<u>\$ 16,661,200</u>	<u>\$ 8,855,564</u>	<u>\$ 5,513,226</u>	<u>\$ 14,368,790</u>

\*Reclassified to conform to current year presentation

See accompanying notes.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2020

	Program Services				Supporting Services			
	Research	Clinical Services	Social Enterprise	Residential Transition Academy	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,103,910	\$ 5,407,551	\$ -	\$ 729,111	\$ 7,240,572	\$ 1,680,115	\$ 676,101	\$ 9,596,788
Payroll taxes	80,619	404,038	-	54,562	539,219	114,591	48,469	702,279
Employee benefits	127,375	791,566	-	108,133	1,027,074	303,432	70,767	1,401,273
<b>Total personnel costs</b>	<b>1,311,904</b>	<b>6,603,155</b>	<b>-</b>	<b>891,806</b>	<b>8,806,865</b>	<b>2,098,138</b>	<b>795,337</b>	<b>11,700,340</b>
Contract labor	132,602	2,211	-	-	134,813	35,464	29,104	199,381
Professional services	65,627	7,061	-	110	72,798	122,465	39,124	234,387
Business and travel	1,935	78,075	-	3,050	83,060	12,936	5,549	101,545
Occupancy and communication	46,836	317,756	-	35,932	400,524	74,586	54,105	529,215
Postage, supplies, and printing	16,098	16,579	-	4,456	37,133	45,774	28,123	111,030
Marketing and subscriptions	4,934	90,224	-	8,524	103,682	96,177	16,117	215,976
Staff development	4,287	92,623	-	7,344	104,254	19,504	3,255	127,013
Program supplies and other expenses	102,985	62,144	-	4,247	169,376	86,617	17,332	273,325
Cost of goods sold	-	-	5,300	-	5,300	-	-	5,300
Other operational services	947	8,885	-	1,384	11,216	51,223	3,416	65,855
Insurance	28,116	7,140	-	2,380	37,636	78,348	2,380	118,364
Special events venue, meals, and supplies	-	-	-	-	-	-	29,257	29,257
Depreciation	58,197	255,291	-	22,447	335,935	46,595	20,146	402,676
Bad debt expense	-	295,556	-	-	295,556	-	23,816	319,372
	1,774,468	7,836,700	5,300	981,680	10,598,148	2,767,827	1,067,061	14,433,036
Cost of goods sold	-	-	(5,300)	-	(5,300)	-	-	(5,300)
<b>TOTAL EXPENSES</b>	<b>\$ 1,774,468</b>	<b>\$ 7,836,700</b>	<b>\$ -</b>	<b>\$ 981,680</b>	<b>\$ 10,592,848</b>	<b>\$ 2,767,827</b>	<b>\$ 1,067,061</b>	<b>\$ 14,427,736</b>

See accompanying notes.



SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019

	Program Services				Total Program	Supporting Services		
	Research	Clinical Services	Social Enterprise	Residential Transition Academy		Management and General	Fundraising	Total
Salaries and wages	\$ 972,057	\$4,715,643	\$ 32,652	\$ 694,083	\$6,414,435	\$1,438,126	\$ 601,796	\$ 8,454,357
Payroll taxes	73,761	362,233	2,785	52,766	491,545	102,958	43,883	638,386
Employee benefits	115,448	729,985	7,509	70,975	923,917	254,451	62,999	1,241,367
Total personnel costs	<u>1,161,266</u>	<u>5,807,861</u>	<u>42,946</u>	<u>817,824</u>	<u>7,829,897</u>	<u>1,795,535</u>	<u>708,678</u>	<u>10,334,110</u>
Contract labor	105,600	263	-	-	105,863	47,442	19,796	173,101
Professional services	38,915	22,998	-	10,196	72,109	106,858	43,067	222,034
Business and travel	12,365	118,438	994	13,424	145,221	30,689	25,772	201,682
Occupancy and communication	26,232	268,124	1,325	31,864	327,545	51,550	29,027	408,122
Postage, supplies, and printing	14,609	37,774	4,685	5,394	62,462	65,207	41,203	168,872
Marketing and subscriptions	1,505	53,931	573	6,257	62,266	67,595	27,989	157,850
Staff development	7,609	77,205	150	7,079	92,043	8,009	26,626	126,678
Program supplies and other expenses	58,219	84,735	7,294	7,557	157,805	131,981	36,689	326,475
Cost of goods sold	-	-	14,326	-	14,326	-	-	14,326
Other operational services	1,649	9,146	350	112	11,257	51,341	4,150	66,748
Insurance	32,555	-	-	-	32,555	76,859	795	110,209
Special events venue, meals, and supplies	-	-	-	-	-	-	190,300	190,300
Depreciation	49,057	236,639	1,694	35,252	322,642	66,984	29,954	419,580
Bad debt expense	38,676	311,188	-	-	349,864	-	38,525	388,389
	<u>1,548,257</u>	<u>7,028,302</u>	<u>74,337</u>	<u>934,959</u>	<u>9,585,855</u>	<u>2,500,050</u>	<u>1,222,571</u>	<u>13,308,476</u>
Cost of goods sold	-	-	(14,326)	-	(14,326)	-	-	(14,326)
TOTAL EXPENSES	<u>\$ 1,548,257</u>	<u>\$7,028,302</u>	<u>\$ 60,011</u>	<u>\$ 934,959</u>	<u>\$9,571,529</u>	<u>\$2,500,050</u>	<u>\$1,222,571</u>	<u>\$13,294,150</u>

See accompanying notes.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,292,410	\$ 438,186
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	402,676	419,580
Net realized/unrealized loss (gain) on investments	(719,872)	(964,996)
Forgiveness of debt	-	(21,261)
Provision for bad debts	295,556	349,864
Provision for uncollectible promises to give	23,816	38,525
Change in discount on long-term promises to give	(7,946)	4,085
(Increase) decrease in:		
Contracts and insurance receivable	(438,402)	(597,759)
Promises to give	(8,634)	(378,634)
Prepaid expenses and other assets	(58,997)	(79,189)
Deposits	(21,660)	-
Increase (decrease) in:		
Accounts payable	39,963	30,503
Insurance overpayments	(24,558)	65,657
Accrued expenses	226,587	144,135
Deferred revenue	106,300	149,353
	<u>2,107,239</u>	<u>(401,951)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(611,483)	(301,184)
Purchases of investments	(399,079)	(365,630)
Sales of investments	89,000	-
	<u>(921,562)</u>	<u>(666,814)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,185,677</b>	<b>(1,068,765)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>1,491,177</u></b>	<b><u>2,559,942</u></b>
<b>END OF YEAR</b>	<b><u>\$ 2,676,854</u></b>	<b><u>\$ 1,491,177</u></b>
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:</b>		
Cash and cash equivalents	\$ 2,504,755	\$ 1,366,177
Cash restricted for long-term purposes	172,099	125,000
	<u>\$ 2,676,854</u>	<u>\$ 1,491,177</u>

See accompanying notes.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

Southwest Autism Research and Resource Center ("the Center") is incorporated as a nonprofit corporation in the State of Arizona. Founded in 1997 with a mission designed to advance research and provide a lifetime of support for individuals with autism and their families.

The Center provides several programs to further its mission, including but not limited to the following:

Research – Through the research program, the Center performs self-directed research, including genetic studies and pharmaceutical trials, and serves as a satellite site for national and international projects. The Center continues to excel as a top recruitment site for autism research studies that will help identify the causes and effective treatments for the disorder.

Clinical Services – The Center models and promotes best practices that enhance the quality of life for children and adults with autism spectrum disorders through outreach and education, empowering children, families, and professionals with information training, and programs. The Center provides research, individualized intervention, and educational experiences to children, teens, and adults with autism spectrum disorders. The Center also provides support services to parents, family members, typical peers, and community members, as well as training and education to educational and medical professionals. The Center operates a Vocational & Life Skills Academy, established by the Center to maximize the independence, productivity, and quality of life of young adults and adults with autism and related developmental disorders.

Residential Transition Academy – The First Place AZ Transition Academy (First Place AZ) operated by the Center, is a two-year intensive and comprehensive community program designed to transition young adults with autism to living independently in the community. Through this partnership between First Place AZ and the Center, students live in their own apartments within the community while learning essential skills in employment, independent living, and community engagement.

Social Enterprise – The social enterprise program is committed to creating sustainable businesses owned by the Center that increase community awareness and employment opportunities for adults with autism.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Center considers all highly liquid debt instruments with an original maturity of three months or less at date of acquisition to be cash equivalents. Cash and money market funds held in accounts with stock brokerage firms are reported as investments as they represent accounts used for the purchase and sales of investments and are excluded from this definition. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are also excluded from this definition.

Contracts and Insurance Receivable

Contracts and insurance receivable consist of amounts due for contract services and insurance billings and are stated at the amount management expects to collect under the terms of the service contracts and agreements. Contracts and insurance receivable are carried at the outstanding balances less an allowance for doubtful accounts, if applicable. Management evaluates the collectability of its receivables based on a combination of factors, including an assessment of the current status of individual contracts and a historical percentage of uncollectible amounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. The allowance for doubtful accounts was \$920,114 and \$802,341 for the years ended December 31, 2020 and 2019, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, and for balances for which a scheduled payment was not received in the prior year, the Center records a specific reserve to reduce the amounts recorded to what it believes will be collected. Promises are charged off against the allowance when they are deemed to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Fair Value Measurements

A framework for measuring fair value has been established by the Accounting Standards Codification and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Center's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are measured at fair value in the statements of financial position. Investment return or loss is included in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Risk and Uncertainty

The Center invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, 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 amount reported in the statements of financial position.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Endowment Funds

The Center's endowments consist of funds established to support a variety of charitable efforts of the Center. Its endowments consist of donor-restricted endowment funds and one board designated endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Income from the endowment fund assets can be used to support general activities of the Center.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Endowment Funds (Continued)

The Center follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Center to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment funds also include accumulated earnings in the funds that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center's Board.

In accordance with MCFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Center's other resources, and (7) the Center's investment policies.

*Investment Return Objectives, Risk Parameters and Spending Policy.* The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments while also maintaining the purchasing power of those endowment assets over the long term. The endowment assets are invested in a manner that is intended to emphasize long-term capital appreciation with consideration for current income to provide liquidity as needed. The investment objective is to achieve a 4% to 6% real rate of return over a market cycle (5 or more years). The annual spending target from the endowment is 4% of the three-year average value of the fund. The annual spending range is 3% to 6% as approved by the board.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Revenue Recognition for Program Services

The majority of the Center's revenue arrangements generally consist of a single performance obligation to transfer promised services.

Net clinical patient services revenue is recognized in the period in which the Center satisfies performance obligations under contracts by transferring services to its patients. Clinical patient services revenue is recognized at a point in time, in the period the services are provided. Net clinical patient services revenue is principally for patients covered by various health plans, as well as uninsured patients, and includes amounts due from patients and third-party payers. This revenue is recognized in the amounts to which the Center expects to be entitled, based on contracted rates with funding sources. Payments are due upon receipt.

Research contract revenue mainly includes the Center's participation in pharmaceutical trials and the performance of screenings of patients. Pharmaceutical trial contracts are entered into with research study sponsors, collaborating research institutions and private donors and are performed based on a contract term that extends over a period of time. Amounts are earned as services and screenings are performed and are recorded as revenue in the period the performance obligations for these services are met. The contracts include payment terms which are based on certain milestones being met throughout the contract term.

Residential program revenue includes revenue from the Center's operation of a comprehensive community residential program to transition young adults with autism to living independently. The Center's performance obligation is to provide services at the residential facility. Revenue is earned at a point in time on a direct cost reimbursement basis and is recorded in the period the services are rendered, which is in the period the associated costs are incurred. Payment terms are due upon receipt.

Community school tuition is billed as the performance obligation is satisfied, which is as the Center provides educational services to children. Daily tuition fees are billed either to parents directly at published rates or to third party insurance payers at contracted rates and are due upon receipt. The monthly amount billed is based on the number of days of attendance at the school. The Center records the revenue in the period the service is provided based on the amount expected to be collected, which is the amount billed, with a reduction for the private payer billings based on historical experience of collections with this payer source. Amounts received in advance for tuition are recorded as contract liabilities which are included in deferred revenue on the accompanying statements of financial position and totaled \$190,000 and \$195,000 as of December 31, 2020 and 2019, respectively.



SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Contributions

Contributions and grants, including promises to give, are received and recorded as income and net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Donated Services and Materials

Donated materials and other non-cash assets are recorded at fair value in the period received. Donated services are recorded at their estimated fair value if they create or enhance the Center's nonfinancial assets or require specialized skills that the Center would normally purchase if not provided by donation. No amounts have been reflected in the financial statements for certain donated volunteer services because they did not qualify for recording under the generally accepted accounting principles guidelines; however, a substantial number of volunteers have donated significant amounts of their time to the Center's program services and fundraising campaigns.

Net Assets

The Center reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.
- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Functional Expenses

The costs of providing the various programs and activities have been presented on a functional basis in the statements of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on actual employee activities based on time and effort, and indirect expenses are allocated based on the percentage of personnel costs in a particular program or area compared to total personnel costs for the Center. Occupancy and depreciation expense are allocated based on square footage utilized by the function.

Income Tax Status

Southwest Autism Research and Resource Center qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code (“the Code”), and accordingly, there is no provision for corporate income taxes in the accompanying financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Center follows accounting standards for uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2020 and 2019, the Center had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Center recognizes interest and penalties associated with income tax in operating expenses. During the years ended December 31, 2020 and 2019, the Center did not have any income tax related interest and penalty expense.

Management’s 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates. Significant estimates have been made by management in determining the allowance for uncollectible accounts receivable.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended December 31, 2020 and 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management's Review

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through May 23, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following reflects the Center's financial assets as of December 31, reduced by amounts not available for general use within one year because of donor-imposed or other restrictions or internal designations. Amounts available include an estimate of the appropriation from the endowment funds for the following year as well as donor-restricted amounts that are available for expenditure in the following year for program activities. Amounts not available include amounts set aside as a board designated endowment that could be drawn upon if the Center approves that action.

	<u>2020</u>	<u>2019</u>
Total current assets	\$ 5,128,668	\$ 3,708,362
Less: Prepaid expenses	(233,020)	(175,683)
Add: Short term investments	2,942,503	2,644,127
Add: Endowment spending appropriation	<u>378,382</u>	<u>89,000</u>
Financial assets available for expenditures	<u>\$ 8,216,533</u>	<u>\$ 6,265,806</u>

The Center's endowment funds consist of donor-restricted endowments and a fund designated by the board as an endowment. Income from donor-restricted endowments is available for general use, subject to the Center's spending policy. Donor-restricted endowment principal amounts are not available for general expenditure. The Center's endowments are subject to an annual spending rate of 3-6% as approved by the board. Although the Center does not intend to spend in excess of the annual appropriation from the board designated endowment, totaling approximately \$1,337,000, this amount could be made available if necessary.

The Center's working capital and cash flows have seasonal variations during the year attributable to annual special event fundraisers and a concentration of contributions received near calendar year end. The Center maintains a line of credit with maximum available borrowings of \$1,400,000 as of December 31, 2020.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Center to potential concentrations of credit risk consist principally of cash and cash equivalents, contracts receivable and promises to give. The Center maintains its cash in bank accounts with financial institutions which at times may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Gross promises to give include amounts from one donor which makes up 27% of total promises to give at December 31, 2020 and two donors which make up 47% of total gross promises to give at December 31, 2019. Gross contracts receivable includes amounts from one payer source that makes up 21% of total contracts receivable as of December 31, 2020 and one payer source that makes up 15% of total contracts receivable as of December 31, 2019. Concentrations of credit risk with respect to receivables are limited due to the collection history and relationships with these donors and payer sources.

NOTE 4 PROMISES TO GIVE

Promises to give consist of the following unconditional promises to give at December 31:

	2020	2019
	<u>                    </u>	<u>                    </u>
Receivable in less than one year	\$ 923,994	\$ 860,192
Receivable in two to five years	657,911	754,265
Receivable in more than five years	<u>120</u>	<u>620</u>
 Total promises to give	 1,582,025	 1,615,077
 Discount to present value	 (21,742)	 (29,688)
Allowance for uncollectible promises	<u>(83,310)</u>	<u>(101,180)</u>
 Net promises to give	 1,476,973	 1,484,209
Current portion	<u>(849,015)</u>	<u>(769,130)</u>
 Non-current portion	 <u>\$ 627,958</u>	 <u>\$ 715,079</u>

The estimated cash flows for promises to give were discounted over the collection period using a discount range of 1.89% to 2.33% as determined by management.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 5 CONDITIONAL PROMISES TO GIVE AND CONTRIBUTIONS

There were no conditional contributions at December 31, 2020. During the year ended December 31, 2019, the Center received conditional promises to give totaling \$90,000 for sponsorships for future special events. Other amounts received from various donors in advance of the future special events totaled \$184,200 and \$45,000 at December 31, 2020 and 2019, respectively, and are included in deferred revenue on the accompanying Statements of Financial Position and will subsequently be recognized as special event contributions when the event occurs.

NOTE 6 INVESTMENTS

Investments consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and money market	\$ 106,550	\$ 69,680
Fixed income funds	2,227,554	1,989,462
Equity funds	5,143,217	4,332,079
Preferred stock (other investments)	23,069	27,838
Real estate exchange traded funds	170,837	247,888
Funds held at Arizona Community Foundation	<u>441,297</u>	<u>415,623</u>
Total investments	<u>\$ 8,112,524</u>	<u>\$ 7,082,570</u>

Investment return (loss) is summarized as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 125,728	\$ 151,377
Realized gain (loss)	(45,440)	171,004
Unrealized gain	765,312	793,991
Investment fees	<u>(38,155)</u>	<u>(35,900)</u>
Investment return	<u>\$ 807,445</u>	<u>\$ 1,080,472</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 7 FAIR VALUE MEASUREMENTS

The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Operating investments:				
Cash and money market	\$ 31,621	\$ -	\$ -	\$ 31,621
Fixed income funds	870,489	-	-	870,489
Equity funds	1,939,411	-	-	1,939,411
Preferred stock (other investments)	-	23,069	-	23,069
Real estate exchange traded funds	100,982	-	-	100,982
	<u>2,942,503</u>	<u>23,069</u>	<u>-</u>	<u>2,965,572</u>
Total assets at fair value				
Endowment investments:				
Cash and money market	74,929	-	-	74,929
Fixed income funds	1,357,065	-	-	1,357,065
Equity funds	3,203,806	-	-	3,203,806
Real estate exchange traded funds	69,855	-	-	69,855
Funds held at Arizona Community Foundation	-	-	441,297	441,297
	<u>4,705,655</u>	<u>-</u>	<u>441,297</u>	<u>5,146,952</u>
Total assets at fair value				
Total investments	<u>\$ 7,648,158</u>	<u>\$ 23,069</u>	<u>\$ 441,297</u>	<u>\$ 8,112,524</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 7 FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Operating investments:				
Cash and money market	\$ 29,586	\$ -	\$ -	\$ 29,586
Fixed income funds	792,524	-	-	792,524
Equity funds	1,708,542	-	-	1,708,542
Preferred stock (other investments)	-	27,838	-	27,838
Real estate exchange traded funds	113,475	-	-	113,475
	<u>2,644,127</u>	<u>27,838</u>	<u>-</u>	<u>2,671,965</u>
Total assets at fair value				
Endowment investments:				
Cash and money market	40,094	-	-	40,094
Fixed income funds	1,196,938	-	-	1,196,938
Equity funds	2,623,537	-	-	2,623,537
Real estate exchange traded funds	134,413	-	-	134,413
Funds held at Arizona Community Foundation	-	-	415,623	415,623
	<u>3,994,982</u>	<u>-</u>	<u>415,623</u>	<u>4,410,605</u>
Total assets at fair value				
Total investments	<u>\$ 6,639,109</u>	<u>\$ 27,838</u>	<u>\$ 415,623</u>	<u>\$ 7,082,570</u>

Investments with readily determinable fair values are measured at fair value in the statement of financial position as determined by quoted market prices in active markets (Level 1). Investments in preferred stock are valued based on observable inputs, which include a yield-based building block approach and call price of the preferred stock (Level 2). Investments in hedge funds and private equity funds with the Arizona Community Foundation (ACF) are valued based on unobservable inputs, which include the fair value of the underlying assets held by ACF and the Center's percentage interest in ACF's investments (Level 3).

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 7 FAIR VALUE MEASUREMENTS (Continued)

The following is a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31, 2020 and 2019:

Balance, December 31, 2018	\$ 368,181
Interest income	8,076
Realized and unrealized gains	43,006
Investment fees	<u>(3,640)</u>
Balance, December 31, 2019	415,623
Interest income	7,694
Realized and unrealized gains	21,820
Investment fees	<u>(3,840)</u>
Balance, December 31, 2020	<u><u>\$ 441,297</u></u>

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 821,969	\$ 821,969
Buildings and improvements	5,363,069	5,174,286
Leasehold improvements	56,684	-
Vehicles	51,847	76,041
Office furniture and equipment	<u>511,497</u>	<u>549,822</u>
	6,805,066	6,622,118
Accumulated depreciation	<u>(3,083,721)</u>	<u>(2,705,243)</u>
	3,721,345	3,916,875
Construction and software in progress	<u>404,337</u>	<u>-</u>
	<u><u>\$ 4,125,682</u></u>	<u><u>\$ 3,916,875</u></u>

Depreciation expense was \$402,676 and \$419,580 for the years ended December 31, 2020 and 2019, respectively.



SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 8 PROPERTY AND EQUIPMENT (Continued)

Construction and software in progress at December 31, 2020, include building, leasehold improvements and software. These costs will be transferred to the appropriate property and equipment category and will be depreciated over their useful life once placed in service.

NOTE 9 LINE OF CREDIT

At December 31, 2020, the Center has a revolving line of credit with a financial institution which provides for maximum borrowings of \$1,400,000. The line of credit is payable upon demand and bears interest at the one-month prime rate minus 1.25%. The line of credit is collateralized by securities held by the Center and classified as investments. No borrowings occurred during the years ended December 31, 2020 and 2019.

NOTE 10 FORGIVABLE LOAN

During the year ended December 31, 2009, the Center executed a note payable in the amount available of \$140,000 with the City of Phoenix with \$21,261 outstanding as of both December 31, 2020 and 2019. The loan carries an interest rate of zero percent. The loan is secured by a ten-year lien on real property. The loan is forgivable in amounts equal to 20% of the outstanding balance annually, beginning in June 2017, and is expected to be fully forgiven in June 2021.

NOTE 11 ENDOWMENT FUNDS

Endowment net asset composition as of December 31, 2020 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Board designated endowment fund	\$ 1,337,410	\$ -	\$ 1,337,410
Donor restricted endowment funds:			
Original donor-restricted amount	-	2,630,000	2,630,000
Accumulated investment earnings	<u>-</u>	<u>1,179,542</u>	<u>1,179,542</u>
	<u>\$ 1,337,410</u>	<u>\$ 3,809,542</u>	<u>\$ 5,146,952</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019

NOTE 11 ENDOWMENT FUNDS (Continued)

Endowment funds composition as of December 31, 2019 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment fund	\$ 870,315	\$ -	\$ 870,315
Donor restricted endowment funds:			
Original donor-restricted amount	-	2,630,000	2,630,000
Accumulated investment earnings	-	910,293	910,293
	<u>\$ 870,315</u>	<u>\$ 3,540,293</u>	<u>\$ 4,410,608</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment funds, December 31, 2018	\$ 515,418	\$ 2,993,307	\$ 3,508,725
Board designation	246,734	-	246,734
Realized and unrealized gains	93,549	489,244	582,793
Interest income	18,582	76,705	95,287
Investment fees	(3,968)	(18,963)	(22,931)
Endowment funds, December 31, 2019	870,315	3,540,293	4,410,608
Board designation	318,388	-	318,388
Realized and unrealized gains	135,970	316,198	452,168
Interest income	17,935	61,485	79,420
Amounts appropriated for expenditures	-	(89,000)	(89,000)
Investment fees	(5,198)	(19,434)	(24,632)
Endowment funds, December 31, 2020	<u>\$ 1,337,410</u>	<u>\$ 3,809,542</u>	<u>\$ 5,146,952</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 ENDOWMENT FUNDS (Continued)

Donor-restricted endowment funds include the following as of December 31:

	<u>2020</u>	<u>2019</u>
Harrington Endowment	\$ 1,459,102	\$ 1,357,304
Helios Endowment	1,392,769	1,295,232
Stardust Endowment	<u>957,671</u>	<u>887,757</u>
Total donor-restricted endowments	<u>\$ 3,809,542</u>	<u>\$ 3,540,293</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
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NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
Promises to give	\$ 961,964	\$ 867,708
Portion of donor-restricted endowment funds subject to time restriction under MCFA	<u>1,179,542</u>	<u>910,293</u>
	<u>2,141,506</u>	<u>1,778,001</u>
Subject to purpose restrictions:		
IT and infrastructure	262,534	-
ASD screenings	364,224	278,012
Research	101,350	15,000
Pediatric screening network	100,000	100,000
Intensive training and community outreach	85,000	-
Jumpstart program	80,460	126,222
Community school expansion	75,000	75,000
Milestones program	60,775	57,082
Lecture series	41,756	50,000
Community school program	40,551	27,994
Other program	24,984	57,639
Residential	17,113	20,044
Technology expansion/consultant fees	6,212	32,672
Development	728	3,060
Community school playground	-	50,000
	<u>1,260,687</u>	<u>892,725</u>
Subject to both time and purpose restrictions (included in promises to give):		
Intensive training and community outreach	85,000	-
Vocational and life skills academy	-	100,000
ASD screenings	-	112,500
	<u>85,000</u>	<u>212,500</u>
Donor-restricted endowments	<u>2,630,000</u>	<u>2,630,000</u>
	<u>\$ 6,117,193</u>	<u>\$ 5,513,226</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
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NOTE 13 BOARD DESIGNATED NET ASSETS

Board designated net assets include a board designated endowment in the amount of \$1,337,410 and \$870,315 as of December 31, 2020 and 2019, respectively.

NOTE 14 RETIREMENT PLAN

The Center sponsors a 401(k) retirement plan (“the Plan”) for its eligible employees. Under the terms of the Plan, employees may make voluntary contributions, subject to Internal Revenue Service limitations. The Center matches 50% of the employee contributions up to a maximum of 3% of eligible compensation subject to certain eligibility criteria as stated in the Plan document. The Center recorded contribution expense of approximately \$223,200 and \$183,200 during the years ended December 31, 2020 and 2019, respectively.

NOTE 15 IN-KIND SUPPORT

In-kind support for the year ended December 31, 2020 is as follows:

	Program Services	Management and General	Fundraising	Total
Professional fees	\$ -	\$ -	\$ 14,699	\$ 14,699
Supplies and materials	-	2,141	8,695	10,836
	<u>\$ -</u>	<u>\$ 2,141</u>	<u>\$ 23,394</u>	<u>\$ 25,535</u>

In-kind support for the year ended December 31, 2019 is as follows:

	Program Services	Management and General	Fundraising	Total
Professional fees	\$ 7,619	\$ 22,614	\$ -	\$ 30,233
Supplies and materials	2,954	-	11,851	14,805
	<u>\$ 10,573</u>	<u>\$ 22,614</u>	<u>\$ 11,851</u>	<u>\$ 45,038</u>

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
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NOTE 16 OPERATING LEASES

The Center leases office and building equipment under operating lease agreements that expire at various dates through July 2023. This includes a lease to provide a solar energy source to the Center for an agreed upon annual expense. Approximate minimum future payments under these non-cancelable operating leases as of December 31, 2020, are as follows:

<u>Years Ending December 31,</u>	
2021	\$ 34,000
2022	9,000
2023	<u>5,000</u>
	<u>\$ 48,000</u>

Total rental expense under these leases and month-to-month office equipment leases was approximately \$127,000 and \$118,000 during the years ended December 31, 2020 and 2019, respectively.

NOTE 17 CONDITIONAL CONTRIBUTION – PAYCHECK PROTECTION PROGRAM

During the year ended December 31, 2020, the Center received funding in the amount of \$1,853,500 under the Paycheck Protection Program (“PPP”), administered by the U.S. Small Business Administration (“SBA”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides for funding to qualifying businesses for amounts up to 2.5 times the average monthly payroll costs incurred during the year prior to the funding date of the qualifying business. Under the current rules, the funded amount and accrued interest are forgivable after 24 weeks as long as the Center uses the funds for eligible purposes, including payroll costs, interest on mortgage obligations, rent and utilities. The Center has elected to recognize the PPP funding as a conditional contribution under FASB ASC 958-605-15-5, *Not-For-Profit Entities Revenue Recognition*. Conditions to be met for recognition of this contribution include the incurring of eligible expenses as well as maintaining the full-time equivalent employee count. As of December 31, 2020, the Center has met these conditions and has recorded contribution income relating to the PPP funding in the full amount. Subsequent to the year ended December 31, 2020, the Center received forgiveness for the full amount from their lender.

SOUTHWEST AUTISM RESEARCH AND RESOURCE CENTER  
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NOTE 18 CONTINGENCIES

Legal Proceedings

The Center is involved in legal disputes that may arise from time to time under the normal course of business. In the opinion of management, the resolution of such matters will not have a material adverse impact on the Center's financial position, change in net assets or cash flows.

NOTE 19 SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Center entered into a five-year lease agreement with an unrelated organization for a facility in Scottsdale, Arizona to open the Paiute campus, an additional satellite location. The lease agreement requires escalating monthly rental payments ranging from approximately \$750 to \$6,000 through March 2026.