

**AUTISM SPEAKS, INC.**

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**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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May 17, 2013

Board of Directors  
Autism Speaks, Inc.  
New York, New York

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on Financial Statements**

We have audited the accompanying consolidated financial statements of Autism Speaks, Inc. and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Autism Speaks, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Elliot Horowitz & Company, LLP*

**AUTISM SPEAKS, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$11,475,140	\$14,630,454
Marketable investment securities	1,043,887	2,488,078
Accounts receivable, net	977,793	1,405,075
Pledges receivable, net	462,503	2,403,999
Prepaid expenses	301,845	285,238
Restricted cash	2,126,734	2,548,719
Other assets	303,005	306,819
Computer software (net of accumulated amortization of \$12,175 in 2012 and \$12,712 in 2011)	683,577	7,806
Equipment and property, net	604,611	694,458
<b>TOTAL ASSETS</b>	<b>\$17,979,095</b>	<b>\$24,770,646</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Grants payable	\$ 5,926,802	\$ 7,398,332
Accounts payable and accrued liabilities	3,658,882	3,288,244
Other liabilities	413,818	393,994
Deferred revenue		400,000
<b>TOTAL LIABILITIES</b>	<b>9,999,502</b>	<b>11,480,570</b>
<b>COMMITMENTS (Notes 7 and 8)</b>		
<b>CONTINGENCIES (Note 13)</b>		
Net assets		
Unrestricted	1,410,287	4,050,044
Temporarily restricted	6,569,306	9,240,032
<b>TOTAL NET ASSETS</b>	<b>7,979,593</b>	<b>13,290,076</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$17,979,095</b>	<b>\$24,770,646</b>

See notes to consolidated financial statements

AUTISM SPEAKS, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Walk program/Retail partners	\$38,886,804	\$ 44,857	\$38,931,661	\$38,026,604	\$ 55,075	\$38,081,679
Major gifts and other contributions	7,184,816	3,969,539	11,154,355	7,027,713	6,018,648	13,046,361
Special and community events	6,923,212	466,411	7,389,623	6,315,507	748,583	7,064,090
Government grants		1,239,639	1,239,639		1,972,489	1,972,489
Interest income, foreign currency translation and other	102,125		102,125	(87,714)		(87,714)
Total public support and revenue before release of restrictions	53,096,957	5,720,446	58,817,403	51,282,110	8,794,795	60,076,905
Net assets released from restrictions	8,391,172	(8,391,172)		10,742,936	(10,742,936)	
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>61,488,129</b>	<b>(2,670,726)</b>	<b>58,817,403</b>	<b>62,025,046</b>	<b>(1,948,141)</b>	<b>60,076,905</b>
<b>EXPENSES</b>						
Program services	45,254,523		45,254,523	43,881,256		43,881,256
Supporting services						
Management and general	2,737,568		2,737,568	2,346,446		2,346,446
Fund-raising	16,135,795		16,135,795	14,629,474		14,629,474
Total supporting services	18,873,363		18,873,363	16,975,920		16,975,920
<b>TOTAL EXPENSES</b>	<b>64,127,886</b>		<b>64,127,886</b>	<b>60,857,176</b>		<b>60,857,176</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>(2,639,757)</b>	<b>(2,670,726)</b>	<b>(5,310,483)</b>	<b>1,167,870</b>	<b>(1,948,141)</b>	<b>(780,271)</b>
<b>NET ASSETS - JANUARY 1</b>	<b>4,050,044</b>	<b>9,240,032</b>	<b>13,290,076</b>	<b>2,882,174</b>	<b>11,188,173</b>	<b>14,070,347</b>
<b>NET ASSETS - DECEMBER 31</b>	<b>\$ 1,410,287</b>	<b>\$ 6,569,306</b>	<b>\$ 7,979,593</b>	<b>\$ 4,050,044</b>	<b>\$ 9,240,032</b>	<b>\$13,290,076</b>

See notes to consolidated financial statements

AUTISM SPEAKS, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2012 AND 2011

	Program Services			Supporting Services			2012 Total Expenses	2011 Total Expenses
	Awareness and Other Services	Research	Total	Management and General	Fund-raising	Total		
Salaries	\$ 6,847,334	\$ 4,129,744	\$10,977,078	\$ 1,362,850	\$ 6,144,100	\$ 7,506,950	\$ 18,484,028	\$ 15,358,052
Benefits	1,224,055	570,730	1,794,785	215,279	979,428	1,194,707	2,989,492	2,540,899
Payroll taxes	521,442	285,910	807,352	102,776	477,371	580,147	1,387,499	1,176,936
Science grants and awards		15,790,797	15,790,797				15,790,797	17,047,684
Family service grants and awards	2,048,552		2,048,552				2,048,552	1,998,234
Cost of biomaterial and products sold	82,750	225,688	308,438	652	276,598	277,250	585,688	583,248
Advertising	2,028,832	20,148	2,048,980		163,540	163,540	2,212,520	2,445,228
Professional services	1,428,165	975,989	2,404,154	96,659	376,884	473,543	2,877,697	3,070,778
Supplies and equipment	1,332,811	216,148	1,548,959	267,538	1,516,154	1,783,692	3,332,651	3,185,148
Rent	547,374	128,007	675,381	172,400	570,012	742,412	1,417,793	1,294,645
Printing	626,841	40,785	667,626	1,659	544,841	546,500	1,214,126	1,306,414
Special events - venues and services	646,499	22,506	669,005	22	900,245	900,267	1,569,272	1,798,070
Conferences, meetings and sponsorships	323,482	584,552	908,034	1,942	59,796	61,738	969,772	939,250
Travel, meals, lodging and transportation	787,991	553,327	1,341,318	30,372	474,107	504,479	1,845,797	1,685,491
Credit card/bank fees	23,372	3,665	27,037	21,275	643,685	664,960	691,997	736,691
Premium/recognition	324,339	6,843	331,182	884	391,975	392,859	724,041	697,520
Catering	598,937	9,388	608,325	1,188	578,799	579,987	1,188,312	1,071,032
Postage	379,217	22,661	401,878	12,419	633,114	645,533	1,047,411	923,410
Depreciation	98,679	48,603	147,282	65,459	114,553	180,012	327,294	317,196
Telephone and internet	206,798	83,015	289,813	49,426	205,953	255,379	545,192	453,224
Legal fees	106,511	87,513	194,024	69,345	123,327	192,672	386,696	351,461
Site, audit, licensing and filing fees	131,064	18,901	149,965	90,319	149,785	240,104	390,069	341,560
Marketing	288,069	22,781	310,850	1,045	302,901	303,946	614,796	471,234
Photography/videography	185,856	3,088	188,944	144	135,688	135,832	324,776	263,011
Temporary services	133,052	48,503	181,555	117,817	186,660	304,477	486,032	492,166
Insurance	39,845	28,702	68,547	26,240	46,208	72,448	140,995	116,826
Other	125,852	238,810	364,662	29,858	140,071	169,929	534,591	191,768
<b>TOTAL EXPENSES</b>	<b>\$21,087,719</b>	<b>\$24,166,804</b>	<b>\$45,254,523</b>	<b>\$ 2,737,568</b>	<b>\$16,135,795</b>	<b>\$18,873,363</b>	<b>\$64,127,886</b>	<b>\$60,857,176</b>

See notes to consolidated financial statements

**AUTISM SPEAKS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (5,310,483)	\$ (780,271)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation	327,294	317,196
Donated marketable investment securities	(44,594)	(10,825)
Unrealized (gain) loss on marketable investment securities	(10,902)	11,754
Increase (decrease) in cash flows from:		
Accounts receivable, net	427,282	(788,434)
Pledges receivable, net	1,941,496	2,308,414
Prepaid expenses	(16,607)	75,103
Restricted cash	421,985	116,864
Other assets	3,814	141,142
Grants payable	(1,471,530)	4,235,458
Accounts payable and accrued liabilities	370,638	83,563
Other liabilities	19,824	126,944
Deferred revenue	<u>(400,000)</u>	<u>400,000</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>(3,741,783)</u></b>	<b><u>6,236,908</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions (purchases) of certificates of deposit, net	1,488,862	(2,239,007)
Redemptions of marketable investment securities	10,825	60,841
Purchases of computer software	(680,766)	(8,433)
Purchases of equipment and property	<u>(232,452)</u>	<u>(307,674)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b><u>586,469</u></b>	<b><u>(2,494,273)</u></b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,155,314)</b>	<b>3,742,635</b>
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<b><u>14,630,454</u></b>	<b><u>10,887,819</u></b>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<b><u>\$ 11,475,140</u></b>	<b><u>\$ 14,630,454</u></b>

See notes to consolidated financial statements



## **AUTISM SPEAKS, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **1. NATURE OF ORGANIZATION**

Autism Speaks, Inc. (AS) is a not-for-profit corporation formed in 2005 that is dedicated to increasing awareness about the growing autism health crisis and raising funds for critical autism research. AS is committed to aggressively funding global biomedical research into causes, prevention, treatments and cure for autism; raising public awareness about autism and its effects on individuals, families and society; and bringing hope to all who deal with the hardships of the disorder. AS obtains financial support from the public via walks, special/community events and general contributions and government grants.

Canadian operations are incorporated under Canadian law as a separate entity (Autism Speaks Canada), which is controlled by AS. Advancing Futures for Adults with Autism (AFAA), is a not-for-profit corporation formed in the United States and is controlled by AS. Contributions to AFAA are classified as temporarily restricted net assets until used for their stated purpose.

In October 2012, AS established Delivering Scientific Innovation for Autism (DELSIA) as a not-for-profit affiliate. DELSIA was created as an innovative funding vehicle that works to improve outcomes for individuals with autism by ensuring scientific breakthroughs are developed into products that improve the quality of life and health for individuals with autism. DELSIA's mission is to serve as a catalyst by facilitating and accelerating the delivery of products that can improve the health and quality of life for individuals with autism.

The financial statements of Autism Speaks Canada, AFAA and DELSIA have been included in the accompanying consolidated financial statements.

All interorganizational transactions have been eliminated.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### *Basis of Accounting*

The consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

##### *Net Assets*

The classification of AS's net assets and its public support and revenue and expenses is based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### *Unrestricted*

Net assets that are either not subject to donor-imposed stipulations, or have been reclassified from temporarily restricted net assets because donor restrictions have either expired or been met.

#### *Temporarily Restricted*

Net assets that carry donor-imposed restrictions that expire upon the passage of time or upon occurrence of a stated event as specified by the donor. Net assets released from restrictions represent the satisfaction of the restricted purpose.

#### *Functional Allocation of Expenses*

The cost of providing AS's programs and supporting services has been summarized on an individual basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited in ratios determined by management.

#### *Use of Estimates*

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

#### *Cash and Cash Equivalents*

For financial reporting purposes, AS considers all money market funds and highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents.

#### *Marketable Investment Securities*

Donated securities are recorded at their market value at the date of gift. It is management's policy to sell donated securities upon receipt. As of December 31, 2012, marketable investment securities included donated marketable equity securities with a market value of \$44,594. These securities were received in the last few days of December 2012 and were sold in the first few days of January 2013. As of December 31, 2012, marketable investment securities also consisted of certificates of deposits of \$999,293 with a maturity of two years or less. As of December 31, 2011, marketable investment securities included donated marketable equity securities with a market value of \$10,825. These securities were received in the last few days of December 2011 and were sold in the first few days of January 2012. As of December 31, 2011, marketable investment securities also consisted of certificates of deposits of \$2,477,253 with a maturity of one year or less.

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### *Fair Value of Financial Instruments*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principle or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). AS investments are all considered Level 1 measurements.

#### *Pledges Receivable*

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using applicable risk-free interest rates. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. Payments received on fulfilled conditional promises are recognized as unrestricted net assets. AS uses the allowance method for uncollectible unconditional pledges receivable. The allowance is based on management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

#### *Accounts Receivable*

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful. As of December 31, 2012 and 2011, no allowance for doubtful accounts has been established.

#### *Restricted Cash*

Restricted cash represents funds received for certain grants to be awarded through 2018.

## **AUTISM SPEAKS, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### *Computer Software*

Computer software costs have been capitalized and are being amortized over the estimated useful lives of the assets of three years. As of December 31, 2012, computer software with costs totaling \$680,766 have not been placed in service.

#### *Equipment and Property*

Equipment and property are stated at their costs at the dates of acquisition for purchases of \$1,000 or greater. Computer hardware and equipment, and furniture and fixtures are being depreciated using the straight-line method over the estimated useful lives of the assets of three years to five years. Leasehold improvements are amortized over the term of the lease or the useful life of the improvement, whichever is less.

#### *Grants Payable*

Research grants and awards are recorded as an expense and liability subsequent to reviews by AS's Scientific Review Panel and final approval by the Board of Directors. Grants and awards generally cover a period of one year, subject to renewal for additional years after certain conditions are met.

#### *Deferred Revenue*

Amounts received in support of a fundraising event not yet held are accounted for as deferred revenue, if the gift is refundable, until the event is held.

#### *Revenue Recognition*

Contributions are recorded as revenue upon the receipt of cash, securities, gift or unconditional pledge. Contributions received are recorded as available for unrestricted use, unless specifically restricted by the donor in which case they are classified as temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS splits revenue and expenses with partners on the fund-raising events listed below. Revenue and expenses shown in the consolidated financial statements reflect AS's share.

<u>Event</u>	<u>Partner</u>	<u>AS's share of Revenue and Expenses</u>
Lead-Off for a Cure (2012); Face-Off for a Cure (2011)	The Gillen Brewer School	50% of revenue and expenses in 2012 and 2011.
Atlanta Walk	The Marcus Institute	50% of revenue and expenses in 2012 and 2011.
Phoenix Walk	The Southwest Autism Research & Resource Center (SARRC)	50% of revenue and expenses in 2012 and 2011.
14 <sup>th</sup> Annual Celebrity Golf Challenge	Center for Autism and the Developing Brain at New York Presbyterian	15% of revenue and expense in 2012.
A Funny Affair	New York Center for Autism	50% of revenue and expenses in 2011.

The Atlanta Walk had net proceeds of \$585,000 in 2012 and \$570,000 in 2011, 50% of which were shared with The Marcus Institute, the co-founder of which is an AS Board member.

The 14<sup>th</sup> Annual Celebrity Golf Challenge had net proceeds of \$428,854, 15% of which was shared with the Center for Autism and the Developing Brain at New York Presbyterian. An AS Board member is on the Board of Trustees of New York Presbyterian Hospital.

A Funny Affair had net proceeds of \$1,133,000 in 2011, 50% of which were shared with the New York Center for Autism (NYCA), the co-founder of which is an AS Board member. Additionally, AS contributed \$34,000 to NYCA in 2011.

#### *Donated Goods and Services*

Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying consolidated statements of activities. For the years ended December 31, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was \$727,100 and \$722,080, respectively. In 2012 and 2011, all donated services were directly related to AS's awareness campaign and family service efforts, and as such are included in program services in the consolidated statement of functional expenses. Many volunteers have made significant contributions of time to AS's program and supporting functions. The value of these contributed services does not meet the criteria for recognition and, accordingly, are not recognized in the accompanying consolidated financial statements.

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### *Income Taxes*

AS, AFAA and DELSIA are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under comparable laws. The Canadian entity, exempt from Canadian income taxes, is organized without share capital under the Canadian Corporations Act. AS adopted the accounting pronouncement related to income taxes which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. AS does not believe its consolidated financial statements include any uncertain tax positions as of December 31, 2012 and 2011. Management believes it is no longer subject to income tax examination for years prior to December 31, 2009.

#### *Advertising*

Advertising expenses have been charged to operations as incurred.

#### *Rent*

Rent expense under operating leases, providing for rent abatements and fixed non-contingent escalations, is recognized on a straight-line basis over the term of each individual underlying lease. The cumulative net excess of recorded rent expense over lease payments made is reflected on the balance sheet in other liabilities. As of December 31, 2012, and 2011, deferred rent was \$341,818 and \$315,994, respectively.

#### *Foreign Currency Translation*

Public support, revenue and expenses of Autism Speaks Canada are translated at the average exchange rates during the year. Gains and losses from foreign currency translation are included in interest income and other on the consolidated statements of activities. For the year ended December 31, 2012, the unrealized foreign currency gain was \$67,853. For the year ended December 31, 2011, the unrealized foreign currency loss was \$84,715.

#### *Subsequent Events*

Management has evaluated subsequent events, none of which were material, through May 17, 2013, the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.

### **3. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject AS to concentration of credit risk consist primarily of cash and cash equivalents, certificates of deposits, accounts receivables and pledges receivables.

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS has cash deposits at financial institutions which exceed the Federal insurance limits, however, management does not believe there is any significant risk of loss on any uninsured amounts. All certificates of deposit are within Federal insurance limits. Additionally, AS places short-term cash in money market funds, which are secured by the underlying assets of the fund. AS's management has assessed the credit risk with money market funds and investments held at December 31, 2012 and 2011 and has determined that an allowance for the potential loss due to credit risk is not necessary.

Accounts and pledges receivables at December 31, 2012 and 2011 are due from various individuals, corporations, institutions and foundations well-known to AS with favorable past payment histories. AS's management has assessed the credit risk associated with these receivable balances at December 31, 2012 and 2011 and has determined that only a modest allowance for potential loss due to credit risk is necessary (See Note 4).

#### 4. PLEDGES RECEIVABLE, NET

As of December 31, 2012 and 2011, unconditional promises to give consisted of the following:

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
Gross amount due in:		
Less than one year	\$ 164,000	\$1,974,297
One to five years	345,849	346,000
Six to ten years	<u>                    </u>	<u>143,848</u>
	509,849	2,464,145
Less: allowance for doubtful pledges receivable	<u>15,000</u>	<u>15,000</u>
	494,849	2,449,145
Less: discounts to net present value	<u>32,346</u>	<u>45,146</u>
Net unconditional promises to give	<u>\$ 462,503</u>	<u>\$2,403,999</u>

The discount rate used on long-term promises to give was 2.5% in 2012 and 2011.

**AUTISM SPEAKS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. EQUIPMENT AND PROPERTY**

As of December 31, 2012 and 2011, equipment and property consisted of the following:

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
Computer hardware and equipment	\$ 502,360	\$ 429,232
Furniture and fixtures	368,934	386,350
Leasehold improvements	<u>502,513</u>	<u>496,865</u>
	1,373,807	1,312,447
Less: accumulated depreciation	<u>769,196</u>	<u>617,989</u>
	<u>\$ 604,611</u>	<u>\$ 694,458</u>

**6. TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2012 and 2011, temporarily restricted net assets consisted of the following:

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
Time Restricted	\$ 462,503	\$ 2,403,999
Program Restricted	<u>6,106,803</u>	<u>6,836,033</u>
Total Temporarily Restricted Net Asset	<u>\$ 6,569,306</u>	<u>\$ 9,240,032</u>

As of December 31, 2012, \$97,182 of time restricted net assets is also program restricted. As of December 31, 2011, \$1,163,309 of time restricted net assets is also program restricted.

During 2012 and 2011, net assets were released from restrictions as follows:

	<u>2012</u>	<u>2011</u>
Time Restricted	\$ 1,954,297	\$ 2,995,057
Program Restricted	<u>6,436,875</u>	<u>7,747,879</u>
Total Temporarily Restricted Net Assets Released From Restrictions	<u>\$ 8,391,172</u>	<u>\$10,742,936</u>



## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 7. GRANTS

Obligations for research and family services grants and awards were \$5,926,802 and \$7,398,332 as of December 31, 2012 and 2011, respectively. The grants and awards are generally payable within one year. In addition at December 31, 2012, grants and awards of approximately \$19,349,000 are subject to discretionary renewal as described in Note 2 (*Grants Payable*), pending the satisfactory progress of research and the availability of funds. If satisfactory progress is achieved and funds are available, payments, including grants payable at December 31, 2012, are scheduled as follows: \$16,628,000 in 2013, \$6,274,000 in 2014, \$1,851,000 in 2015 and \$523,000 thereafter.

Three members of the Board of Directors of AS and two management employees also hold positions at institutions which received funding from AS. At December 31, 2012, AS had grants payable and commitments to these institutions totaling approximately \$6,773,000. During the years ended December 31, 2012 and 2011, AS's expenses included approximately \$3,015,000 and \$2,314,000, respectively, related to awards granted to institutions in which a Board member or management employee held positions. Certain members of AS's Scientific Advisory Committee, Scientific Review Panel and Scientific Advisory Boards, which are all involved in the grant appropriation process, are also associated with institutions that receive funding from AS.

#### 8. OPERATING COMMITMENTS

##### *Leasing Commitments*

AS leases office space in various cities across the United States requiring minimum annual rents plus additional rent for operating expenses expiring through June 2021. In addition, AS has equipment leases and service agreements expiring through December 2016.

As of December 31, 2012, future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year are as follows:

<u>Years ending</u> <u>December 31,</u>	
2013	\$ 1,393,984
2014	1,373,622
2015	1,369,188
2016	1,284,630
2017	1,225,245
Thereafter	<u>4,399,741</u>
	<u>\$ 11,046,410</u>

## AUTISM SPEAKS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011, rent expense was \$1,417,793 and \$1,294,645, respectively.

#### *Employment Agreements*

AS entered into an employment agreement with an officer, which covers a ten-year term ending on December 31, 2020. The officer received a base salary of \$399,602 in the first year and, for each succeeding year, an amount equal to the preceding year's salary increased by the same cost-of-living index as is used by AS in increasing the compensation of its employees. As of December 31, 2012, the officer's base salary is \$422,475. The officer is also eligible for an annual bonus up to \$50,000 to be determined by the Board. The officer will also receive customary health, life and disability insurance. If the agreement is terminated without cause by AS or with good reason by the officer, the officer is entitled to the lesser of eighteen months severance, including COBRA coverage, or the amount of salary and COBRA coverage due over the remaining term of the agreement.

#### **9. ALLOCATION OF JOINT COSTS**

In 2012, AS incurred joint costs of \$17,393,788 to expand autism awareness, to inform the public of the autism health crisis and other activities that included fund-raising appeals. Of those costs, \$9,288,578 was allocated to fund-raising expenses and \$8,105,210 was allocated to program services.

In 2011, AS incurred joint costs of \$15,655,828 to expand autism awareness, to inform the public of the autism health crisis and other activities that included fund-raising appeals. Of those costs, \$8,433,474 was allocated to fund-raising expenses and \$7,222,354 was allocated to program services.

#### **10. RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2012 and 2011, AS had the following related party transactions:

- (a) AS incurred expenses for services provided by The Advertising Council of \$897,673 in 2012 and \$875,176 in 2011 related to AS's awareness campaign. A Board member of AS is also on The Advertising Council's Board. As of December 31, 2012 and 2011, \$275,036 and \$47,891, respectively, was included in accounts payable as owed to The Advertising Council.
- (b) In the form of a grant or sponsorship, AS incurred expenses totaling \$35,750 in 2012 to five separate autism-related organizations which are either affiliated with an AS Board member or which provided services to relatives of AS Board members or staff. In 2011, expenses totaling \$65,652 were incurred to eight separate autism-related organizations.

## **AUTISM SPEAKS, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **11. RETIREMENT PLAN**

AS implemented the “Autism Speaks 401 (k) Plan” effective January 1, 2007. Under the AS 401(k) Plan, AS will make annual contributions ranging from 3% to 8% of an employee’s salary to individual employee accounts for eligible employees, subject to Internal Revenue Service rules and limitations. Eligibility and the percentage contribution are based on years of service. Additionally, employee contributions to the Plan are matched up to 1% of salary, subject to Internal Revenue Service rules and limitations. Employer contributions for 2012 and 2011 were approximately \$847,000 and \$696,000, respectively.

#### **12. LINE OF CREDIT**

AS has a line of credit with a bank, which has never been used, under which it can borrow up to \$1,500,000 through May 31, 2013. Borrowings bear interest at the BBA Libor daily floating rate plus 1.25 percentage points, and are unsecured.

#### **13. CONTINGENCIES**

AS is a party to several legal actions. The Organization believes it has defenses for all such claims, believes the claim are substantially without merit, and is vigorously defending the actions. In the opinion of management and legal counsel, the final disposition of these matters will not have a material effect on the Organization’s financial position.

#### **14. RECLASSIFICATIONS**

Certain of the 2011 amounts have been reclassified for comparison purposes.