

TALK ABOUT CURING AUTISM
FINANCIAL STATEMENTS

DECEMBER 31, 2010

CONTENTS

INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 – 13

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804

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

(562) 498-0997 Fax: (562) 597-7359

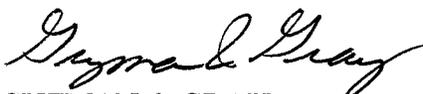
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Talk About Curing Autism

We have audited the accompanying statements of financial position of Talk About Curing Autism (a nonprofit organization) as of December 31, 2010 and the related statements of activities and change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit and review.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit for the year ended December 31, 2010 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Talk About Curing Autism as of December 31, 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


GUZMAN & GRAY
Long Beach, CA

June 29, 2011

TALK ABOUT CURING AUTISM
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 525,631
Accounts receivable	25,506
Prepaid expenses	9,161
Total Current Assets	<u>560,298</u>

PROPERTY AND EQUIPMENT, net	<u>14,948</u>
-----------------------------	---------------

INTANGIBLE ASSETS, net	<u>19,444</u>
------------------------	---------------

OTHER ASSETS

Deposits	<u>11,356</u>
----------	---------------

TOTAL ASSETS	<u><u>\$ 606,046</u></u>
--------------	--------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 34,016
Deferred rent	7,640
Accrued payroll	15,739
Accrued expenses and other liabilities	2,528
Total Current Liabilities	<u>59,923</u>

NET ASSETS

Unrestricted	458,851
Temporarily restricted	87,272
Total Net Assets	<u>546,123</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 606,046</u></u>
----------------------------------	--------------------------

See accompanying Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 594,050	\$ 108,700	\$ 702,750
Program revenues	101,061		101,061
Product sales	34,024		34,024
Less cost of goods sold	<u>(33,303)</u>		<u>(33,303)</u>
	721		721
Fundraising	528,628		528,628
Less: direct benefits	<u>(161,694)</u>		<u>(161,694)</u>
Net fundraising revenues	366,934		366,934
In-kind contributions	80,425		80,425
Interest income	<u>556</u>		<u>556</u>
	<u>1,143,747</u>	<u>108,700</u>	<u>1,252,447</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>135,101</u>	<u>(135,101)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,278,848</u>	<u>(26,401)</u>	<u>1,252,447</u>
EXPENSES			
Program	805,784		805,784
Administrative	119,951		119,951
Fundraising	<u>228,069</u>		<u>228,069</u>
TOTAL EXPENSES	<u>1,153,804</u>		<u>1,153,804</u>
CHANGE IN NET ASSETS	125,044	(26,401)	98,643
BEGINNING NET ASSETS	363,360	113,673	477,033
Adjustment to beginning net assets	<u>(29,553)</u>		<u>(29,553)</u>
Beginning net assets as restated	333,807	113,673	447,480
ENDING NET ASSETS	<u>\$ 458,851</u>	<u>\$ 87,272</u>	<u>\$ 546,123</u>

See accompanying Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 98,643
Adjustments to Reconcile Change in Net	
Assets to Net Cash Provided By	
Donated intangible asset	(20,000)
Depreciation	11,928
Amortization	556
(Increase) decrease in assets:	
Accounts receivable	(21,923)
Prepaid expenses	1,779
Deposits	(1,042)
Increase (decrease) in liabilities:	
Accounts payable	(9,310)
Deferred rent	7,640
Accrued payroll	15,739
Accrued expenses and other liabilities	640
Net Cash Used in Operating Activities	<u>84,650</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	<u>(2,466)</u>
Net Cash Provided by Investing Activities	<u>(2,466)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS 82,184

BEGINNING CASH AND CASH EQUIVALENTS 443,447

ENDING CASH AND CASH EQUIVALENTS \$ 525,631

INTEREST PAID NONE

INCOME TAXES PAID NONE

See accompanying Notes to Financial Statements

TALK ABOUT CURING AUTISM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel (incl. taxes & benefits)	\$ 317,641	\$ 65,342	\$ 82,596	\$ 465,579
Professional fees	89,663	13,689	49,002	152,354
Occupancy	78,225	16,093	20,339	114,657
TACA conference hosting	50,086	1,633	2,722	54,441
Stationary & supplies	3,887	2,018	9,345	15,250
Printing - general	844		12,258	13,102
Printing - educational resources	75,999		7,524	83,523
Postage & shipping - general		1,166	3,580	4,746
Postage & shipping - educ. resources	5,053			5,053
Parent & mentor support	83,987			83,987
Scholarships	56,561			56,561
Meeting, donor, volunteer apprec.	6,999	174	8,222	15,395
Telephone, internet	5,645	2,316	3,846	11,807
Website	4,230		205	4,435
Travel, mileage, parking, tolls	14,626	715	9,178	24,519
Facility rentals			7,379	7,379
Insurance	2,185	4,597	571	7,353
Credit card & online fundraising fees		9,902	6,564	16,466
Depreciation	8,022	1,264	2,643	11,929
Other	2,131	1,042	2,095	5,268
TOTAL EXPENSES	\$ 805,784	\$ 119,951	\$ 228,069	\$ 1,153,804

See accompanying Notes to Financial Statements

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of Talk About Curing Autism (TACA) is to help families with autism and the public by providing information, resources, and support. This is done through monthly meetings in California and 16 other states. Services provided include one on one mentoring for parents, social events for children and parents, newsletters, books, audio and video tapes on current updates in the field, medical assistance for children with autism, and training to local physicians. TACA's primary source of income is from donations from the public, corporations, foundations, and various fundraisers held at various times during the year.

Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The codification has become the source of authoritative Generally Accepted Accounting Principles ("GAAP") recognized by FASB to be applied to nongovernmental entities. On the effective date of Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the Codification has become non-authoritative. The change did not impact the Organization's financial statements. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification ("ASC").

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting

Basis of Presentation

The net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Change in Accounting Principle

For the year ended December 31, 2010, TACA changed from a cash basis to an accrual basis. As a result of the Organization's growth over the past several years, management determined it prudent to change to an accrual basis to conform to generally accepted accounting principles. As a result, TACA has restated its previously issued financial statements for the year ended December 31, 2009 for matters related to the following previously reported items: accounts receivable, prepaid expenses, accounts payable, fundraising revenues, and expenses. A line item titled "Adjustment to beginning net assets" is presented on the statement of activities to reflect the corrections. Net assets as of December 31, 2009 were decreased by \$29,553 as a result of adjustments.

The following is a summary of the restatements for the year ended December 31, 2009:

Statement of Activities and Change in Net Assets

Beginning net assets, as previously reported	<u>\$ 477,033</u>
Increase in fundraising revenues	3,555
Increase in operating expenses	<u>(33,107)</u>
Reduction in change in net assets	(29,553)
Beginning net assets, as restated	<u><u>\$ 447,480</u></u>

Statement of Financial Position

Increase of previously reported accounts receivable	\$ 3,555
Increase of previously reported prepaid expenses	\$ 10,219
Increase of previously reported accounts payable	\$ 43,326

There was no income tax effect for the year ended December 31, 2009.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, TACA considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

TACA has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Pledges Receivable

Pledges receivable are recorded when collectability is reasonably assured.

No allowance for uncollectable amounts has been established as management believes the all receivables to be fully collectible.

Prepaid Expenses

Prepaid expenses include deposits and advance payments for events and program activities.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair market value at date of donation. Depreciation is recognized on the straight-line method over estimated useful lives of three to seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Intangible Assets

In accordance with ASC 350-50 *Accounting for Website Development Costs*, major modifications to the website are capitalized as intangible assets. Intangible assets are carried at cost or, if donated, at the fair market value at date of donation. Amortization is recognized on the straight-line method over an estimated useful life of three years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Normal maintenance and updates are expensed as incurred.

Product Sales and Cost of Goods Sold

The Organization sells various products including autism educational materials, TACA apparel and accessories, and various other products. The Organization does not record an inventory for such products as management believes the total value is not material to the financial statements. Products are expensed in the year they are purchased.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Goods

In accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*, the contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Exempt Organization Status

The Organization is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code and Section 23771(d) of the California Tax Code. Contributions to the Organization are deductible for tax purposes under Section 170(c)(2) of the Internal Revenue Code.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

Reporting of Subsequent Events

In preparing these financial statements, TACA has evaluated events and transactions for potential recognition or disclosure through June 29, 2011, the date the financial statements were available to issue.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 – PROPERTY AND EQUIPMENT, net

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

Furniture	\$ 10,102
Equipment	7,159
Computer equipment	25,347
	<hr/> 42,608
Less accumulated depreciation	<hr/> (27,660)
	<hr/> <hr/> \$ 14,948

Depreciation expense for the year ended December 31, 2010 was \$11,928.

NOTE 3 – INTANGIBLE ASSETS, net

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

Website	\$ 20,000
Less accumulated amortization	<hr/> (556)
	<hr/> <hr/> \$ 19,444

Amortization expense for the year ended December 31, 2010 was \$556.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following reasons as of December 31, 2010:

Program Restriction

Legal Advocacy Support and Education	\$ 35,623
Independent Assessment Scholarship Program	31,598
Spanish Family Outreach Program	18,433
Parent Advocacy and Training Program	1,618
	<hr/> 1,618
	<hr/> <hr/> \$ 87,272

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors during the year ended December 31, 2010.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 5 – FUNDRAISING AND SPECIAL EVENTS

TACA conducts special events to raise funds to support TACA’s operations and various programs. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances.

Revenues and expenses relating to special events for the year ended December 31, 2010 are as follows:

	CA Ante Up	AZ Ante Up	Hold Out For Hope	TBIGT	Other	Total
Revenue	\$ 227,602	\$ 127,125	\$ 10,226	\$ 40,107	\$ 123,568	\$ 528,628
Less: DDB	<u>(67,497)</u>	<u>(29,648)</u>	<u>(6,972)</u>	<u>(18,655)</u>	<u>(38,922)</u>	<u>(161,694)</u>
	160,105	97,477	3,254	21,452	84,646	366,934
Fundraising Expenses	<u>(22,661)</u>	<u>(16,000)</u>	<u>(1,251)</u>	<u>(8,173)</u>	<u>(4,254)</u>	<u>(52,339)</u>
Net Revenue	<u>\$ 137,444</u>	<u>\$ 81,477</u>	<u>\$ 2,003</u>	<u>\$ 13,279</u>	<u>\$ 80,392</u>	<u>\$ 314,595</u>

NOTE 6 – IN-KIND GOODS AND SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist TACA. Only contributed services meeting the requirements for recognition as described in Note 1 are recognized in the financial statements. For the year ended December 31, 2010, TACA recognized in-kind service revenues and expenses of \$60,425.

The Organization received a donated intangible asset related to the redevelopment of TACA’s website. For the year ended December 31, 2010, the Organization recognized in-kind goods and capitalized intangible assets of \$20,000.

NOTE 7 – CONCENTRATION OF CREDIT RISK

Contributions and net fundraising contributions account for approximately 83% of revenue. Management is confident that this level of support will continue in the near future.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of December 31, 2010, the cash balances held at financial institutions exceeded the FDIC insurance by approximately \$307,551. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

TALK ABOUT CURING AUTISM
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 8 – COMMITMENTS

TACA leases office space under an operating lease agreement expiring in August 2011. The terms of the lease require monthly payments of \$8,594. Future minimum lease commitments for operating leases are as follows:

Fiscal Year Ended December 31,	
2011	\$ 68,753

For the years ended December 31, 2010, rent expense was \$113,788.

NOTE 9 – RELATED PARTY TRANSACTIONS

TACA uses the services of a company that is owned by the president of the board of directors. The company provides web hosting services and maintains TACA's website. For the year ended December 31, 2010, total payments for these services was \$3,691. Also, TACA recognized in-kind revenues and expenses of \$12,510 for these services for the year ended December 31, 2010.

NOTE 10 – SUBSEQUENT EVENTS

During June 2011, the Organization entered a new operating lease agreement for a new facility beginning September 2011 to December 2014. The terms of the lease require average monthly payments of \$5,937.