

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

Autism Speaks, Inc.

Three months ended March 31, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Autism Speaks, Inc.

Report on the financial statements

We have audited the accompanying financial statements of Autism Speaks, Inc. (a nonprofit organization) ("AS"), which comprise the consolidated statement of financial position as of March 31, 2019, and the related consolidated statement of activities, functional expenses and cash flows for the three months 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 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 AS'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 AS'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Autism Speaks, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the three months then ended in accordance with accounting principles generally accepted in the United States of America.



Philadelphia, Pennsylvania
August 22, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2019

ASSETS	
Cash and cash equivalents	\$ 33,644,728
Pledges receivable, net	2,936,719
Other contributions and miscellaneous receivables	2,904,316
Prepaid expenses and other assets	1,097,333
Property, equipment and computer software, net	<u>682,550</u>
 Total assets	 <u>\$ 41,265,646</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Grants payable	\$ 596,887
Accounts payable and accrued expenses	2,207,993
Other liabilities	<u>1,121,619</u>
 Total liabilities	 <u>3,926,499</u>
Net assets	
Without donor restrictions	27,185,097
With donor restrictions	<u>10,154,050</u>
 Total net assets	 <u>37,339,147</u>
 Total liabilities and net assets	 <u>\$ 41,265,646</u>

The accompanying notes are an integral part of this consolidated financial statement.

CONSOLIDATED STATEMENT OF ACTIVITIES

Three months ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue, and reclassifications			
Walk program and retail partners	\$ 3,134,650	\$ 1,053,411	\$ 4,188,061
Major gifts and other contributions	4,737,767	256,025	4,993,792
Special and community events	607,452	-	607,452
Government grants	2,580	23,421	26,001
In-kind contributions and donated services (Note B)	3,562,053	-	3,562,053
Interest income, foreign exchange gains and losses, and other income	213,251	467	213,718
Net assets released from restrictions	<u>472,810</u>	<u>(472,810)</u>	<u>-</u>
Total public support, revenue, and reclassifications	<u>12,730,563</u>	<u>860,514</u>	<u>13,591,077</u>
Expenses			
Program services			
Science (including in-kind contributions of \$105,601)	2,119,265	-	2,119,265
Services and support (including in-kind contributions of \$73,515)	3,382,168	-	3,382,168
Understanding and acceptance (including in-kind contributions of \$3,284,922)	<u>4,942,909</u>	<u>-</u>	<u>4,942,909</u>
Total program services	10,444,342	-	10,444,342
Supporting services			
Management and general (including in-kind contributions of \$53,993)	1,080,338	-	1,080,338
Fundraising (including in-kind contributions of \$44,022)	<u>1,683,726</u>	<u>-</u>	<u>1,683,726</u>
Total supporting services	<u>2,764,064</u>	<u>-</u>	<u>2,764,064</u>
Total expenses	<u>13,208,406</u>	<u>-</u>	<u>13,208,406</u>
Change in net assets	(477,843)	860,514	382,671
Net assets, beginning of period	<u>27,662,940</u>	<u>9,293,536</u>	<u>36,956,476</u>
Net assets, end of period	<u>\$ 27,185,097</u>	<u>\$ 10,154,050</u>	<u>\$ 37,339,147</u>

The accompanying notes are an integral part of this consolidated financial statement.

Autism Speaks, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Three months ended March 31, 2019

	Program Services				Supporting Services			Total
	Science	Services and Support	Understanding and Acceptance	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related benefits	\$ 899,150	\$ 1,959,041	\$ 888,274	\$ 3,746,465	\$ 810,218	\$ 1,056,009	\$ 1,866,227	\$ 5,612,692
Science grants, awards, and research	692,635	-	-	692,635	-	-	-	692,635
Family services grants, awards, and research	-	277,435	10,000	287,435	-	-	-	287,435
Media and media services (donated)	-	-	3,255,771	3,255,771	-	8,714	8,714	3,264,485
Professional and legal fees	84,658	284,995	89,203	458,856	77,447	92,617	170,064	628,920
Events, meetings, and conferences	113,595	206,300	149,518	469,413	9,172	88,196	97,368	566,781
Printing and promotion	7,981	123,424	255,325	386,730	6,391	215,063	221,454	608,184
Occupancy	39,822	135,214	97,739	272,775	32,013	66,452	98,465	371,240
Software and website	171,428	149,370	69,295	390,093	37,928	68,934	106,862	496,955
Other	99,268	222,107	117,385	438,760	98,055	74,999	173,054	611,814
Depreciation and amortization	10,728	24,282	10,399	45,409	9,114	12,742	21,856	67,265
	<u>\$ 2,119,265</u>	<u>\$ 3,382,168</u>	<u>\$ 4,942,909</u>	<u>\$ 10,444,342</u>	<u>\$ 1,080,338</u>	<u>\$ 1,683,726</u>	<u>\$ 2,764,064</u>	<u>\$ 13,208,406</u>

The accompanying notes are an integral part of this consolidated financial statement.

CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended March 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 382,671
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	67,265
Deferred rent	(26,597)
Lease abandonment costs and amortization of lease abandonment liability	(53,031)
Net gain on foreign currencies	(32,466)
Changes in operating assets and liabilities	
Pledges receivable, net	251,356
Other contributions and miscellaneous receivables	1,138,436
Prepaid expenses and other assets	(555,364)
Grants payable	(90,587)
Accounts payable and accrued expenses	464,890
Other liabilities	<u>(27,010)</u>
Net cash provided by operating activities	<u>1,519,563</u>
Effect of exchange rate changes on cash	<u>32,466</u>
Net increase in cash and cash equivalents	1,552,029
Cash and cash equivalents, beginning of period	<u>32,092,699</u>
Cash and cash equivalents, end of period	<u>\$ 33,644,728</u>

The accompanying notes are an integral part of this consolidated financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2019

NOTE A - ORGANIZATION

Autism Speaks, Inc. (AS), a not-for-profit corporation, was formed in 2005. It is dedicated to promoting solutions, across the spectrum and throughout the life span, for the needs of individuals with autism and their families through advocacy and support; increasing understanding and acceptance of people with autism spectrum disorder; and advancing research into causes and better interventions for autism spectrum disorder and related conditions. Through partnership and collaboration, AS is committed to increasing global understanding and acceptance of autism, being a catalyst for research breakthroughs, increasing early-childhood screening and timely interventions, improving the transition to adulthood, and ensuring access to reliable information and services throughout the life span.

Canadian operations are incorporated under Canadian law as a separate entity (Autism Speaks Canada), which is controlled by AS. In October 2012, AS established Delivering Scientific Innovation for Autism (DELSIA) as a not-for-profit affiliate.

The financial statements of Autism Speaks Canada and DELSIA have been included in the accompanying consolidated financial statements in United States Dollars (USD). All interorganizational transactions have been eliminated.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 (U.S. GAAP) as applicable to not-for-profit organizations.

2. 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:

Without Donor Restrictions

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

With Donor Restrictions

Net assets that contain donor-imposed restrictions that permit AS to use or expend the assets for particular purposes or in specific time periods. The restrictions are satisfied either by the passage of time or by actions of AS.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Revenue Recognition

Contributions are recorded as revenue upon the receipt of cash, securities, a gift or an unconditional pledge. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions received are recorded as available for unrestricted use unless specifically restricted by the donor, in which case they are classified as with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

4. Functional Allocation of Expenses

The cost of providing AS's programs and supporting services has been summarized on a functional basis in the accompanying consolidated statement of activities. Expenses directly attributable to a specific functional area of AS are reported as expenses of that functional area. Expenses attributable to more than one functional area are allocated using a variety of cost allocation techniques such as an analysis of staff time and effort and square footage.

5. Pledges/Contributions Receivable

Promises to give are recorded as pledges receivable or other contributions receivable at their fair values when received. Fair values are measured based on the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants.

6. Other Receivables

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 March 31, 2019, no allowance for doubtful accounts has been established against other contributions and miscellaneous receivables.

7. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. 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. Funds with donor restrictions are included in cash and cash equivalents in the accompanying consolidated statement of financial position.

9. Property, Equipment and Computer Software

Computer software costs are capitalized at their costs and are amortized, when placed in service, over the estimated useful lives of the assets of three years.

Equipment and property are stated at their costs at the dates of acquisition for purchases of \$5,000 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 improvements, whichever is less.

10. Grants

AS recognizes grant expenses as grantees meet the conditions stipulated in the awards. Conditional promises to give are not recorded as grant expense until the conditions upon which they are based have been met.

11. Donated Goods and Services

Donated goods and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying consolidated statement of activities at their fair values. The majority of the donated services are directly related to efforts to increase understanding and acceptance of people with autism spectrum disorder, which are included in program services in the accompanying consolidated statement of functional expenses.

In-kind contributions and donated services include donated media (television and radio broadcasting and other forms of media, including public service announcements) valued at \$3,191,905 and professional advertising and other services related to such media valued at \$72,580 for the three months ended March 31, 2019. The fair values of the donated media are determined based on consideration of the cost typically incurred by buyers for similar advertising and media, standard discounts given for similarly placed media, the media type and placement and other considerations.

AS also received other donated goods and services valued at \$297,568 for the three months ended March 31, 2019.

Many volunteers have made significant contributions of time to AS's programs and supporting functions. These contributed services do not meet the criteria for recognition and, accordingly, are not recognized in the accompanying consolidated financial statements.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Advertising

Advertising expenses have been recorded as expense once incurred. Such expenses consist primarily of professional media and advertising services utilized as part of AS's understanding and acceptance programmatic activities.

13. Foreign Currency Translation

Public support, revenue and expenses of Autism Speaks Canada are translated at the average exchange rates for the year. Gains and losses from foreign currency translation are included in interest income, foreign exchange gains and losses and other income in the accompanying consolidated statement of activities.

14. Revenue Share Arrangements - Special Events

AS shares revenue and expenses with partners in certain events (see Note H for further details). AS employs collaborative arrangement accounting for these arrangements, which prescribes that, for costs incurred and revenue generated from third parties, the partner that is deemed to be the principal participant for a given transaction should record that transaction on a gross basis in the consolidated financial statements. AS accounts for payments made to partners for their share of net event proceeds as grant awards in the accompanying consolidated financial statements.

15. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to improve financial reporting by creating common revenue recognition guidance. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services at the date the performance obligation has occurred. ASU 2014-09 is effective for periods beginning after December 15, 2018. An entity will apply this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening statement of financial position at the date of initial application. AS is currently evaluating the impact of this guidance on its consolidated financial statements.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. An entity is required to apply the amendments in the standard under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the balance sheet leased assets and liabilities for operating leases at each reporting date. AS is currently evaluating the impact of this guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance will help entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance will also help in determining whether a contribution is conditional. The guidance is effective for resource providers for fiscal years beginning after December 15, 2019 and for resource recipients for fiscal years beginning after December 15, 2018. AS is currently evaluating the impact of this guidance on its consolidated financial statements.

NOTE C - CONCENTRATION OF CREDIT RISK

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

AS has cash deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit; however, management does not believe that there is any significant risk of loss on any uninsured amounts. AS's management has assessed the credit risk with money market funds held at March 31, 2019 and has determined that an allowance for the potential loss due to credit risk is not necessary.

Pledges and other receivables at March 31, 2019 are due from various individuals, corporations, institutions and foundations. AS's management has assessed the credit risk associated with these receivable balances in determining the fair value of pledges receivable (see Note D).

NOTE D - PLEDGES RECEIVABLE, NET

AS's pledges receivable, net consisted of unconditional promises to give as follows as of March 31, 2019:

Receivable in less than one year	\$ 1,793,978
Receivable in one to five years	781,854
Receivable in greater than five years	<u>438,811</u>
Total future value	3,014,643
Less: Amount to reduce to fair value	<u>(77,924)</u>
Pledges receivable, net	<u>\$ 2,936,719</u>

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE D - PLEDGES RECEIVABLE, NET - Continued

The discount rate used to determine the fair value of pledges receivable was 3.7%.

Other contributions receivable due in less than one year, including receivables from other organizations collecting contributions on AS's behalf, are reflected within other contributions and miscellaneous receivables in the accompanying consolidated statement of financial position at March 31, 2019.

NOTE E - AVAILABILITY OF FINANCIAL ASSETS

The following reflects AS's financial assets as of the consolidated statement of financial position date of March 31, 2019, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Financial assets:	
Cash and cash equivalents	\$ 33,644,728
Pledges receivable, net	2,936,719
Other contributions and miscellaneous receivables	<u>2,904,316</u>
Total financial assets	<u>39,485,763</u>
Less amounts unavailable for general expenditures within one year:	
Pledges receivable collectible beyond one year	(1,220,632)
Other contributions and miscellaneous receivables beyond one year	(125,000)
Restricted by donors with purpose restrictions	(6,531,874)
Pledges receivable, collectible within one year with purpose restrictions	(1,672,448)
Other contributions and miscellaneous receivables, collectible within one year with purpose restrictions	<u>(576,421)</u>
Total amounts unavailable for general expenditures	<u>(10,126,375)</u>
Less Finance and Investment Committee designated operating reserve	<u>(19,500,000)</u>
Total financial assets available to management for general expenditure, payment of current liabilities, future grant commitments, and operating lease commitments within one year	<u>\$ 9,859,388</u>

AS has future grant commitments and lease commitments as disclosed in Notes I and J, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE F - PROPERTY, EQUIPMENT AND COMPUTER SOFTWARE, NET

As of March 31, 2019, property, equipment and computer software consisted of the following:

Computer hardware and equipment	\$ 707,886
Furniture and fixtures	141,143
Computer software	1,602,879
Leasehold improvements	<u>567,674</u>
	3,019,582
Less: Accumulated depreciation and amortization	<u>(2,337,032)</u>
Property, equipment and computer software, net	<u>\$ 682,550</u>

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

At March 31, 2019, net assets with donor restrictions consisted of the following:

Purpose restrictions	
Science	\$ 3,216,668
Services and support	3,064,889
Other programs	<u>250,317</u>
	6,531,874
Time restricted	<u>3,622,176</u>
	<u>\$ 10,154,050</u>

As of March 31, 2019, \$2,817,553 of time-restricted net assets were also program restricted.

During the three months ended March 31, 2019, net assets were released from restrictions as follows:

Time restrictions	\$ -
Science	329,265
Services and support	<u>143,545</u>
	<u>\$ 472,810</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE H - SPECIAL EVENTS - COLLABORATIVE ARRANGEMENTS

AS has arrangements to grant a portion of the net proceeds of certain events to partners. Amounts representing the partners' share of net event proceeds as described below are reflected as grants in the accompanying consolidated financial statements.

<u>Event</u>	<u>Partner</u>	<u>Grants</u>
Atlanta Walk	The Marcus Institute	50% of net proceeds
Phoenix Walk	The Southwest Autism Research & Resource Center (SARRC)	50% of net proceeds
Westchester/Fairfield Walk	Center for Autism and the Developing Brain at New York Presbyterian Hospital	15% of net proceeds

NOTE I - GRANTS

Unconditional obligations for science grants and awards were \$596,887 and are reflected in grants payable in the accompanying consolidated statement of financial position as of March 31, 2019. In addition, at March 31, 2019, grants and awards commitments of approximately \$5,000,000 are subject to discretionary approval, pending the satisfactory progress of research and the availability of funds. If satisfactory progress is achieved and funds are available, payments of the commitments outstanding at March 31, 2019 are scheduled as follows: \$2,808,394 in fiscal year 2020, \$1,689,711 in fiscal year 2021, and \$500,000 in fiscal year 2022.

NOTE J - OPERATING COMMITMENTS

Leasing Commitments

AS leases office space in various locations across the United States, which require minimum annual rents plus additional payments for operating expenses. The leases expire through February 2023. In addition, AS has equipment leases and service agreements expiring through March 2023.

As of March 31, 2019, future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year are as follows:

<u>Years ending March 31,</u>	<u>Amount</u>
2020	\$ 1,371,141
2021	1,063,083
2022	630,775
2023	<u>468,966</u>
	<u>\$ 3,533,965</u>

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Three months ended March 31, 2019

NOTE J - OPERATING COMMITMENTS - Continued

For the three months ended March 31, 2019, rent expense was \$319,487.

Rent expense under operating leases that provide 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 consolidated statement of financial position in other liabilities. As of March 31, 2019, deferred rent was \$217,854 and is reflected in other liabilities in the accompanying consolidated statement of financial position.

During 2013, AS abandoned part of a leasehold for office space. Rental payments to be made attributable to the abandoned space for the remaining lease term, less estimated sublease rentals, is recorded as a liability at a net present value of \$872,836 at March 31, 2019. This liability is included in other liabilities in the accompanying consolidated statement of financial position.

NOTE K - ALLOCATION OF JOINT COSTS

For the three months ended March 31, 2019, AS incurred joint costs of \$3,375,954 to promote solutions, across the spectrum and throughout the life span, for the needs of individuals with autism and their families through advocacy and support; and increasing understanding and acceptance of people with autism spectrum disorder. \$1,028,308 of costs were allocated to fundraising expenses, \$406,151 of costs were allocated to management and general expenses, and \$1,941,495 of costs were allocated to program services.

NOTE L - RETIREMENT PLAN

AS implemented the Autism Speaks 401(k) Plan (AS 401(k) Plan), effective January 1, 2007. Under the AS 401(k) Plan, AS will make annual contributions ranging from 3% to 4% of an employee's salary to individual employee accounts for eligible employees, subject to Internal Revenue Service rules and limitations. Employer contributions for the three months ended March 31, 2019 were \$123,555.

NOTE M - LINE OF CREDIT

In July 2014, AS entered into an amended line of credit agreement. 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 September 30, 2019. Borrowings bear interest at the BBA LIBOR daily floating rate plus 1.25 percentage points and are unsecured.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2019

NOTE N - INCOME TAX STATUS

AS, Advancing Futures for Adults with Autism (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. All significant tax positions have been considered by management, and it has been determined that all tax positions would be sustained upon examination by taxing authorities. There are no uncertain tax positions that require recognition in the accompanying consolidated financial statements or further disclosure in the notes to the consolidated financial statements. AS is required to file Form 990 (Return of Organization Exempt from Income Tax). AS is subject to audits by taxing jurisdictions; however, no audits for any periods are currently in progress.

NOTE O - SUBSEQUENT EVENTS

AS has evaluated events and transactions occurring on August 22, 2019, which is the date that the consolidated financial statements were available to be issued, for disclosure and recognition.

There were no events or transactions during the subsequent event period requiring disclosure or recognition in the consolidated financial statements.