

# **Autism New Jersey, Inc. and Affiliate**

Consolidated Financial Report

September 30, 2010

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## Independent Auditor's Report

To the Boards of Trustees  
Autism New Jersey, Inc. and Affiliate  
Robbinsville, New Jersey

We have audited the accompanying consolidated statements of financial position of Autism New Jersey, Inc. and Affiliate (the "Organization") as of September 30, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Autism New Jersey, Inc. and Affiliate as of September 30, 2010 and 2009, and the changes in their net assets, functional expenses, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11, the 2009 consolidated financial statements have been restated for an overstatement in cash, investments, contributions and unrestricted net assets.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating supplementary information contained on pages 15 to 18 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities. The consolidating supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

New York New York  
April 30, 2012

**Autism New Jersey, Inc. and Affiliate**

**Consolidated Statements of Financial Position  
September 30, 2010 and 2009**

	2010	2009 Restated
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 48,755	\$ 106,202
Investments:		
Unrestricted	1,889,831	2,248,291
Restricted for line of credit	215,929	210,000
Accounts receivable	42,577	44,008
Unconditional promise to give, net	-	6,335
Prepaid expenses and other current assets	17,015	32,668
	<u>2,214,107</u>	<u>2,647,504</u>
<b>Total current assets</b>	<b>2,214,107</b>	<b>2,647,504</b>
Property and Equipment, net	256,598	369,508
Security Deposit	35,000	-
	<u>35,000</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 2,505,705</u></b>	<b><u>\$ 3,017,012</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 55,637	\$ 220,358
Deferred revenue	78,365	52,702
Current portion of mortgage payable	6,606	6,160
	<u>140,608</u>	<u>279,220</u>
<b>Total current liabilities</b>	<b>140,608</b>	<b>279,220</b>
Long-Term Liability - mortgage payable, net of current portion	108,709	115,084
	<u>108,709</u>	<u>115,084</u>
Deferred Rent Liability	5,409	-
	<u>5,409</u>	<u>-</u>
Commitments and Contingencies		
Net Assets:		
Unrestricted net assets	2,236,849	2,616,373
Temporarily restricted net assets	14,130	6,335
	<u>2,250,979</u>	<u>2,622,708</u>
<b>Total net assets</b>	<b>2,250,979</b>	<b>2,622,708</b>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,505,705</u></b>	<b><u>\$ 3,017,012</u></b>

See Notes to Consolidated Financial Statements.

Autism New Jersey, Inc. and Affiliate

Consolidated Statements of Activities and Changes in Net Assets  
 Years Ended September 30, 2010 and 2009  
 See Auditor's Report

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted Restated	Temporarily Restricted Restated	Total Restated
Support and Revenues:						
Government grants	\$ 463,502	\$ -	\$ 463,502	\$ 618,003	\$ -	\$ 618,003
Contributions and bequests	523,234	14,130	537,364	2,263,900	-	2,263,900
Conference fees	235,361	-	235,361	122,915	-	122,915
Special events	108,121	-	108,121	151,205	-	151,205
Membership dues	90,060	-	90,060	114,700	-	114,700
Program fees and other income	19,032	-	19,032	17,558	-	17,558
Investment income	151,535	-	151,535	32,545	-	32,545
Gain on sale of condominium	151,191	-	151,191	-	-	-
<b>Subtotal</b>	<b>1,742,036</b>	<b>14,130</b>	<b>1,756,166</b>	<b>3,320,826</b>	<b>-</b>	<b>3,320,826</b>
Net Assets Released From Restrictions Upon Satisfaction of Time and Purpose Restrictions	<u>6,335</u>	<u>(6,335)</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
<b>Total support and revenues</b>	<b>1,748,371</b>	<b>7,795</b>	<b>1,756,166</b>	<b>3,330,826</b>	<b>(10,000)</b>	<b>3,320,826</b>
Expenses:						
Program services	1,392,513	-	1,392,513	1,382,675	-	1,382,675
Management and general	427,294	-	427,294	598,765	-	598,765
Fund-raising	308,088	-	308,088	353,024	-	353,024
<b>Total expenses</b>	<b>2,127,895</b>	<b>-</b>	<b>2,127,895</b>	<b>2,334,464</b>	<b>-</b>	<b>2,334,464</b>
<b>Changes in net assets</b>	<b>(379,524)</b>	<b>7,795</b>	<b>(371,729)</b>	<b>996,362</b>	<b>(10,000)</b>	<b>986,362</b>
Net Assets:						
Beginning balance, as restated	<u>2,616,373</u>	<u>6,335</u>	<u>2,622,708</u>	<u>1,620,011</u>	<u>16,335</u>	<u>1,636,346</u>
Ending	<u>\$ 2,236,849</u>	<u>\$ 14,130</u>	<u>\$ 2,250,979</u>	<u>\$ 2,616,373</u>	<u>\$ 6,335</u>	<u>\$ 2,622,708</u>

See Notes to Consolidated Financial Statements.

Autism New Jersey, Inc. and Affiliate

Consolidated Statement of Functional Expenses  
Year Ended September 30, 2010

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total Supporting Services</u>	
Accounting	\$ -	\$ 23,000	\$ -	\$ 23,000	\$ 23,000
Advertising	2,848	1,482	77	1,559	4,407
Bank charges	2,698	7,597	12,872	20,469	23,167
Board expense	-	524	-	524	524
Computer expenses	22,297	13,226	8,419	21,645	43,942
Condo fees	5,930	1,213	961	2,174	8,104
Conferences	16,880	536	1,114	1,650	18,530
Contract services/consulting	142,678	50,296	2,758	53,054	195,732
Depreciation and amortization	-	26,508	-	26,508	26,508
Dues and subscriptions	2,579	1,094	99	1,193	3,772
Employee insurance	95,131	24,499	22,450	46,949	142,080
Equipment and maintenance	28,241	18,386	10,220	28,606	56,847
Events cost	113,046	34,895	12,291	47,186	160,232
Insurance	6,375	2,746	2,257	5,003	11,378
Interest	3,985	3,009	1,449	4,458	8,443
Occupancy costs	16,656	3,676	4,167	7,843	24,499
Other program expenses	15,899	16,698	6,702	23,400	39,299
Payroll taxes	60,517	15,913	15,540	31,453	91,970
Pension	14,114	6,888	3,463	10,351	24,465
Postage	20,004	3,864	12,300	16,164	36,168
Printing	108,721	7,163	11,792	18,955	127,676
Salaries	655,189	147,688	167,464	315,152	970,341
Supplies	6,965	7,524	1,111	8,635	15,600
Telephone	6,985	4,106	2,081	6,187	13,172
Travel, meals and entertainment	37,988	1,942	6,660	8,602	46,590
Utilities	6,787	2,821	1,841	4,662	11,449
<b>Total</b>	<b><u>\$ 1,392,513</u></b>	<b><u>\$ 427,294</u></b>	<b><u>\$ 308,088</u></b>	<b><u>\$ 735,382</u></b>	<b><u>\$ 2,127,895</u></b>

See Notes to Consolidated Financial Statements.

Autism New Jersey, Inc. and Affiliate

Consolidated Statement of Functional Expenses  
Year Ended September 30, 2009  
Restated

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total Supporting Services</u>	
Accounting	\$ -	\$ 14,312	\$ -	\$ 14,312	\$ 14,312
Advertising	-	10,838	-	10,838	10,838
Conferences	22,476	3,096	1,869	4,965	27,441
Contract services/consulting	97,122	90,031	21,199	111,230	208,352
Depreciation and amortization	19,806	8,255	3,939	12,194	32,000
Donations	-	2,000	43	2,043	2,043
Dues and subscriptions	4,250	637	-	637	4,887
Employee insurance	79,018	32,932	15,715	48,647	127,665
Equipment and maintenance	74,425	7,678	16,057	23,735	98,160
Events cost	23,751	21,875	71,346	93,221	116,972
Insurance	16,361	6,819	3,254	10,073	26,434
Interest	5,728	2,387	1,139	3,526	9,254
Miscellaneous	12,247	6,799	2,485	9,284	21,531
Occupancy costs	11,075	4,642	2,947	7,589	18,664
Other program expenses	16,526	6,799	2,485	9,284	25,810
Payroll taxes	66,307	27,635	13,187	40,822	107,129
Pension	11,938	4,976	2,374	7,350	19,288
Postage	39,507	-	11,127	11,127	50,634
Printing	86,183	-	22,255	22,255	108,438
Salaries	743,123	309,715	147,789	457,504	1,200,627
Supplies	6,294	21,595	788	22,383	28,677
Travel, meals and entertainment	29,646	8,512	8,904	17,416	47,062
Utilities	16,892	7,232	4,122	11,354	28,246
<b>Total</b>	<b>\$ 1,382,675</b>	<b>\$ 598,765</b>	<b>\$ 353,024</b>	<b>\$ 951,789</b>	<b>\$ 2,334,464</b>

See Notes to Consolidated Financial Statements.

**Autism New Jersey, Inc. and Affiliate**

**Consolidated Statements of Cash Flows  
Years Ended September 30, 2010 and 2009**

	2010	2009
		Restated
Cash Flows From Operating Activities:		
Changes in net assets	\$ (371,729)	\$ 986,362
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	26,508	32,000
Unrealized gains on investments	(52,920)	(28,822)
Realized gain on sale of investments	(34,062)	(749)
Gain on sale of condominium	(151,191)	-
Deferred rent liability	5,409	-
Change in operating assets and liabilities:		
Decrease in grant receivable	-	13,631
Decrease (increase) in accounts receivable	1,431	(29,564)
Decrease in unconditional promise to give, net	6,335	10,000
Decrease (increase) in prepaid expenses and other current assets	15,653	(8,546)
Increase in security deposit	(35,000)	-
(Decrease) increase in accounts payable and accrued expenses	(164,721)	17,791
Increase in deferred revenue	25,663	52,702
	<u>(728,624)</u>	<u>1,044,805</u>
<b>Net cash (used in) provided by operating activities</b>		
Cash Flows From Investing Activities:		
Purchases of property and equipment	(84,146)	(11,495)
Proceeds from sale of condominium	321,739	-
Purchases of investments	(469,677)	(2,510,878)
Proceeds from sale of investments	909,190	82,158
	<u>677,106</u>	<u>(2,440,215)</u>
<b>Net cash provided by (used in) investing activities</b>		
Cash Flows Used in Financing Activities - principal payments on long-term debt		
	<u>(5,929)</u>	<u>(5,119)</u>
<b>Net decrease in cash and cash equivalents</b>		
	(57,447)	(1,400,529)
Cash and Cash Equivalents:		
Beginning	<u>106,202</u>	<u>1,506,731</u>
Ending	<u>\$ 48,755</u>	<u>\$ 106,202</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 8,443</u>	<u>\$ 8,657</u>

See Notes to Consolidated Financial Statements.



## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organizations

Autism New Jersey, Inc. ("ANJ") was incorporated to assist families, individuals and agencies concerned with the welfare and education of children and adults with autism. Funding for ANJ is derived from contributions and State of New Jersey contracts. ANJ provides a variety of programs including Information and Advocacy, Parent and Professional Education, and Support Services, which promote the general well-being of individuals with autism living in New Jersey.

Autism New Jersey Charitable Foundation, Inc. is an affiliated organization formed during 2005 to promote the interests of people with autism exclusively by raising funds on behalf of and distributing funds to ANJ. These entities are collectively referred to as the "Organization."

#### Note 2. Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include accounts of Autism New Jersey, Inc. and Affiliate (Autism New Jersey Charitable Foundation, Inc.), which have been consolidated. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting: The accompanying consolidated financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit entities.

Basis of Presentation: The financial statement presentation follows the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has no permanently restricted net assets, and its unrestricted net assets represent resources over which the board of trustees has discretionary control to use for operations, and are not subject to donor-imposed restrictions.

Cash and Cash Equivalents: For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are reported at fair value. ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value under GAAP, and applies to all financial instruments that are being measured and reported on a fair value basis.

ASC 820 sets out a fair value hierarchy and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is defined as follows:

- Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates.

## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Realized and unrealized gains and losses are included in investment income in the consolidated statements of activities and changes in net assets. Purchases and sales of securities are recorded on a trade-date basis. In calculating realized gains and losses, the cost of securities sold is determined by the specific-identification method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment: Property and equipment is recorded at cost. Depreciation is being provided for over the estimated useful lives of the assets of five to forty years utilizing the straight-line method.

Maintenance and repairs are charged to operations when incurred. Expenditures that substantially increase estimated useful lives are capitalized. When property and equipment is sold or otherwise disposed of, the asset accounts and related accumulated depreciation account is relieved and any gain or loss is included in the consolidated statements of activities and changes in net assets.

Contributed property and equipment is recorded at fair value at the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Allowance for Doubtful Accounts: The Organization reviews the collectability of its receivables annually. At September 30, 2010 and 2009, no allowance for doubtful accounts was deemed necessary.

Revenue and Support Recognition: In accordance with ASC 958, *Financial Statements of Not-for-Profit Organizations*, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 and changes in net assets as net assets released from restrictions. However, restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the consolidated statements of activities and changes in net assets.

Contributions, including unconditional promises to give, are recorded when made at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows, discounted at a rate commensurate with the risks involved. Amortization of the discount is included as an offset against contributions revenue.

Conference fees, community events, membership dues and program fees are recognized during the period in which they are earned. Conference fees, community events, membership dues and program fees received in advance are deferred until earned and reflected as deferred revenue in the consolidated statement of financial position.

Contributions of donated noncash assets to be used to raise funds at the annual auction are recorded at their fair values in the period received. These items are donated and then sold at the annual auction, and the proceeds of this auction in excess of the fair value previously recorded are included in special events in the consolidated statements of activities and changes in net assets. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. During the years ended September 30, 2010 and 2009, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded.

Revenue from government grants is recorded when expenditures are incurred and are billable to the government.

## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Allocation of Expenses: Expenses are allocated between program services, management and general, and fund-raising based on historical percentages using the direct cost method, or other reasonable basis consistent with the benefit derived.

Income Taxes: The Internal Revenue Service (the "IRS") has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code (the "Code") and from state and local income taxes under comparable laws. As a not-for-profit entity, the Organization is subject to unrelated business income tax ("UBIT"), if applicable. For the tax years ended September 30, 2010 and 2009, the Organization did not owe any UBIT.

Management has evaluated the Organization's tax positions for all open tax years and has concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of GAAP. Generally, the Organization is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2007, which is the standard statute of limitations look-back period.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising: Advertising costs for the years ended September 30, 2010 and 2009 amounted to \$4,407 and \$10,838, respectively, and were expensed as incurred.

Concentration of Market and Credit Risks: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any credit risk-related losses. In order to control market risk, the Organization has an investment committee that oversees its investment portfolio and performs an ongoing evaluation of its investment manager. In the fiscal years ended September 30, 2010 and 2009, approximately 90% and 91% of the Organization's investments were held by one investment manager, respectively.

Reclassification: For comparability, certain 2009 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2010. Such reclassifications did not have any effect on total net assets or change therein.

Subsequent Events: The Organization evaluated subsequent events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation is performed through April 30, 2012, the date the consolidated financial statements were available for issuance.

**Autism New Jersey, Inc. and Affiliate**

**Notes to Consolidated Financial Statements**

**Note 3. Investments**

The following tables summarize the Organization's investments measured at fair value on a recurring basis segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value as of September 30, 2010 and 2009:

		<b>2010</b>		
		<b>Fair Value Measurements Using</b>		
<b>Description</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Equities	\$ 290,521	\$ 290,521	\$ -	\$ -
Equity funds	400,854	-	400,854	-
Short-term bond fund	70,942	-	70,942	-
Intermediate-term bond fund	1,127,514	-	1,127,514	-
Certificate of deposit	215,929	-	215,929	-
	<b>\$ 2,105,760</b>	<b>\$ 290,521</b>	<b>\$ 1,815,239</b>	<b>\$ -</b>
		<b>2009</b>		
		<b>Restated</b>		
		<b>Fair Value Measurements Using</b>		
<b>Description</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Equities	\$ 441,297	\$ 441,297	\$ -	\$ -
Short-term bond fund	313,085	313,085	-	-
Intermediate-term bond fund	1,199,054	1,199,054	-	-
Certificate of deposit	210,000	-	210,000	-
United States Treasury Bills	294,855	-	294,855	-
	<b>\$ 2,458,291</b>	<b>\$ 1,953,436</b>	<b>\$ 504,855</b>	<b>\$ -</b>

## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 3. Investments (Continued)

Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Investments in regulated investment companies or collective investment funds that do not trade on an exchange are valued at the net asset value per share/unit on the valuation date. U.S. government debt and corporate bonds are valued based on the last reported bid price provided by broker-dealers. Certificates of deposit are valued using a matrix based on interest rates.

For the years ended September 30, 2010 and 2009, investment income consists of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 64,553	\$ 2,974
Net realized gains	34,062	749
Net unrealized gains	<u>52,920</u>	<u>28,822</u>
Investment income	151,535	32,545
Less investment management fees	<u>(10,606)</u>	<u>-</u>
Net investment income	<u>\$ 140,929</u>	<u>\$ 32,545</u>

#### Note 4. Property and Equipment

Property and equipment at September 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Condominium	\$ 201,660	\$ 485,910
Office equipment	256,587	220,933
Improvements	32,014	32,014
Furniture and fixtures	<u>80,405</u>	<u>31,913</u>
	570,666	770,770
Less accumulated depreciation	<u>314,068</u>	<u>401,262</u>
	<u>\$ 256,598</u>	<u>\$ 369,508</u>

#### Note 5. Line of Credit

On March 5, 2009, the Organization entered into a \$200,000 revolving line of credit with a financial institution that matured in March 2010. This line of credit was subsequently renewed through April 2011 upon its expiration, and was automatically renewed through April 2012. Borrowings under this credit facility are for general operating needs of the Organization. Interest charged on the unpaid principal balance on the line of credit is at prime plus .50% with a minimum rate of 4.25%. There was no outstanding balance on the revolving line of credit at September 30, 2010 and 2009. The line of credit is secured by a certificate of deposit that is reported as an investment restricted for line of credit on the consolidated statements of financial position.

## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 6. Mortgage Payable

The mortgage payable is secured by the condominium located at 1450 Parkside Avenue, with interest at the rate of 7.00% per annum. Monthly payments of \$1,198 of principal and interest are payable until maturity in August 2022.

Mortgage payable	\$ 115,315
Less current portion	<u>6,606</u>
Mortgage payable - long-term	<u>\$ 108,709</u>

Required principal payments subsequent to September 30, 2010 are as follows:

#### Year ending September 30,

2011	\$ 6,606
2012	7,083
2013	7,595
2014	8,144
2015	8,733
Thereafter	<u>77,154</u>
	<u>\$ 115,315</u>

#### Note 7. Defined Contribution Plan

The Organization maintains an incentive savings Section 403(b) defined contribution plan for substantially all employees. The plan provides that eligible employees may defer payment of taxes on a portion of their salary as allowed by Section 403(b) of the Code. Participants vest immediately in their contribution. The Organization does not contribute funds to this plan.

The Organization also maintains a Simple IRA plan that covers all employees who have attained age 18 and completed one year of service with the Organization. The plan provides that eligible employees may defer payment of taxes on a portion of their salary as allowed by Section 401(k) of the Code. The employer's matching contributions are equal to 100% of the participant's elective deferrals up to 3% of the employee's eligible compensation. For the years ended September 30, 2010 and 2009, pension expense was \$24,465 and \$19,288, respectively.

#### Note 8. Commitments and Contingencies

In February 2010, the Organization entered into an operating lease agreement (the "lease") for new building space with monthly lease payments of \$7,926 that expires in January 2016. The lease is also subject to escalation clauses for taxes and other building operating expenses. The lease provides for seven months of free rent throughout the duration of the lease term. Deferred rent payable of \$5,409 and \$0 is the difference between the cumulative amounts recorded for occupancy costs on a straight-line basis over the term of the lease, as compared to the cumulative required amounts paid under the lease as of September 30, 2010 and 2009, respectively.

Rent expense was approximately \$21,000 and \$19,000 for the years ended September 30, 2010 and 2009, respectively. In addition, the Organization leases equipment under various noncancellable operating leases that expire on various dates through fiscal year 2015.

## Autism New Jersey, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 8. Commitments and Contingencies (Continued)

Future minimum payments on all noncancellable lease obligations are as follows:

Year ending September 30,

2011	\$ 85,413
2012	109,191
2013	94,830
2014	102,756
2015	96,874
2016	<u>31,704</u>
	<u>\$ 520,768</u>

The Organization has received funds from the State of New Jersey that may be subject to audit by the funding sources. Such audit might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements for such potential claims.

The Organization has previously received funds from the State of New Jersey, Division of Developmental Disabilities ("DDD") for the purchase of certain equipment. Title to all equipment purchased in whole or in part under a DDD contract is held by the Organization. The State, however, maintains an equitable interest in this equipment. For equipment having an acquisition cost of \$5,000 or more for which the purchase price was entirely paid by DDD funds, DDD has the right to require transfer of the equipment and title to the State or to an eligible nonstate party named by DDD. This transfer may occur at any time.

#### Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$14,130 and \$6,335 at September 30, 2010 and 2009, respectively, are comprised of amounts that are restricted for education and time-restricted to future periods.

#### Note 10. Concentration of Revenue

During the years ended September 30, 2010 and 2009, the Organization received approximately 26% and 18%, respectively, of its support and revenues from the State of New Jersey, Departments of Human Services and the Treasury, with contracts that are renewed annually. Any significant reduction in the level of support from the State of New Jersey, Departments of Human Services and the Treasury could have a material adverse effect on the Organization's programs.

The Organization was a beneficiary of a will and trust agreement. Its share of the bequest amounting to \$1,837,929 was recorded in the consolidated statement of activities and changes in net assets for the year ended September 30, 2009 as the probate courts declared the testamentary instrument valid and the proceeds were measurable and received. This bequest comprised approximately 51% of the Organization's support and other revenues for the year ended September 30, 2009.

**Autism New Jersey, Inc. and Affiliate****Notes to Consolidated Financial Statements**

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**Note 11. Restatement**

In 2009, the Organization overstated its cash and cash equivalents, unrestricted investments, contributions and bequests revenue, and unrestricted net assets. Accordingly, the 2009 consolidated financial statements have been restated to correct these errors. The effect of the restatement on the consolidated statement of financial position and the consolidated statement of activities and changes in net assets as of and for the year ended September 30, 2009 is as follow:

	<u>As Previously Stated</u>	<u>Restated Amount</u>	<u>As Restated</u>
Cash and cash equivalents	\$ 111,347	\$ (5,145)	\$ 106,202
Unrestricted investments	2,538,272	<u>(289,981)</u>	2,248,291
Net effect of restatement		<u>\$ (295,126)</u>	
Contribution and bequests	<u>\$ 2,559,026</u>	<u>\$ (295,126)</u>	<u>\$ 2,263,900</u>
Unrestricted net assets	<u>\$ 2,911,499</u>	<u>\$ (295,126)</u>	<u>\$ 2,616,373</u>



**Autism New Jersey, Inc. and Affiliate**

**Consolidating Statement of Financial Position**

**September 30, 2010**

**See Auditor's Report**

	<u>ANJ</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 35,058	\$ 13,697	\$ -	\$ 48,755
Investments:				
Unrestricted	1,205,416	684,415	-	1,889,831
Restricted for line of credit	215,929	-	-	215,929
Accounts receivable	42,577	-	-	42,577
Due from affiliate	53,291	-	(53,291)	-
Prepaid expenses and other current assets	17,015	-	-	17,015
<b>Total current assets</b>	<b>1,569,286</b>	<b>698,112</b>	<b>(53,291)</b>	<b>2,214,107</b>
Property and Equipment, net	256,598	-	-	256,598
Security Deposit	35,000	-	-	35,000
<b>Total assets</b>	<b>\$ 1,860,884</b>	<b>\$ 698,112</b>	<b>\$ (53,291)</b>	<b>\$ 2,505,705</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 55,637	\$ -	\$ -	\$ 55,637
Due to affiliate	-	53,291	(53,291)	-
Deferred revenue	78,365	-	-	78,365
Current portion of mortgage payable	6,606	-	-	6,606
<b>Total current liabilities</b>	<b>140,608</b>	<b>53,291</b>	<b>(53,291)</b>	<b>140,608</b>
Long-Term Liability - mortgage payable, net of current portion	108,709	-	-	108,709
Deferred Rent Liability	5,409	-	-	5,409
Commitments and Contingencies				
Net Assets:				
Unrestricted net assets	1,592,028	644,821	-	2,236,849
Temporarily restricted net assets	14,130	-	-	14,130
<b>Total net assets</b>	<b>1,606,158</b>	<b>644,821</b>	<b>-</b>	<b>2,250,979</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,860,884</b>	<b>\$ 698,112</b>	<b>\$ (53,291)</b>	<b>\$ 2,505,705</b>

**Autism New Jersey, Inc. and Affiliate**

**Consolidating Statement of Financial Position**

**September 30, 2009**

**See Auditor's Report**

	<u>ANJ</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Total</u>
	Restated	Restated	Restated	Restated
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 69,838	\$ 36,364	\$ -	\$ 106,202
Investments:				
Unrestricted	1,638,679	609,612	-	2,248,291
Restricted for line of credit	210,000	-	-	210,000
Accounts receivable	44,008	-	-	44,008
Unconditional promise to give, net	-	6,335	-	6,335
Prepaid expenses and other current assets	32,668	-	-	32,668
<b>Total current assets</b>	1,995,193	652,311	-	2,647,504
Property and Equipment, net	369,508	-	-	369,508
<b>Total assets</b>	<u>\$ 2,364,701</u>	<u>\$ 652,311</u>	<u>\$ -</u>	<u>\$ 3,017,012</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 167,067	\$ 53,291	\$ -	\$ 220,358
Deferred revenue	52,702	-	-	52,702
Current portion of mortgage payable	6,160	-	-	6,160
<b>Total current liabilities</b>	225,929	53,291	-	279,220
Long-Term Liability - mortgage payable, net of current portion	115,084	-	-	115,084
Commitments and Contingencies				
Net Assets:				
Unrestricted net assets	2,023,688	592,685	-	2,616,373
Temporarily restricted net assets	-	6,335	-	6,335
<b>Total net assets</b>	2,023,688	599,020	-	2,622,708
<b>Total liabilities and net assets</b>	<u>\$ 2,364,701</u>	<u>\$ 652,311</u>	<u>\$ -</u>	<u>\$ 3,017,012</u>

Autism New Jersey, Inc. and Affiliate

Consolidating Statement of Activities and Changes in Net Assets

Year Ended September 30, 2010

See Auditor's Report

	ANJ		Foundation		Elimination	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted		
Support and Revenues:						
Government grants	\$ 463,502	\$ -	\$ -	\$ -	\$ -	\$ 463,502
Contributions and bequests	515,634	14,130	7,600	-	-	537,364
Conference fees	235,361	-	-	-	-	235,361
Special events	108,121	-	-	-	-	108,121
Membership dues	90,060	-	-	-	-	90,060
Program fees and other income	19,032	-	-	-	-	19,032
Investment income	106,939	-	44,596	-	-	151,535
Gain on sale of condominium	151,191	-	-	-	-	151,191
<b>Subtotal</b>	<b>1,689,840</b>	<b>14,130</b>	<b>52,196</b>	<b>-</b>	<b>-</b>	<b>1,756,166</b>
Net Assets Released From Restrictions Upon Satisfaction of Time and Purpose Restrictions	-	-	6,335	(6,335)	-	-
<b>Total support and revenues</b>	<b>1,689,840</b>	<b>14,130</b>	<b>58,531</b>	<b>(6,335)</b>	<b>-</b>	<b>1,756,166</b>
Expenses:						
Program services	1,392,513	-	-	-	-	1,392,513
Management and general	420,899	-	6,395	-	-	427,294
Fund-raising	308,088	-	-	-	-	308,088
<b>Total expenses</b>	<b>2,121,500</b>	<b>-</b>	<b>6,395</b>	<b>-</b>	<b>-</b>	<b>2,127,895</b>
<b>Changes in net assets</b>	<b>(431,660)</b>	<b>14,130</b>	<b>52,136</b>	<b>(6,335)</b>	<b>-</b>	<b>(371,729)</b>
Net Assets:						
Beginning balance, as restated	2,023,688	-	592,685	6,335	-	2,622,708
Ending	\$ 1,592,028	\$ 14,130	\$ 644,821	\$ -	\$ -	\$ 2,250,979

Autism New Jersey, Inc. and Affiliate

Consolidating Statement of Activities and Changes in Net Assets  
 Year Ended September 30, 2009  
 See Auditor's Report

	ANJ		Foundation		Elimination	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted		
	Restated	Restated	Restated	Restated	Restated	Restated
Support and Revenues:						
Government grants	\$ 618,003	\$ -	\$ -	\$ -	\$ -	\$ 618,003
Contributions and bequests	2,417,180	-	15,385	-	(168,665)	2,263,900
Conference income	122,915	-	-	-	-	122,915
Special events	151,205	-	-	-	-	151,205
Membership income	114,700	-	-	-	-	114,700
Program fees and other income	17,558	-	-	-	-	17,558
Investment income	6,334	-	26,211	-	-	32,545
<b>Subtotal</b>	<b>3,447,895</b>	<b>-</b>	<b>41,596</b>	<b>-</b>	<b>(168,665)</b>	<b>3,320,826</b>
Net Assets Released From Restrictions Upon Satisfaction of Time and Purpose Restrictions	-	-	10,000	(10,000)	-	-
<b>Total support and revenues</b>	<b>3,447,895</b>	<b>-</b>	<b>51,596</b>	<b>(10,000)</b>	<b>(168,665)</b>	<b>3,320,826</b>
Expenses:						
Program services	1,382,675	-	168,665	-	(168,665)	1,382,675
Management and general	598,765	-	-	-	-	598,765
Fund-raising	353,024	-	-	-	-	353,024
<b>Total expenses</b>	<b>2,334,464</b>	<b>-</b>	<b>168,665</b>	<b>-</b>	<b>(168,665)</b>	<b>2,334,464</b>
<b>Changes in net assets</b>	<b>1,113,431</b>	<b>-</b>	<b>(117,069)</b>	<b>(10,000)</b>	<b>-</b>	<b>986,362</b>
Net Assets:						
Beginning	910,257	-	709,754	16,335	-	1,636,346
Ending	<u>\$ 2,023,688</u>	<u>\$ -</u>	<u>\$ 592,685</u>	<u>\$ 6,335</u>	<u>\$ -</u>	<u>\$ 2,622,708</u>