

TALK ABOUT CURING AUTISM
FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

CONTENTS

INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5 – 6
Statements of Cash Flows	7
Statements of Functional Expenses	8 – 9
Notes to Financial Statements	10 –16

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804
(562) 498-0997 Fax: (562) 597-7359

Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Talk About Curing Autism

Report on the Financial Statements

We have audited the accompanying financial statements of Talk About Curing Autism (a nonprofit organization), which comprise the financial position as of December 31, 2014 and 2013, 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.

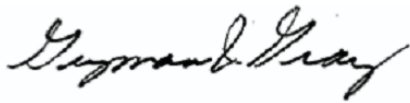
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014 and 2013, 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.

A handwritten signature in cursive script, appearing to read "Guzman & Gray".

Guzman & Gray
Long Beach, California
May 29, 2015

TALK ABOUT CURING AUTISM
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>		December 31,	
		<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	212,414	\$ 117,589
Investments		3,733	
Accounts receivable		115,212	92,392
Prepaid expenses		5,842	585
Inventory		2,000	41,600
Total Current Assets		<u>339,201</u>	<u>252,166</u>
 PROPERTY AND EQUIPMENT, net		 <u>18,991</u>	 <u>28,605</u>
 OTHER ASSETS			
Deposits		<u>8,461</u>	<u>8,361</u>
 TOTAL ASSETS		 <u><u>366,653</u></u>	 <u><u>289,132</u></u>
 <u>LIABILITIES AND NET ASSETS</u>			
 LIABILITIES			
Accounts payable		23,314	46,280
Accrued expenses		543	1,319
Accrued payroll		29,212	29,785
Deferred revenue		13,300	
Deferred rent			1,500
Note payable		4,203	5,330
Other liabilities		3,548	2,729
Total Current Liabilities		<u>74,120</u>	<u>86,943</u>
 NET ASSETS			
Unrestricted		232,176	186,493
Temporarily restricted		60,357	15,696
Total Net Assets		<u>292,533</u>	<u>202,189</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u><u>\$ 366,653</u></u>	 <u><u>\$ 289,132</u></u>

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 792,891	\$ 68,250	\$ 861,141
Program revenues	49,259		49,259
Product sales	20,838		20,838
Less cost of sales	(16,615)		(16,615)
	<u>4,223</u>		<u>4,223</u>
Fundraising	537,788		537,788
Less: direct benefits	(145,904)		(145,904)
Net fundraising revenues	<u>391,884</u>		<u>391,884</u>
In-kind contributions	280,215		280,215
Interest income	381		381
	<u>1,518,853</u>	<u>68,250</u>	<u>1,587,103</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>23,589</u>	<u>(23,589)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,542,442</u>	<u>44,661</u>	<u>1,587,103</u>
EXPENSES			
Program	1,118,321		1,118,321
Administrative	107,531		107,531
Fundraising	270,907		270,907
	<u>1,496,759</u>		<u>1,496,759</u>
TOTAL EXPENSES	<u>1,496,759</u>		<u>1,496,759</u>
CHANGE IN NET ASSETS	45,683	44,661	90,344
BEGINNING NET ASSETS	<u>186,493</u>	<u>15,696</u>	<u>202,189</u>
ENDING NET ASSETS	<u>\$ 232,176</u>	<u>\$ 60,357</u>	<u>\$ 292,533</u>

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 749,377	\$ 60,426	\$ 809,803
Program revenues	43,661		43,661
Product sales	10,795		10,795
Less cost of sales	(12,194)		(12,194)
	<u>(1,399)</u>		<u>(1,399)</u>
Fundraising	451,609		451,609
Less: direct benefits	(137,825)		(137,825)
Net fundraising revenues	<u>313,784</u>		<u>313,784</u>
In-kind contributions	242,243		242,243
Interest income	145		145
	<u>1,347,811</u>	<u>60,426</u>	<u>1,408,237</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>51,291</u>	<u>(51,291)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,399,102</u>	<u>9,135</u>	<u>1,408,237</u>
EXPENSES			
Program	1,073,810		1,073,810
Administrative	106,151		106,151
Fundraising	259,123		259,123
	<u>1,439,084</u>		<u>1,439,084</u>
TOTAL EXPENSES	<u>1,439,084</u>		<u>1,439,084</u>
CHANGE IN NET ASSETS	(39,982)	9,135	(30,847)
BEGINNING NET ASSETS	<u>226,475</u>	<u>6,561</u>	<u>233,036</u>
ENDING NET ASSETS	<u>\$ 186,493</u>	<u>\$ 15,696</u>	<u>\$ 202,189</u>

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 90,344	\$ (30,847)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By		
Depreciation and amortization	10,257	14,951
Donated stock	(3,733)	
Donated equipment		(5,116)
(Increase) decrease in assets:		
Accounts receivable	(22,820)	5,997
Prepaid expenses	(5,257)	(565)
Inventory	39,600	(39,600)
Deposits	(100)	(110)
Increase (decrease) in liabilities:		
Accounts payable	(22,966)	3,050
Accrued expenses	(776)	(8,191)
Accrued payroll	(573)	9,624
Deferred revenue	13,300	
Deferred rent	(1,500)	(1,500)
Other liabilities	819	2,085
Net Cash Used in Operating Activities	96,595	(50,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(643)	(10,096)
Net Cash Provided by Investing Activities	(643)	(10,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) from note payable, net	(1,127)	5,330
Net Cash Provided by Investing Activities	(1,127)	5,330
NET DECREASE IN CASH AND CASH EQUIVALENTS	94,825	(54,988)
BEGINNING CASH AND CASH EQUIVALENTS	117,589	172,577
ENDING CASH AND CASH EQUIVALENTS	\$ 212,414	\$ 117,589
<u>SUPPLEMENTAL INFORMATION</u>		
INTEREST PAID	\$ 1,745	NONE
INCOME TAXES PAID	NONE	NONE

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel (incl. taxes & benefits)	\$ 489,899	\$ 50,786	\$ 146,029	\$ 686,714
Parent & mentor support	167,968			167,968
TACA conference hosting	149,891		4,818	154,709
Professional fees	74,843	11,845	52,681	139,369
Occupancy	67,093	7,157	15,208	89,458
Scholarships	62,344			62,344
Credit card and online fees	1,875	20,169	5,926	27,970
Printing - educational resources	22,074			22,074
Travel, mileage, parking, tolls	16,566	550	4,689	21,805
Stationary & supplies	7,989	1,345	8,563	17,897
Meeting, donor, volunteer apprec.	4,757	76	6,862	11,695
Depreciation and amortization	7,692	821	1,744	10,257
Insurance	7,462	702	1,881	10,045
Telephone, internet	6,278	506	1,642	8,426
Printing - general	1,829		6,192	8,021
Facility rentals	4,616		2,848	7,464
Website	5,793			5,793
Postage & shipping - general	1,024	527	3,091	4,642
Postage & shipping - educ. resources	4,211			4,211
Other	14,117	13,047	8,733	35,897
TOTAL EXPENSES	<u><u>\$ 1,118,321</u></u>	<u><u>\$ 107,531</u></u>	<u><u>\$ 270,907</u></u>	<u><u>\$ 1,496,759</u></u>

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel (incl. taxes & benefits)	\$ 494,932	\$ 54,388	\$ 168,657	\$ 717,977
Parent & mentor support	186,343			186,343
TACA conference hosting	65,844		4,130	69,974
Professional fees	60,169	12,111	31,527	103,807
Occupancy	64,995	7,073	14,732	86,800
Scholarships	95,196			95,196
Credit card and online fees		19,233		19,233
Printing - educational resources	25,701			25,701
Travel, mileage, parking, tolls	18,941	550	5,884	25,375
Stationary & supplies	9,477	2,005	5,313	16,795
Meeting, donor, volunteer apprec.	9,364	99	11,943	21,406
Depreciation and amortization	11,538	1,092	2,321	14,951
Insurance	10,750	754	2,528	14,032
Telephone, internet	4,100	464	1,574	6,138
Printing - general	1,670	50	4,900	6,620
Facility rentals	653		2,458	3,111
Website	5,970			5,970
Postage & shipping - general	710	780	2,429	3,919
Postage & shipping - educ. resources	4,225			4,225
Other	3,232	7,552	727	11,511
TOTAL EXPENSES	<u><u>\$ 1,073,810</u></u>	<u><u>\$ 106,151</u></u>	<u><u>\$ 259,123</u></u>	<u><u>\$ 1,439,084</u></u>

See Independent Auditors' Report and Notes to Financial Statements

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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 23 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. As of December 31, 2014 and 2013, there were no permanently restricted net assets.

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, 2014 AND 2013

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.

Investments

Investments are recorded at their fair market value. Contributed securities are stated at their market value on the date of donation. Net realized and unrealized gains and losses on investments are reflected in the statement of activities.

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, 2014 AND 2013

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 2013 financial statements to conform to the 2014 presentation.

Reporting of Subsequent Events

In preparing these financial statements, TACA has evaluated events and transactions for potential recognition or disclosure through May 29, 2015, the date the financial statements were available to issue.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 3 – PROPERTY AND EQUIPMENT

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

	December 31,	
	2014	2013
Furniture	\$ 20,541	\$ 19,899
Equipment	15,750	16,560
Computer equipment	37,761	37,761
Leasehold improvements	3,170	3,170
	<u>77,222</u>	<u>77,390</u>
Less: accumulated depreciation	<u>(58,231)</u>	<u>(48,785)</u>
Net Property and Equipment	<u>\$ 18,991</u>	<u>\$ 28,605</u>

For the years ended December 31, 2014 and 2013, depreciation expense was \$10,257 and \$8,840, respectively.

NOTE 4 – INTANGIBLE ASSETS

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

	December 31,	
	2014	2013
Website	\$ 20,000	\$ 20,000
Less: accumulated amortization	<u>(20,000)</u>	<u>(20,000)</u>
Net Intangible Assets	<u>\$ 0</u>	<u>\$ 0</u>

For the years ended December 31, 2014 and 2013, amortization expense was \$0 and \$6,111, respectively.

NOTE 5 – LINE OF CREDIT

During January 2014, the Organization obtained a line of credit from a financial institution for up to \$60,000 bearing an interest rate of 5.5 percent. The line of credit is secured by substantially of the Organization's assets. As of December 31, 2014, the balance of the line of credit was \$0.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

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

	December 31,	
	2014	2013
State of HI - Family Scholarships	\$ 25,357	\$ 15,696
State of CA – Family Scholarships	10,000	
Blueprint Project	25,000	
	\$ 60,357	\$ 15,696

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, 2014 and 2013.

NOTE 7 – 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, 2014 are as follows:

	Ante Up	Golf Tournament	Coble Events	Other	Total
Revenue	\$ 373,372	\$ 50,380	\$ 27,376	\$ 86,660	\$ 537,788
Less: DDB	(112,282)	(16,790)	(13,383)	(3,450)	(145,904)
	261,090	33,590	13,993	83,210	391,884
Fundraising Expenses	(26,890)	(2,594)	(1,424)	(801)	(31,170)
Net Revenue	\$ 234,200	\$ 30,996	\$ 12,569	\$ 82,409	\$ 360,174

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 7 – FUNDRAISING AND SPECIAL EVENTS (CONTINUED)

Revenues and expenses relating to special events for the year ended December 31, 2013 are as follows:

	Ante Up	Golf Tournament	Coble Events	Other	Total
Revenue	\$ 263,545	\$ 59,608	\$ 26,430	\$ 102,026	\$ 451,609
Less: DDB	<u>(99,458)</u>	<u>(23,775)</u>	<u>(10,820)</u>	<u>(3,772)</u>	<u>(137,825)</u>
	164,087	35,833	15,610	98,254	313,784
Fundraising Expenses	<u>(21,235)</u>	<u>(2,613)</u>	<u>(1,175)</u>	<u>(512)</u>	<u>(25,535)</u>
Net Revenue	<u>\$ 142,852</u>	<u>\$ 33,220</u>	<u>\$ 14,435</u>	<u>\$ 79,972</u>	<u>\$ 288,249</u>

NOTE 8 – 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, 2014 and 2013, TACA recognized in-kind revenues of \$280,215 and \$242,243, respectively.

NOTE 9 – COMMITMENTS

During October 2013, TACA renewed its facility lease agreement through December 2017 which requires monthly payments of \$7,501.

Future minimum lease commitments for operating leases are as follows:

Year Ended December 31,	
2015	\$ 90,010
2016	90,010
2017	90,010
2018	none
Thereafter	<u>none</u>
Total	<u>\$ 270,030</u>

For the years ended December 31, 2014 and 2013, TACA recognized rent expense of \$89,458 and \$86,800, respectively.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 10 – 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, 2014 and 2013, TACA made total payments of \$1,838 and \$1,421 for these services and recognized in-kind revenues and expenses of \$24,902 and \$16,013 for these services.

TACA uses event planning services from an individual who is married to a board member. For the year ended December 31, 2014 and 2013, TACA made total payments of \$16,600 and \$17,325 for these services.

NOTE 11 – CONCENTRATION OF CREDIT RISK

For the years ended December 31, 2014 and 2013, contributions and net fundraising contributions account for approximately 96% and 96% 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, 2014 and 2013, the cash balances held at financial institutions did not exceed the FDIC insurance limit of \$250,000. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.