nonPAREIL INSTITUTE

Plano, Texas

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2020 and 2019

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnaufer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

nonPAREIL INSTITUTE
Financial Statements
Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
nonPareil Institute
Plano, Texas

We have audited the accompanying financial statements of **nonPareil Institute** (a Texas not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 **nonPareil Institute** as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schnaufer & Walker, P.C.

Dallas, Texas
March 29, 2021

nonPAREIL INSTITUTE
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 447,851	$ 491,192
Accounts receivable	59,540	84,421
Prepaid expenses	91,538	66,494
Total current assets	598,929	642,107
Long-term assets:		
Property and equipment, net of accumulated depreciation	388,588	460,814
Total long-term assets	388,588	460,814
Other assets:		
Deposits	60,884	29,867
Total other assets	60,884	29,867
TOTAL ASSETS	$ 1,048,401	$ 1,132,788
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 33,616	$ 30,899
Accrued expenses	76,459	75,238
Refundable advances	191,833	95,847
Current portion of notes payable	6,760	-
Total current liabilities	308,668	201,984
Long-term liabilities:		
Notes payable, net of current portion	154,472	-
Total long-term liabilities	154,472	-
TOTAL LIABILITIES	463,140	201,984
NET ASSETS:		
Without donor restrictions	296,047	535,678
With donor restrictions	289,214	395,126
TOTAL NET ASSETS	585,261	930,804
TOTAL LIABILITIES AND NET ASSETS	$ 1,048,401	$ 1,132,788

The accompanying notes are an integral part of these financial statements.

nonPAREIL INSTITUTE
Statements of Activities
For The Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating:		
Revenue:		
Training fees	$ 2,439,733	$ 2,416,087
Other income (Note I)	523,830	5,166
Grants and foundations	189,790	34,000
Contributions	164,336	96,405
Contributed services and materials	77,952	143,593
Fundraising	73,022	333,410
Counseling fees	2,885	3,204
Interest income	521	3,968
Sales income	477	2,144
Outsourcing contracts	-	55,336
Net assets released from restrictions	397,166	946,683
Total operating revenue	3,869,712	4,039,996
Expenses:		
Program services	3,522,785	3,341,442
Supporting services:		
Management and general	256,471	195,527
Development and fundraising	312,782	344,362
Total supporting services	569,253	539,889
Total operating expenses	4,092,038	3,881,331
(Deficit) excess of operating revenue over expenses	(222,326)	158,665
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	206,223	218,779
Grants and foundations	65,000	532,000
Fundraising	2,726	42,957
Net assets released from restrictions	(397,166)	(946,683)
(Decrease) in net assets with donor restrictions	(123,217)	(152,947)
(Decrease) increase in net assets	(345,543)	5,718
NET ASSETS AT BEGINNING OF THE YEAR	927,359	921,641
NET ASSETS AT END OF THE YEAR	$ 581,816	$ 927,359

The accompanying notes are an integral part of these financial statements.

nonPAREIL INSTITUTE
Statement of Functional Expenses
For The Year Ended December 31, 2020

	Program services	Supporting services			
	Programs	**Management and general**	**Development and fundraising**	**Total**	**Totals**
Payroll and related expenses:					
Compensation and benefits	$ 2,217,949	$ 169,473	$ 226,459	$ 395,932	$ 2,613,881
Unemployment taxes	3,514	403	296	699	4,213
Payroll taxes	134,872	27,037	12,042	39,079	173,951
Total payroll and related expenses	2,356,335	196,913	238,797	435,710	2,792,045
Advertising	1,033	-	-	-	1,033
Bad debts	66,489	-	-	-	66,489
Bank charges	11,817	100	7,082	7,182	18,999
Books, subscriptions and reference	65	-	1,628	1,628	1,693
Depreciation	162,202	-	-	-	162,202
Fundraising	-	-	30,308	30,308	30,308
Furniture				-	-
Hardware	5,497	119		119	5,616
Insurance	21,552	7,102	228	7,330	28,882
Interest	1,831	-	-	-	1,831
Internet services	35,927	600	200	800	36,727
Miscellaneous	15,229	1,690	4,214	5,904	21,133
Office supplies	17,310	1,231	724	1,955	19,265
Professional fees	32,290	11,124	625	11,749	44,039
Postage and mailing	486		5,300	5,300	5,786
Printing and copying	1,670		2,737	2,737	4,407
Repairs and maintenance	30,230		378	378	30,608
Rent	621,090	29,157	8,722	37,879	658,969
Software and licenses	83,302	5,662	5,326	10,988	94,290
Telephone	17,418	2,719	573	3,292	20,710
Travel and meetings	8,671	-	5,528	5,528	14,199
Utilities	32,341	54	412	466	32,807
Totals	$ 3,522,785	$ 256,471	$ 312,782	$ 569,253	$ 4,092,038

The accompanying notes are an integral part of these financial statements.

nonPAREIL INSTITUTE
Statement of Functional Expenses
For The Year Ended December 31, 2019

	Program services	Supporting services			
	Programs	Management and general	Development and fundraising	Total	Totals
Payroll and related expenses:					
Compensation and benefits	$ 2,134,965	$ 145,536	$ 225,370	$ 370,906	$ 2,505,871
Unemployment taxes	4,723	249	401	650	5,373
Payroll taxes	139,566	9,209	14,930	24,139	163,705
Total payroll and related expenses	2,279,254	154,994	240,701	395,695	2,674,949
Advertising	45	-	-	-	45
Bad debts	11,684	-	-	-	11,684
Bank charges	6,851	92	5,487	5,579	12,430
Books, subscriptions and reference	252	65	162	227	479
Depreciation	141,927	3,517		3,517	145,444
Fundraising	-	-	881	881	881
Furniture	2,543	-	-	-	2,543
Hardware	35,657	1,048	-	1,048	36,705
Insurance	16,354	4,771	347	5,118	21,472
Internet services	27,519	800	250	1,050	28,569
Miscellaneous	14,857	3,476	420	3,896	18,753
Office supplies	34,774	334	20	354	35,128
Professional fees	24,750	11,124	1,609	12,733	37,483
Postage and mailing	1,432	432	2,470	2,902	4,334
Printing and copying	3,042	52	785	837	3,879
Repairs and maintenance	41,019	-	300	300	41,319
Rent	535,255	7,449	7,480	14,929	550,184
Software and licenses	59,715	3,854	5,425	9,279	68,994
Special events	-	-	74,106	74,106	74,106
Telephone	14,785	1,738	1,842	3,580	18,365
Travel and meetings	59,554	1,781	1,827	3,608	63,162
Utilities	30,173	-	250	250	30,423
Totals	$ 3,341,442	$ 195,527	$ 344,362	$ 539,889	$ 3,881,331

The accompanying notes are an integral part of these financial statements.

nonPAREIL INSTITUTE
Statements of Cash Flows
For The Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from training fees	$ 2,439,733	$ 2,303,305
Cash received from contributions	438,285	315,184
Cash received from grants and foundations	189,790	566,000
Cash received from fundraising	73,022	376,367
Cash received from counseling fees	2,885	3,204
Cash received from other income	1,130	5,166
Cash received from interest income	521	3,968
Cash received from sales income	477	2,144
Cash received from outsourcing contracts	-	55,336
Cash expended for employee compensation and benefits	(2,613,881)	(2,505,871)
Cash expended for rent	(658,969)	(550,184)
Cash expended for programs	(269,518)	(375,198)
Cash expended for employer payroll taxes	(178,164)	(169,078)
Cash expended for development and fundraising	(57,593)	(90,347)
Cash expended for insurance	(28,882)	(21,472)
Cash expended for management and general	(25,030)	(24,705)
Cash expended for bank fees	(18,999)	(12,430)
Cash expended for interest	(104)	-
NET CASH (USED IN) OPERATING ACTIVITIES	(705,297)	(118,611)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(20,249)	(123,046)
Redemption (purchases) of investments	-	250,590
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(20,249)	127,544
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(495)	-
Net cash received from notes payable	682,700	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	682,205	-
NET (DECREASE) INCREASE IN CASH	(43,341)	8,933
BEGINNING CASH AND CASH EQUIVALENTS	491,192	482,259
ENDING CASH AND CASH EQUIVALENTS	$ 447,851	$ 491,192
Supplemental cash flow disclosure:		
Contributed services and materials	$ 77,952	$ 143,593
RECONCILIATION OF (DECREASE) INCREASE IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES:		
(Decrease) increase in net assets	$ (345,543)	$ 5,718
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) operating activities:		
Depreciation	162,202	145,444
Noncash donations of fixed assets	(69,727)	(112,340)
Noncash interest expense	1,727	-
Forgiveness of Paycheck Protection Program Loan	(522,700)	-
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	24,881	(82,808)
(Increase) in prepaid expenses	(25,044)	(33,563)
(Increase) in other assets	(31,017)	(17,867)
Increase in accounts payable	2,717	3,282
Increase in accrued expenses	1,221	3,497
Increase (decrease) in refundable advances	95,986	(29,974)
NET CASH (USED IN) OPERATING ACTIVITIES	$ (705,297)	$ (118,611)

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

nonPareil Institute (the Organization) is a Texas not-for-profit corporation headquartered in Plano, Texas. The Organization also has sites in Houston and Austin, Texas and in Maitland, Florida. NonPareil Institute is a post-secondary innovative program whose mission is to build better futures for adults with autism. The core of the nonPareil Institute experience is building skills that enable students to work on teams, thrive in a professional environment, strive toward meaningful employment, or work on third-party outsourced projects. The unique nonPareil Institute environment provides time and space for students to find their passion, grow their potential and discover their purpose.

The Organization provides person-centered training and support in technology, vocational, life and social skills. For adults with autism looking to obtain work-readiness skills, the confidence to pursue a college degree, or wanting to explore a career in a digital technology field, nonPareil Institute provides a balance of structured training while allowing individual flexibility.

Through small group courses and one-on-one tutoring options, nonPareil Institute students learn industry standard computer and teamwork skills. These skills are developed across the technical, soft skill, and community pillars of the program. The program is implemented in a real-world workplace environment where students learn not only the technical skills needed to succeed, but the core workplace readiness and professional skills needed. Due to the pandemic that began in 2020, nonPareil Institute has modified the delivery of its programs so they can be done in-person, online, or a combination of the two.

nonPareil Institute assists this underserved group of people and prepares them for increased independence and fulfilling lives. Some pursue employment at nonPareil Institute upon completion of their training. Others return to college, while many transition into meaningful employment upon leaving nonPareil Institute. The Organization has helped over 600 adults with autism and served 274 adults with autism in 2020 alone over its four sites. The Organization's revenue consists of training fees, free-will donations, contributed services and materials, fundraising, sponsorships, outsourcing projects, sales income and interest income.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred, irrespective of when paid. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports to the Internal Revenue Service, Form 990, Return of Organizations Exempt from Federal Income Tax. As of the date of this report, nonPareil Institute is in compliance with all federal tax filings for the years ended December 31, 2020 and 2019.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with United States generally accepted accounting principles (GAAP) and include all accounts of the Organization. For financial reporting purposes, the Organization follows the reporting requirements of GAAP, which requires that resources be classified for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by the classification of net asset balances into two classes of net assets: without donor restrictions and with donor restrictions.

The Organization accounts for its funding in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958)*, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to donor-imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Descriptions of the two net asset categories are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Training fees, outsourcing contracts, fundraising, grants and foundations, other income, sales income and counseling fees are recognized when earned, irrespective of when paid. Refundable advances are recorded when the revenue is earned, not received. Contributions are recognized as revenue when received or pledged and are recorded as net assets with donor restrictions and net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

At December 31, 2020 and 2019, net assets with donor restrictions were $289,214 and $395,126, respectively. At December 31, 2020 and 2019, net assets without donor restrictions were $296,047 and $535,678, respectively, have been designated to be used with the permission of the Board of Directors (the "Board").

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses, refundable advances, and notes payable. Accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses and refundable advances are stated at approximately fair value. Cash and cash equivalents are stated at fair value.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less, when purchased, to be classified as cash and cash equivalents.

Accounts Receivable

Accounts receivable consists of training fees receivable and grant receivables and are recorded net of allowance for uncollectible accounts, if necessary. For the years ended December 31, 2020 and 2019, there were $66,489 and $11,684, respectively, recorded to bad debt expense.

Prepaid Expenses

Prepaid expenses consist primarily of prepaid insurance, prepaid rent, and prepaid software subscriptions.

Property and Equipment

It is the Organization's policy to capitalize property and furniture over $1,000 and computer equipment over $750. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method, ranging from two to nine years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Impairment of Long-Lived Assets

The Organization assesses potential impairments to long-lived assets or asset groups when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recovered. An impairment loss is recognized when the carrying amount of the long-lived asset or asset group is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value and is recorded as a reduction in the carrying value of the related asset or asset group and a charge to operating results. Intangible assets with indefinite lives are tested annually for impairment and in interim periods if certain events occur indicating that the carrying value of the intangible assets may be impaired. There were no such adjustments for impairment during the years ended December 31, 2020 and 2019.

Other Assets

Other assets consist primarily of various security deposits for various operating leases.

Accrued Expenses

Accrued Expenses primarily consists of accrued payroll expenses such as accrued vacation and other accrued payroll items.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Refundable Advances

Resources received in exchange transactions are recognized as refundable advances to the extent that the earnings process has not been completed. These resources are recorded as unrestricted revenues when the related obligations have been satisfied.

Notes Payable

Notes payable consists of two loans from the Small Business Administration (SBA). A $10,000 emergency Economic Injury Disaster Loan (EIDL) from the SBA was received in April 2020. The balance outstanding on this emergency EIDL at December 31, 2020 was $9,505. In February 2021, this loan was completely forgiven by the SBA and monies previously paid, including interest paid, were returned to the Organization by the SBA. The Organization recorded the loan forgiveness as income in their general ledger for fiscal year 2021. The second EIDL $150,000 was received from the SBA in July 2020. Accrued interest of $1,727 has been recorded as of December 31, 2020. This EIDL is payable over 30 years at 2.75% fixed interest with first payment beginning July 2021.

Noncash Donations and Contributed Services

Donated materials, fixed assets, and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program activities and supporting services in the statements of functional expenses. Depreciation and interest expense have been allocated to the related operating activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This update, along with ASU 2016-10, Revenue from Contracts with Customer (Topic 606): Identifying Performance Obligation and Licensing and ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, established a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. The ASU 2014-09 is effective for fiscal year beginning after December 15, 2018. The Organization adopted this accounting guidance under the modified retrospective method on January 1, 2019. The adoption of this guidance did not materially impact the financial statements.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The updated guidance addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The main provisions of this guidance include: presentation of two net asset classes versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounting Pronouncements, continued

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The effective date of this standard varies based on whether an organization is a resource recipient or a resource provider. As a resource recipient, for contributions received, the Organization adopted this update on a prospective basis for the year ended December 31, 2019. Contribution revenue was accounted for under Accounting Standard Codification (ASC) Topic 958-605, Not-for- Profit Entities, Revenue Recognition, before the implementation of the new standard. With the clarifications outlined in ASU 2018-08, the Organization management reviewed existing agreements as of the effective date, as well as new agreements for 2019, and concluded that there were no material changes in revenue related to contributions received.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This standard relates to leasing for both lessees and lessors. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This standard has been subsequently updated by ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10, which deferred the effective date for private companies and certain not-for profit entities to fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The ASU is effective for the Organization's fiscal year 2021. The Organization is currently evaluating the impact of this ASU on the financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The update modifies certain disclosure requirements in Topic 820, Fair Value Measurement. The ASU is effective for the Organization's financial statements for fiscal years beginning after December 15, 2019.

NOTE C – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted as shown in the statements of functional expenses. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTE D – COMMITMENTS AND CONTINGENCIES

Contracts, grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gifts.

NOTE E – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditures, such as ongoing operations and expansion efforts were as follows:

	2020	2019
Cash and cash equivalents	**$ 447,851**	$ 491,192
Accounts receivable	**59,540**	84,422
Total financial assets, at year end	**507,391**	575,614
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restriction	**(48,107)**	(51,104)
Financial assets available to meet cash needs for general expenditures within one year	**$ 459,284**	$ 524,510

Expenses for ongoing operations are covered by a combination of monthly client fees, donations, miscellaneous revenue and available financial assets. Average monthly revenue from client fees in 2020 and 2019 were $203,135 and $201,608, respectively. Average monthly expenses for ongoing operations in 2020 and 2019 were $339,229 and $299,316, respectively. Thus, average monthly revenue from client fees covered 59.9% of average monthly expenses in 2020, 67.4% of average monthly expenses in 2019.

Expenses for expansion operations are covered by donations restricted for use in expansion activities. In addition, some ongoing operating expenses are covered by donations restricted to cover those specific operating expenses. Cash flows related to fundraising activity have seasonal variations, with most fundraising for ongoing operations occurring in the fourth quarter of the calendar year. Due to Covid-19, a portion of 2020 operating expenses was covered by SBA loans under the PPP and EIDL loan programs. The PPP loan was 100% forgiven.

NOTE F – PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following at December 31st:

Property and equipment:	**2020**	2019
Computer hardware	**$ 648,149**	$ 612,176
Computer software	**-**	134,832
Furniture and equipment	**200,180**	198,424
Leasehold improvements	**274,933**	265,832
	1,123,262	1,211,264
Accumulated depreciation	**(734,674)**	(750,450)
Property and equipment, net	**$ 388,588**	$ 460,814

The Organization expensed $162,202 and $145,444 to depreciation expense for the years ended December 31, 2020 and 2019, respectively.

NOTE G – OPERATING LEASES

The Organization leases office space in Plano, Austin, Houston, and Maitland. The leases have various maturities expiring from September 2024 through January 2029. The minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year for the next five years and thereafter are estimated to be as follows:

Years	Base rent
2021	$ 468,591
2022	670,209
2023	684,000
2024	671,685
2025	587,005
Thereafter	2,157,599
Totals	$ 5,239,089

The Organization expensed $658,969 and $550,184 to rent expense for the years ended December 31, 2020 and 2019, respectively.

NOTE H – CONTRIBUTED SERVICES AND MATERIALS

For the years ended December 31, 2020 and 2019, the Organization received and recognized contributed services and materials as follows:

	2020	2019
Gifts in kind - services	**$ -**	$ 4,385
Gifts in kind - goods	**77,952**	139,208
Totals	**$ 77,952**	$ 143,593

These amounts are included in revenue as unrestricted contributions and in the applicable expense and assets categories in the accompanying financial statements.

In addition, the Organization received contributed services and materials which are not recognized as contributions in the financial statements since the recognition criteria under U.S. GAAP were not met.

NOTE I – OTHER INCOME

In July 2020, the Organization received a $522,700 Paycheck Protection Program Loan (PPP Loan) from the Small Business Administration (SBA). In November 2020, the loan was forgiven by the Small Business Administration (SBA). The Organization recorded the forgiveness of debt as other income in their general ledger for the fiscal year 2020.

NOTE J – NOTES PAYABLE

The Organization's long-term debt consists of the following at December 31, 2020 and 2019:

	2020	2019
Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA), unsecured, fixed interest rate at 1.00%, $598 monthly principal and interest payments required beginning December 2020, and matures April 2022. Loan is a COVID-19 rated relief loan from the SBA. The loan was forgiven in 2021 by the SBA and all monies including interest were paid back by the SBA.	**$ 9,505**	$ -
Economic Injury Disaster Loan (EIDL) note payable to the Small Business Administration (SBA), secured by virtually all property the Organization owns, fixed interest rate at 2.75%, $641 monthly principal and interest payments required beginning July 2021, and matures July 2050. Loan is a COVID-19 rated relief loan from the SBA.	**151,727**	-
Total notes payable	**161,232**	
Less current portion	**(6,760)**	(-)
Total notes payable, less current portion	**$ 154,472**	$ -

The following are maturities of the note payable as of December 31, 2020, for each of the next five years and in the aggregate thereafter:

2021	$	6,760
2022		5,943
2023		3,652
2024		3,755
2025		3,860
Thereafter		137,262
Total	$	161,232

The Organization expensed $1,831 and $0 to interest expense for the years ended December 31, 2020 and 2019, respectively.

NOTE K – NET ASSETS

The Organization's net assets for the years ended December 31, 2020 and 2019 were as follows:

2020	Beginning Balance	Increase (Decrease)	Ending Balance
Without donor restrictions	$ 535,678	$ (105,912)	$ 296,047
With donor restrictions	395,126	(239,631)	289,214
Totals	$ 930,804	$ (345,543)	$ 585,261

2019	Beginning Balance	Increase (Decrease)	Ending Balance
Without donor restrictions	$ 302,013	$ 233,665	$ 535,678
With donor restrictions	623,073	(227,947)	395,126
Totals	$ 925,086	$ 5,718	$ 930,804

NOTE L – CONTRIBUTIONS WITH DONOR RESTRICTIONS

Contributions with donor restrictions are net assets subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were 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. For the year ended December 31, 2020, there were $155,313 of contributions with donor restrictions given to the Organization for the location in operating cities, $762 given for expansion cities, $24,927 given for scholarships, $110,252 given for other initiatives. For the year ended December 31, 2019, there were $461,341 of contributions with donor restrictions given to the Organization for the location in operating cities, $50,658 given for expansion cities, $56,737 given for scholarships, $150,000 given for other initiatives.

NOTE M – REVENUE FROM CONTRACTS FROM CUSTOMERS

nonPareil Institute contracts with some customers who outsource work projects to the Organization. This outsourcing of work projects provides paid, real-life work experiences for adults with autism who are associated with the Organization. In 2020, the Organization did not have revenue from contracts with customers, primarily because of COVID-19, they did not receive any contracts.

In the Statement of Activities, these projects are shown as Outsourcing Contracts. The Outsourcing Contracts are as follows:

	Contract-based revenue	Other revenue	Total
2020	$ -	$ -	$ -
2019	$ 49,799	$ 5,537	$ 55,336

All revenue from contracts from customers were fulfilled and earned as of December 31, 2020 and 2019.

NOTE N – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions of $397,166 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2020. The net assets with donor restrictions spent were $195,508 on the operating cities, $20,386 on the expansion cities, $60,865 on scholarships, $120,407 on other initiatives. Net assets with donor restrictions of $946,683 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2019. The net assets with donor restrictions spent were $397,444 on the operating cities, $456,439 on the expansion cities, $250 on scholarships, $92,550 on other initiatives.

NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions for the years ended December 31, 2020 and 2019 were as follows:

2020

	Beginning Balance	With donor restrictions	With donor restrictions released	Ending Balance
Operating cities	$ 90,435	$ 155,313	($ 195,508)	$ 50,240
Expansion cities	90,754	762	(20,386)	71,130
Scholarships	56,487	24,927	(60,865)	20,549
Other initiatives	157,450	110,252	(120,407)	147,295
Totals	$ 395,126	$ 291,254	($ 397,166)	$ 289,214

2019

	Beginning Balance	With donor restrictions	With donor restrictions released	Ending Balance
Operating cities	$ 26,538	$ 461,341	($ 397,444)	$ 90,435
Expansion cities	496,535	50,658	(456,439)	90,754
Scholarships	-	56,737	(250)	56,487
Other initiatives	100,000	150,000	(92,550)	157,450
Totals	$ 623,073	$ 718,736	($ 946,683)	$ 395,126

NOTE P – SUBSEQUENT EVENTS

In January of 2021, the Company received a $504,540 loan from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) for businesses negatively impacted by COVID-19. The money is primarily to cover payroll costs, rent obligations, utility expenses, and worker protection expenditures incurred by the Organization during the up to 24-week period following receipt of the loan. The loan was recorded as a Paycheck Protection Program (PPP) loan liability and will remain a liability until forgiven by the SBA or paid back by the Organization. The PPP loan carries a 1% fixed interest rate and is to be paid back over five years from the date received, if not forgiven by the SBA.

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through March 29, 2021, the date that the financial statements were available to be issued.