Financial Statements
March 31, 2023 and 2022

Autism Opportunities Foundation d/b/a Minnesota Autism Center

EideBailly

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Independent Auditor's Report

To the Board of Directors
Minnesota Autism Center
Minnetonka, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Autism Opportunities Foundation d/b/a Minnesota Autism Center (the Organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization for the year ended March 31, 2022, were audited by another auditor who expressed an unmodified opinion on these statements on September 2, 2022.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 842, *Leases*, as of April 1, 2022, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Eide Bailly LLP

Minneapolis, Minnesota
November 1, 2023

Minnesota Autism Center
Statements of Financial Position
March 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 5,093,604	$ 3,469,931
Receivables		
Client receivables	1,875,426	5,524,967
Employee Retention Credit	-	899,345
Other	28,888	-
Prepaid expenses	498,997	617,041
Total current assets	7,496,915	10,511,284
Investments	1,840,445	1,934,603
Property and Equipment, Net	6,641,960	12,631,657
Other Assets		
Property held for sale	4,465,000	-
Deferred compensation deposits	352,945	342,362
Operating lease right-of-use assets	10,168,749	-
Total other assets	14,986,694	342,362
Total assets	$ 30,966,014	$ 25,419,906
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 3,610,576	$ 225,176
Current portion of operating lease liabilities	1,526,895	-
Accounts payable	262,172	270,417
Accrued expenses		
Salaries and wages	463,600	381,556
Paid time off	196,206	184,340
Payroll taxes and other benefits	522,173	176,371
MinnesotaCare tax	91,535	111,767
Deferred revenue	-	259,196
Total current liabilities	6,673,157	1,608,823
Noncurrent Liabilities		
Long-term debt, net of current maturities and unamortized debt issuance costs	164,451	3,754,885
Operating lease liabilities, net of current portion	8,809,886	-
Deferred compensation obligation	352,945	342,362
Total noncurrent liabilities	9,327,282	4,097,247
Total liabilities	16,000,439	5,706,070
Net Assets - Without Donor Restrictions	14,965,575	19,713,836
Total liabilities and net assets	$ 30,966,014	$ 25,419,906

See Notes to Financial Statements

	2023	2022
Revenue, Gains, and Other Support Without Donor Restrictions		
Net program service revenue	$ 20,411,625	$ 22,785,957
Unrestricted contributions	129,564	107,365
Investment income (loss)	(82,405)	3,216
Total revenue, gains, and other support without donor restrictions	20,458,784	22,896,538
Expenses		
Program services	19,644,061	20,516,735
Management and general	4,220,946	4,469,098
Fundraising	73,829	31,068
Total expenses	23,938,836	25,016,901
Other Revenue (Loss)		
Loss on impairment of property	(1,268,209)	-
Gain on sale of property held for sale	-	466,323
Gain on retirement of capital lease	-	14,239
Total other revenue (loss)	(1,268,209)	480,562
Change in Net Assets Without Donor Restrictions	(4,748,261)	(1,639,801)
Net Assets, Beginning of Year	19,713,836	21,353,637
Net Assets, End of Year	$ 14,965,575	$ 19,713,836

Minnesota Autism Center

Statements of Functional Expenses

Years Ended March 31, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 11,616,290	$ 1,732,090	$ 41,538	$ 13,389,918	$ 12,646,812	$ 2,200,866	$ -	$ 14,847,678
Payroll Taxes	830,354	181,234	3,148	1,014,736	882,332	168,501	-	1,050,833
Employee Benefits	1,119,875	186,553	1,071	1,307,499	1,058,452	182,732	-	1,241,184
Office and Equipment Rent	2,240,877	209,565	-	2,450,442	1,994,919	207,801	-	2,202,720
Insurance	-	102,266	-	102,266	-	112,991	-	112,991
Professional Fees	142,428	821,014	27,750	991,192	118,721	792,603	30,542	941,866
MinnesotaCare Tax	341,853	-	-	341,853	214,629	-	-	214,629
Real Estate Taxes	203,142	-	-	203,142	224,755	-	-	224,755
Other Taxes	-	-	-	-	-	(8,319)	-	(8,319)
Facility Expense	1,054,189	199,855	322	1,254,366	869,058	194,422	526	1,064,006
Conferences, Meetings, and Seminars	7,606	4,662	-	12,268	4,294	2,388	-	6,682
Workers' Compensation Insurance	208,481	10,973	-	219,454	245,063	12,898	-	257,961
Telephone	1,817	63,566	-	65,383	3,192	69,410	-	72,602
Provisions for Bad Debts	283,790	-	-	283,790	569,231	-	-	569,231
Depreciation and Amortization	547,922	130,329	-	678,251	573,533	136,228	-	709,761
Recruitment	-	520,288	-	520,288	-	323,711	-	323,711
Advertising/Promotion	-	8,550	-	8,550	-	9,077	-	9,077
Interest	148,488	22,468	-	170,956	373,888	41,431	-	415,319
Repairs and Maintenance	887,863	23,986	-	911,849	728,088	21,272	-	749,360
Licenses and Dues	9,086	3,547	-	12,633	9,768	1,086	-	10,854
Total expenses	$ 19,644,061	$ 4,220,946	$ 73,829	$ 23,938,836	$ 20,516,735	$ 4,469,098	$ 31,068	$ 25,016,901

	2023	2022
Operating Activities		
Change in net assets	$ (4,748,261)	$ (1,639,801)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	678,251	709,761
Amortization of debt issuance costs	20,141	40,098
Provision for bad debts	283,790	569,231
Gain of retirement of capital lease	-	(14,239)
Realized and unrealized losses (gains) on investments	142,764	52,173
Gain on disposal of property and equipment	-	(466,323)
Loss on impairment of property	1,268,209	-
Changes in assets and liabilities		
Client receivables	3,365,751	(4,012,030)
Employee Retention Credit and other	870,457	917,000
Prepaid expenses	118,044	(124,487)
Accounts payable	(8,245)	(124,432)
Accrued expenses	419,480	(415,435)
Other liabilities	19,523	28,125
Deferred revenue	(259,196)	32,202
Operating lease assets and liabilities	168,032	-
Net Cash from (used for) Operating Activities	2,338,740	(4,448,157)
Investing Activities		
Purchases of property and equipment	(421,763)	(275,095)
Purchases of investments	(48,606)	(817,909)
Purchases of deferred compensation investments	(19,523)	(28,125)
Proceeds from sale of investments	-	765,403
Proceeds from sale of property	-	10,209,739
Net Cash from (used for) Investing Activities	(489,892)	9,854,013
Financing Activities		
Principal payments on long-term debt	(225,175)	(639,168)
Retirement of long-term debt	-	(6,810,207)
Net Cash used for Financing Activities	(225,175)	(7,449,375)
Net Change in Cash and Cash Equivalents	1,623,673	(2,043,519)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,469,931	5,513,450
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 5,093,604	$ 3,469,931
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 150,815	$ 376,973

See Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies

Organization

Autism Opportunities Foundation d/b/a Minnesota Autism Center (the Organization) was founded by parents of children with autism who recognized the institutional and social discrimination faced by children diagnosed with Autism Spectrum Disorder (ASD). The Organization's programs are based on the premise that those diagnosed with autism are people first and autism is only part of who they are.

The Organization provides therapeutic support for children, adolescents, and families affected by ASD. For over 20 years, the Organization has been a leader in providing quality therapy services to the autism community. The Organization is devoted to continued expansion and maintaining its reputation as the most experienced organization effectively addressing autism.

The Organization's programs are based on the principles of Applied Behavioral Analysis (ABA). Therapy is provided by highly trained professionals on an individualized basis, with the goal of reducing and eliminating the signs and symptoms of autism. The Organization is committed to providing quality structured behavioral intervention in order to reduce future supplemental support. The Organization currently services children and adolescents ages 2 to 21 throughout the State of Minnesota in a variety of programs. In addition to one-on-one individualized therapy and instruction with the child or adolescent, the Organization provides group interactions and training to promote family unity.

The Organization's activities are directed by a team of highly trained and experienced mental health professionals, which include doctorate-level psychologists, masters-level professionals, licensed social workers, licensed marriage and family therapists, and licensed professional clinical counselors. Each therapy program is implemented by a team of mental health practitioners consisting of a clinical supervisor, with overall responsibility for designing therapy methods; a case coordinator who manages and translates the individual treatment plan (ITP) into specific therapeutic procedures; and several behavioral therapists who implement the plan with the child or adolescent and family. Total therapy hours vary from a minimum of 15 up to 40 hours depending on the individual child's or adolescent's needs. Program data is collected and analyzed to assess progress and therapeutic effectiveness. The input of parents and caregivers regarding their child's or adolescent's goals is an essential component to the therapy process.

Income Taxes

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been classified as a publicly supported charitable organization under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding investments.

Client Receivables

Accounts receivable consist primarily of uncollateralized client and third-party payor obligations. The Organization does not charge interest on unpaid client receivables. Payments of client receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Client receivables are recorded at net realizable value at the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payers and implicit price concessions provided to uninsured or underinsured clients. Management determines an allowance for uncollectable client receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At March 31, 2023 and 2022, an allowance for uncollectible receivables was estimated at $62,500 and $580,000, respectively. Accounts receivable are written off when deemed uncollectable.

The Organization has elected not to adjust the promised amount of consideration from clients and third-party payors for the effects of a significant financial component due to the Organization's expectation that the period between the time the service is provided to a client and the time that the client or third-party payor pays for that service will be one year or less.

The Organization's client receivables balance at April 1, 2021, was $2,082,168.

Investments

Investments include those funds that the Organization considers available for operations and are separate from cash and cash equivalents. Investments are carried at fair value, which is determined using quoted market prices. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income of loss is restricted by donor or law.

Property and Equipment

Property and equipment additions in excess of $1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

Buildings	39 years
Leasehold improvements	2-5 years
Computers and equipment	3-5 years
Furniture and fixtures	5-7 years
Finance right-of-use assets	5 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. For the year ended March 31, 2023, the Organization recorded an impairment loss of $1,268,209 on property classified as held for sale (Note 6).

Self-Funded Health Insurance

Effective January 1, 2022, the Organization implemented a self-funded health insurance plan. The Organization provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in accrued expenses on the statement of financial position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in operating results in the period in which the change in estimate is identified.

MinnesotaCare Tax

The Organization has recorded and pays quarterly the MinnesotaCare Tax representing 2% of all Medicaid and non-Medicaid receipts. The Organization has recorded $405,019 and $214,629 for the years ended March 31, 2023 and 2022, respectively.

Debt Issuance Costs

Debt issuance costs associated with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which is a reasonable estimate of the effective interest method. Debt issuance costs are included within long-term debt on the statement of financial position. Amortization of debt issuance costs is included in interest expense in the statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At March 31, 2023 and 2022, the Organization did not have any net assets with donor restrictions.

Revenue Recognition

Program service revenue is the primary source of revenue for the Organization and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing treatment. These amounts are due from third-party payers (both private and government health insurers) and clients. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Program services are traditionally provided on a daily basis for a specific service. The performance obligation is considered to be met each day that services are provided as the client is not required to continue services in subsequent periods and reimbursement is not contingent on the clients' continued receipt of services.

The Organization uses the portfolio approach as a practical expedient for contracts related to net program service revenue. The Organization accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio. Based upon historical collection trends, the Organization has concluded that revenue for a given portfolio would not be materially different than if revenue was accounted for on a contract-by-contract basis.

The Organization determines the transaction price based on industry rates for services provided, reduced by contractual adjustments provided to third-party payers and discounts provided to clients in accordance with the Organization's policy. Generally, clients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured clients, and generally offers those uninsured clients a discount from standard charges if the client is not able to get approved for medical assistance. Subsequent changes to the Organization's transaction price are recorded as adjustments to client service revenue in the period of the change. Subsequent changes that are determined to be the result of credit and collection issues not assessed at the date of service are recorded as bad debt expense.

Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give, that is, those with a measurable performance or other barrier(s) and a right of return or release from future obligations, are not recognized until the considerations on which they depend are met. If donor-imposed restrictions accompany the contribution, the amount is recorded as net assets with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restriction in the period donor-imposed restrictions expire or are fulfilled.

For the years ended March 31, 2023 and 2022, the Organization recognized revenue from the following payers as follows:

	2023	2022
Medicaid	89%	74%
Other commercial payers and clients	11%	26%
	100%	100%

Advertising Costs

Advertising costs are expensed as incurred and were $8,550 and $9,077 for the years ended March 31, 2023 and 2022.

Financial Instruments and Credit Risk

The Organization maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. Cash accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At March 31, 2023, the Organization had approximately $4,862,070 in excess of FDIC-insured limits.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are made largely based on actual time allocations prepared by the Organization's employees.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an Employee Retention Credit (the Credit), which is a federal grant of up to $5,000 per employee for eligible employers. The Credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the Credit, extended the Credit through September 30, 2021, and increased the Credit to 70% of qualified wages, capped at $10,000 per quarter. As a result of the changes to the Credit, the maximum credit per employee is $5,000 in 2020 and to $21,000 in 2021. During the year ended March 31, 2021, the Organization recorded a $1,816,345 receivable and related grant revenue related to the Credit. As of March 31, 2022, $899,345 of the Credit remained uncollected. The Organization received the remaining credit during the year ended March 31, 2023.

The Organization has elected to account for the Credit by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, the Organization records contribution revenue when the contribution is deemed to be unconditional, that is, when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

Adoption of Accounting Standards Codification (ASC) Topic 842

Effective April 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of April 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in Topic 842. Accordingly, the Organization accounted for its existing leases as either a finance or operating lease under the new guidance without reassessing (a) whether the contract contains a lease under Topic 842, (b) whether classification of the operating lease would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on April 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets, an operating lease liability of $11,467,851, and an operating right-of-use asset of $11,208,655. The adoption of the new standard did not materially impact the Organization's statements of activities or statements of cash flows. See Note 7 for further disclosure of the Organization's lease contracts.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through November 1, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	2023	2022
Cash and cash equivalents	$ 5,093,604	$ 3,469,931
Client receivables	1,875,426	5,524,967
Employee Retention Credit and other receivables	28,888	899,345
	$ 6,997,918	$ 9,894,243

As part of a liquidity management plan, cash in excess of daily requirements is maintained in investments.

Note 3 - Investments

The Organization's investments at March 31, 2023 and 2022, consist of the following:

	2023	2022
Cash and cash equivalents	$ 140,945	$ 377,834
Fixed income mutual funds	1,104,055	965,663
Equity mutual funds	948,390	933,468
	2,193,390	2,276,965
Less equity mutual funds included in other assets	(352,945)	(342,362)
Total investments	$ 1,840,445	$ 1,934,603

Note 4 - Fair Value Measurements

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset or liability.

The investments are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at March 31, 2023:

		Fair Value Measurements		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income mutual funds	$ 1,104,055	$ 1,104,055	$ -	$ -
Equity mutual funds	948,390	948,390	-	-
	$ 2,052,445	$ 2,052,445	$ -	$ -

The following table presents assets measured at fair value on a recurring basis at March 31, 2022:

		Fair Value Measurements		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income mutual funds	$ 965,663	$ 965,663	$ -	$ -
Equity mutual funds	933,468	933,468	-	-
	$ 1,899,131	$ 1,899,131	$ -	$ -

Note 5 - Property and Equipment

Property and equipment consists of the following at March 31, 2023 and 2022:

	2023		2022	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 646,994	$ -	$ 1,345,235	$ -
Buildings and improvements	6,446,465	1,439,479	12,380,307	2,018,413
Leasehold improvements	1,126,935	864,086	1,077,800	760,813
Computers and equipment	806,331	406,504	694,888	470,580
Furniture and fixtures	1,264,943	1,183,309	1,213,837	1,123,702
Finance right-of-use assets	307,304	74,720	307,304	15,206
Construction in progress	11,086	-	1,000	-
	$ 10,610,058	$ 3,968,098	$ 17,020,371	$ 4,388,714
Net property and equipment		$ 6,641,960		$ 12,631,657

The Organization does not have any construction commitments at March 31, 2023.

Note 6 - Property Held for Sale

Effective February 2023, the Organization's building located in Eagan, Minnesota (Eagan B) was not meeting the Organization's operational needs. As such, management made the determination to sell this facility. The facility was listed for sale during 2023 and remained on the market as of March 31, 2023. The estimated fair value of the facility (net of estimated closing costs and other costs to sell) of $4,465,000 is presented in property held for sale on the statement of financial position at March 31, 2023. As the net carrying value exceeded the estimated fair value, an impairment loss of $1,268,209 is included in the statement of activities for the year ended March 31, 2023. Long-term debt associated with this property was $3,553,192 at March 31, 2023 (Note 8).

On June 28, 2021, the Organization signed a letter of intent to sell Eagan B, and on March 10, 2022, the Organization closed on the sale of the property for $10,820,000 and recorded a gain on sale of $466,323 for the year ended March 31, 2022.

Note 7 - Leases

The Organization leases space for various terms under long-term, noncancelable operating and financing lease agreements. The leases expire at various dates through 2033. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined terms of the lease agreements. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and maintenance.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The value of the right-of-use asset and lease liability as of April 1, 2022, was calculated to be $11,208,655 and $11,467,851, respectively. The right-of-use asset includes the deferred revenue that was in existence as of the date of adoption.

Operating lease cost was $2,450,442, including non-lease costs for real estate taxes, for the year ended March 31, 2023.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Operating cash flows from operating leases were $1,797,620 for the year ended March 31, 2023.

Total right-of-use assets and lease liabilities on the balance sheet at March 31, 2023, were as follows:

Lease Assets	Classification	2023
Operating right-of-use assets	Other assets	$ 10,168,749
Finance right-of-use assets	Property and equipment	232,584
Total leased assets		$ 10,401,333

Lease Liabilities	Classification	2023
Current		
Operating lease liabilities	Current portion of operating lease liabilities	$ 1,526,895
Finance lease liabilities	Current maturities of long-term debt	57,384
Noncurrent		
Operating lease liabilities	Operating lease liabilities	8,809,886
Finance lease liabilities	Long-term debt, net of current maturities and unamortized debt issuance costs	191,768
Total leased liabilities		$ 10,585,933

Total lease costs for the year ended March 31, 2023, were as follows:

Operating lease cost	$ 1,797,620
Short-term lease cost	23,944
Finance lease cost	
Interest expense	19,948
Amortization of right-of-use assets	59,514

Total lease expense under noncancelable leases was $2,358,982 for the year ended March 31, 2022.

The following table summarizes the supplemental cash flow information for the year ended March 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating and short-term leases	$ 1,821,564
Operating cash flows for finance leases	19,948
Financing cash flows for finance leases	53,484
Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	536,234

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	2023
Weighted-average remaining lease term	
Operating leases	8 Years
Finance leases	4 Years
Weighted-average discount rate	
Operating leases	2.53%
Finance leases	6.90%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of March 31, 2023:

Years Ending March 31,	Operating	Finance
2024	$ 1,764,349	$ 73,127
2025	1,812,264	73,127
2026	1,570,885	73,127
2027	1,343,773	72,383
2028	1,338,050	-
Thereafter	3,452,857	-
Total lease payments	11,282,178	291,764
Less interest	(945,397)	(42,612)
Present value of lease liabilities	$ 10,336,781	$ 249,152

Future minimum payments determined under the guidance in Topic 840 are listed below as of March 31, 2022:

Years Ending March 31,	Operating	Capital
2023	$ 1,798,885	$ 73,127
2024	1,717,520	73,127
2025	1,498,731	73,127
2026	1,176,383	72,383
2027	-	71,851
Total lease payments	$ 6,191,519	363,615
Less interest		(60,979)
Present value of lease liabilities		$ 302,636

Note 8 - Long-Term Debt

Long-term debt consists of the following at March 31, 2023 and 2022:

	2023	2022
Therapy Facilities Revenue Bonds (Minnesota Autism Center Project) Series 2017, due in monthly installments of $23,962 including interest at 3.2086%, to July 1, 2024, when the remaining balance of $3,335,297 is due, secured by property and equipment and an assignment of rents. (Note 6)	$ 3,553,192	$ 3,724,883
Debt issuance costs, net of accumulated amortization of $116,772 in 2023 and $96,631 in 2022.	(27,317)	(47,458)
Finance lease obligation - Note 7	249,152	302,636
	3,775,027	3,980,061
Less current maturities	(3,610,576)	(225,176)
Long-term debt, less current maturities and unamortized debt issuance costs	$ 164,451	$ 3,754,885

Long-term debt maturities are as follows:

Years Ending March 31,	Amount
2024	$ 3,610,576
2025	61,570
2026	66,064
2027	64,134
Unamortized debt issuance costs	(27,317)
	$ 3,775,027

The Organization is required to meet certain measures of financial performance pursuant to the debt agreements. For the year ended March 31, 2023, the Organization did not meet the debt service coverage requirement. The Organization did not receive a waiver of this covenant from the lender, therefore, the balance outstanding at March 31, 2023, is shown as a current liability on the statement of financial position.

Note 9 - Concentration of Credit Risk

The Organization grants credit without collateral to its clients, many of whom are insured under third-party payor agreements. The mix of receivables from party payors and clients at March 31, 2023 and 2022, was as follows:

	2023	2022
Medicaid	48%	65%
Other commercial payers and clients	52%	35%
	100%	100%

Note 10 - Self-Funded Health Insurance

Effective January 1, 2022, the Organization implemented a self-insured health plan that is administered by a third-party administrator who recommends current funding under the health plan. The terms of the plan call for the reimbursements to the plan administrator for all claims paid, up to a maximum amount of $80,000 per covered participant per year, and an overall aggregate limit of approximately $1,223,000 per year. At March 31, 2023 and 2022, the Organization has estimated a liability of $125,000 and $0, respectively, for incurred but unreported claims, which is included in accrued expenses on the statement of financial position. The Organization recognized approximately $858,224 and $891,548 in employer health insurance expense for the years ended March 31, 2023 and 2022, respectively.

Note 11 - Retirement Plan

The Organization has a 401(k) retirement plan covering all employees meeting certain eligibility requirements. Organization contributions are voluntary and at the discretion of the Board of Directors. Contributions of $196,296 and $249,965 were made to the plan by the Organization for the years ended March 31, 2023 and 2022.

The Organization has a 457(b) deferred compensation plan covering the CEO. Plan assets and liabilities of $352,945 and $342,362 as of March 31, 2023 and 2022, are included in other assets and noncurrent liabilities on the statement of financial position. For the years ended March 31, 2023 and 2022, the Organization made contributions of $19,523 and $28,125 to the plan.

Note 12 - Contingencies

Litigation, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded, or a disclosure should be presented.

The Organization is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicaid program, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity with respect to investigations and allegations concerning possible violations of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from client services. Management believes that the Organization is in substantial compliance with current laws and regulations.

Professional Liability Insurance

The Organization has professional liability insurance coverage to provide for losses on a claims-made basis, subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. In addition, the Organization has an umbrella liability limit of $5 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.