



(FORMERLY KNOWN AS TALK ABOUT CURING AUTISM)

FINANCIAL STATEMENTS

DECEMBER 31, 2018

WITH SUMMARY COMPARATIVE INFORMATION FOR 2017

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**YH ADVISORS**  
THE EXEMPT ORG EXPERTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Autism Community in Action, formerly known as  
Talk About Curing Autism:

We have audited the accompanying financial statements of The Autism Community in Action, formerly known as Talk About Curing Autism, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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**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 The Autism Community in Action, formerly known as Talk About Curing Autism, as of December 31, 2018, and the changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the 2017 financial statements of The Autism Community in Action, formerly known as Talk About Curing Autism, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*YH Advisors, Inc.*

Huntington Beach, California  
May 24, 2019

**THE AUTISM COMMUNITY IN ACTION  
(FORMERLY KNOWN AS TALK ABOUT CURING AUTISM)  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018 AND 2017**

	December 31,	
	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 701,459	\$ 520,147
Contributions receivable	145,822	186,034
Accounts receivable	47,488	11,150
Prepaid expenses	73,453	11,730
Investments	17,383	5,484
Inventory	--	1,640
Total Current Assets	985,605	736,185
<b>PROPERTY AND EQUIPMENT, NET</b>	18,820	27,802
<b>OTHER ASSETS</b>		
Beneficial interest in assets held by community foundation	25,000	--
Intangible assets, net	5,033	21,614
Deposits	8,251	8,251
Total Other Assets	38,284	29,865
<b>TOTAL ASSETS</b>	\$ 1,042,709	\$ 793,852
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 19,343	\$ 67,434
Accrued payroll and related expenses	74,511	44,463
Deferred revenue	112,338	73,402
Total Current Liabilities	206,192	185,299
<b>COMMITMENTS (NOTE 10)</b>		
<b>TOTAL LIABILITIES</b>	206,192	185,299
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	483,828	526,162
Board designated endowment	25,000	--
Total without donor restrictions	508,828	526,162
With donor restrictions	327,689	82,391
<b>TOTAL NET ASSETS</b>	836,517	608,553
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,042,709	\$ 793,852

**THE AUTISM COMMUNITY IN ACTION  
(FORMERLY KNOWN AS TALK ABOUT CURING AUTISM)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARY COMPARATIVE TOTALS FOR 2017**

	<u>Without Donor</u>	<u>With Donor</u>	<u>December 31,</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 923,162	\$ 364,022	\$ 1,287,184	\$ 1,066,080
In-kind contributions	236,795	--	236,795	262,146
Program revenue	118,068	--	118,068	91,254
Membership dues	22,340	--	22,340	16,700
Other income	2,596	--	2,596	1,257
Net assets released from restrictions	<u>118,724</u>	<u>( 118,724)</u>	<u>--</u>	<u>--</u>
	1,421,685	245,298	1,666,983	1,437,437
<b>SPECIAL EVENTS</b>				
Special events revenue	1,043,747	--	1,043,747	996,961
Special events expenses	<u>( 420,015)</u>	<u>--</u>	<u>( 420,015)</u>	<u>( 440,508)</u>
	623,732	--	623,732	556,453
<b>PRODUCT SALES</b>				
Product sales	12,311	--	12,311	12,533
Cost of sales	<u>( 11,588)</u>	<u>--</u>	<u>( 11,588)</u>	<u>( 4,550)</u>
	<u>723</u>	<u>--</u>	<u>723</u>	<u>7,983</u>
<b>TOTAL REVENUE AND SUPPORT</b>	2,046,140	245,298	2,291,438	2,001,873
<b>EXPENSES</b>				
Program services	1,552,009	--	1,552,009	1,384,315
Supporting services:				
Management and general	161,731	--	161,731	149,656
Fundraising	<u>349,734</u>	<u>--</u>	<u>349,734</u>	<u>305,093</u>
<b>TOTAL EXPENSES</b>	<u>2,063,474</u>	<u>--</u>	<u>2,063,474</u>	<u>1,839,064</u>
<b>CHANGE IN NET ASSETS</b>	<u>( 17,334)</u>	245,298	227,964	162,809
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>526,162</u>	<u>82,391</u>	<u>608,553</u>	<u>445,744</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 508,828</u>	<u>\$ 327,689</u>	<u>\$ 836,517</u>	<u>\$ 608,553</u>

**THE AUTISM COMMUNITY IN ACTION  
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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 227,964	\$ 162,809
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,015	32,328
Donated property and equipment	--	977
Loss on disposal of property and equipment	74	--
Donated inventory	--	1,315
Unrealized loss (gain) on investments	2,234	( 29)
Realized gain on investments	--	( 28)
Donated securities	( 42,482)	( 16,710)
Change in operating assets and liabilities:		
Contributions receivable	40,212	( 155,289)
Accounts receivable	( 36,338)	( 6,480)
Prepaid expenses	( 61,723)	( 4,004)
Inventory	1,640	--
Accounts payable and accrued expenses	( 48,091)	4,535
Accrued payroll and related expenses	30,048	8,997
Deferred revenue	38,936	61,067
Net Cash Provided By Operating Activities	181,489	89,488
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of securities	28,349	14,063
Purchase of beneficial interest in assets held by community foundation	( 25,000)	--
Purchases of property and equipment	( 3,526)	( 28,980)
Net Cash Used In Investing Activities	( 177)	( 14,917)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	181,312	74,571
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	520,147	445,576
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 701,459	\$ 520,147
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	\$ 42,482	\$ 16,710
Noncash financing transactions	NONE	NONE

**THE AUTISM COMMUNITY IN ACTION  
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STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARY COMPARATIVE TOTALS FOR 2017**

				<u>December 31,</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018</u>	<u>2017</u>
<b>PERSONNEL EXPENSES</b>					
Salaries and wages	\$ 502,974	\$ 73,228	\$ 190,810	\$ 767,012	\$ 649,576
Employee benefits and taxes	<u>97,464</u>	<u>16,992</u>	<u>40,373</u>	<u>154,829</u>	<u>133,192</u>
<b>TOTAL PERSONNEL EXPENSES</b>	600,438	90,220	231,183	921,841	782,768
<b>OTHER EXPENSES</b>					
Annual conference	284,171	--	--	284,171	303,352
Bad debt expense	--	6,715	--	6,715	2,438
Depreciation and amortization	21,759	2,320	4,936	29,015	32,328
Dues and subscriptions	17,268	3,221	7,255	27,744	26,867
Insurance	16,848	1,570	3,647	22,065	17,591
Meetings expense	2,673	30	19,671	22,374	16,884
Merchant processing fees	--	36,966	--	36,966	33,958
Occupancy	75,931	8,099	17,211	101,241	101,242
Office supplies	35,523	1,712	4,458	41,693	19,227
Parent and mentor support	191,694	--	--	191,694	184,860
Postage and shipping - educational	9,520	--	--	9,520	5,209
Postage and shipping - general	--	986	1,276	2,262	3,952
Printing - educational	10,946	--	--	10,946	18,060
Printing - general	135	--	1,082	1,217	1,145
Professional fees	120,879	6,574	48,054	175,507	122,049
Scholarships	134,628	--	--	134,628	127,824
Staff training and development	10,394	1,479	7,138	19,011	15,115
Telephone and internet	6,605	678	2,374	9,657	8,022
Travel	6,408	674	1,449	8,531	7,562
Website	5,652	--	--	5,652	6,399
Other	<u>537</u>	<u>487</u>	<u>--</u>	<u>1,024</u>	<u>2,212</u>
<b>TOTAL OTHER EXPENSES</b>	<u>951,571</u>	<u>71,511</u>	<u>118,551</u>	<u>1,141,633</u>	<u>1,056,296</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,552,009</u>	<u>\$ 161,731</u>	<u>\$ 349,734</u>	<u>\$ 2,063,474</u>	<u>\$ 1,839,064</u>



**THE AUTISM COMMUNITY IN ACTION  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARY COMPARATIVE INFORMATION FOR 2017**

**NOTE 1 – Nature of Activities**

The Autism Community in Action, formerly known as Talk About Curing Autism, (the Organization), is a national non-profit dedicated to educating, empowering and supporting families affected by autism. For families who have just received the autism diagnosis, the Organization aims to speed up the cycle time from the autism diagnosis to effective treatments. The Organization also 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 30 other states. Services provided include one-on-one mentoring for parents, social events for children and parents, newsletters, books, webinars, medical assistance for children with autism, and training to local physicians. The Organization's primary source of income is from donations from the public, corporations, foundations and various fundraisers held during the year.

As noted in Note 15, the Organization determined it appropriate to rebrand and rename as of January 2019. The Organization has determined it appropriate to utilize the new name of the Organization on its 2018 financial statements based on Board of Directors approval and intent to better communicate its mission.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Presentation of Financial Statements***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Comparative Financial Information***

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations year over year. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

***Cash and Cash Equivalents***

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. For the years ended December 31, 2018 and 2017, the Organization did not receive any conditional promises to give.

***Accounts Receivable***

Accounts receivable consist primarily of reimbursements due from governmental agencies under various grants, and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectable.

***Property and Equipment***

Property and equipment over \$500 are recorded at cost, if purchased, or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation has been recorded using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Repairs, maintenance, and minor acquisitions are expensed as incurred, and the Organization uses the direct expensing method to account for planned major maintenance activities.

The carrying values of property and equipment are reviewed to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and not be recoverable. No circumstances occurred during the years ending December 31, 2018 or 2017 causing the Organization to believe there has been any impairment of the carrying value of its long-lived assets. There can be no assurance, however, that market or other conditions will not change in the future, resulting in impairment of long-lived assets.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Beneficial Interest in Assets Held by Community Foundation***

The Organization's Board of Directors established an endowment fund whereby certain contributions would remain intact. In 2018, the Organization transferred \$25,000 to the Orange County Community Foundation (OCCF) to establish The TACA Autism Endowment Fund. The funds are invested in an allocated investment pool. Net income from the fund may be distributed annually to the Organization upon request. The Organization granted OCCF variance power over the funds at the time of the transfer, but since the Organization is a nonprofit organization, who specified themselves as the beneficiary, the Organization may recognize at fair value the beneficial interest in the assets held by OCCF.

***Classification of 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 grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed asset that may or will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Revenue Recognition***

Revenue is recognized when earned. Program service fees and event sponsorships are received in advance are deferred to the applicable period in which the related services are performed or event occurs. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***In-Kind Goods and Services***

Contributed goods are recorded at fair value at the date of donation. During the years ended December 31, 2018 and 2017 contributed goods totaled \$475,652 and \$531,259, respectively and included food, supplies and resource materials and were utilized as part of programmatic, general and administrative needs and fundraising events. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Donated services included autism related professionals such as doctors, therapists and lawyers who regularly speak at chapter meetings, conferences, legal clinics and via webinars in support of the Organization's mission.

In addition, approximately 1,000 volunteers donated approximately 25,000 hours of their time to the Organization and its programs during 2018. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

***Donated Securities***

The Organization recognizes contributions of donated securities at the fair market value on the date they are received. It is the Organization's policy to liquidate donated securities upon receipt. During the years ended December 31, 2018 and 2017, the Organization received \$42,482 and \$16,710 in donated securities, respectively, which are included in the total donated goods and services figures noted above.

***Advertising and Outreach Costs***

The Organization uses advertising to promote its programs among the audiences it serves. Advertising and outreach costs are charged to operations when incurred.

***Income Tax Status***

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Income Tax Status (continued)***

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

On December 22, 2017, the President of the United States signed into law *H.R. 1*, originally known as the Tax Cuts and Jobs Act. The new law (Public Law No. 115-97) includes substantial changes to the taxation of individuals, businesses, multinational enterprises and others. In addition to many generally applicable provisions, the law contains several specific provisions applicable to tax-exempt organizations and their donors. The Organization has reviewed these provisions and their potential impact and concluded the enactment of Public Law No. 115-97 will not have a material effect on operations.

***Use of Estimates and Assumptions***

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principals. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

***Credit Risk***

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the mission.

***Reclassifications***

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Accounting Pronouncements Adopted***

In August 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-14 Not-For-Profit Entities (Topic 985) Presentation of Financial Statements of Not-For-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a Not-For-Profit entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has adopted this pronouncement.

***Recent Accounting Pronouncements***

In November 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Restricted Cash, a consensus of the FASB Emerging Issues Task Force*. ASU 2016-18 requires an entity to include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents when reconciling beginning and ending balances on the statement of cash flows. ASU 2016-18 is effective for nonpublic business entities for annual reporting periods beginning after December 15, 2018. The requirements of this statement are effective for the Organization for the year ending December 31, 2019. The Organization is in the process of evaluating the impact of this statement and potential effects of the financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for nonpublic business entities for annual reporting periods beginning after December 15, 2018. The requirements of this statement are effective for the Organization for the fiscal year ending December 31, 2019. The Organization is in the process of evaluating the impact of this statement and potential effects of the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2019. The requirements of this statement are effective for the Organization for the year ending December 31, 2020. The Organization is in the process of evaluating the impact of this statement and potential effects of the financial statements.

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**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Subsequent Events***

The Organization has evaluated subsequent events through May 24, 2019, which is the date the financial statements were available to be issued. See Note 15.

**NOTE 3 – Liquidity and Availability**

Financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 701,459
Contributions receivable	145,822
Accounts receivable	47,488
Investments	<u>17,383</u>
Total	<u>\$ 912,152</u>

To help manage unanticipated liquidity needs, the Organization has a line of credit with a commercial bank. As of December 31, 2018, the full amount of the \$60,000 line of credit was available for borrowing.

Additionally, the Organization transferred \$25,000 into an endowment fund held at a community foundation. Net income from the fund may be distributed annually to the Organization upon request. See Note 9.

**NOTE 4 - Fair Value Measurements and Disclosures**

The Organization applies fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. 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 the 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.

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**NOTE 4 - Fair Value Measurements and Disclosures (*continued*)**

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 assets or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are 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 inputs are unobservable inputs for the asset or liability. These 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 a 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 judgment, taking into account factors specific to an 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 the assessment of the quality, risk or liquidity profile of the asset or liability.

The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 investments. There have been no changes in the methodologies used at December 31, 2018 and 2017.



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**NOTE 4 - Fair Value Measurements and Disclosures (continued)**

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 14,855	\$ 14,855	\$ --	\$ --
Exchange traded funds	2,528	2,528	--	--
Beneficial interest in assets held by community foundation	<u>25,000</u>	<u>--</u>	<u>--</u>	<u>25,000</u>
Total	<u>\$ 42,383</u>	<u>\$ 17,383</u>	<u>\$ --</u>	<u>\$ 25,000</u>

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2017:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 5,484	\$ 5,484	\$ --	\$ --
Total	<u>\$ 5,484</u>	<u>\$ 5,484</u>	<u>\$ --</u>	<u>\$ --</u>

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**NOTE 5 – Contributions Receivable**

Contributions receivable are summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Unconditional promises expected to be collected in less than one year	\$ 145,822	\$ 186,034

There was no allowance for doubtful accounts or net present value discount deemed necessary by management at December 31, 2018 and 2017. Bad debt expense was \$6,715 and \$2,438 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 6 – Accounts Receivable**

Accounts receivable are summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Accounts expected to be collected in less than one year	\$ 47,488	\$ 11,150

There was no allowance for doubtful accounts deemed necessary by management at December 31, 2018 and 2017.

**NOTE 7 – Property and Equipment**

Property and equipment are summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Furniture	\$ 20,780	\$ 21,062
Equipment	19,716	26,430
Computer equipment	22,291	19,923
Leasehold improvements	<u>3,170</u>	<u>3,170</u>
	65,957	70,585
Less accumulated depreciation and amortization	( <u>47,137</u> )	( <u>42,783</u> )
Total	<u>\$ 18,820</u>	<u>\$ 27,802</u>

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was \$12,434 and \$11,151, respectively.

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**NOTE 8 – Intangible Assets**

Intangible assets are summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Patents	\$ 550	\$ 550
Website	40,206	63,531
	<u>40,576</u>	<u>64,081</u>
Less accumulated amortization	(35,723)	(42,467)
Total	<u>\$ 5,033</u>	<u>\$ 21,614</u>

Amortization expense for the years ended December 31, 2018 and 2017 was \$16,581 and \$21,177, respectively.

**NOTE 9 – Endowment**

The Organization's established the TACA Autism Endowment Fund (Endowment) and designated \$25,000 as the initial contribution. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds designated by the Board are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment balance is included in the beneficial interest in assets held by a community foundation on the statement of financial position. The Board has interpreted the State of California enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity as (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that are not classified as net assets with donor restrictions in perpetuity are classified as net assets with donor-restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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**NOTE 9 – Endowment (continued)**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. The investment of the Organization’s endowment funds is governed by Board policy. The portfolio is to be managed in a way that provides ongoing financial support for the operations of the Organization while protecting and increasing the value of the endowment through careful investment.

The changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ --	\$ --	\$ --
Contributions	25,000	--	25,000
Investment return, net	<u>--</u>	<u>--</u>	<u>--</u>
Endowment net assets, ending	<u>\$ 25,000</u>	<u>\$ --</u>	<u>\$ 25,000</u>

The Organization did not have an endowment fund at December 31, 2017.

**NOTE 10 – Commitments**

***Line of Credit***

The Organization has a \$60,000 revolving line of credit with a bank, secured by substantially all of the Organization’s assets. Borrowings under the line bear interest at 8.5%. The line of credit matures in September of 2019. The line of credit had no outstanding balance during or as of the years ended December 31, 2018 and 2017.

***Operating Lease***

The Organization is committed under a facility lease agreement through December 2020 and requires monthly payments of \$7,501. The future minimum payments due on the lease agreements are as follows:

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**NOTE 10 – Commitments (continued)**

*Operating Lease (continued)*

**For the year ending December 31,**

2019	\$	90,010
2020		<u>90,010</u>
Total		<u><u>\$ 180,020</u></u>

The Organization recorded lease expense of \$101,242 during each of the years ended December 31, 2018 and 2017, respectively.

**NOTE 11 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Hawaii Hotel Industry Foundation	\$ --	\$ 4,000
Journey Guides	16,529	27,120
Doctor’s Training Scholarships	7,692	5,641
Medical Scholarships	155,965	16,305
OC Education & Support	--	15,000
OC Swim Program	1,681	2,325
State of CA - Family Scholarships	--	12,000
Subject to passage of time	<u>145,822</u>	<u>--</u>
Total	<u><u>\$ 327,689</u></u>	<u><u>\$ 82,391</u></u>

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**NOTE 11 – Net Assets With Donor Restrictions *(continued)***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the passage of time or other events specified by donors.

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Board Development	\$ --	\$ 7,500
Hawaii Family Events & Training	--	3,500
Hurricane Relief	--	5,645
Journey Guides	10,591	--
Doctor’s Training Scholarships	2,949	6,700
Medical Scholarships	75,040	55,500
OC Education & Support	15,000	7,500
OC Swim Program	644	--
State of CA - Family Scholarships	10,500	9,000
State of GA - Family Scholarships	--	1,500
State of HI - Family Scholarships	4,000	550
State of IL - Family Scholarships	--	10,000
State of TX - Family Scholarships	--	18,750
Teach a Man to Fish Mentor Program	--	10,000
Variety - The Children's Charity of SoCal OC Picnic	--	2,500
Other programmatic activities	--	1,000
	<u>          </u>	<u>          </u>
Total	<u>\$ 118,724</u>	<u>\$ 139,645</u>

**NOTE 12 – Concentrations**

***Contributions Receivable***

Contributions receivable from two and four donors comprises 85% and 56% of the balance at December 31, 2018 and 2017, respectively.

***Accounts Receivable***

Accounts receivable from three accounts comprises 86% and 91% of the balance at December 31, 2018 and 2017, respectively.

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**NOTE 13 – Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, annual conference, bad debt expense, depreciation and amortization, insurance, meeting expenses, merchant processing fees, occupancy, office supplies, parent and mentor support, postage and shipping - educational, postage and shipping - general, printing - educational, printing - general, professional fees, scholarships, staff training and development, telephone and internet, travel, website, and other, which are allocated on the basis of estimates of time and effort.

**NOTE 14 – Related Party Transactions**

The Organization used information technology services contributed by a member of the Board of Directors. For the year ended December 31, 2018, the Organization recognized in-kind revenues and expenses of \$15,012. No contributed services were recognized during the year ended December 31, 2017.

The Organization used event planning services from an individual who is married to a Board member. For the years ended December 31, 2018 and 2017, payments were made of \$21,475 and \$18,581, respectively.

**NOTE 15 – Subsequent Events**

Effective January 14, 2019, the Organization officially changed its name to The Autism Community in Action.