

**AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
AUDITED COMBINED FINANCIAL
STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2011**

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METRO METRO & ASSOCIATES
A Professional Corporation
Certified Public Accountants
Olney, Maryland

This report consists of 21 pages.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
COMBINED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Autism Society of America, Inc. and Autism Society of America Foundation, Inc.

We have audited the accompanying combined statement of financial position of Autism Society of America, Inc. and Autism Society of America Foundation, Inc. (nonprofit organizations) as of December 31, 2012, and the related combined statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements. The prior year summarized comparative information has been derived from the nonprofit organizations' 2011 combined financial statements and, in our report dated June 25, 2012, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Autism Society of America, Inc. and Autism Society of America Foundation, Inc. as of December 31, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information: Combining Statements of Financial Position, Combining Statements of Activities and Changes in Net Assets, Autism Society of America Inc. – Schedule of Functional Expenses, Autism Society of America Foundation, Inc. - Schedule of Functional Expenses

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position, activities, and changes in net assets on pages 18 and 19, and schedules of functional expenses on pages 20 and 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Metro Metro & Associates

METRO METRO & ASSOCIATES
A Professional Corporation
Certified Public Accountants

Olney, Maryland
May 18, 2013

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 434,479	\$ 181,980
Accounts receivable	9,011	155,435
Unconditional promises to give, net - current portion	625,906	759,084
Interests in charitable remainder trusts - current portion	12,000	57,890
Inventory, at cost	8,830	13,694
Prepaid expenses	44,662	13,808
Total current assets	1,134,888	1,181,891
FURNITURE, FIXTURES AND EQUIPMENT		
net of accumulated depreciation of \$77,832 and \$65,952 for 2012 and 2011, respectively	38,216	50,096
LONG-TERM UNCONDITIONAL PROMISES TO GIVE		
Unconditional promises to give, net - noncurrent portion	9,570	18,729
OTHER ASSETS		
Escrows	100,034	302,178
Beneficial interests in charitable remainder trusts, net - noncurrent portion	223,000	168,000
Deposits	12,576	12,576
Intangibles, net	-	2,556
Total other assets	335,610	485,310
TOTAL ASSETS	\$ 1,518,284	\$ 1,736,026
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 248,648	\$ 716,932
Line of credit	-	142,000
Notes payable - current portion	-	75,274
Capital lease obligations - current portion	5,718	5,156
Total current liabilities	254,366	939,362
NONCURRENT LIABILITIES		
Notes payable - noncurrent portion	-	254,002
Capital lease obligations - noncurrent portion	5,238	10,956
Rent abatement	67,608	57,038
Total noncurrent liabilities	72,846	321,996
TOTAL LIABILITIES	327,212	1,261,358
NET ASSETS		
Unrestricted	108,690	(742,873)
Temporarily restricted	1,032,382	1,167,541
Permanently restricted	50,000	50,000
TOTAL NET ASSETS	1,191,072	474,668
TOTAL LIABILITIES AND NET ASSETS	\$ 1,518,284	\$ 1,736,026

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
 COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2012
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	2012			2011	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Contributions	\$ 1,186,048	\$ 1,101,940	\$ -	\$ 2,287,988	\$ 2,825,112
Less: provision for uncollectible promises to give	-	(26,224)	-	(26,224)	(230,017)
Annual and regional conferences	347,757	-	-	347,757	444,038
Beneficial interest bequests	-	167,985	-	167,985	451,890
Merchandise sales, net	11,410	-	-	11,410	20,875
Investment income	1,032	-	-	1,032	2,828
In-kind income	501	-	-	501	4,510
Other income	23,032	-	-	23,032	7,811
Net assets released from restriction	1,378,860	(1,378,860)	-	-	-
TOTAL SUPPORT AND REVENUE	2,948,640	(135,159)	-	2,813,481	3,527,047
EXPENSES					
Program services					
Education	1,056,323	-	-	1,056,323	1,812,348
Advocacy	285,740	-	-	285,740	465,805
Public awareness	328,924	-	-	328,924	382,305
Supporting services					
Management and general	112,679	-	-	112,679	119,725
Fundraising	313,411	-	-	313,411	560,561
TOTAL EXPENSES	2,097,077	-	-	2,097,077	3,340,744
CHANGE IN NET ASSETS	851,563	(135,159)	-	716,404	186,303
NET ASSETS AT BEGINNING OF YEAR	(742,873)	1,167,541	50,000	474,668	288,365
NET ASSETS AT END OF YEAR	\$ 108,690	\$ 1,032,382	\$ 50,000	\$ 1,191,072	\$ 474,668

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 716,404	\$ 186,303
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in provision for uncollectible promises to give	(28,000)	(76,141)
Change in present value discount	(841)	(25,400)
Depreciation	11,880	12,366
Amortization expense	2,556	3,140
Loss on disposal of assets	-	386
(Increase) decrease in assets:		
Accounts receivable	146,424	(92,204)
Promises to give	171,178	80,140
Inventory	4,864	5,455
Prepaid expenses	(30,854)	8,814
Interests in charitable remainder trusts	(9,110)	(225,890)
Escrows	202,144	(2,068)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(468,284)	21,409
Deferred revenue	-	(68,408)
Rent abatement	10,570	14,839
Net cash provided by (used in) operating activities	<u>728,931</u>	<u>(157,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (payments) on lines of credit	(142,000)	140,029
Net payments on notes payable	(329,276)	(70,724)
Payments on capital lease obligations	<u>(5,156)</u>	<u>(4,648)</u>
Net cash provided by (used in) financing activities	<u>(476,432)</u>	<u>64,657</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	252,499	(92,602)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>181,980</u>	<u>274,582</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 434,479</u>	<u>\$ 181,980</u>
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid during the year for interest	<u>\$ 34,379</u>	<u>\$ 25,976</u>

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 – NATURE OF ACTIVITIES

Nature of Activities

Autism Society of America, Inc. (the “Society”) was incorporated in the District of Columbia in 1965, to promote the general welfare, education, and training of individuals with autism; to further the advancement of all study, research, therapy, care, and cure of children and adults with autism; and to serve as a clearing house for gathering and disseminating information on a national basis.

The Autism Society of America Foundation, Inc. (the “Foundation”) was organized under the laws of the District of Columbia in 1996, as a not-for-profit corporation. The purpose of the Foundation is to promote research and education relating to the causes and treatment of autism.

Description of Programs:

Advocacy: The advocacy programs inform public policy at the federal, state, and local levels in collaboration with the greater disability and health communities. The Society and Foundation advocate for multi-disciplined approaches to autism research and for the inclusion, participation, and self-determination in all aspects of life for individuals on the autism spectrum and their families.

Education: The education programs provide accessible and relevant information that supports stakeholder ability to make informed choices through the Society’s Content Center, Autism Source and a broad range of informational materials. The Society also develops and delivers autism information and knowledge through *Autism Advocate*, Society conferences, and websites. Proactive community outreach and education are ongoing efforts through all organizational programming.

Public awareness: The Society and Foundation distribute, develop, and promote public awareness and appropriate information on autism through national media, partnerships, and the Society chapter network. During National Autism Awareness Month in April, the Society creates special programs to engage a national audience and further awareness of the condition.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The combined financial statements include the accounts of Society and Foundation, collectively the Organizations. All significant intercompany transactions have been eliminated.

Basis of presentation

Net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. The Board of Directors will, at times, designate unrestricted net assets for a particular purpose of the Organizations. These net assets are shown separately on the statement of financial position.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organizations and/or the passage of time. The Organizations maintained \$1,032,382 and \$1,167,541 of temporarily restricted net assets as of December 31, 2012 and 2011, respectively.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of presentation (continued)

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on related investments for general or specific purposes. The Organizations maintained \$50,000 and \$50,000 of permanently restricted net assets as of December 31, 2012 and 2011, respectively.

Concentrations of Credit Risk

The Organizations place their cash and cash equivalents with high-quality institutions and at times the balances may exceed federally insured limits. However, management believes the Organizations are not exposed to any significant credit risk related to cash.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organizations consider all unrestricted cash and highly liquid investments, with an initial maturity of three months or less, to be considered cash.

Accounts Receivable

Accounts receivable are stated at their net realizable values. Management evaluates the collectability of its accounts receivable based on certain factors such as historical collection and aging categories. Accounts receivables are written off when deemed uncollectible. In management's opinion, all receivables at December 31, 2012 and 2011 are considered fully collectible. Accordingly, no allowance for doubtful accounts exists at December 31, 2012 and 2011.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions that are unrestricted by the donor are reported as increases in unrestricted net assets. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Promises to give which are to be received in future periods beyond twelve months of the statement of financial position date are classified as long term and are discounted to their net present value at the time the revenue is recorded. The Organizations' promises to give are generally receivable over a five-year period and are discounted at rates ranging from 3.5% to 4.5% per annum, depending on the timing of the revenue. The allowance for uncollectible promises to give is based on management's experience with prior campaigns and its analysis of specific promises to give. Based on management's evaluation of collectability of promises to give, the allowance for uncollectible promises to give at December 31, 2012 and 2011 is \$278,859 and \$306,859, respectively.

Inventory

Inventory consists of publications and other merchandise held for resale. Inventory costs are determined using the first-in, first-out (FIFO) method of inventory valuation. Inventory is valued at the lower of cost or market.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment

Property and equipment are stated at cost or, if contributed, the fair market value on the date of the contribution. The Organizations capitalize expenditures and contributions of furnishings and equipment in excess of \$1,000. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated useful lives of three to seven years.

Revenue Recognition

The Organizations elected to adopt Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25, *Not-for-Profit Entities - Revenue Recognition - Recognition*. The Organizations record all membership dues as contributions, therefore, all membership dues are immediately recognized as unrestricted revenue in the period received. Other revenue is recorded as services are performed. Revenue collected in advance for the annual conference is recorded as deferred revenue.

Donated Materials, Equipment and Services

Donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. The Organizations recognize donated services that create or enhance non-financial 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. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with particular programs or support functions are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to support services based upon management's best estimates.

Income Taxes

The Organizations are non-profit organizations that are generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, although the Organizations are taxed on any business income that is not substantially related to the Organizations' exempt purposes. The Organizations did not have any unrelated business income for the year ended December 31, 2012.

Federal tax law requires that the Organizations be operated in a manner consistent with their initial exemption application in order to maintain their exempt status. Management has analyzed the operations of the Organizations and concluded that they remain in compliance with the requirements for exemption.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes (continued)

The Organization, otherwise exempt from federal and state income taxation, is nonetheless subject to taxation at corporate tax rates at both the federal and state levels on its unrelated business income. Exemption from other state taxes, such as real and personal property tax, is separately determined. For the years ending December 31, 2012 and 2011, management has determined that it did not have a tax liability.

Accounting principles generally accepted in the United States of America require the Organizations' management to evaluate tax positions taken by the Organizations and recognize a tax liability (or asset) if the Organizations have taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service.

The Organizations' management has analyzed the tax positions taken by the Organizations, and has concluded that as of December 31, 2012, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organizations are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examination for years prior to 2009.

Use of 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.

Subsequent Event Evaluation

In preparing these financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through May 18, 2013, the date the financial statements were available to be issued.

Summarized Prior Year Financial Information

The 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 presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended December 31, 2011 from which the summarized information was derived.

AUTISM SOCIETY OF AMERICA, INC. AND
 AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

NOTE 3 – PROMISES TO GIVE

As of December 31, 2012 and 2011, the Organizations had \$22,500 and \$66,650, respectively, in promises to give for the Campaign for Autism Society. Promises to give for this campaign consist of temporarily restricted gifts. While these gifts are unrestricted as to purpose, they have been reported as temporarily restricted net assets due to the inherent time restriction associated with the fact that promises to give are generally being paid over a period of three to five years.

At December 31, 2012 and 2011, the anticipated receipt of promises to give for the Campaign for Autism Society is as follows:

	<u>2012</u>	<u>2011</u>
One year	\$ 12,500	\$ 46,650
One to five years	10,000	20,000
Over five years	<u>-</u>	<u>-</u>
Total promises to give – Campaign for Autism Society	22,500	66,650
Less: discount to present value	<u>(430)</u>	<u>(1,271)</u>
Net realizable value	<u>\$ 22,070</u>	<u>\$ 65,379</u>

As of December 31, 2012, the Organizations had \$892,265 in promises to give from the Combined Federal Campaign. Promises to give for this campaign consist of temporarily restricted gifts. While these gifts are unrestricted as to purpose, they have been reported as temporarily restricted net assets due to the inherent time restriction associated with the fact that promises to give are to be paid over a period of one year.

At December 31, 2012 and 2011, the anticipated receipt of promises to give for the Combined Federal Campaign is as follows:

	<u>2012</u>	<u>2011</u>
One year	\$ 892,265	\$ 1,019,293
Less: allowance for doubtful promises to give	<u>(278,859)</u>	<u>(306,859)</u>
Net realizable value	<u>\$ 613,406</u>	<u>\$ 712,434</u>

Promises to give reported on the combined statement of financial position as of December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Promises to give – Campaign for Autism Society	\$ 22,500	\$ 66,650
Promises to give – Combined Federal Campaign	<u>892,265</u>	<u>1,019,293</u>
Total promises to give	914,765	1,085,943
Less: discount to net present value	(430)	(1,271)
Less: allowance for doubtful promises to give	<u>(278,859)</u>	<u>(306,859)</u>
Net realizable value	635,476	777,813
Less: noncurrent portion of promises to give	<u>(9,570)</u>	<u>(18,729)</u>
Current portion of promises to give	<u>\$ 625,906</u>	<u>\$ 759,084</u>

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Furnishings and fixtures, at cost	\$ 77,954	\$ 77,954
Website, at cost	3,575	3,575
Equipment financed with capital lease, at cost	26,031	26,031
Computers and other equipment, at cost	<u>8,488</u>	<u>8,488</u>
Total property and equipment, at cost	116,048	116,048
Less: accumulated depreciation and amortization	<u>(77,832)</u>	<u>(65,952)</u>
Total property and equipment, net	<u>\$ 38,216</u>	<u>\$ 50,096</u>

Depreciation expenses for the years ended December 31, 2012 and 2011 were \$11,880 and \$12,366, respectively. The accumulated amortization amounts related to the equipment financed with capital lease as of December 31, 2012 and 2011 were \$11,776 and \$8,057, respectively.

NOTE 5 – CHARITABLE REMAINDER TRUSTS

The Organizations have been named as beneficiaries of various Estates and Trusts. The estimated cash flow from the various Estates and Trusts will be \$12,000 in 2013, and \$554,365 in 2041. A noncurrent asset for the charitable remainder trusts has been recognized at the present value of the expected future cash flow payments discounted at a rate of 3.19%.

Changes in the value of the trust have been reported in the statement of activities as decreases in temporarily restricted net assets.

Interests in charitable remainder trusts reported on the combined statement of financial position as of December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Interests in charitable remainder trusts	\$ 566,365	\$ 625,318
Less: discount to net present value	<u>(331,365)</u>	<u>(399,428)</u>
Net realizable value	235,000	225,890
Less: current portion of interests in charitable remainder trusts	<u>(12,000)</u>	<u>(57,890)</u>
Interests in charitable remainder trusts – noncurrent portion	<u>\$ 223,000</u>	<u>\$ 168,000</u>

NOTE 6 – OTHER ASSETS

There are two escrow accounts being held by trustees on behalf of the Organizations. The escrow accounts serve as collateral for the Organizations' line of credit and are also being held in accordance with the Organizations' permanently restricted net asset restrictions. As of December 31, 2012 and 2011, escrows held by trustees on behalf of the Organizations were \$100,034 and \$302,178, respectively.

AUTISM SOCIETY OF AMERICA, INC. AND
AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 6 – OTHER ASSETS *(continued)*

Intangibles consist of loan costs incurred and capitalized by the Organizations. The loan costs are amortized on a straight line basis over the term of the loan. During the year ended December 31, 2012, the loan costs and related accumulated amortization were written off due to repayment of related debt. Intangibles as of December 31, 2012 and 2011 consist of the following:

	2012	2011
Loan fees	\$ -	\$ 5,971
Less: accumulated amortization	-	(3,415)
Total intangibles, net	\$ -	\$ 2,556

NOTE 7 – LINE OF CREDIT

On December 6, 2010, the Organizations obtained a line of credit with a maximum borrowing amount of \$150,000 which matures on December 6, 2013. The line of credit accrues interest on the unpaid principal balance at a variable rate which is the greater of 5.5% or the U.S. Prime Rate plus 1% rounded to the nearest 0.125%. Borrowings on the line of credit are payable upon the bank's demand. If no demand is made, the accrued interest on the outstanding balance is payable monthly. The line of credit is secured by substantially all assets of the Organizations. Additionally, the Organizations are required to keep a minimum of \$100,000 of cash in a deposit account held by the bank. As of December 31, 2012 and 2011, the outstanding balance on the line of credit was \$0 and \$142,000, respectively.

NOTE 8 – NOTE PAYABLE

On December 6, 2010, the Society borrowed \$400,000 in the form of a promissory note. The note had interest at 6.25% on the outstanding principal balance and maturity date of December 6, 2013. The note was payable in 35 monthly installments of \$7,810 and a single balloon payment of the entire unpaid principal balance due upon maturity. The note was secured by substantially all assets of the Organizations. Additionally, the Organizations were required to keep a minimum of \$100,000 of cash in a deposit account held by the bank as additional collateral. During the year ended December 31, 2012, the outstanding balance on the promissory note was paid in full. As of December 31, 2011, the outstanding principal balance of the note payable was \$329,276.

Pursuant to the loan agreements for the line of credit and note payable, the Organizations have various financial covenants with the bank. As of December 31, 2012 and 2011, the Organizations were in compliance with all covenants as required by the loan and line of credit agreements.

The agreements also require that the bank hold a minimum amount of \$300,000 in escrow as collateral on the line of credit and note payable. The \$300,000 escrow accounts for the \$100,000 deposit required under each loan. Upon repayment of the promissory note during the year ended December 31, 2012 the \$300,000 was no longer required. At December 31, 2012 and 2011, the Society had \$100,034 and \$302,178, respectively, in escrow.

AUTISM SOCIETY OF AMERICA, INC. AND
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 NOTES TO COMBINED FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

NOTE 9 – LEASE COMMITMENTS

On November 6, 2009, the Organizations entered into a non-cancelable capital lease agreement for office equipment. The capital lease has a term of five years and matures on October 6, 2014. Under the capital lease agreement, the Organizations make 60 monthly installments of \$549. The capital lease obligation bears interest at 10.39%, and is secured by substantially all assets of the Organizations. The lease includes a bargain purchase option to purchase the equipment upon the maturity of the lease term. At December 31, 2012 and 2011, the Organizations' outstanding capital lease obligations were \$10,956 and \$16,112, respectively.

As of December 31, 2012, future minimum lease payments under capital lease obligations were as follows:

December 31,	
2013	\$ 7,460
2014	<u>5,743</u>
Net minimum lease payments	13,203
Amount representing interest	<u>(2,247)</u>
Present value of net minimum lease payments	10,956
Less: current portion	<u>(5,718)</u>
 Noncurrent portion of capital lease obligation	 <u>\$ 5,238</u>

During the year ended December 31, 2009, the Organizations entered into an 11-year non-cancelable operating lease for new office space in Bethesda, Maryland. The lease expires on January 31, 2020, and contains annual escalation clauses for property taxes and general operating and maintenance costs of the landlord, as well as annual rental increases. Under the terms of the lease, the Organizations were not required to make rental payments until February 1, 2010. As of December 31, 2012 and 2011, the Organizations had a rent abatement liability of \$67,608 and \$57,038, respectively.

Future minimum lease payments under the operating lease are as follows:

December 31,	
2013	\$ 160,507
2014	165,322
2015	170,282
2016	175,390
2017	180,652
Thereafter	<u>394,135</u>
Total	<u>\$ 1,246,288</u>

Rent expenses for the years ended December 31, 2012 and 2011 were \$170,448 and \$166,399, respectively.

AUTISM SOCIETY OF AMERICA, INC. AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
<u>Time restricted:</u>		
Campaign for Autism Society	\$ -	\$ 65,379
Beneficial interests in charitable remainder trusts	240,000	306,890
Federal Campaign pledges	<u>613,406</u>	<u>712,434</u>
Total time restricted	853,406	1,084,703
<u>Purpose restricted:</u>		
CVS All Kids Can Scholars Program	-	5,000
QBE First Grant	<u>178,976</u>	<u>77,838</u>
Total purpose restricted	<u>178,976</u>	<u>82,838</u>
Total temporarily restricted net assets	<u>\$ 1,032,382</u>	<u>\$ 1,167,541</u>

Temporarily restricted net assets released from restrictions consist of the following for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
<u>Time restricted:</u>		
Campaign for Autism Society	\$ 65,379	\$ 44,749
Bequests receivable	234,875	145,000
Federal Campaign pledges	947,774	1,543,050
Less: provision for uncollectible promises to give	<u>(26,224)</u>	<u>(230,017)</u>
Total releases of time restrictions	1,221,804	1,502,782
<u>Purpose restricted:</u>		
QBE First Grant	125,223	47,162
CVS All Kids Can Scholars Program	5,000	-
Safe and Sound Program	1,653	-
National conference	25,130	30,037
Jim Ball Scholarship	50	-
Merck grant	-	69,808
CIGNA grant	<u>-</u>	<u>30,000</u>
Total releases of purpose restrictions	<u>157,056</u>	<u>177,007</u>
Total released from restriction	<u>\$ 1,378,860</u>	<u>\$ 1,679,789</u>

AUTISM SOCIETY OF AMERICA, INC. AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

Interpretation of Law:

The Society has interpreted the Maryland-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 Society classifies as permanently restricted net assets:

- a) the original value of gifts donated to the permanent endowment,
- b) the original value of subsequent gifts to the permanent endowment, and
- c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Society and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Society
- 7) The investment policies of the Society

Investment Policy:

The Society's objective is to manage investment risk and to optimize investment returns within acceptable risk parameters. The Society's investment policy in general is long-term. The goals of the investment policy are to provide for the ongoing income needs, financial stability, and conservative growth of capital to meet future needs of the Society, and to enhance the purchasing power of funds held for future expenditures. The Society has established a portfolio policy, which can be adjusted from time to time, and is designed to serve for long-term horizons based upon long-term expected returns.

Spending Policy:

The Society has adopted spending policies for permanently restricted cash contributions that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as unrestricted net assets.

AUTISM SOCIETY OF AMERICA, INC. AND
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 DECEMBER 31, 2012 AND 2011

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS *(continued)*

For the years ended December 31, 2012 and 2011, the Society had the following endowment-related activities:

Year ended December 31, 2012:

<u>Collins Scholarship Fund</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,432	\$ -	\$ 50,000	\$ 56,432
Investment income:				
Interest and dividends	159	-	-	159
Realized gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 6,591</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 56,591</u>

Year ended December 31, 2011:

<u>Collins Scholarship Fund</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,613	\$ -	\$ 50,000	\$ 53,613
Investment income:				
Interest and dividends	2,700	-	-	2,700
Realized gains	<u>119</u>	<u>-</u>	<u>-</u>	<u>119</u>
Endowment net assets, end of year	<u>\$ 6,432</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 56,432</u>

Permanently restricted net assets of \$50,000 are restricted to investment in perpetuity, the income from which is expendable to support the Society's general operations. For the years ended December 31, 2012 and 2011, the total amounts appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA were \$6,591 and \$6,432, respectively.

NOTE 12 – RETIREMENT PLAN

The Organizations provide a defined contribution plan, the Autism Society of America 403(b) Savings Plan (the "Plan"), to all employees who work at least 1,000 hours during the year and who contribute at least 5% of their salary to the plan. Each retirement annuity contract is the property of the individual participant and is between the participant and the insurance company. The Organizations reserve the right to modify or discontinue the Plan at any time. For the years ended December 31, 2012 and 2011, the Organizations contributed to the Plan \$20,235 and \$-0-, respectively.

AUTISM SOCIETY OF AMERICA, INC. AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 13 – OTHER COMMITMENTS

The Organizations have entered into various agreements with hotels and other vendors for its 2013 annual conferences. These agreements stipulate that if the conferences are cancelled or services not needed that the Organizations will be required to pay various costs associated with the contracts, the amounts of which are dependent on various factors.

NOTE 14 – ALLOCATION OF JOINT COSTS

For the years ended December 31, 2012 and 2011, the Organizations incurred joint costs of \$171,603 and \$406,885, respectively, of which \$114,843 and \$272,831, respectively, were for direct mail communication materials and activities; \$20,312 and \$22,959, respectively, were for electronic mail communications that included fundraising appeals; and \$36,448 and \$111,095, respectively, were for special activities. For the years ended December 31, 2012 and 2011, joint costs of \$99,649 and \$236,418, respectively, were allocated to education and \$71,954 and \$170,467, respectively, were allocated to fundraising. For the years ended December 31, 2012 and 2011, total fundraising expenses were \$313,411 and \$560,561, respectively.

SUPPLEMENTARY INFORMATION

AUTISM SOCIETY OF AMERICA, INC. AND AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
 COMBINING STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2012

	<u>ASA</u>	<u>ASAF</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 423,410	\$ 11,069	\$ -	\$ 434,479
Accounts receivable, net	9,011	-	-	9,011
Unconditional promises to give, net - current portion	239,811	386,095	-	625,906
Interests in charitable remainder trusts - current portion	12,000	-	-	12,000
Due from affiliate	389,213	-	(389,213)	-
Inventory, at cost	8,830	-	-	8,830
Prepaid expenses	44,662	-	-	44,662
Total current assets	<u>1,126,937</u>	<u>397,164</u>	<u>(389,213)</u>	<u>1,134,888</u>
FURNITURE, FIXTURES AND EQUIPMENT				
Furniture, fixtures and equipment	112,473	3,575	-	116,048
Less: Accumulated depreciation	<u>(74,257)</u>	<u>(3,575)</u>	<u>-</u>	<u>(77,832)</u>
Net furniture, fixtures and equipment	38,216	-	-	38,216
LONG-TERM UNCONDITIONAL PROMISES TO GIVE				
Unconditional promises to give, net - noncurrent portion	9,570	-	-	9,570
OTHER ASSETS				
Escrows	100,034	-	-	100,034
Interests in charitable remainder trusts, net - noncurrent portion	223,000	-	-	223,000
Deposits	12,576	-	-	12,576
Intangibles, net	-	-	-	-
Total other assets	<u>335,610</u>	<u>-</u>	<u>-</u>	<u>335,610</u>
TOTAL ASSETS	<u>\$ 1,510,333</u>	<u>\$ 397,164</u>	<u>\$ (389,213)</u>	<u>\$ 1,518,284</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 248,648	\$ -	\$ -	\$ 248,648
Line of credit	-	-	-	-
Notes payable - current portion	-	-	-	-
Capital lease obligations - current portion	5,718	-	-	5,718
Due to affiliate	-	389,213	(389,213)	-
Total current liabilities	<u>254,366</u>	<u>389,213</u>	<u>(389,213)</u>	<u>254,366</u>
NONCURRENT LIABILITIES				
Notes payable - noncurrent portion	-	-	-	-
Capital lease obligations - noncurrent portion	5,238	-	-	5,238
Rent abatement	67,608	-	-	67,608
Total noncurrent liabilities	<u>72,846</u>	<u>-</u>	<u>-</u>	<u>72,846</u>
TOTAL LIABILITIES	327,212	389,213	(389,213)	327,212
NET ASSETS				
Unrestricted	100,739	7,951	-	108,690
Temporarily restricted	1,032,382	-	-	1,032,382
Permanently restricted	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
TOTAL NET ASSETS	<u>1,183,121</u>	<u>7,951</u>	<u>-</u>	<u>1,191,072</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,510,333</u>	<u>\$ 397,164</u>	<u>\$ (389,213)</u>	<u>\$ 1,518,284</u>

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
 COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Autism Society of America, Inc.				Autism Society of America Foundation, Inc.						
	Unrestricted	Temporarily Restricted		Total	Unrestricted	Temporarily Restricted		Total			
		Temporarily Restricted	Permanently Restricted			Unrestricted	Temporarily Restricted		Eliminations	Combined	
REVENUES AND SUPPORT											
Contributions	\$ 1,556,911	\$ 728,546	\$ -	\$ 2,285,457	\$ 15,232	\$ 373,394	\$ 388,626	\$ (386,095)	\$ 2,287,988		
Less: provision for uncollectible promises to give	-	(38,925)	-	(38,925)	-	12,701	12,701	-	(26,224)		
Annual and regional conferences	347,757	-	-	347,757	-	-	-	-	347,757		
Beneficial interest bequests	-	167,985	-	167,985	-	-	-	-	167,985		
Merchandise sales, net	11,410	-	-	11,410	-	-	-	-	11,410		
Investment income	1,031	-	-	1,031	1	-	1	-	1,032		
In-kind income	501	-	-	501	-	-	-	-	501		
Other income	23,032	-	-	23,032	-	-	-	-	23,032		
Net assets released from restrictions	992,765	(992,765)	-	-	386,095	(386,095)	-	-	-		
TOTAL REVENUES AND SUPPORT	2,933,407	(135,159)	-	2,798,248	401,328	-	401,328	(386,095)	2,813,481		
EXPENSES											
Program services											
Education	1,050,220	-	-	1,050,220	207,850	-	207,850	(201,747)	1,056,323		
Advocacy	284,208	-	-	284,208	52,185	-	52,185	(50,653)	285,740		
Public awareness	327,161	-	-	327,161	60,070	-	60,070	(58,307)	328,924		
Supporting services											
Management and general	112,074	-	-	112,074	20,580	-	20,580	(19,975)	112,679		
Fundraising	311,734	-	-	311,734	57,090	-	57,090	(55,413)	313,411		
TOTAL EXPENSES	2,085,397	-	-	2,085,397	397,775	-	397,775	(386,095)	2,097,077		
CHANGE IN NET ASSETS	848,010	(135,159)	-	712,851	3,553	-	3,553	-	716,404		
NET ASSETS AT BEGINNING OF YEAR	(747,271)	1,167,541	50,000	470,270	4,398	-	4,398	-	474,668		
NET ASSETS AT END OF YEAR	\$ 100,739	\$ 1,032,382	\$ 50,000	\$ 1,183,121	\$ 7,951	\$ -	\$ 7,951	\$ -	\$ 1,191,072		

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
AUTISM SOCIETY OF AMERICA, INC. - SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services				Supporting Services		
	Education	Advocacy	Public Awareness	Total Program	Management and General	Fundraising	Total
Personnel	\$ 538,382	\$ 177,986	\$ 211,511	\$ 927,879	\$ 67,940	\$ 167,467	\$ 1,163,286
Occupancy	105,342	29,423	35,368	170,133	9,833	27,075	207,041
Fundraising activities	99,649	-	-	99,649	-	71,954	171,603
Professionals, contractors, and vendors	52,064	5,872	6,329	64,265	25,976	15,585	105,826
Grant expenses	34,208	34,208	34,207	102,623	-	-	102,623
Travel	68,263	11,484	10,246	89,993	1,269	8,276	99,538
Website maintenance and development	25,213	7,243	8,650	41,106	2,327	6,409	49,842
Other program costs	36,976	209	251	37,436	71	192	-
Printing and publications	30,960	313	338	31,611	41	112	31,764
Interest expense and fees	13,887	3,879	4,662	22,428	1,296	3,569	27,293
Office expenses	11,427	3,192	3,837	18,456	1,066	2,937	24,027
Dues, fees, and staff development	8,337	2,373	2,752	13,462	627	1,726	15,815
Postage	8,193	1,203	1,364	10,760	267	2,666	13,693
Depreciation	6,045	1,688	2,029	9,762	564	1,554	11,880
Board activities	4,540	1,831	2,043	8,414	351	966	9,731
Insurance	3,459	966	1,161	5,586	324	889	6,799
Meetings and events	1,975	1,975	1,976	5,926	-	23	42,080
Loan cost amortization	1,300	363	437	2,100	122	334	2,556
TOTALS	\$ 1,050,220	\$ 284,208	\$ 327,161	\$ 1,661,589	\$ 112,074	\$ 311,734	\$ 2,085,397

See accompanying notes to financial statements.

AUTISM SOCIETY OF AMERICA, INC. AND AUTISM SOCIETY OF AMERICA FOUNDATION, INC.
 AUTISM SOCIETY OF AMERICA FOUNDATION, INC. - SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services			Supporting Services			
	Education	Advocacy	Public Awareness	Total Program	Management and General	Fundraising	Total
Grant	\$ 201,747	\$ 50,653	\$ 58,307	\$ 310,707	\$ 19,975	\$ 55,413	\$ 386,095
Professional Fees	4,572	1,148	1,321	7,041	453	1,256	8,750
Registration fees	1,531	384	442	2,357	152	421	2,930
TOTALS	\$ 207,850	\$ 52,185	\$ 60,070	\$ 320,105	\$ 20,580	\$ 57,090	\$ 397,775

See accompanying notes to financial statements.