

Southwest Autism Research and Resource Center

Financial Statements

December 31, 2025 and 2024

Southwest Autism Research and Resource Center

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Independent Auditors' Report

To the Board of Directors of
Southwest Autism Research and Resource Center

Opinion

We have audited the financial statements of Southwest Autism Research and Resource Center (the Center), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2025 and 2024, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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 the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Center'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 the Center'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.

Baker Tilly US, LLP

Tempe, Arizona
June 4, 2026

Southwest Autism Research and Resource Center

Statements of Financial Position

December 31, 2025 and 2024

	2025	2024 *
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,565,310	\$ 5,212,995
Promises to give, current portion, net of allowance of \$53,551 and \$39,173, respectively	664,537	778,570
Grants receivable	703,185	249,236
Contracts and insurance receivable, net	1,291,269	2,849,425
Prepaid expenses and other assets	373,094	434,787
Total current assets	9,597,395	9,525,013
Promises to Give, Net of Current Portion, Discount of \$67,213 and \$75,644, Respectively, and Allowance of \$77,202 and \$50,358, Respectively	890,818	925,332
Assets Restricted for Long-Term Purposes, Capital Campaign		
Cash	4,963,639	1,016,881
Promises to give, net of discount of \$102,636 and \$218,013, respectively and allowance of \$305,750 and \$283,631, respectively	3,691,521	5,419,126
	8,655,160	6,436,007
Investments		
Endowments	6,061,723	5,155,464
Other	2,984,935	2,762,420
	9,046,658	7,917,884
Operating Leases Right-of-Use Assets	134,404	260,952
Property and Equipment, Net	12,229,665	12,897,831
Total assets	\$ 40,554,100	\$ 37,963,019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 239,044	\$ 262,617
Accrued expenses	1,226,285	1,619,756
Deferred revenue	108,623	440,611
Current portion of notes payable	386,311	305,014
Current portion of operating lease liabilities	86,327	124,911
Total current liabilities	2,046,590	2,752,909
Notes Payable, Net of Current Portion	2,063,246	2,449,556
Operating Lease Liabilities, Net of Current Portion	49,013	138,224
Total liabilities	4,158,849	5,340,689
Net Assets		
Without donor restrictions:		
Undesignated	20,031,435	11,539,307
Board-designated endowment fund	2,124,338	1,546,415
	22,155,773	13,085,722
With donor restrictions	14,239,478	19,536,608
Total net assets	36,395,251	32,622,330
Total liabilities and net assets	\$ 40,554,100	\$ 37,963,019

* Reclassified to conform to current year presentation

See notes to financial statements

Southwest Autism Research and Resource Center

Statements of Activities

Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues						
Net patient services	\$ 15,977,057	\$ -	\$ 15,977,057	\$ 12,028,856	\$ -	\$ 12,028,856
Research contract revenue	1,069,516	-	1,069,516	1,339,319	-	1,339,319
Residential contract revenue	979,015	-	979,015	788,849	-	788,849
Community school tuition	777,320	-	777,320	618,407	-	618,407
Government grants	1,540,744	-	1,540,744	943,154	-	943,154
Contributions	390,518	2,961,395	3,351,913	151,330	6,227,760	6,379,090
Special events contributions and income	1,018,979	1,440,866	2,459,845	678,365	1,407,721	2,086,086
In-kind support	292,865	-	292,865	10,922	337,575	348,497
Miscellaneous revenue	50,513	-	50,513	23,515	-	23,515
Net assets released:						
Purpose restrictions	5,158,620	(5,158,620)	-	1,555,503	(1,555,503)	-
Time restrictions	4,857,405	(4,857,405)	-	2,617,177	(2,617,177)	-
Time and purpose restrictions	147,500	(147,500)	-	29,427	(29,427)	-
Total support and revenues	32,260,052	(5,761,264)	26,498,788	20,784,824	3,770,949	24,555,773

See notes to financial statements

Southwest Autism Research and Resource Center

Statements of Activities

Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Expenses						
Program services:						
Research	\$ 2,450,803	\$ -	\$ 2,450,803	\$ 2,020,986	\$ -	\$ 2,020,986
Clinical services	14,042,344	-	14,042,344	12,315,781	-	12,315,781
Residential	838,466	-	838,466	596,527	-	596,527
	<u>17,331,613</u>	<u>-</u>	<u>17,331,613</u>	<u>14,933,294</u>	<u>-</u>	<u>14,933,294</u>
Support services:						
Management and general	4,307,543	-	4,307,543	3,469,680	-	3,469,680
Fundraising	2,396,394	-	2,396,394	1,945,498	-	1,945,498
	<u>6,703,937</u>	<u>-</u>	<u>6,703,937</u>	<u>5,415,178</u>	<u>-</u>	<u>5,415,178</u>
Total expenses	<u>24,035,550</u>	<u>-</u>	<u>24,035,550</u>	<u>20,348,472</u>	<u>-</u>	<u>20,348,472</u>
Change in net assets before investment return	8,224,502	(5,761,264)	2,463,238	436,352	3,770,949	4,207,301
Investment Return	<u>845,549</u>	<u>464,134</u>	<u>1,309,683</u>	<u>600,922</u>	<u>358,369</u>	<u>959,291</u>
Change in net assets	9,070,051	(5,297,130)	3,772,921	1,037,274	4,129,318	5,166,592
Net Assets, Beginning	<u>13,085,722</u>	<u>19,536,608</u>	<u>32,622,330</u>	<u>12,048,448</u>	<u>15,407,290</u>	<u>27,455,738</u>
Net Assets, Ending	<u>\$ 22,155,773</u>	<u>\$ 14,239,478</u>	<u>\$ 36,395,251</u>	<u>\$ 13,085,722</u>	<u>\$ 19,536,608</u>	<u>\$ 32,622,330</u>

See notes to financial statements

Southwest Autism Research and Resource Center

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services				Supporting Services		
	Research	Clinical Services	Residential Transition Academy	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,177,227	\$ 9,757,476	\$ 639,486	\$ 11,574,189	\$ 2,338,921	\$ 965,270	\$ 14,878,380
Payroll taxes	87,103	724,730	49,142	860,975	165,725	69,664	1,096,364
Employee benefits	122,176	1,240,574	38,936	1,401,686	491,912	111,276	2,004,874
Total personnel costs	1,386,506	11,722,780	727,564	13,836,850	2,996,558	1,146,210	17,979,618
Contract labor	197,675	3,751	-	201,426	12,950	38,467	252,843
Professional services	165,737	33,828	-	199,565	373,504	28,804	601,873
Business and travel	11,943	130,323	16,171	158,437	39,710	22,787	220,934
Occupancy and communication	43,856	697,971	18,544	760,371	72,505	60,342	893,218
Postage, supplies and printing	4,450	2,846	2,381	9,677	5,779	56,356	71,812
Marketing and subscriptions	27,352	217,001	12,882	257,235	124,028	174,219	555,482
Staff development	2,891	61,565	1,944	66,400	36,613	45,988	149,001
Program supplies and other expenses	484,599	263,107	26,545	774,251	101,079	240,967	1,116,297
Cost of goods sold	-	5,600	-	5,600	-	-	5,600
Other operational services	1,997	144,349	497	146,843	329,268	13,832	489,943
Interest	-	-	-	-	118,085	-	118,085
Insurance	12,367	98,936	-	111,303	49,504	12,367	173,174
Special events venue, meals and supplies	-	-	-	-	-	402,608	402,608
Depreciation	46,522	665,887	11,938	724,347	47,960	17,855	790,162
Bad debt expense	64,908	-	20,000	84,908	-	135,592	220,500
	2,450,803	14,047,944	838,466	17,337,213	4,307,543	2,396,394	24,041,150
Amounts included in revenue on the statements of activities							
Cost of goods sold	-	(5,600)	-	(5,600)	-	-	(5,600)
Total expenses	<u>\$ 2,450,803</u>	<u>\$ 14,042,344</u>	<u>\$ 838,466</u>	<u>\$ 17,331,613</u>	<u>\$ 4,307,543</u>	<u>\$ 2,396,394</u>	<u>\$ 24,035,550</u>

See notes to financial statements

Southwest Autism Research and Resource Center

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services				Supporting Services		
	Research	Clinical Services	Residential Transition Academy	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,097,575	\$ 8,712,957	\$ 407,119	\$ 10,217,651	\$ 2,028,881	\$ 916,755	\$ 13,163,287
Payroll taxes	80,827	642,816	30,886	754,529	138,327	63,980	956,836
Employee benefits	122,153	1,050,090	23,870	1,196,113	387,793	110,847	1,694,753
Total personnel costs	1,300,555	10,405,863	461,875	12,168,293	2,555,001	1,091,582	15,814,876
Contract labor	253,802	4,777	-	258,579	26,625	33,511	318,715
Professional services	124,159	14,002	-	138,161	101,104	32,113	271,378
Business and travel	3,792	125,044	11,982	140,818	40,739	18,666	200,223
Occupancy and communication	45,196	588,207	23,854	657,257	77,677	53,895	788,829
Postage, supplies and printing	2,430	12,157	1,973	16,560	10,503	53,317	80,380
Marketing and subscriptions	33,770	182,275	16,470	232,515	122,117	55,721	410,353
Staff development	3,560	45,513	2,063	51,136	31,764	14,482	97,382
Program supplies and other expenses	151,465	403,180	18,846	573,491	117,613	38,634	729,738
Cost of goods sold	-	3,172	-	3,172	-	-	3,172
Other operational services	3,041	35,119	320	38,480	210,687	43,030	292,197
Insurance	7,143	28,573	-	35,716	111,852	7,143	154,711
Special events venue, meals and supplies	-	-	-	-	-	331,382	331,382
Depreciation	56,073	471,071	12,418	539,562	63,998	26,531	630,091
Bad debt expense	36,000	-	46,726	82,726	-	145,491	228,217
	2,020,986	12,318,953	596,527	14,936,466	3,469,680	1,945,498	20,351,644
Amounts included in revenue on the statement activities							
Cost of goods sold	-	(3,172)	-	(3,172)	-	-	(3,172)
Total expenses	<u>\$ 2,020,986</u>	<u>\$ 12,315,781</u>	<u>\$ 596,527</u>	<u>\$ 14,933,294</u>	<u>\$ 3,469,680</u>	<u>\$ 1,945,498</u>	<u>\$ 20,348,472</u>

See notes to financial statements

Southwest Autism Research and Resource Center

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 3,772,921	\$ 5,166,592
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	790,162	630,091
Amortization of operating leases right-of-use assets	126,548	214,595
Donation of property and equipment	(18,180)	(337,826)
Net realized/unrealized (gain) loss on investments	(777,419)	(563,023)
Provision for credit losses	64,908	36,000
Provision for uncollectible promises to give	135,592	145,491
Change in discount on long-term promises to give	(123,808)	70,457
(Increase) decrease in:		
Contracts and insurance receivable	1,493,248	454,136
Grants receivable	(453,949)	-
Promises to give	1,864,368	(2,609,064)
Prepaid expenses and other assets	61,693	(105,127)
Increase (decrease) in:		
Accounts payable	(23,573)	60,762
Accrued expenses	(393,471)	275,574
Deferred revenue	(331,988)	282,723
Operating lease liabilities	(127,795)	(214,378)
Net cash from operating activities	6,059,257	3,507,003
Cash Flows From Investing Activities		
Purchases of property and equipment	(103,816)	(3,144,456)
Purchases of investments	(694,703)	(199,368)
Proceeds from sales of investments	343,348	398,299
Net cash from investing activities	(455,171)	(2,945,525)
Cash Flows From Financing Activities		
Proceeds from notes payable	-	1,500,000
Principal payments on notes payable	(305,013)	(250,000)
Net cash from financing activities	(305,013)	1,250,000
Net increase in cash	5,299,073	1,811,478
Cash and Cash Equivalents, Beginning	6,229,876	4,418,398
Cash and Cash Equivalents, Ending	\$ 11,528,949	\$ 6,229,876

See notes to financial statements

Southwest Autism Research and Resource Center

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 6,565,310	\$ 5,212,995
Cash restricted for long-term purposes	<u>4,963,639</u>	<u>1,016,881</u>
	<u>\$ 11,528,949</u>	<u>\$ 6,229,876</u>

See notes to financial statements

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

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 currently has four locations in Arizona and provides several programs to further its mission, including but not limited to the following:

Research

The research department focuses on three areas of interest: (1) Sponsored pharmaceutical trials: the Center is contracted by pharmaceutical companies to execute their protocol and collect safety and efficacy data for their investigational product; (2) Independent research: the Center's staff prepares grant applications (independently or with collaborators) to study methods to improve screening and diagnosis, measure the efficacy of clinical programs and to develop and measure the efficacy of novel intervention approaches; and (3) Fee-for-service diagnostic evaluations for autism spectrum disorder (ASD) for the community.

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, a separate nonprofit organization) 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.

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*.

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 credit losses, if applicable.

Allowance for Credit Losses

The Center recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Center pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Center measures those receivables individually. Receivables are written off when the Center determines that such receivables are deemed uncollectible.

The Center utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the Center evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: assessment of the current status of individual contracts and a historical percentage of uncollectible amounts past due receivables, payor type, customer creditworthiness and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. The Center provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance.

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.

Fair Value Measurements

A framework for measuring fair value has been established by the ASC 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).

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

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.

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 \$5,000 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.

Southwest Autism Research and Resource Center

Notes to Financial Statements
December 31, 2025 and 2024

Estimated useful lives, by asset category, are as follows:

	<u>Years</u>
Vehicles	5
Office furniture and equipment	3 - 15
Buildings and improvements	7-30

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.

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 (five 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 2% to 6% as approved by the Board.

Southwest Autism Research and Resource Center

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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 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. Amounts are billed after the service is provided and 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. Amounts received in advance are recorded as contract liabilities which is included in deferred revenue on the accompanying statements of financial position.

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.

Contract balances as of December 31 are as follows:

	2025	2024	2023
Contracts and insurance receivable, net:			
Net patient services	\$ 886,592	\$ 2,370,895	\$ 2,524,344
Research contract revenue	359,693	382,395	607,453
Residential contract revenue	9,280	42,755	14,200
Community school tuition	35,704	53,380	123,282
Total	<u>\$ 1,291,269</u>	<u>\$ 2,849,425</u>	<u>\$ 3,269,279</u>
Contract liabilities, net:			
Research revenue	\$ -	\$ -	\$ 5,000
Clinical deferred revenue	15,900	28,500	-
Community school deposits	51,713	55,356	107,416
Total	<u>\$ 67,613</u>	<u>\$ 83,856</u>	<u>\$ 112,416</u>

Southwest Autism Research and Resource Center

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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 statements of activities as net assets released from restrictions. The Center has several cost reimbursement contracts with federal and state agencies. The Center has determined that these contracts are conditional contributions, and therefore, revenue is recognized when the conditions are met, which is as allowable costs are incurred.

In-Kind Support

In-kind materials and other noncash assets are recorded at fair value in the period received. In-kind 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 and are performed by individuals with those specialized skills. 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 or required to be held in perpetuity. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restrictions 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.

Leasing Activities

The Center recognizes the assets and liabilities arising from leases on the statements of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. The Center does not separate lease and nonlease components for all asset classes when determining the measurement of the right-of-use assets and lease liabilities. When the rate implicit in the lease is not determinable, rather than use the Center's incremental borrowing rate, the Center uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes. In addition, the Center does not apply the recognition requirements to any leases with an original term of 12 months or less, for which the Center is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather short-term leases are recorded on a straight-line basis over the lease term.

Right-of-use assets are assessed for impairment in accordance with the Center's long-lived asset policy. The Center reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment.

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

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 (IRC), 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 IRC 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, 2025 and 2024, 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, 2025 and 2024, 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.

Date of Management's Review

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through June 4, 2026, the date the financial statements were available to be issued.

Subsequent Event

On March 5, 2026, the Center finalized the purchase of a new location in Tucson, Arizona in the amount of \$2,067,000 to expand its clinical and research services. As part of the purchase, the Center entered into a promissory note with the seller in the amount of \$1,500,000.

Southwest Autism Research and Resource Center

Notes to Financial Statements
December 31, 2025 and 2024

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 expenditures 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.

	2025	2024
Total current assets	\$ 9,597,395	\$ 9,525,013
Less prepaid expenses and other assets	(373,094)	(434,787)
Add nonendowed liquid investments	2,984,935	2,762,420
Add endowment spending appropriation	149,691	290,365
Financial assets available for expenditures	<u>\$ 12,358,927</u>	<u>\$ 12,143,011</u>

The Center's endowment funds consist of donor-restricted endowments and a fund designated by the Board as an endowment fund. 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 expenditures. The Center's endowments are subject to an annual spending rate of 2% to 6% as approved by the Board. In September 2024, the Board approved a 4% spending appropriation for 2025 and in September 2025 the Board approved a 2% spending appropriation for 2026. Although the Center does not intend to spend in excess of the annual appropriation from the Board-designated endowment, totaling approximately \$2,124,000 and \$1,546,000 at December 31, 2025 and 2024, respectively, 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 year-end. The Center maintains a line of credit with maximum available borrowings of \$1,400,000 as of December 31, 2025 and 2024.

While the Center's investments are classified as long-term on the statements of financial position based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs and are therefore included in the calculation above.

3. Concentration of Credit Risk

Financial instruments that subject the Center to potential concentrations of credit risk consist principally of cash and cash equivalents, investments, 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 maintains an investment account with a stock brokerage firm where investment balances are insured by the Securities Investor Protection Corporation (SIPC). 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 at both December 31, 2025 and 2024 include an amount from one donor which makes up 10% of the total promises to give balance. Gross contracts receivable includes amounts from five payer sources that make up 78% of total contracts receivable as of December 31, 2025 and four payer sources that make up 54% of total contracts receivable as of December 31, 2024. Concentrations of credit risk with respect to receivables are limited due to the collection history and relationships with these donors and payer sources.

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

4. Promises To Give

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

	2025	2024
Receivable in less than one year	\$ 2,903,384	\$ 3,334,984
Receivable in two to five years	2,949,844	4,454,863
Total promises to give	5,853,228	7,789,847
Discount to present value	(169,849)	(293,657)
Allowance for uncollectible promises	(436,503)	(373,162)
Net promises to give	5,246,876	7,123,028
Current portion, net	(664,537)	(778,570)
Noncurrent portion, net	\$ 4,582,339	\$ 6,344,458
Promises to give, current	\$ 664,537	\$ 778,570
Promises to give, net of current	890,818	925,332
Promises to give restricted for long-term purposes	3,691,521	5,419,126
Total	\$ 5,246,876	\$ 7,123,028

The estimated cash flows for promises to give were discounted over the collection period using a discount of 3.73% and 4.38% for the years ended December 31, 2025 and 2024, respectively, as determined by management.

5. Conditional Promises to Give and Contributions

The Center received conditional promises to give totaling \$40,500 and \$33,000 for the years ended December 31, 2025 and 2024, respectively, for sponsorships for future special events. Other amounts received from various donors in advance of the future special events totaled \$41,863 and \$157,188 at December 31, 2025 and 2024, 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.

The Center has several cost reimbursable grant agreements, which are considered conditional contributions. As of December 31, 2025 and 2024, these grants included conditional promises to give in the amounts of approximately \$3,906,000 and \$5,211,000, respectively, which represents unspent amounts available per the terms of these grant agreements and are expected to be spent over the remaining terms of the agreements.

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

6. Investments

Investments consist of the following at December 31:

	2025	2024
Cash and money market	\$ 917,437	\$ 716,662
Fixed income funds	2,994,367	2,684,889
Equity funds	4,628,658	4,045,874
Preferred stock (other investments)	7,481	6,908
Beneficial interest in assets held by Arizona Community Foundation	498,715	463,551
Total investments	<u>\$ 9,046,658</u>	<u>\$ 7,917,884</u>

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

	2025	2024
Interest and dividends	\$ 577,539	\$ 439,932
Realized gains	187,271	367,892
Unrealized gains	590,148	195,131
Investment fees	(45,275)	(43,664)
Investment return	<u>\$ 1,309,683</u>	<u>\$ 959,291</u>

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, 2025:

	2025			
	Total	Level 1	Level 2	Level 3
Operating investments:				
Cash and money market	\$ 196,892	\$ 196,892	\$ -	\$ -
Fixed income funds	1,227,492	1,227,492	-	-
Equity funds	1,553,070	1,553,070	-	-
Preferred stock (other investments)	7,481	-	7,481	-
Total assets at fair value	<u>2,984,935</u>	<u>2,977,454</u>	<u>7,481</u>	<u>-</u>
Endowment investments:				
Cash and money market	720,545	720,545	-	-
Fixed income funds	1,766,875	1,766,875	-	-
Equity funds	3,075,588	3,075,588	-	-
Beneficial interest in assets held by Arizona Community Foundation	498,715	-	-	498,715
Total assets at fair value	<u>6,061,723</u>	<u>5,563,008</u>	<u>-</u>	<u>498,715</u>
Total investments	<u>\$ 9,046,658</u>	<u>\$ 8,540,462</u>	<u>\$ 7,481</u>	<u>\$ 498,715</u>

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2024:

	2024			
	Total	Level 1	Level 2	Level 3
Operating investments:				
Cash and money market	\$ 320,345	\$ 320,345	\$ -	\$ -
Fixed income funds	1,063,667	1,063,667	-	-
Equity funds	1,371,500	1,371,500	-	-
Preferred stock (other investments)	6,908	-	6,908	-
Total assets at fair value	2,762,420	2,755,512	6,908	-
Endowment investments:				
Cash and money market	396,317	396,317	-	-
Fixed income funds	1,621,222	1,621,222	-	-
Equity funds	2,674,374	2,674,374	-	-
Beneficial interest in assets held by Arizona Community Foundation	463,551	-	-	463,551
Total assets at fair value	5,155,464	4,691,913	-	463,551
Total investments	\$ 7,917,884	\$ 7,447,425	\$ 6,908	\$ 463,551

Investments with readily determinable fair values are measured at fair value in the statements 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 an investment pool including 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).

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, 2025 and 2024:

Balance, December 31, 2023	\$ 447,980
Interest income	7,059
Realized and unrealized gains	40,092
Investment fees	(4,262)
Amounts appropriated for expenditures	(27,318)
Balance, December 31, 2024	463,551
Interest income	7,752
Realized and unrealized gains	49,550
Investment fees	(4,310)
Amounts appropriated for expenditures	(17,828)
Balance, December 31, 2025	\$ 498,715

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

8. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Land	\$ 2,478,470	\$ 821,969
Buildings and improvements	13,878,635	6,058,699
Leasehold improvements	995,919	995,919
Vehicles	51,847	51,847
Office furniture and equipment	1,023,335	1,023,335
	18,428,206	8,951,769
Accumulated depreciation	(6,233,291)	(5,443,131)
	12,194,915	3,508,638
Construction in progress	34,750	9,389,193
Total	\$ 12,229,665	\$ 12,897,831

Depreciation expense was \$790,162 and \$630,091 for the years ended December 31, 2025 and 2024, respectively.

Construction in progress at December 31, 2024 included the purchase of a building and renovation construction costs for a new building. Approximately \$9,300,000 of construction-in-progress was completed and put into service in January 2025.

9. Line of Credit

At December 31, 2025 and 2024, 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. The line of credit was not utilized during the years ended December 31, 2025 and 2024.

10. Notes Payable

Notes payable consisted of the following at December 31:

	2025	2024
Note payable to an unrelated Arizona limited liability company with interest at 5.00%, due in annual payments of \$250,000 plus interest from July 2024 through July 2026 and a balloon payment of approximately \$755,000, including interest due on July 1, 2027. The note is secured by a deed of trust.	\$ 1,004,570	\$ 1,254,570

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

	2025	2024
Note payable to Arizona Community Foundation with interest at 4.50%, due in monthly payments of \$16,546 from August 2025 through October 2034. The note is secured by a deed of trust.	\$ 1,444,987	\$ 1,500,000
	2,449,557	2,754,570
Current portion	(386,311)	(305,014)
Total	\$ 2,063,246	\$ 2,449,556

Annual principal maturities on the notes payable as of December 31, 2025 are as follows:

Years ending December 31:	
2026	\$ 386,311
2027	897,143
2028	149,122
2029	155,973
2030	163,138
Thereafter	697,870
Total	\$ 2,449,557

11. Leasing Activities

The Center leases office space and equipment under operating lease agreements that expire at various dates through November 2029. The agreements require monthly payments ranging from approximately \$992 to \$5,485.

Right-of-use assets represent the Center's right to use an underlying asset for the lease term, while lease liabilities represent the Center's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Center's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Center's sole discretion. The Center regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Center includes such options in the lease term. Additionally, the Center makes judgments regarding lease terms for certain of its real property leases that are in month-to-month status or that contain auto-renewal clauses. The Center estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

The Center made significant assumptions and judgments in applying the requirements for leases. In particular, the Center:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Center obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.

The Center does not have any leasing transactions with any related parties.

Southwest Autism Research and Resource Center

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The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	2025	2024
Operating lease right-of-use assets	\$ 134,404	\$ 260,952
Operating lease liabilities:		
Current	\$ 86,327	\$ 124,911
Long-term	49,013	138,224
Total operating lease liabilities	\$ 135,340	\$ 263,135

Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

	2025	2024
Operating lease expense	\$ 132,787	\$ 119,822
Short-term lease expense	44,482	61,829
Total lease expense	\$ 177,269	\$ 181,651

The right-of-use assets and lease liabilities were calculated using a weighted-average discount rate of 3.32% and 2.96% for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024 the weighted-average remaining lease term was 2.16 years and 2.59 years, respectively.

The table below summarizes the Center's approximate future minimum lease payments for years ending after December 31, 2025:

Years ending December 31:	
2026	\$ 91,998
2027	16,441
2028	16,441
2029	16,441
Total lease payments	141,321
Less present value discount	(5,981)
Total lease liabilities	135,340
Less current portion	(86,327)
Long-term lease liabilities	\$ 49,013

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 127,511	\$ 128,031

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

12. Endowment Funds

Endowment net asset composition as of December 31, 2025 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment fund	\$ 2,124,338	\$ -	\$ 2,124,338
Donor-restricted endowment funds:			
Original donor-restricted amounts	-	2,630,000	2,630,000
Accumulated investments earnings	-	1,307,385	1,307,385
Total	<u>\$ 2,124,338</u>	<u>\$ 3,937,385</u>	<u>\$ 6,061,723</u>

Endowment funds composition as of December 31, 2024 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment fund	\$ 1,546,415	\$ -	\$ 1,546,415
Donor-restricted endowment funds:			
Original donor-restricted amounts	-	2,630,000	2,630,000
Accumulated investments earnings	-	979,049	979,049
Total	<u>\$ 1,546,415</u>	<u>\$ 3,609,049</u>	<u>\$ 5,155,464</u>

Changes in endowment net assets for the years ended December 31 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment funds, December 31, 2023	\$ 1,421,697	\$ 3,462,092	\$ 4,883,789
Board-designation	61,694	-	61,694
Realized and unrealized gains	100,485	274,385	374,870
Interest income	48,623	105,207	153,830
Amounts appropriated for expenditure	(78,953)	(211,412)	(290,365)
Investment fees	(7,131)	(21,223)	(28,354)
Endowment funds, December 31, 2024	1,546,415	3,609,049	5,155,464
Board-designation	424,223	-	424,223
Contributions	-	292	292
Realized and unrealized gains	157,452	378,262	292
Interest income	57,981	107,529	535,714
Amounts appropriated for expenditure	(53,462)	(136,091)	165,510
Investment fees	(8,271)	(21,656)	(189,553)
Endowment funds, December 31, 2025	<u>\$ 2,124,338</u>	<u>\$ 3,937,385</u>	<u>\$ 6,061,723</u>

Southwest Autism Research and Resource Center

Notes to Financial Statements

December 31, 2025 and 2024

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

	2025	2024
Harrington Endowment	\$ 1,522,097	\$ 1,399,350
Helios Endowment	1,428,905	1,307,253
Stardust Endowment	986,383	902,446
Total donor-restricted endowments	<u>\$ 3,937,385</u>	<u>\$ 3,609,049</u>

13. Net Assets With Donor Restrictions

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

	2025	2024
Subject to the passage of time:		
Promises to give	\$ 835,114	\$ 380,315
Portion of donor-restricted endowment funds subject to time restriction under MCFA	<u>1,307,385</u>	<u>979,049</u>
	<u>2,142,499</u>	<u>1,359,364</u>
Subject to purpose restrictions:		
Capital campaign	4,963,639	9,056,054
Jumpstart program	39,211	153,691
Capital improvements	100,000	-
Telehealth	-	100,000
Education, training and consultation	26,573	45,000
Residential	32,500	25,359
Employment services	10,000	19,000
Community school expansion	30,708	10,000
Think Autism	352,926	-
Other programs	<u>2,500</u>	<u>44,595</u>
	<u>5,558,057</u>	<u>9,453,699</u>
Subject to both time and purpose restrictions (included in promises to give):		
Capital campaign	3,691,522	5,946,045
Vocational and life skills academy	-	100,000
Diagnostics	75,000	-
Other programs	<u>142,400</u>	<u>47,500</u>
	<u>3,908,922</u>	<u>6,093,545</u>
Donor-restricted endowments	<u>2,630,000</u>	<u>2,630,000</u>
Total	<u>\$ 14,239,478</u>	<u>\$ 19,536,608</u>

Southwest Autism Research and Resource Center

Notes to Financial Statements
December 31, 2025 and 2024

14. Board-Designated Net Assets

Board-designated net assets includes a Board-designated endowment in the amount of \$2,124,338 and \$1,546,415 as of December 31, 2025 and 2024, respectively, set aside by the Board as a reserve.

15. 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 \$249,016 and \$218,952 during the years ended December 31, 2025 and 2024, respectively.

16. Deferred Compensation Agreement

The Center has a deferred compensation plan for the benefit of eligible employees, which qualifies under Section 457(f) of the IRC. Annual contributions based on performance are made to eligible employees' plan and vest 25% per year. The Center recorded contribution expense of approximately \$92,600 and \$29,800 during the years ended December 31, 2025 and 2024, respectively.

17. In-Kind Support

In-kind support is as follows for the years ended December 31:

Nonfinancial Asset	Revenue Recognized as of December 31, 2025	Revenue Recognized as of December 31, 2024	Utilization in Program / Activities	Donor Restrictions	Valuation Techniques and Inputs
Supplies and materials	\$ 231,769	\$ 212,485	Program and Support Services	Special Events	Estimate based on current cost of the products provided by the retail vendors operating in the greater Phoenix metropolitan area
Capitalized asset	18,180	132,612	Program Services	None and Capital Campaign, respectively	Estimate based on fair value of asset provided by certified appraiser or vendor operating in the greater Phoenix metropolitan area
In-kind rent	4,000	-	Program Services	None	Estimate based on fair value of rent in the greater Tucson area
Professional services	38,916	3,400	Program and Support Services	None	Estimate based on current cost of the services provided by the professional service firms operating in the greater Phoenix metropolitan area
Total	<u>\$ 292,865</u>	<u>\$ 348,497</u>			

Southwest Autism Research and Resource Center

Notes to Financial Statements
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18. Related-Party Transactions

During the years ended December 31, 2025 and 2024, the Center received approximately \$325,000 and \$300,800 in contributions from board members, respectively.

19. Contingencies

The Center participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Center's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Center's management expects such amounts, if any, to be minimal.

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 matter will not have a material adverse impact on the Center's financial position, change in net assets or cash flows.