

**AUTISM SPEAKS, INC.**

**Consolidated Financial Statements  
For the Years Ended December 31, 2015 and 2014  
With Report of Independent Auditors**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**AUTISM SPEAKS, INC.**  
Consolidated Financial Statements  
For the Years Ended December 31, 2015 and 2014

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Senior Management  
Autism Speaks, Inc.

We have audited the accompanying consolidated financial statements of Autism Speaks, Inc., which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 of 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 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 consolidated financial statements are free of 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.

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## MITCHELL TITUS

### **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. as of December 31, 2015, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on summarized comparative information**

We have previously audited Autism Speaks, Inc.'s 2014 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mitchell Titus, LLP*

June 30, 2016

**AUTISM SPEAKS, INC.**  
Consolidated Statements of Financial Position  
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,455,225	\$ 7,742,874
Investments	-	257,675
Pledges receivable, net	7,239,314	5,598,258
Other contributions and miscellaneous receivables	2,966,447	3,465,576
Prepaid expenses	722,791	499,738
Restricted cash	627,497	1,043,007
Other assets	304,867	349,824
Property, equipment and computer software, net	907,280	1,541,847
<b>Total assets</b>	<u>\$ 21,223,421</u>	<u>\$ 20,498,799</u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Grants payable	\$ 4,387,897	\$ 3,324,894
Accounts payable and accrued expenses	6,359,576	3,430,279
Other liabilities	1,391,158	1,050,868
<b>Total liabilities</b>	12,138,631	7,806,041
<i>Net assets</i>		
Unrestricted	32,160	831,940
Temporarily restricted	9,052,630	11,860,818
<b>Total net assets</b>	<u>9,084,790</u>	<u>12,692,758</u>
<b>Total liabilities and net assets</b>	<u>\$ 21,223,421</u>	<u>\$ 20,498,799</u>

The accompanying notes are an integral part of these consolidated financial statements.

**AUTISM SPEAKS, INC.**

Consolidated Statement of Activities

For the Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>PUBLIC SUPPORT, REVENUE, AND RECLASSIFICATIONS</b>				
Walk program and retail partners	\$ 33,044,858	\$ 13,609	\$ 33,058,467	\$ 37,038,602
Major gifts and other contributions	9,689,665	8,010,481	17,700,146	17,162,834
Special and community events	10,905,443	483,200	11,388,643	9,361,436
Government grants	-	237,036	237,036	567,593
In-kind contributions and donated services	42,464,884	-	42,464,884	51,248,051
Interest income, foreign exchange losses and other income	(358,665)	-	(358,665)	(212,430)
Net assets released from restrictions	11,552,514	(11,552,514)	-	-
Total public support, revenue, and reclassifications	107,298,699	(2,808,188)	104,490,511	115,166,086
<b>EXPENSES</b>				
<i>Program services</i>				
Research (including in-kind contributions of \$10,000 in 2014)	20,415,142	-	20,415,142	21,220,719
Awareness and other services (including in-kind contributions and donated services of \$40,976,882 in 2015 and \$48,782,048 in 2014)	68,539,517	-	68,539,517	72,706,617
Total program services	88,954,659	-	88,954,659	93,927,336
Management and general	2,667,909	-	2,667,909	3,105,172
Fundraising (including in-kind contributions and donated services of \$1,384,042 in 2015 and \$1,839,268 in 2014)	16,475,911	-	16,475,911	17,521,280
Total supporting services	19,143,820	-	19,143,820	20,626,452
Total expenses	108,098,479	-	108,098,479	114,553,788
Change in net assets	(799,780)	(2,808,188)	(3,607,968)	612,298
Net assets, beginning of year	831,940	11,860,818	12,692,758	12,080,460
<b>Net assets, end of year</b>	\$ 32,160	\$ 9,052,630	\$ 9,084,790	\$ 12,692,758

The accompanying notes are an integral part of these consolidated financial statements.

**AUTISM SPEAKS, INC.**

## Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	2015						2014
	Program Services			Supporting Services			
	Research	Awareness, Advocacy & Family Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related benefits	\$ 4,169,978	\$ 11,077,138	\$ 15,247,116	\$ 1,539,630	\$ 7,591,644	\$ 9,131,274	\$ 24,378,390
Science grants and awards	7,552,726	-	7,552,726	-	-	-	7,552,726
Family service grants and awards	-	2,811,936	2,811,936	-	-	-	2,811,936
Advertising and donated media	-	40,018,236	40,018,236	-	1,633,354	1,633,354	41,651,590
Professional and legal fees, including donated services	6,291,443	4,492,009	10,783,452	37,140	970,175	1,007,315	11,790,767
Conferences, meetings and events	756,163	3,410,284	4,166,447	16,094	2,323,800	2,339,894	6,506,341
Printing and promotion	(39,257)	2,480,907	2,441,650	4,703	1,497,002	1,501,705	3,943,355
Occupancy	337,864	1,129,056	1,466,920	146,654	538,919	685,573	2,152,493
Other	1,294,274	2,784,736	4,079,010	889,054	1,756,737	2,645,791	6,724,801
Depreciation and amortization	51,951	335,215	387,166	34,634	164,280	198,914	586,080
	<u>\$ 20,415,142</u>	<u>\$ 68,539,517</u>	<u>\$ 88,954,659</u>	<u>\$ 2,667,909</u>	<u>\$ 16,475,911</u>	<u>\$ 19,143,820</u>	<u>\$108,098,479</u>
							<u>\$ 114,553,788</u>

The accompanying notes are an integral part of these financial statements.

**AUTISM SPEAKS, INC.**  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,607,968)	\$ 612,298
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	586,080	536,354
Fixed asset write-off	344,053	-
Deferred rent and amortization of lease abandonment liability	(23,261)	(28,917)
Donated fixed assets	(103,960)	(499,949)
Lease abandonment costs	369,551	-
Realized and unrealized losses on investments	1,421	8,885
Net loss on foreign currencies	376,843	231,336
<i>Changes in operating assets and liabilities</i>		
Pledges receivable, net	(1,641,056)	(3,830,221)
Other contributions and miscellaneous receivables	499,129	(204,406)
Prepaid expenses	(223,053)	(184,790)
Other assets	44,957	4,264
Grants payable	1,063,003	(1,366,161)
Accounts payable and accrued expenses	2,929,297	(879,449)
Other liabilities	(6,000)	(6,000)
Net cash provided by (used in) operating activities	609,036	(5,606,756)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions/sales of investments	256,254	27,519
Change in restricted cash	415,510	504,933
Payments for property, equipment and computer software	(191,606)	(280,726)
Net cash provided by investing activities	480,158	251,726
Effect of exchange rate changes on cash	(376,843)	(231,336)
Net increase (decrease) in cash and cash equivalents	712,351	(5,586,366)
Cash and cash equivalents, beginning of year	7,742,874	13,329,240
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,455,225</u>	<u>\$ 7,742,874</u>

The accompanying notes are an integral part of these financial statements.



## **AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

### **NOTE 1 ORGANIZATION**

Autism Speaks, Inc. (AS), is a not-for-profit corporation formed in 2005 to bring understanding and hope to all who deal with the hardships of the disorder. It is dedicated to funding research into the causes of autism and development of personalized treatments; raising global awareness of autism spectrum disorders; and advocating for the lifelong needs of people with autism and their families. Autism Speaks obtains financial support from the public via its walk program, 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), a not-for-profit corporation formed in the United States, is controlled by AS. 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 their quality of life and health. DELSIA's mission is to serve as a catalyst by facilitating and accelerating the delivery of those products.

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

At December 31, 2015, AS had unrestricted net assets of \$32,160. Active measures are being taken by management to improve AS's unrestricted net assets, including seeking ways to grow revenues, control expenses and operate at break-even. Monitoring of results is occurring through monthly projections and subsequent measurement of actual results to projections. In addition, AS's management is taking active measures to improve cash flows including daily cash management and monitoring vendor payment terms. Based on AS's projected revenues, expenses and cash flows, AS believes that it will be able to meet its obligations through the ensuing year.

### **NOTE 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 U.S. generally accepted accounting principles (GAAP) 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

For the Years Ended December 31, 2015 and 2014

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Net Assets *(continued)**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 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.

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 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 statement of activities as net assets released from restrictions.

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.

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. The fair value measurements also include consideration of donors' credit risk.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*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 December 31, 2015 and 2014, no allowance for doubtful accounts has been established against other contributions and miscellaneous receivables.

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.

Cash Equivalents and Restricted Cash

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.

Restricted cash represents contributed funds required to be held in a separate account by the donor to fund certain grants to be awarded through 2018.

Investments

Investments are reflected in the accompanying consolidated statements of financial position at their fair values, as determined based on quoted market prices. Donated securities are recorded at their market value at the date of the gift. It is management's policy to sell donated securities upon receipt.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*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 (i.e., 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). See Note 5 for considerations related to AS's investments and fair value measurements.

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 \$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 improvements, whichever is less.

Grants

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

## **AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

### **NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### 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 AS's awareness campaign and family service efforts, 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 approximately \$40,013,000 and \$47,494,000 and professional advertising and other services related to such media valued at approximately \$2,045,000 and \$2,867,000 for the years ended December 31, 2015 and 2014, respectively. The fair values of the donated media are determined based on consideration of cash payments typically made by buyers for similar advertising and media, standard discounts given for similarly placed media, the media type and placement and other considerations. For the years ended December 31, 2015 and 2014, approximately \$35,816,000 and \$43,250,000, respectively, of the donated media is from The Advertising Council, which is affiliated with a member of AS's Board of Directors, as discussed in Note 13. In addition, for the years ended December 31, 2015 and 2014, approximately \$700,000 and \$1,800,000, respectively, of the donated services related to the media was received from an entity affiliated with a member of AS's Board of Directors. AS also received other donated goods and services valued at approximately \$407,000 and \$887,000 for the years ended December 31, 2015 and 2014, respectively. Donated property, equipment and computer software items are reflected within unrestricted net assets when placed in service.

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.

#### Advertising

Advertising expenses have been charged to expenses as incurred. Such expenses consist primarily of professional media and advertising services utilized as part of AS's awareness programmatic activities.

#### 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 losses and other income in the accompanying consolidated statement of activities.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Revenue Share Arrangements – Special Events

AS shares revenue and expenses with partners in certain events (see Note 8 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.

Reclassifications

Certain line items in the prior year consolidated statement of functional expenses have been reclassified to conform to the current year presentation.

2014 Summarized Financial Information

The consolidated 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with AS's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**NOTE 3      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 insurance limits; however, management does not believe that 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, 2015 and 2014 and has determined that an allowance for the potential loss due to credit risk is not necessary.

Pledges and other receivables at December 31, 2015 and 2014 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 4).

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 4 PLEDGES RECEIVABLE, NET**

AS's pledges receivable, net consisted of unconditional promises to give as follows as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 6,012,713	\$ 3,754,522
Receivable in one to five years	1,428,910	2,125,729
Total future value	7,441,623	5,880,251
Less: Amount to reduce to fair value	(202,309)	(281,993)
<b>Pledges receivable, net</b>	<b>\$ 7,239,314</b>	<b>\$ 5,598,258</b>

The discount rate used to determine fair value of pledges receivable was 2.5% in 2015 and 2014.

Other contributions receivable 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 statements of financial position at December 31, 2015 and 2014.

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

As of December 31, 2014, investments consisted of certificates of deposits of \$257,675. The certificates of deposit matured in 2015.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AS has the ability to access.
- Level 2* - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables summarize the valuation of AS's financial instruments within the valuation hierarchy prescribed by ASC 820, as of December 31, 2015 and 2014:

	<b>2015</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$1,526,945	\$ -	\$ -	\$ 1,526,945
Restricted interest-bearing cash	627,497	-	-	627,497
	<b>2014</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$4,103,705	\$ -	\$ -	\$ 4,103,705
Restricted interest-bearing cash	1,043,007	-	-	1,043,007
<i>Investments</i>				
Certificates of deposit	-	257,675	-	257,675
<b>Total investments</b>	<u>\$ -</u>	<u>\$ 257,675</u>	<u>\$ -</u>	<u>\$ 257,675</u>

**NOTE 6 PROPERTY, EQUIPMENT AND COMPUTER SOFTWARE, NET**

As of December 31, 2015 and 2014, property, equipment and computer software consisted of the following:

	<u>2015</u>	<u>2014</u>
Computer hardware and equipment	\$ 547,353	\$ 504,810
Furniture and fixtures	242,751	194,285
Computer software	904,619	848,280
Leasehold improvements	557,040	550,945
Computer software under development	104,557	475,828
	<u>2,356,320</u>	<u>2,574,148</u>
Less: Accumulated depreciation and amortization	<u>(1,449,040)</u>	<u>(1,032,301)</u>
<b>Property, equipment and computer software, net</b>	<u>\$ 907,280</u>	<u>\$ 1,541,847</u>



**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 7      TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2015 and 2014, temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
<i>Purpose restrictions</i>		
Research	\$ 1,086,509	\$ 3,784,288
Scholarships	536,390	762,434
AFAA programs	130,151	138,383
Other programs	<u>1,192,622</u>	<u>918,165</u>
	2,945,672	5,603,270
Time restricted	<u>6,106,958</u>	<u>6,257,548</u>
	<u>\$ 9,052,630</u>	<u>\$ 11,860,818</u>

As of December 31, 2015 and 2014, \$5,947,336 and \$5,789,315, respectively, of time-restricted net assets were also program restricted.

During 2015 and 2014, net assets were released from restrictions as follows:

	<u>2015</u>	<u>2014</u>
Expiration of time restrictions	\$ 233,797	\$ 1,205,059
Research	8,778,291	4,270,010
Scholarships	488,000	207,500
AFAA programs	8,231	119,997
Other programs	<u>2,044,195</u>	<u>1,631,438</u>
	<u>\$ 11,552,514</u>	<u>\$ 7,434,004</u>

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 8 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>
Lead Off for a Cure	The Gillen Brewer School	50% of net proceeds
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	15% of net proceeds
Forever Blue Gala	New York Collaborates for Autism	\$647,929 grant in 2015

The Westchester/Fairfield Walk had net proceeds of \$762,000 and \$912,000 for 2015 and 2014, respectively, 15% of which was granted to 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.

The Forever Blue Gala had net proceeds of \$1,850,000 in 2015 and \$647,929 was granted to New York Collaborates for Autism. Additional net proceeds of \$1,576,300 are expected in 2016, at which point an additional \$552,071 is expected to be granted to New York Collaborates for Autism. Two AS board members are on the Board of Directors of New York Collaborates for Autism.

**NOTE 9 GRANTS**

Unconditional obligations for research and family services grants and awards were \$4,387,897 and \$3,324,894 and are reflected in grants payable in the accompanying consolidated statements of financial position as of December 31, 2015 and 2014, respectively. These grants and awards are generally payable within one year. In addition, at December 31, 2015 and 2014, grants and awards commitments of approximately \$13,405,000 and \$19,275,000, respectively, are subject to discretionary renewal, pending the satisfactory progress of research and the availability of funds. If satisfactory progress is achieved and funds are available, approximate payments of the commitments outstanding at December 31, 2015 are scheduled as follows: \$7,900,000 in 2016; \$4,122,000 in 2017; \$1,110,000 in 2018 and \$273,000 in 2019.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 9 GRANTS** *(continued)*

Six members of the Board of Directors of AS and four management employees are affiliated with institutions that received funding from AS. At December 31, 2015 and 2014, AS had grants payable and commitments to these institutions totaling approximately \$4,454,000 and \$4,209,000, respectively. During the years ended December 31, 2015 and 2014, AS's expenses included approximately \$2,440,000 and \$2,660,000, respectively, related to awards granted to institutions affiliated with an AS Board member or management employee. Certain members of AS's Scientific Advisory Board and the Science Committee of the Board, which are involved in the grant process, are also associated with institutions that receive funding from AS. AS has a policy requiring directors and management employees to disclose affiliations and to review and authorize such transactions, as appropriate.

**NOTE 10 INTEREST IN A LIMITED LIABILITY COMPANY**

In 2013, as part of its scientific research programmatic activities, AS entered into an agreement providing it with a non-controlling equity interest in a not-for-profit limited liability company (LLC). The LLC did not commence active operation in 2013. Under the terms of the agreement, AS has committed \$2,500,000 of capital to the LLC. In each of 2015 and 2014, AS paid \$625,000 which is reflected in science grants and awards in the accompanying consolidated statements of functional expenses. The remainder outstanding at December 31, 2015 will be paid in installments over the next three years.

**NOTE 11 OPERATING COMMITMENTS***Leasing Commitments*

AS leases office space in various cities across the United States, which require minimum annual rents plus additional rent for operating expenses and expire through February 2023. In addition, AS has equipment leases and service agreements expiring through December 2019.

As of December 31, 2015, 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 December 31,</u>	<u>Amount</u>
2016	\$ 1,568,891
2017	1,464,654
2018	1,188,736
2019	1,091,916
2020	935,806
Thereafter	1,311,529
	<u>\$ 7,561,532</u>

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 11 OPERATING COMMITMENTS** *(continued)**Leasing Commitments (continued)*

For the years ended December 31, 2015 and 2014, rent expense was \$2,152,493 and \$1,632,729, respectively.

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 statements of financial position in other liabilities. As of December 31, 2015 and 2014, deferred rent was \$455,584 and \$478,845, respectively, and is reflected in other liabilities in the accompanying consolidated statements 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 approximately \$881,600 and \$512,000 at December 31, 2015 and 2014, respectively. This liability is included in other liabilities in the accompanying consolidated statements of financial position.

**NOTE 12 ALLOCATION OF JOINT COSTS**

In 2015 and 2014, AS incurred joint costs of \$21,779,644 and \$19,710,748, respectively, to expand autism awareness, inform the public of the autism health crisis and perform activities that included fund-raising appeals. Of those costs, \$228,313 were allocated to management and general in 2015. In 2015 and 2014, \$10,577,728 and \$11,162,662 of costs were allocated to fundraising expenses and \$10,973,603 and \$8,548,086 were allocated to program services, respectively.

**NOTE 13 RELATED-PARTY TRANSACTIONS**

During the years ended December 31, 2015 and 2014, AS had the following related-party transactions:

- a) AS incurred expenses for services provided by The Advertising Council of \$927,838 and \$564,329 in 2015 and 2014, respectively, related to AS's awareness campaign. A Board member of AS is also on The Advertising Council's Board. As of December 31, 2015 and 2014, \$330,793 and \$39,617, respectively, was included in accounts payable as owed to The Advertising Council.
- b) See Notes 2, 8, and 9 for discussion of other related-party transactions, including donated media and grants.

**AUTISM SPEAKS, INC.**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

**NOTE 14      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 (IRS) 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 IRS rules and limitations. Employer contributions for 2015 and 2014 were \$761,151 and \$830,476, respectively.

**NOTE 15      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 June 30, 2016. Borrowings bear interest at the BBA LIBOR daily floating rate plus 1.25 percentage points, and are unsecured.

**NOTE 16      INCOME TAX STATUS**

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. 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. Management believes that AS is no longer subject to such audits for years prior to 2011 under Federal and state tax jurisdictions.

**NOTE 17      SUBSEQUENT EVENTS**

AS has evaluated events and transactions occurring between January 1, 2016 and June 30, 2016, which is the date that the consolidated financial statements were available to be issued, for disclosure and recognition.

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

