

TALK ABOUT CURING AUTISM
FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Talk About Curing Autism

We have audited the accompanying financial statements of Talk About Curing Autism (a nonprofit organization), which comprise the financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, 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 of 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Responsibility (Continued)

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 Talk About Curing Autism as of December 31, 2012 and 2011, 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.

Guzman & Gray
Long Beach, California
August 6, 2013

TALK ABOUT CURING AUTISM
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>		December 31,	
		<u>2012</u>	<u>2011</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	172,577	\$ 269,643
Accounts receivable		98,389	50,040
Prepaid expenses		20	29,602
Inventory		2,000	
Total Current Assets		<u>272,986</u>	<u>349,285</u>
PROPERTY AND EQUIPMENT, net		<u>22,233</u>	<u>11,055</u>
INTANGIBLE ASSETS, net		<u>6,111</u>	<u>12,778</u>
OTHER ASSETS			
Deposits		<u>8,251</u>	<u>8,251</u>
TOTAL ASSETS		<u><u>309,581</u></u>	<u><u>381,369</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
CURRENT LIABILITIES			
Accounts payable		43,230	40,457
Accrued expenses		9,510	7,392
Accrued payroll		20,161	21,308
Other liabilities		644	2,277
Deferred rent		3,000	4,500
Total Current Liabilities		<u>76,545</u>	<u>75,934</u>
NET ASSETS			
Unrestricted		226,475	269,192
Temporarily restricted		6,561	36,243
Total Net Assets		<u>233,036</u>	<u>305,435</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>309,581</u></u>	\$ <u><u>381,369</u></u>

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 788,277	\$	\$ 788,277
Program revenues	25,693		25,693
Product sales	11,185		11,185
Less cost of goods sold	<u>(11,370)</u>		<u>(11,370)</u>
	(185)		(185)
Fundraising	396,180		396,180
Less: direct benefits	<u>(125,378)</u>		<u>(125,378)</u>
Net fundraising revenues	270,802		270,802
In-kind contributions	152,073		152,073
Interest income	37		37
Loss on disposal of equipment	<u>(294)</u>		<u>(294)</u>
	<u>1,236,403</u>		<u>1,236,403</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>29,682</u>	<u>(29,682)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,266,085</u>	<u>(29,682)</u>	<u>1,236,403</u>
EXPENSES			
Program	919,807		919,807
Administrative	274,511		274,511
Fundraising	<u>114,484</u>		<u>114,484</u>
TOTAL EXPENSES	<u>1,308,802</u>		<u>1,308,802</u>
CHANGE IN NET ASSETS	(42,717)	(29,682)	(72,399)
BEGINNING NET ASSETS	<u>269,192</u>	<u>36,243</u>	<u>305,435</u>
ENDING NET ASSETS	<u>\$ 226,475</u>	<u>\$ 6,561</u>	<u>\$ 233,036</u>

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 587,734	\$ 55,669	\$ 643,403
Program revenues	52,808		52,808
Product sales	20,429		20,429
Less cost of goods sold	(20,172)		(20,172)
	<u>257</u>		<u>257</u>
Fundraising	540,648		540,648
Less: direct benefits	(177,537)		(177,537)
Net fundraising revenues	<u>363,111</u>		<u>363,111</u>
In-kind contributions	61,850		61,850
Interest income	593		593
Loss on disposal of equipment	(20)		(20)
	<u>1,066,333</u>	<u>55,669</u>	<u>1,122,002</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>106,698</u>	<u>(106,698)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,173,031</u>	<u>(51,029)</u>	<u>1,122,002</u>
EXPENSES			
Program	947,213		947,213
Administrative	293,950		293,950
Fundraising	121,527		121,527
	<u>1,362,690</u>		<u>1,362,690</u>
TOTAL EXPENSES	<u>1,362,690</u>		<u>1,362,690</u>
CHANGE IN NET ASSETS	(189,659)	(51,029)	(240,688)
BEGINNING NET ASSETS	<u>458,851</u>	<u>87,272</u>	<u>546,123</u>
ENDING NET ASSETS	<u>\$ 269,192</u>	<u>\$ 36,243</u>	<u>\$ 305,435</u>

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (72,399)	\$ (240,688)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By		
Depreciation	6,051	8,780
Amortization	6,667	6,666
Loss on disposal of equipment	294	20
Donated equipment	(8,700)	
(Increase) decrease in assets:		
Accounts receivable	(48,349)	(24,534)
Prepaid expenses	29,582	(20,441)
Inventory	(2,000)	
Deposits		3,105
Increase (decrease) in liabilities:		
Accounts payable	2,773	37,446
Accrued expenses	2,118	(23,613)
Accrued payroll	(1,147)	5,569
Other liabilities	(1,633)	(251)
Deferred rent	(1,500)	(3,140)
Net Cash Used in Operating Activities	(88,243)	(251,081)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,823)	(4,907)
Net Cash Provided by Investing Activities	(8,823)	(4,907)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(97,066)	(255,988)
 BEGINNING CASH AND CASH EQUIVALENTS	269,643	525,631
 ENDING CASH AND CASH EQUIVALENTS	\$ 172,577	\$ 269,643
 <u>SUPPLEMENTAL INFORMATION</u>		
INTEREST PAID	NONE	NONE
INCOME TAXES PAID	NONE	NONE

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel (incl. taxes & benefits)	\$ 425,507	\$ 161,897	\$ 60,903	\$ 648,307
Professional fees	74,392	26,006	10,605	111,003
Occupancy	53,539	20,280	7,301	81,120
TACA conference hosting	61,128	7,314	2,439	70,881
Stationary & supplies	16,303	8,366	1,989	26,658
Printing - general	1,701	8,108		9,809
Printing - educational resources	23,928			23,928
Postage & shipping - general	481	4,033	889	5,403
Postage & shipping - educ. resources	3,713			3,713
Parent & mentor support	131,620			131,620
Scholarships	61,754			61,754
Meeting, donor, volunteer apprec.	7,019	10,409	422	17,850
Telephone, internet	3,777	1,850	592	6,219
Website	6,187			6,187
Travel, mileage, parking, tolls	29,470	11,193	325	40,988
Facility rentals	908	3,632		4,540
Insurance	7,849	736	2,827	11,412
Credit card & online fundraising fees		6,346	11,144	17,490
Depreciation	7,572	1,984	3,161	12,717
Other	2,959	2,357	11,887	17,203
TOTAL EXPENSES	\$ 919,807	\$ 274,511	\$ 114,484	\$ 1,308,802

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel (incl. taxes & benefits)	\$ 492,109	\$ 122,120	\$ 71,046	\$ 685,275
Professional fees	112,333	76,612	11,899	200,844
Occupancy	68,438	20,129	12,077	100,644
TACA conference hosting	41,711	2,489	1,778	45,978
Stationary & supplies	9,098	6,125	1,698	16,921
Printing - general	2,351	8,282		10,633
Printing - educational resources	30,043			30,043
Postage & shipping - general	1,005	5,900	1,747	8,652
Postage & shipping - educ. resources	4,127			4,127
Parent & mentor support	92,568			92,568
Scholarships	44,383			44,383
Meeting, donor, volunteer apprec.	3,368	10,477	1,084	14,929
Telephone, internet	6,093	1,792	1,075	8,960
Website	5,934	259		6,193
Travel, mileage, parking, tolls	16,689	18,105	769	35,563
Facility rentals	1,283	5,130		6,413
Insurance	4,523	484	5,056	10,063
Credit card & online fundraising fees		6,808	7,634	14,442
Depreciation	9,135	2,360	3,952	15,447
Other	2,022	6,878	1,712	10,612
	<u>947,213</u>	<u>293,950</u>	<u>121,527</u>	<u>1,362,690</u>
TOTAL EXPENSES	\$ 947,213	\$ 293,950	\$ 121,527	\$ 1,362,690

See Independent Auditor's Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 – REPORTING ENTITY AND ORGANIZATION

Talk About Curing Autism (TACA) is a national non-profit 501(c)(3) organization dedicated to educating, empowering and supporting families affected by autism. For families who have just received the autism diagnosis, TACA aims to speed up the cycle time from the autism diagnosis to effective treatments. TACA helps to strengthen the autism community by connecting families and the professionals who can help them, allowing them to share stories and information to help improve the quality of life for people with autism. This is done through monthly meetings in California and 18 other states. Services provided include one-on-one mentoring for parents, social events for children and parents, newsletters, books, audio and video tapes on current updates in the field, medical assistance for children with autism, and training to local physicians. TACA's primary source of income is from donations from the public, corporations, foundations, and various fundraisers held at various times during the year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting

Basis of Presentation

The net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Accounting Estimates

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

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, TACA considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Pledges receivable are recorded when collectability is reasonably assured. Accounts receivable are stated at the amount management expects to collect from outstanding balances. No allowance for uncollectable amounts has been established as management believes the all receivables to be fully collectible.

Prepaid Expenses

Prepaid expenses include deposits and advance payments for events and program activities.

Inventory

Inventory consists of promotional materials and donated goods for the benefit of TACA programs. Inventory is recorded at the lower of cost or fair market value.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair market value at date of donation. Depreciation is recognized on the straight-line method over estimated useful lives of three to seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Intangible Assets

The Organization capitalized major modifications to the website as intangible assets. Intangible assets are carried at cost or, if donated, at the fair market value at date of donation. Amortization is recognized on the straight-line method over an estimated useful life of three years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Normal maintenance and updates are expensed as incurred.

Product Sales and Cost of Goods Sold

The Organization sells various products including autism educational materials, TACA apparel and accessories, and various other products. The Organization does not record an inventory for such products as management believes the total value is not material to the financial statements. Products are expensed in the year they are purchased.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Goods

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Exempt Organization Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

Reporting of Subsequent Events

In preparing these financial statements, TACA has evaluated events and transactions for potential recognition or disclosure through August 6, 2013, the date the financial statements were available to issue.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment for the years ended December 31 is as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Furniture	\$ 12,465	\$ 12,465
Equipment	10,715	7,099
Computer equipment	36,481	27,552
Leasehold improvements	3,170	
	<u>62,831</u>	<u>47,116</u>
Less: accumulated depreciation	<u>(40,598)</u>	<u>(36,061)</u>
Net Property and Equipment	<u>\$ 22,233</u>	<u>\$ 11,055</u>

For the years ended December 31, 2012 and 2011, depreciation expense was \$6,051 and 8,780, respectively.

NOTE 4 – INTANGIBLE ASSETS

A summary of intangible assets for the years ended December 31 is as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Website	\$ 20,000	\$ 20,000
Less: accumulated amortization	<u>(13,889)</u>	<u>(7,222)</u>
Net Intangible Assets	<u>\$ 6,111</u>	<u>\$ 12,778</u>

For the years ended December 31, 2012 and 2011, amortization expense was \$6,667 and \$6,666, respectively.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the years ended December 31 are as follows:

	December 31,	
	2012	2011
State of HI - Family Scholarships	\$ 6,561	\$ 6,727
Legal Advocacy Support and Education		13,771
Spanish Family Outreach Program		7,938
I-Pad Study-Effectiveness For Nonverbal Children		7,807
	<u>\$ 6,561</u>	<u>\$ 36,243</u>
Total Temporarily Restricted Net Assets	<u>\$ 6,561</u>	<u>\$ 36,243</u>

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors during the years ended December 31, 2012 and 2011.

NOTE 6 – FUNDRAISING AND SPECIAL EVENTS

TACA conducts special events to raise funds to support TACA's operations and various programs. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances.

Revenues and expenses relating to special events for the year ended December 31, 2012 are as follows:

	Ante Up	Golf Tournament	Other	Total
Revenue	\$ 261,735	\$ 48,717	\$ 85,728	\$ 396,180
Less: DDB	(107,414)	(14,913)	(3,051)	(125,378)
	<u>154,321</u>	<u>33,804</u>	<u>94,685</u>	<u>270,802</u>
Fundraising Expenses	(22,661)	(3,594)	(2,704)	(28,959)
	<u>(22,661)</u>	<u>(3,594)</u>	<u>(2,704)</u>	<u>(28,959)</u>
Net Revenue	<u>\$ 131,660</u>	<u>\$ 30,210</u>	<u>\$ 91,981</u>	<u>\$ 241,843</u>

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 6 – FUNDRAISING AND SPECIAL EVENTS (Continued)

Revenues and expenses relating to special events for the year ended December 31, 2011 are as follows:

	Ante Up	Golf Tournament	Other	Total
Revenue	\$ 244,814	\$ 169,518	\$ 126,316	\$ 540,648
Less: DDB	<u>(94,207)</u>	<u>(57,805)</u>	<u>(25,525)</u>	<u>(177,537)</u>
	150,607	111,713	100,791	363,111
Fundraising Expenses	<u>(29,453)</u>	<u>(64,002)</u>	<u>(11,449)</u>	<u>(104,904)</u>
Net Revenue	<u>\$ 121,154</u>	<u>\$ 47,711</u>	<u>\$ 89,342</u>	<u>\$ 258,207</u>

NOTE 7 – IN-KIND GOODS AND SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist TACA. Only contributed services meeting the requirements for recognition as described in Note 2 are recognized in the financial statements. For the year ended December 31, 2012 and 2011, TACA recognized in-kind revenues of \$152,073 and \$61,850, respectively.

NOTE 8 – COMMITMENTS

During September 2011, TACA entered a new 40 month facility lease agreement which requires monthly payments of \$7,501 and provides rent abatement for 3 months. As of December 31, 2012 and 2011, the Organization recorded deferred rent of \$3,002 and \$4,500, respectively.

Future minimum lease commitments for operating leases are as follows:

Year Ended December 31,	
2013	\$ 82,509
2014	<u>82,509</u>
Total	<u>\$ 165,018</u>

For the years ended December 31, 2012 and 2011, TACA recognized rent expense of \$81,120 and \$91,631, respectively.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 9 – RELATED PARTY TRANSACTIONS

TACA uses information technology services provided by a company that is owned by a member of the board of directors. TACA purchases computer and phone equipment from the company and receives inhouse information technology maintenance and monitoring services and donated equipment. For the years ended December 31, 2012 and 2011, TACA made total payments of \$1,146 and \$2,270 for these services and recognized in-kind revenues and expenses of \$16,569 and \$17,028 for these services.

TACA uses event planning services from an individual who is married to a board member. For the year ended December 31, 2012, TACA made total payments of \$17,475 for these services.

NOTE 10 – CONCENTRATION OF CREDIT RISK

For the years ended December 31, 2012 and 2011, contributions and net fundraising contributions account for approximately 92% and 90% of revenue. Management is confident that this level of support will continue in the near future.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of December 31, 2012, the cash balances held at financial institutions did not exceed the FDIC insurance limit of \$250,000. As of December 31, 2011, the cash balances held at financial institutions exceeded the FDIC insurance by approximately \$71,112. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.