

NEXT FOR AUTISM, INC.
(formerly known as
New York Collaborates for Autism, Inc.)

Financial Statements
for year ended
December 31, 2017
and
December 31, 2016

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. (formerly known as New York Collaborates for Autism, Inc.) which comprise the statement of financial position as of December 31, 2017 and December 31, 2016 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, 2017 and December 31, 2016 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 24, 2018

NEXT FOR AUTISM, INC.
Statement of Financial Position

	Year Ended December 31	
	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 5,108,217	\$ 3,930,739
Contributions and pledges receivable, net	3,553,659	221,970
Prepaid expenses	14,334	128,641
Furniture and equipment, net	<u>10,281</u>	<u>13,285</u>
Total assets	<u>\$ 8,686,491</u>	<u>\$ 4,294,635</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 70,326	\$ 53,587
Unearned revenue	-	50,000
Grants payable, net	<u>801,196</u>	<u>1,086,208</u>
Total liabilities	<u>871,522</u>	<u>1,189,795</u>
Net assets		
Unrestricted	7,640,341	3,104,840
Temporarily restricted	<u>174,628</u>	<u>-</u>
Total net assets	<u>7,814,969</u>	<u>3,104,840</u>
Total liabilities and net assets	<u>\$ 8,686,491</u>	<u>\$ 4,294,635</u>

See notes to financial statements.

NEXT FOR AUTISM, INC.
Statement of Activities

	Year Ended December 31					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Contributions	\$ 904,612	\$ -	\$ 904,612	\$ 1,975,579	\$ -	\$ 1,975,579
Special event	6,647,290	174,628	6,821,918	-	-	-
In-kind contributions	195,834	-	195,834	63,751	-	63,751
Interest and other	903	-	903	20,058	-	20,058
Net assets released from restrictions	-	-	-	395,230	(395,230)	-
Total support and revenue	<u>7,748,639</u>	<u>174,628</u>	<u>7,923,267</u>	<u>2,454,618</u>	<u>(395,230)</u>	<u>2,059,388</u>
Expenses						
Program services						
Research, education and community services	<u>2,107,897</u>	-	<u>2,107,897</u>	<u>2,008,506</u>	-	<u>2,008,506</u>
Supporting activities						
Management and general	255,747	-	255,747	197,198	-	197,198
Fundraising	849,494	-	849,494	145,714	-	145,714
Total supporting activities	<u>1,105,241</u>	-	<u>1,105,241</u>	<u>342,912</u>	-	<u>342,912</u>
Total expenses	<u>3,213,138</u>	-	<u>3,213,138</u>	<u>2,351,418</u>	-	<u>2,351,418</u>
Increase (decrease) in net assets	4,535,501	174,628	4,710,129	103,200	(395,230)	(292,030)
Net assets, beginning of year	<u>3,104,840</u>	-	<u>3,104,840</u>	<u>3,001,640</u>	<u>395,230</u>	<u>3,396,870</u>
Net assets, end of year	<u>\$ 7,640,341</u>	<u>\$ 174,628</u>	<u>\$ 7,814,969</u>	<u>\$ 3,104,840</u>	<u>\$ -</u>	<u>\$ 3,104,840</u>

See notes to financial statements.

NEXT FOR AUTISM, INC.
Statement of Functional Expenses

	Year Ended December 31				
	2017		2016		
	Program Services	Supporting Activities	Program Services	Supporting Activities	Total
	Research, Education and Community Services	Management and General	Research, Education and Community Services	Management and General	Fund- Raising Total
Expenses					
Grants	\$1,064,020	\$ -	\$ 968,138	\$ -	\$ 968,138
Salaries	617,195	121,894	605,215	99,010	753,504
Payroll taxes and employee benefits	99,939	19,738	105,004	17,178	130,732
Professional fees	201,289	40,152	176,142	44,754	266,444
Occupancy	22,663	4,476	25,301	4,139	31,500
Insurance	9,133	1,804	9,496	1,553	11,822
Telephone and internet	960	190	2,443	397	3,066
Supplies	2,913	545	227	3,278	3,505
Postage, printing and publications	2,820	495	1,419	1,406	5,221
Credit card and other bank fees	-	55,386	-	14,617	14,617
Advertising	-	4,247	385	928	1,313
Travel	29,548	-	31,982	-	39,765
Payroll processing fees	4,709	930	5,049	826	6,286
Caterer, music and facility rental	1,359	-	-	-	20,288
Contributions	22,516	-	32,848	-	32,848
Depreciation	2,879	568	4,264	698	5,309
Database, website and webhosting	18,632	3,680	15,594	2,549	19,412
Dues and subscriptions	3,012	506	399	1,365	1,764
Other	4,310	1,136	24,600	4,500	35,884
Total expenses	\$2,107,897	\$ 255,747	\$ 2,008,506	\$ 197,198	\$ 2,351,418
		\$ 849,494		\$ 145,714	
		\$3,213,138			

See notes to financial statements.

NEXT FOR AUTISM, INC.

Statement of Cash Flows

	Year Ended December 31	
	2017	2016
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 4,710,129	\$ (292,030)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	4,003	5,309
(Increase) decrease in assets		
Contributions and pledges receivable, net	(3,331,689)	(16,326)
Prepaid expenses	114,307	(111,805)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	16,739	27,286
Unearned revenue	(50,000)	25,000
Grants payable, net	(285,012)	(431,524)
Net cash provided by (used in) operating activities	1,178,477	(794,090)
Cash flows (used in) investing activities		
Purchases of furniture and equipment	(999)	-
Net increase (decrease) in cash and cash equivalents	1,177,478	(794,090)
Cash and cash equivalents, beginning of year	3,930,739	4,724,829
Cash and cash equivalents, end of year	\$ 5,108,217	\$ 3,930,739

See notes to financial statements.

NEXT FOR AUTISM, INC.

Notes to Financial Statements December 31, 2017 and December 31, 2016

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 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 other year. Consequently, fundraising expenses surge during the years in which Night of Too Many Stars is held yet program services expenses remain fairly constant, resulting in dramatic changes in the percentage of program services expenses to total expenses year-to-year. When Night of Too Many Stars is not held the percentage of program services to total expenses is much higher than in years the event is held because of the increased costs associated with supporting the nationally televised event. We anticipate a similar trend to continue for as long as we hold a televised, national, comedy event.

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:

Unrestricted – net assets which have not been restricted by an outside donor and are therefore available for use in carrying out the operations of NEXT.

Temporarily restricted – 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 unrestricted net assets.

Permanently restricted – net assets which a donor stipulates must be in perpetuity. As of December 31, 2017 and December 31, 2016, NEXT did not have any permanently restricted net assets.

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, 2017 and December 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Contributions and pledges receivable**

NEXT reports contributions as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

Allowance for doubtful accounts

As of December 31, 2017 and December 31, 2016, NEXT deems all receivables to be collectible and accordingly, has not established an allowance for doubtful accounts. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture 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.

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 reported in the financial statements. Actual results could differ from those estimates.

In-kind contributions

During 2017 and 2016, 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, 2017 and December 31, 2016

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; 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.

Subsequent events

NEXT has evaluated events and transactions for potential recognition or disclosure through October 24, 2018 which is the date the financials were available to be issued.

Note 3 – Contributions and pledges receivables, net

Contribution and pledges receivables are as follows as of December 31, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
Amount due in less than one year	\$3,553,659	\$ 198,047
Due in one to five years	<u>-</u>	<u>25,000</u>
	3,553,659	223,047
Less: discount at rate of 4.5%	<u>-</u>	<u>(1,077)</u>
Total	<u>\$3,553,659</u>	<u>\$ 221,970</u>

Note 4 – Special events

NEXT plans a major fundraising event every other year. The Night of Too Many Stars fundraising event took place during November 2017 and is anticipated to take place again in 2019 or 2020. Revenue received in 2016 for the event, which amounted to \$50,000, was recorded as unearned revenue at December 31, 2016.

NEXT FOR AUTISM, INC.

Notes to Financial Statements (continued) **December 31, 2017 and December 31, 2016**

Note 5 – Furniture and equipment, net

Furniture and equipment, net, consist of the following as of December 31, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
Computers and equipment	\$ 28,150	\$ 27,151
Furniture and fixtures	<u>14,740</u>	<u>14,740</u>
Sub-total	42,890	41,891
Less: accumulated depreciation	<u>32,609</u>	<u>28,606</u>
Total	<u>\$ 10,281</u>	<u>\$ 13,285</u>

Note 6 – Grants payable

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

<u>Year</u>	<u>Amount</u>
2018	\$ 272,997
2019	240,000
2020	240,000
2021	<u>93,509</u>
	846,506
Less discount to present value at rate of 3.4%	<u>(45,310)</u>
Total	<u>\$ 801,196</u>

Note 7 – Temporarily restricted net assets

The temporarily restricted net assets of \$174,628 at December 31, 2017 are available for Programs for Adults.

Net assets were released from restrictions due to the satisfaction of time and/or purpose restrictions during the year ended December 31, 2016 as follows:

Community Connections	\$ 347,252
Train Our Teens	<u>47,978</u>
Total	<u>\$ 395,230</u>

There were no net assets released from restrictions during 2017.

NEXT FOR AUTISM, INC.

Notes to Financial Statements (continued) December 31, 2017 and December 31, 2016

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 years ended December 31, 2017 and December 31, 2016 amounted to \$31,500 for both years. 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>
2018	\$ 71,908
2019	124,996
2020	127,331
2021	129,714
2022	132,144
2023	55,729
Total	<u>\$ 641,822</u>

Note 9 – In-kind contributions

NEXT received in-kind contributions during the years ended December 31, 2017 and December 31, 2016, consisting of:

	<u>2017</u>	<u>2016</u>
Legal services	\$ 133,714	\$ 55,859
Special event – Night of Too Many Stars	52,320	-
Special events – other	9,800	7,892
Total	<u>\$ 195,834</u>	<u>\$ 63,751</u>

In connection with the Night of Too Many Stars, the venue where the event is held is paid for by a third party. NEXT also receives the net proceeds from online raffles for once-in-a-lifetime experiences that are provided at no cost. These items have not been recorded in the accompanying statement of activities because they do not meet the criteria for recording such items.

Note 10 – 401(k) plan

NEXT maintains a 401(k) retirement plan (the “Plan”) for all eligible employees. Employees can make voluntary contributions to the Plan in accordance with Internal Revenue Code regulations. NEXT makes discretionary contributions to the Plan. Contribution expense for the 2017 and 2016 fiscal years was \$23,388 and \$20,273, respectively

NEXT FOR AUTISM, INC.**Notes to Financial Statements (continued)**
December 31, 2017 and December 31, 2016**Note 11 – Conditional commitment**

NEXT has made a conditional pledge to Neighborhood Network New York (“NNNY”) to raise or give up to \$1,800,000 during the first three years of NNNY’s operations, if NNNY is unable to raise or obtain sufficient funds on its own. In 2017 and 2016, NEXT paid NNNY \$360,000 and \$355,790, respectively, against the conditional pledge of \$1,800,000 for a total of \$1,031,408 paid through December 31, 2017. NNNY was established in the State of Delaware in 2014 to develop community living services for people with autism and related development disabilities. NEXT’s president also serves as the Board President of NNNY as an unpaid volunteer of NNNY. NEXT’s Board President, also known as the Board Chair, is a different position and she serves as an unpaid volunteer. The conditional grant is recorded as expense upon request of the grantor.

Note 12 – Tax status

NEXT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, NEXT has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Code and qualifies for the maximum charitable deduction for donors.