

NEXT FOR AUTISM, INC.

**Financial Statements
for year ended
December 31, 2018
and
December 31, 2017**

Independent Auditor's Report

To the Board of Directors of
NEXT for Autism, Inc.

We have audited the accompanying financial statements of NEXT for Autism, Inc. which comprise the statement of financial position as of December 31, 2018 and December 31, 2017 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.

Auditor's 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 audits 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 auditor's 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 NEXT for Autism, Inc. as of December 31, 2018 and December 31, 2017 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

October 22, 2019

NEXT FOR AUTISM, INC.
Statement of Financial Position

	Year Ended December 31	
	2018	2017
Assets		
Cash and cash equivalents	\$ 6,125,311	\$ 5,108,217
Contributions and pledges receivable	108,060	3,553,659
Accounts receivable	103,446	-
Prepaid expenses	60,820	14,334
Security deposit	30,818	-
Property and equipment, net	74,422	10,281
Total assets	\$ 6,502,877	\$ 8,686,491
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 118,609	\$ 70,326
Grants payable	763,887	801,196
Total liabilities	882,496	871,522
Net assets		
Without donor restrictions	5,388,829	7,640,341
With donor restrictions	231,552	174,628
Total net assets	5,620,381	7,814,969
Total liabilities and net assets	\$ 6,502,877	\$ 8,686,491

See notes to financial statements.

NEXT FOR AUTISM, INC.
Statement of Activities

	Year Ended December 31			
	2018		2017	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
	<u>Total</u>		<u>Total</u>	
Support and revenue				
Contributions	\$ 710,792	\$ 313,531	\$ 1,024,323	\$ 904,612
Special events	873,100	-	873,100	174,628
Corporate consulting	90,332	-	90,332	-
In-kind contributions	48,235	-	48,235	-
Interest and other	19,885	-	19,885	903
Net assets released from restrictions	256,607	(256,607)	-	-
Total support and revenue	<u>1,998,951</u>	<u>56,924</u>	<u>2,055,875</u>	<u>174,628</u>
				<u>\$ 7,923,267</u>
Expenses				
Program services				
Research, education and community services	<u>3,399,169</u>	-	<u>3,399,169</u>	-
Supporting activities				
Management and general	367,922	-	367,922	255,747
Fundraising	483,372	-	483,372	849,494
Total supporting activities	<u>851,294</u>	-	<u>851,294</u>	<u>1,105,241</u>
Total expenses	<u>4,250,463</u>	-	<u>4,250,463</u>	<u>3,213,138</u>
Increase (decrease) in net assets	(2,251,512)	56,924	(2,194,588)	174,628
Net assets, beginning of year	7,640,341	174,628	7,814,969	-
Net assets, end of year	\$ 5,388,829	\$ 231,552	\$ 5,620,381	\$ 174,628
				<u>\$ 7,814,969</u>

See notes to financial statements.

NEXT FOR AUTISM, INC.
Statement of Functional Expenses

	Year Ended December 31			
	2018		2017	
	Program Services	Supporting Activities	Program Services	Supporting Activities
	Research, Education and Community Services	Management and General	Research, Education and Community Services	Management and General
		Fund- Raising		Fund- Raising
	Total		Total	
Expenses				
Grants	\$ 2,046,466	\$ -	\$ 2,046,466	\$ -
Salaries	862,930	139,804	1,205,209	121,894
Payroll taxes and employee benefits	134,276	21,699	187,026	19,321
Professional fees	128,092	99,816	367,496	40,152
Occupancy	50,494	11,848	70,523	4,476
Insurance	11,562	2,713	16,148	1,804
Telephone and internet	3,255	643	4,342	190
Supplies	8,042	1,804	11,479	545
Postage, printing and publications	9,381	1,971	27,787	495
Credit card and other bank fees	192	45	25,660	55,386
Advertising	-	3,583	4,269	4,247
Travel	89,184	-	97,936	-
Caterer, music and facility rental	932	-	90,375	-
Contributions	22,957	-	22,957	-
Database, website and webhosting	-	14,990	14,990	3,680
Dues and subscriptions	12,379	2,904	17,288	506
Other	19,027	9,062	40,512	7,717
Total expenses	\$ 3,399,169	\$ 367,922	\$4,250,463	\$ 849,494
			\$ 2,107,897	\$ 255,747
				\$ 3,213,138

See notes to financial statements.

NEXT FOR AUTISM, INC.

Statement of Cash Flows

	Year Ended December 31	
	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (2,194,588)	\$ 4,710,129
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	6,218	4,003
(Increase) decrease in assets		
Contributions and pledges receivable	3,445,599	(3,331,689)
Accounts receivable	(103,446)	-
Prepaid expenses	(46,486)	114,307
Security deposit	(30,818)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	48,283	16,739
Unearned revenue	-	(50,000)
Grants payable	(37,309)	(285,012)
Net cash provided by operating activities	1,087,453	1,178,477
Cash flows (used in) investing activities		
Purchases of property and equipment	(70,359)	(999)
Net increase in cash and cash equivalents	1,017,094	1,177,478
Cash and cash equivalents, beginning of year	5,108,217	3,930,739
Cash and cash equivalents, end of year	\$ 6,125,311	\$ 5,108,217

See notes to financial statements.

NEXT FOR AUTISM, INC.**Notes to Financial Statements
December 31, 2018 and December 31, 2017****Note 1 – Nature of organization**

New York Center for Autism Research and Education, Inc., established on August 30, 2002, is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. During 2012, New York Center for Autism Research and Education, Inc. changed the organization name to New York Collaborates for Autism, Inc. ("NYCA"). During 2017, NYCA changed the organization name to NEXT for AUTISM, Inc. ("NEXT").

NEXT transforms the national landscape of services for people with autism and related disabilities by strategically designing, launching and supporting innovative programs.

Significant operational measures

NEXT holds a large televised national fundraising event, Night of Too Many Stars, every two or three years. Fundraising expenses surge during the years in which Night of Too Many Stars is held because of the increased costs associated with supporting the nationally televised event. However, grants that are provided from the funds raised through Night of Too Many Stars, and are considered program expenses, are awarded at least six (6) months after the event and up to the time the next Night of Too Many Stars is held, which may be three (3) years. The combination of these factors results in dramatic changes in the percentage of program expenses to total expenses year-to-year. In years when Night of Too Many Stars is held, the percentage of program services to total expenses is much lower than in years when the event not is held. NEXT anticipates a similar trend to continue for as long as we hold a televised, national, comedy event. This trend is most dramatic when events occur three calendar years apart.

Note 2 – Summary of significant accounting policies**Basis of presentation**

Net assets are revenue, expenses, gains, losses, and other support that are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NEXT are classified and reported as follows:

Without donor restrictions – net assets which have not been restricted by an outside donor and are therefore available for use in carrying out the operations of NEXT.

With donor restrictions – net assets which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of NEXT pursuant to those stipulations. Contributions whose restrictions are met in the year the contribution is received are reflected within net assets without donor restrictions.

Cash and cash equivalents

NEXT deems highly liquid investments with original maturities of 90 days or less to be cash equivalents.

NEXT FOR AUTISM, INC.**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017****Note 2 – Summary of significant accounting policies (continued)****Contributions and pledges receivable**

NEXT reports contributions as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, restricted 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. Conditional promises to give are not included as support until the conditions are substantially met. Contributions and pledges receivable at December 31, 2018 are expected to be collected in 2019.

Allowance for doubtful accounts

NEXT has an allowance for doubtful accounts of \$5,000 as of December 31, 2018 for any potentially uncollectable receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions. NEXT did not have an allowance for doubtful accounts as of December 31, 2017.

Property and equipment

NEXT capitalizes furniture and equipment expenditures over \$500 with a useful life greater than one year at cost. Depreciation is computed using the straight-line method over the estimated useful lives which range from 5-7 years. Amortization of leasehold improvements is computed using the straight-line method over the estimated useful lives or the length of the lease, whichever is shorter.

Grants payable

NEXT grants funds to other organizations for specific programs. Grants are recorded as an expense and a payable when approved by the grants committee and committed to the grantees. Subsequently all such grants are ratified by the Board of Directors. Grants payable in more than one year are recorded at the net present value of the expected future cash outflow.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

In-kind contributions

During 2018 and 2017, NEXT received donated legal fees, professional services and materials. These goods and services were an integral part of the activities of NEXT and would have had to be purchased by NEXT if they had not been donated. The goods and services were recorded at the fair value based on what it would have cost NEXT to purchase them independently and have been reflected as support and expenses in the statement of activities.

NEXT FOR AUTISM, INC.

Notes to Financial Statements (continued) December 31, 2018 and December 31, 2017

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

NEXT's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents and contributions and pledges receivable. NEXT places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the balances in the NEXT's cash and cash equivalents accounts were in excess of the Federal Deposit Insurance Corporation limit or the Securities Investor Protection Corporation limit; however, NEXT has not experienced any losses in these accounts to date. NEXT monitors the collectability of its receivables. As a consequence, NEXT believes concentrations of credit risk are limited with respect to its cash, cash equivalents and contributions and pledges receivable.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain shared costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

Subsequent events

NEXT has evaluated events and transactions for potential recognition or disclosure through October 22, 2019, which is the date the financials were available to be issued.

Note 3 – Liquidity and availability of financial assets

NEXT's working capital and cash flows have variations during the year attributable to cash receipts from contributions and special events.

The following is a summary of NEXT's financial assets as of December 31, 2018 that are available to meet cash needs for general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 6,125,311
Grants and contributions receivable	<u>216,506</u>
Total	<u>\$ 6,341,817</u>

Note 4 – Special events

NEXT plans a major fundraising event every two or three years. The Night of Too Many Stars fundraising event took place during November 2017 and is anticipated to take place again in 2020.

NEXT FOR AUTISM, INC.

Notes to Financial Statements (continued) December 31, 2018 and December 31, 2017

Note 5 – Property and equipment, net

Property and equipment, net, consist of the following as of December 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Computers and equipment	\$ 44,538	\$ 28,150
Furniture and fixtures	45,371	14,740
Leasehold improvements	<u>23,340</u>	<u>-</u>
Sub-total	113,249	42,890
Less: accumulated depreciation and amortization	<u>(38,827)</u>	<u>(32,609)</u>
Total	<u>\$ 74,422</u>	<u>\$ 10,281</u>

Note 6 – Grants payable

NEXT has grant commitments which are expected to be paid as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 306,612
2020	240,000
2021	<u>240,000</u>
Sub-total	786,612
Less discount to present value at rate of 3.4%	<u>22,731</u>
Total	<u>\$ 763,881</u>

Note 7 – Net assets with temporary donor restrictions

The following is a summary of the net assets with temporary donor restrictions for the year ended December 31, 2018:

	Balance at December 31, 2017	Contributions	Net Assets Released From Restrictions	Balance at December 31, 2018
Programs for Adults	\$ 174,628	\$ -	\$ (174,628)	\$ -
Autism and Disability Visual				
Integration Company Experience	-	175,198	(77,579)	97,619
CINTAS Disability Hiring Program	-	83,333	-	83,333
Neighborhood Network of New York	-	20,000	(4,400)	15,600
NEXT 4 Going Out	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total	<u>\$ 174,628</u>	<u>\$ 313,531</u>	<u>\$ (256,607)</u>	<u>\$ 231,552</u>

NEXT FOR AUTISM, INC.

Notes to Financial Statements (continued) December 31, 2018 and December 31, 2017

Note 7 – Net assets with temporary donor restrictions (continued)

The following is a summary of the net assets with temporary donor restrictions for the year ended December 31, 2017:

	Balance at December 31, <u>2016</u>	<u>Contributions</u>	Net Assets Released From <u>Restrictions</u>	Balance at December 31, <u>2017</u>
Programs for Adults	\$ -	\$ 174,628	\$ -	\$ 174,628

Note 8 – Rent and related party transactions

NEXT rented space from a corporation owned by a member of the Board of Directors. Rent paid to this corporation for the year ended December 31, 2017 amounted to \$31,500. There was no formal lease agreement. During March 2018, NEXT entered into a five-year and two month lease for new office space expiring in May 2023. The lease requires monthly payments of approximately \$10,000 for the first year of the lease with annual increases thereafter. In connection with the lease, NEXT paid a security deposit of \$30,818 to the landlord. The following are the required minimum annual lease payments:

<u>Year</u>	<u>Amount</u>
2019	\$ 124,996
2020	127,331
2021	129,714
2022	132,144
2023	<u>55,729</u>
Total	\$ <u>569,914</u>

Also, during 2018, NEXT paid \$50,000 to a consulting firm owned by two Board members for services relating to the Night of Too Many Stars event. There was no payment in 2017.