nonPAREIL INSTITUTE

Plano, Texas

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2019 and 2018

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

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

nonPAREIL INSTITUTE
Financial Statements
Years Ended December 31, 2019 and 2018

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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, 2019 and 2018, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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, 2019 and 2018, 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
February 28, 2020

nonPAREIL INSTITUTE
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 491,192	$ 482,259
Accounts receivable	84,421	1,613
Prepaid expenses	66,494	32,931
Investments	-	250,590
Total current assets	642,107	767,393
Long-term assets:		
Property and equipment, - net of accumulated depreciation	460,814	370,872
Total long-term assets	460,814	370,872
Other assets:		
Deposits	29,867	12,000
Total other assets	29,867	12,000
TOTAL ASSETS	$ 1,132,788	$ 1,150,265
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 30,899	$ 27,617
Accrued expenses	75,238	71,741
Refundable advances	95,847	125,821
TOTAL LIABILITIES	201,984	225,179
NET ASSETS:		
Without donor restrictions	535,678	302,013
With donor restrictions	395,126	623,073
TOTAL NET ASSETS	930,804	925,086
TOTAL LIABILITIES AND NET ASSETS	$ 1,132,788	$ 1,150,265

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

nonPAREIL INSTITUTE
Statements of Activities
For The Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating:		
Revenue:		
Training fees	$ 2,416,087	$ 2,201,085
Contributed services and materials	143,593	181,667
Contributions	96,405	157,316
Outsourcing contracts	55,336	85,000
Fundraising	333,410	119,324
Grants and foundations	34,000	3,500
Other income	5,166	3,445
Sales income	2,144	3,277
Interest income	3,968	1,837
Counseling fees	3,204	1,705
Net assets released from restrictions	946,683	703,623
Total operating revenue	4,039,996	3,461,779
Expenses:		
Program services	3,341,442	2,934,794
Supporting services:		
Management and general	195,527	240,670
Development and fundraising	344,362	264,421
Total supporting services	539,889	505,091
Total operating expenses	3,881,331	3,439,885
Excess of operating revenue over expenses	$ 158,665	$ 21,894
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	218,779	650,214
Grants and foundations	532,000	185,000
Fundraising	42,957	14,881
Net assets released from restrictions	(946,683)	(703,623)
(Decrease) increase in net assets with donor restrictions	(152,947)	146,472
Increase in net assets	5,718	168,366
NET ASSETS AT BEGINNING OF THE YEAR	925,086	756,720
NET ASSETS AT END OF THE YEAR	$ 930,804	$ 925,086

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
Statement of Functional Expenses
For The Year Ended December 31, 2018

	Program services	Supporting services			
	Programs	Management and general	Development and fundraising	Total	Totals
Payroll and related expenses:					
Compensation and benefits	$ 1,974,089	$ 142,601	$ 201,040	$ 343,641	$ 2,317,730
Unemployment taxes	4,684	553	428	981	5,665
Payroll taxes	127,646	10,549	13,281	23,830	151,476
Total payroll and related expenses	2,106,419	153,703	214,749	368,452	2,474,871
Bad debts	3,566	-	-	-	3,566
Bank charges	5,967	-	2,521	2,521	8,488
Books, subscriptions and reference	854	374	15	389	1,243
Depreciation	79,422	96	56	152	79,574
Fundraising	-	-	7,099	7,099	7,099
Furniture	6,000	-	-	-	6,000
Hardware	46,406	1,544	-	1,544	47,950
Insurance	13,682	6,142	608	6,750	20,432
Internet services	28,536	555	93	648	29,184
Miscellaneous	14,386	1,347	778	2,125	16,511
Office supplies	18,072	262	179	441	18,513
Professional fees	47,900	64,077	612	64,689	112,589
Postage and mailing	1,975	50	260	310	2,285
Printing and copying	5,571	36	-	36	5,607
Repairs and maintenance	44,193	-	78	78	44,271
Rent	378,860	2,268	2,580	4,848	383,708
Software and licenses	50,606	2,837	5,296	8,133	58,739
Special events	-	-	26,987	26,987	26,987
Telephone	9,814	3,628	1,696	5,324	15,138
Travel and meetings	44,808	3,751	740	4,491	49,299
Utilities	27,757	-	74	74	27,831
Totals	$ 2,934,794	$ 240,670	$ 264,421	$ 505,091	$ 3,439,885

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

nonPAREIL INSTITUTE
Statements of Cash Flows
For The Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from training fees	$ 2,303,305	$ 2,016,085
Cash received from contributions	315,184	1,223,675
Cash received from outsourcing contracts	55,336	85,000
Cash received from fundraising	376,367	119,324
Cash received from grants and foundations	566,000	188,500
Cash received from other income	5,166	3,445
Cash received sales income	2,144	3,277
Cash received from interest income	3,968	1,837
Cash received from counseling fees	3,204	1,705
Cash expended for employee compensation and benefits	(2,505,871)	(2,318,022)
Cash expended for rent	(550,184)	(383,708)
Cash expended for programs	(375,198)	(256,203)
Cash expended for employer payroll taxes	(169,078)	(156,849)
Cash expended for management and general	(24,705)	(78,356)
Cash expended for development and fundraising	(90,347)	(43,907)
Cash expended for insurance	(21,472)	(20,432)
Cash expended for bank fees	(12,430)	(8,488)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(118,611)	376,883
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(123,046)	(115,455)
Redemption (purchases) of investments	250,590	(250,590)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	127,544	(366,045)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in restricted cash for fixed asset purchases	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH	8,933	10,838
BEGINNING CASH AND CASH EQUIVALENTS	482,259	471,421
ENDING CASH AND CASH EQUIVALENTS	$ 491,192	$ 482,259
Supplemental cash flow disclosure:		
Contributed services and materials	$ 143,593	$ 181,667
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	$ 5,718	$ 168,366
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	145,444	79,574
Noncash donations of fixed assets	(112,340)	(154,800)
Net (gain) on disposition of property	-	(2,773)
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(82,808)	116,291
(Increase) decrease in prepaid expenses	(33,563)	51,596
(Increase) in other assets	(17,867)	-
Increase in accounts payable	3,282	23,091
Increase (decrease) in accrued expenses	3,497	(4,435)
(Decrease) increase in refundable advances	(29,974)	99,973
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (118,611)	$ 376,883

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

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 is a post-secondary innovative program whose mission is to build better futures for adults with autism. The core of the nonPareil 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 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 provides a balance of structured training while allowing individual flexibility.

Through small group courses and one-on-one tutoring options, nonPareil 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.

nonPareil assists this underserved group of people and prepares them for increased independence and fulfilling lives. Some pursue employment at nonPareil upon completion of their training. Others return to college, while many transition into meaningful employment upon leaving nonPareil. The Organization has helped over 600 adults with autism and served nearly 300 adults with autism in 2019 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, 2019 and 2018.

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, 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, 2019 and 2018, net assets with donor restrictions were $395,126 and $623,073, respectively. At December 31, 2019 and 2018, net assets without donor restrictions were $535,678 and $302,013, 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 and refundable advances. Accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses and refundable advances are stated at cost which approximates fair value. Cash and cash equivalents and investments 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.

Investments

Investments are recorded in the financial statements at estimated fair value. For the year ended December 31, 2018, the Organization's investments consisted of three certificates of deposits with financial institutions that are federally insured. For the year ended December 31, 2019, the Organization had no investments. The investments were used for a training facility expansion into Maitland, Florida. The Organization's investment strategy is the preservation of capital.

Accounts Receivable

Accounts receivable consists of training fees receivables and grant receivables and are recorded net of allowance for uncollectible accounts, if necessary. For the years ended December 31, 2019 and 2018, there were $11,684 and $3,566, respectively, recorded to bad debt expense. As of December 31, 2019 and 2018, there were $2,000 and $0, respectively, recorded for allowance for bad debt.

Prepaid Expenses

Prepaid expenses consists 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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, 2019 and 2018.

Other Assets

Other assets consist 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.

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.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

New Accounting Pronouncements

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.

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" as amended by ASU 2016-20. 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. The standards are effective for annual reporting periods beginning after December 15, 2017.

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 – INVESTMENTS

The Organization invested $0 and $250,000 into three certificates of deposits with financial institutions for the years ended December 31, 2019, and 2018, respectively. Interest income from the certificates of deposit for the years ended December 31, 2019 and 2018, was $2,632 and $590, respectively.

NOTE E – FAIR VALUE MEASUREMENT

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, ("ASC 820") provides the framework for measuring and reporting fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Those fair value measurements maximize the use of observable inputs.

The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value hierarchy for the Organization's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

2019	Total	Level 1	Level 2	Level 3
Investments:				
Certificates of Deposit	$ -	$ -	$ -	$ -
Total investments	$ -	$ -	$ -	$ -

2018	Total	Level 1	Level 2	Level 3
Investments:				
Certificates of Deposit	$ 250,590	$ 250,590	$ -	$ -
Total investments	$ 250,590	$ 250,590	$ -	$ -

NOTE F – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditures, such as ongoing operations and expansion efforts were as follows:

	2019	2018
Cash and cash equivalents	**$ 491,192**	$ 482,259
Investments	**-**	250,590
Accounts receivable	**84,422**	1,613
Total financial assets, at year end	**575,614**	734,462
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restriction	**(210,016)**	(623,073)
Financial assets available to meet cash needs for general expenditures within one year	**$ 365,598**	$ 111,389

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 2019 and 2018 was $201,608 and $184,461 respectively. Average monthly expenses for ongoing operations in 2018 and 2017 was $299,316 and $268,415 respectively. Thus, average monthly revenue from client fees covered 67.4% of average monthly expenses in 2018 and 68.7 % of average monthly expenses in 2018.

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 covering 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.

NOTE G – CONCENTRATION OF CREDIT RISK

As of December 31, 2019 and 2018, the Organization maintained balances at a financial institution in excess of the $250,000 insured by the Federal Deposit Insurance Corporation. The amounts at risk were approximately $8,000 and $43,000, respectively.

NOTE H – PROPERTY AND EQUIPMENT

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

Property and equipment:	**2019**	2018
Computer hardware	**$ 612,176**	$ 428,190
Computer software	**134,832**	134,832
Furniture and equipment	**198,424**	156,717
Leasehold improvements	**265,832**	260,314
	1,211,264	980,053
Accumulated depreciation	**(750,450)**	(609,181)
Property and equipment, net	**$ 460,814**	$ 370,872

The Organization expensed $145,444 and $79,574 to depreciation expense for the years ended December 31, 2019 and 2018, respectively.

NOTE I – CONTRIBUTED SERVICES AND MATERIALS

For the years ended December 31, 2019 and 2018, the Organization received and recognized contributed services and materials as follows:

	2019	2018
Gifts in kind - services	**$ 4,385**	$ -
Gifts in kind - goods	**139,208**	181,667
Donated use of facilities	**-**	-
Totals	**$ 143,593**	$ 181,667

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 J – OPERATING LEASES

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
2020	$ 261,918
2021	269,092
2022	276,375
2023	283,731
2024	261,630
Thereafter	734,400
Totals	$ 2,087,146

The Organization expensed $550,184 and $383,708 to rent expense for the years ended December 31, 2019 and 2018, respectively.

NOTE K – NET ASSETS

The Organization's net assets for the years ended December 31, 2019 and 2018 were as follows:

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

2018	Beginning Balance	Increase (Decrease)	Ending Balance
Without donor restrictions	$ 280,119	$ 21,894	$ 302,013
With donor restrictions	476,601	146,472	623,073
Totals	$ 756,720	$ 168,366	$ 925,086

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, 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. For the year ended December 31, 2018, there were $105,981 of contributions with donor restrictions given to the Organization for the location in operating cities, $637,414 given for expansion cities, $350 given for scholarships, $106,350 given for other initiatives.

NOTE M – NET ASSETS RELEASED FROM RESTRICTIONS

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. Net assets with donor restrictions of $703,623 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2018. The net assets with donor restrictions spent were $212,532 on the operating cities, $245,564 on the expansion cities, $51,724 on scholarships, $193,803 on other initiatives.

NOTE N - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

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

2018

	Beginning Balance	With donor restrictions	With donor restrictions released	Ending Balance
Operating cities	$ 133,089	$ 105,981	($ 212,532)	$ 26,538
Expansion cities	104,685	637,414	(245,564)	496,535
Scholarships	51,374	350	(51,724)	-
Other initiatives	187,453	106,350	(193,803)	100,000
Totals	$ 476,601	$ 850,095	($ 703,623)	$ 623,073

NOTE O – 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 nonpareil Institute.

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

	Contract-based revenue	Other revenue	Total
2019	$ 49,799	$ 5,537	$ 55,336
2018	$ 85,000	$ -	$ 85,000

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

NOTE P – SUBSEQUENT EVENTS

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 February 28, 2020, the date that the financial statements were available to be issued.