

**AUTISM SERVICES CENTER, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2008 AND 2007**

DHHR - Finance

JUL 26 2010

Date Received

**AUTISM SERVICES CENTER, INC.
 FINANCIAL STATEMENTS WITH
 ADDITIONAL INFORMATION
 YEARS ENDED JUNE 30, 2008 AND 2007**

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ADDITIONAL INFORMATION
YEARS ENDED JUNE 30, 2008 AND 2007**

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Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 601, 1108 3rd Avenue
Post Office Box 819, Huntington, West Virginia 25712-0819
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J. Ware, CPA
William L. Hall, CPA

Members of
American Institute of
Certified Public Accountants
WV Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Autism Services Center, Inc.
Huntington, West Virginia

We have audited the accompanying statements of financial position of Autism Services Center, Inc., (a non-profit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Autism Services Center, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2008, on our consideration of Autism Services Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Autism Services Center, Inc. taken as a whole. The accompanying Schedules of State Awards, Office of Behavioral Health Services Funding Status, Property and Equipment Purchased with OBHS Funding, and OBHS Standardized Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ware & Hall PLLC

Huntington, West Virginia
October 9, 2008

DHHR - Finance

JUL 26 2010

Date Received

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents (including interest-bearing accounts of \$1,447,395 and \$1,015,834 at June 30, 2008 and 2007, respectively)	\$ 1,710,825	\$ 1,243,337
Certificates of deposit	492,254	471,050
Investments	1,011,219	1,068,302
Accounts receivable:		
Medicaid	1,103,951	1,423,461
State grant awards	97,726	60,733
Affiliate	19,065	5,790
Other, net of allowance for doubtful accounts of \$10,000 at June 30, 2008	<u>46,038</u>	<u>39,121</u>
TOTAL ACCOUNTS RECEIVABLE	1,266,780	1,529,105
Prepaid expenses	<u>50,573</u>	<u>56,122</u>
TOTAL CURRENT ASSETS	<u>4,531,651</u>	<u>4,367,916</u>
FIXED ASSETS		
Land	446,275	446,275
Buildings and improvements	1,817,992	1,776,003
Furniture and equipment	460,771	471,603
Vehicles	<u>165,484</u>	<u>156,542</u>
	2,890,522	2,850,423
Less: Accumulated depreciation	<u>(1,404,571)</u>	<u>(1,303,185)</u>
NET FIXED ASSETS	1,485,951	1,547,238
TOTAL ASSETS	\$ <u>6,017,602</u>	\$ <u>5,915,154</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2008 AND 2007

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES		
Accounts payable	\$ 421,110	\$ 450,802
Accounts payable - affiliate	11,240	6,696
Accrued payroll	268,297	239,700
Accrued and withheld taxes	195,401	226,864
Provider tax payable	55,015	102,408
Accrued compensated absences	374,816	456,380
Other accrued liabilities	50,088	6,563
Client trust funds payable	33,075	33,426
Deferred revenue	<u>16,529</u>	<u>12,398</u>
TOTAL CURRENT LIABILITIES	<u>1,425,571</u>	<u>1,535,237</u>
NET ASSETS		
Unrestricted net assets		
Operations	2,984,658	2,649,836
Designated by board for employee scholarships	-0-	3,000
Fixed assets	1,485,951	1,547,238
Temporarily restricted net assets	<u>121,422</u>	<u>179,843</u>
TOTAL NET ASSETS	<u>4,592,031</u>	<u>4,379,917</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,017,602</u>	<u>\$ 5,915,154</u>

AUTISM SERVICES CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008			
	Unrestricted			
	Operations	Fixed Assets	Temporarily Restricted	Total
SUPPORT AND REVENUE				
SUPPORT				
West Virginia Department of Health and Human Resources - Grants	\$ 422,955	\$ -0-	\$ -0-	\$ 422,955
Other state grants	3,500	-0-	-0-	3,500
Donations	79,989	-0-	25,000	104,989
Contributions from clients	161,623	-0-	-0-	161,623
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>83,421</u>	<u>-0-</u>	<u>(83,421)</u>	<u>-0-</u>
TOTAL SUPPORT	<u>751,488</u>	<u>-0-</u>	<u>(58,421)</u>	<u>693,067</u>
REVENUE				
Medicaid ICF\MR	928,823	-0-	-0-	928,823
Medicaid Waiver	10,718,271	-0-	-0-	10,718,271
Medicaid	<u>113</u>	<u>-0-</u>	<u>-0-</u>	<u>113</u>
TOTAL MEDICAID	11,647,207	-0-	-0-	11,647,207
Other	<u>314,139</u>	<u>-0-</u>	<u>-0-</u>	<u>314,139</u>
TOTAL REVENUE	<u>11,961,346</u>	<u>-0-</u>	<u>-0-</u>	<u>11,961,346</u>
TOTAL SUPPORT AND REVENUE	<u>12,712,834</u>	<u>-0-</u>	<u>(58,421)</u>	<u>12,654,413</u>
EXPENSES				
PROGRAM SERVICES				
Residential programs	4,506,956	83,221	-0-	4,590,177
Community programs	5,185,232	19,282	-0-	5,204,514
Day programs	574,968	17,539	-0-	592,507
Service Coordination	<u>798,045</u>	<u>-0-</u>	<u>-0-</u>	<u>798,045</u>
TOTAL PROGRAM SERVICES	11,065,201	120,042	-0-	11,185,243
SUPPORT SERVICES				
General and administrative	<u>1,220,363</u>	<u>36,693</u>	<u>-0-</u>	<u>1,257,056</u>
TOTAL EXPENSES	<u>12,285,564</u>	<u>156,735</u>	<u>-0-</u>	<u>12,442,299</u>
CHANGE IN NET ASSETS	427,270	(156,735)	(58,421)	212,114
NET ASSETS, BEGINNING OF YEAR	2,652,836	1,547,238	179,843	4,379,917
TRANSFER (OUT) IN	<u>(95,448)</u>	<u>95,448</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, END OF YEAR	\$ <u>2,984,658</u>	\$ <u>1,485,951</u>	\$ <u>121,422</u>	\$ <u>4,592,031</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

2007

Unrestricted				
<u>Operations</u>	<u>Fixed Assets</u>		<u>Temporarily Restricted</u>	<u>Total</u>
\$ 425,432	\$ -0-		\$ -0-	\$ 425,432
4,880	-0-		-0-	4,880
29,358	-0-		28,000	57,358
135,865	-0-		-0-	135,865
<u>24,466</u>	<u>-0-</u>		<u>(24,466)</u>	<u>-0-</u>
<u>620,001</u>	<u>-0-</u>		<u>3,534</u>	<u>623,535</u>
896,418	-0-		-0-	896,418
10,238,669	-0-		-0-	10,238,669
<u>6,504</u>	<u>-0-</u>		<u>-0-</u>	<u>6,504</u>
11,141,591	-0-		-0-	11,141,591
<u>489,328</u>	<u>-0-</u>		<u>-0-</u>	<u>489,328</u>
<u>11,630,919</u>	<u>-0-</u>		<u>-0-</u>	<u>11,630,919</u>
<u>12,250,920</u>	<u>-0-</u>		<u>3,534</u>	<u>12,254,454</u>
4,087,809	84,121		-0-	4,171,930
5,386,010	20,637		-0-	5,406,647
228,726	14,573		-0-	243,299
<u>922,511</u>	<u>-0-</u>		<u>-0-</u>	<u>922,511</u>
10,625,056	119,331		-0-	10,744,387
<u>1,168,216</u>	<u>26,564</u>		<u>-0-</u>	<u>1,194,780</u>
<u>11,793,272</u>	<u>145,895</u>		<u>-0-</u>	<u>11,939,167</u>
457,648	(145,895)		3,534	315,287
2,468,507	1,419,814		176,309	4,064,630
<u>(273,319)</u>	<u>273,319</u>		<u>-0-</u>	<u>-0-</u>
\$ <u>2,652,836</u>	\$ <u>1,547,238</u>		\$ <u>179,843</u>	\$ <u>4,379,917</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 212,114	\$ 315,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	156,735	145,895
Bad debts	10,252	-0-
Donated assets	-0-	(217)
(Gain) Loss on disposal of fixed assets	(9,450)	-0-
Unrealized/realized loss (gain) on investments	119,986	(99,815)
(Increase) decrease in operating assets:		
Receivables	252,073	(418,426)
Prepaid expenses	5,549	(13,525)
Increase (decrease) in operating liabilities:		
Accounts payable	(29,692)	21,085
Accounts payable - affiliate	4,544	366
Accrued payroll	28,597	37,265
Accrued and withheld taxes	(31,463)	(7,706)
Provider tax payable	(47,393)	52,634
Accrued compensated absences	(81,564)	57,079
Other accrued liabilities	43,525	(909)
Client trust funds payable	(351)	(6,852)
Deferred revenue	<u>4,131</u>	<u>(7,453)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>637,593</u>	<u>74,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and construction of fixed assets	(95,448)	(273,319)
Proceeds from sale of fixed assets	9,450	-0-
Purchase of investments	(91,621)	(370,091)
Proceeds from sale of investments	28,718	50,000
Net (increase) decrease in long term certificates of deposit	<u>(21,204)</u>	<u>180,687</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(170,105)</u>	<u>(412,723)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 467,488	\$ (338,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,243,337</u>	<u>1,581,352</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,710,825</u>	\$ <u>1,243,337</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008						
	Residential Programs	Community Programs	Day Programs	Service Coordination	Total Program Services	General and Administrative	Total Expenses
Salaries	\$ 2,745,347	\$ 1,786,730	\$ 388,166	\$ 451,859	\$ 5,372,102	\$ 600,411	\$ 5,972,513
Employee benefit expense	<u>907,754</u>	<u>531,370</u>	<u>104,913</u>	<u>162,405</u>	<u>1,706,442</u>	<u>221,529</u>	<u>1,927,971</u>
TOTAL PERSONNEL	3,653,101	2,318,100	493,079	614,264	7,078,544	821,940	7,900,484
Contracted services	15,109	2,326,925	11,427	14,923	2,368,384	-0-	2,368,384
Contracted general and administrative	6,070	2,138	3,733	-0-	11,941	31,838	43,779
Family and client assistance	-0-	7,862	-0-	67,252	75,114	-0-	75,114
Travel and transportation	148,860	193,969	21,846	31,540	396,215	1,698	397,913
Household and maintenance	59,872	6,000	2,928	-0-	68,800	3,353	72,153
Dietary supplies	150,979	307	413	47	151,746	116	151,862
Medical and personal supplies	42,595	73	111	-0-	42,779	-0-	42,779
Miscellaneous	9,036	261	295	405	9,997	52,889	62,886
Educational costs	22,260	6,504	661	1,684	31,109	44,476	75,585
Furniture and equipment	2,688	959	19	104	3,770	22,780	26,550
Rent	26,603	8,336	(21)	20,239	55,157	78,086	133,243
Office expenses	2,277	12,650	835	5,345	21,107	28,016	49,123
Education and training	474	145	97	-0-	716	-0-	716
Recruiting/advertising	1,797	698	64	421	2,980	3,742	6,722
Telephone and utilities	92,913	22,143	9,189	6,110	130,355	12,592	142,947
Health care and business privilege tax	238,639	276,290	29,377	35,459	579,765	-0-	579,765
Insurance	17,411	1,872	915	-0-	20,198	58,637	78,835
Contributions	-0-	-0-	-0-	-0-	-0-	200	200
Broh House operational fees	16,272	-0-	-0-	-0-	16,272	-0-	16,272
Bad debt expense	-0-	-0-	-0-	252	252	10,000	10,252
Contributions forfeited	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,506,956	5,185,232	574,968	798,045	11,065,201	1,220,363	12,285,564
Depreciation	<u>83,221</u>	<u>19,282</u>	<u>17,539</u>	<u>-0-</u>	<u>120,042</u>	<u>36,693</u>	<u>156,735</u>
TOTAL EXPENSES	<u>\$ 4,590,177</u>	<u>\$ 5,204,514</u>	<u>\$ 592,507</u>	<u>\$ 798,045</u>	<u>\$ 11,185,243</u>	<u>\$ 1,257,056</u>	<u>\$ 12,442,299</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

2007

<u>Residential Programs</u>	<u>Community Programs</u>	<u>Day Programs</u>	<u>Service Coordination</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
\$ 2,438,690	\$ 1,998,557	\$ 139,743	\$ 498,473	\$ 5,075,463	\$ 606,962	\$ 5,682,425
<u>820,375</u>	<u>586,298</u>	<u>48,792</u>	<u>189,019</u>	<u>1,644,484</u>	<u>236,749</u>	<u>1,881,233</u>
3,259,065	2,584,855	188,535	687,492	6,719,947	843,711	7,563,658
16,490	2,231,030	880	53,081	2,301,481	-0-	2,301,481
5,870	3,218	1,008	-0-	10,096	65,389	75,485
-0-	14,791	-0-	64,087	78,878	-0-	78,878
128,186	217,635	10,612	34,121	390,554	640	391,194
74,233	7,181	3,285	-0-	84,699	3,789	88,488
169,234	426	642	68	170,370	266	170,636
44,996	11	55	131	45,193	-0-	45,193
10,356	802	320	386	11,864	34,882	46,746
14,228	6,011	530	1,089	21,858	33,009	54,867
7,781	481	312	1,015	9,589	14,257	23,846
24,536	3,471	13	21,693	49,713	74,154	123,867
2,380	10,291	1,173	6,114	19,958	25,790	45,748
50	18	-0-	-0-	68	-0-	68
1,938	374	26	551	2,889	2,775	5,664
80,851	18,170	10,022	8,651	117,694	17,514	135,208
215,269	285,085	10,416	44,032	554,802	-0-	554,802
16,074	2,160	897	-0-	19,131	51,890	71,021
-0-	-0-	-0-	-0-	-0-	150	150
16,272	-0-	-0-	-0-	16,272	-0-	16,272
-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
4,087,809	5,386,010	228,726	922,511	10,625,056	1,168,216	11,793,272
<u>84,121</u>	<u>20,637</u>	<u>14,573</u>	<u>-0-</u>	<u>119,331</u>	<u>26,564</u>	<u>145,895</u>
\$ <u>4,171,930</u>	\$ <u>5,406,647</u>	\$ <u>243,299</u>	\$ <u>922,511</u>	\$ <u>10,744,387</u>	\$ <u>1,194,780</u>	\$ <u>11,939,167</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Autism Services Center, Inc. is a nonprofit corporation incorporated in 1979. The Organization provides developmental disabilities services with a specialty in autism primarily to individuals in Cabell, Lincoln, Mason and Wayne Counties in West Virginia.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

SUPPORT AND REVENUE

Autism Services Center, Inc. receives the majority of its support and revenue under third party contractual arrangements with the West Virginia Department of Health and Human Resources for services provided to Medicaid and Medicaid waiver eligible clients. The Organization recognized these fees as income when earned. Autism Services Center, Inc. also receives grant funding from the West Virginia Department of Health and Human Resources - Office of Behavioral Health Services to reimburse the Entity for allowable costs incurred in carrying out specified programs. The Organization recognizes this funding as revenue when the related expenses are incurred.

CHARITY CARE

Autism Services Center, Inc. has a policy of providing charity care to clients who are unable to pay. Such clients are identified based on financial information obtained and subsequent analysis. Since the Organization does not expect payment, estimated charges for charity care are not included in revenue.

CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for doubtful accounts at June 30, 2008 and 2007 was \$10,000 and \$-0-, respectively.

FIXED ASSETS

Fixed assets purchased are stated at cost. Fixed assets donated to the organization are stated at the estimated fair market value at the date of receipt. Maintenance, repairs and minor renewals are charged to operations when incurred. When fixed assets are sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Fixed assets acquired by Autism Services Center, Inc. are considered to be owned by Autism Services Center, Inc. However, state funding sources may maintain an equitable interest in the property and equipment purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The state has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

DEPRECIATION

The cost of fixed assets is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. The useful life for all acquisitions after June 30, 1988 are determined in accordance with the American Hospital Association Guidelines "Guide for Estimated Useful Lives". The useful lives of fixed assets for purposes of computing depreciation are:

Buildings and improvements	5 - 25 years
Furniture, equipment and vehicles	3 - 10 years

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other 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 benefitted.

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments consist of equity securities, mutual funds, and U.S. Treasury Notes which are valued at fair value in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets.

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. Accordingly, actual results could differ from those estimates.

INCOME TAXES

Income taxes have not been provided for as the organization is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore no provision is necessary.

ADVERTISING COSTS

Advertising costs totaling \$6,723 and \$5,665 for 2008 and 2007, respectively, are charged to operations when incurred.

NOTE 2 - INVESTMENTS

Investments as of June 30, 2008 and 2007, are summarized as follows:

	2008		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Unrestricted:			
Mutual Funds	\$ 1,020,516	\$ 1,011,079	\$ (9,437)
Equity Securities	<u>217</u>	<u>140</u>	<u>(77)</u>
Total	<u>\$ 1,020,733</u>	<u>\$ 1,011,219</u>	<u>\$ (9,514)</u>
	2007		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Unrestricted:			
Mutual Funds	\$ 932,097	\$ 1,043,097	\$ 111,000
U.S. Treasury Notes	24,802	25,000	198
Equity Securities	<u>217</u>	<u>205</u>	<u>(12)</u>
Total	<u>\$ 957,116</u>	<u>\$ 1,068,302</u>	<u>\$ 111,186</u>

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 2 - INVESTMENTS (CONTINUED)

Investment return, inclusive of income on cash and certificates of deposit, is summarized as follows for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 141,374	\$ 90,985
Unrealized (loss) gain	(120,700)	98,395
Realized gain	714	19,422
Investment fees	<u>(834)</u>	<u>(176)</u>
 Total Investment Return	 \$ <u>20,554</u>	 \$ <u>208,626</u>

NOTE 3 - FIXED ASSETS

Fixed assets at June 30, 2008 and 2007 consists of:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Net</u>	<u>Cost</u>	<u>Net</u>
Land		\$ 446,275		\$ 446,275
Buildings	\$ 792,107		\$ 792,107	
Accumulated depreciation	<u>(386,784)</u>	405,323	<u>(355,100)</u>	437,007
Building improvements	967,601		925,612	
Accumulated depreciation	<u>(521,680)</u>	445,921	<u>(460,769)</u>	464,843
Leasehold improvements	58,284		58,284	
Accumulated depreciation	<u>(42,594)</u>	15,690	<u>(40,129)</u>	18,155
Furniture and fixtures	80,978		81,342	
Accumulated depreciation	<u>(75,807)</u>	5,171	<u>(73,493)</u>	7,849
Equipment	379,793		390,261	
Accumulated depreciation	<u>(255,028)</u>	124,765	<u>(238,058)</u>	152,203
Vehicles	165,484		156,542	
Accumulated depreciation	<u>(122,678)</u>	<u>42,806</u>	<u>(135,636)</u>	<u>20,906</u>
NET FIXED ASSETS		\$ <u>1,485,951</u>		\$ <u>1,547,238</u>

Depreciation expense for the years ended June 30, 2008 and 2007 totaled \$156,735 and \$145,895, respectively.

Included in land is a \$93,683 contribution of land (valued at fair value at the date of the gift), the use of which is restricted by the donor. The donor stipulates that construction of Autism Services Center, Inc.'s office building and parking lot was to begin by March 18, 2008 and shall be completed by March 18, 2009 or the property reverts to the donor (see Note 10).

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 3 - FIXED ASSETS (CONTINUED)

The following information relates to fixed assets purchased wholly or partially with funds provided by the Office of Behavioral Health Services for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cost	\$ <u>430,792</u>	\$ <u>476,607</u>
Accumulated depreciation	\$ <u>309,994</u>	\$ <u>343,902</u>
Depreciation expense	\$ <u>11,906</u>	\$ <u>11,906</u>

NOTE 4 - LINE OF CREDIT

As of June 30, 2008 and 2007, the Organization had \$1,000,000 of an unused line of credit with a local bank to be drawn upon as needed with a variable interest rate based on the bank's prime rate.

Interest expense for the years ended June 30, 2008 and 2007 totaled \$-0-.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2008</u>	<u>2007</u>
Time restricted - must begin construction of office building and parking lot by March 18, 2008 and shall be completed by March 18, 2009 (See Note 10)	\$ 93,683	\$ 93,683
Scholarship	4,898	21,267
Construction of office building	22,564	62,565
Signage and office equipment	<u>277</u>	<u>2,328</u>
Total temporarily restricted net assets	\$ <u>121,422</u>	\$ <u>179,843</u>

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors or returning unused funds as follows:

Purpose restriction accomplished:

	<u>2008</u>	<u>2007</u>
Scholarships	\$ 31,370	\$ 16,466
Addition to Group Home	-0-	8,000
Signage and office equipment	<u>2,051</u>	<u>-0-</u>
Total purpose restriction accomplished	33,421	24,466
Contributions forfeited	<u>50,000</u>	<u>-0-</u>
Total restrictions released	\$ <u>83,421</u>	\$ <u>24,466</u>

Management abandoned its plan to construct an office building and parking lot in fiscal year ended June 30, 2008. As a result, one of the donors has requested that the Organization return the funds it has contributed for the construction. The amount totals \$50,000 and has been reported as net assets released from restrictions with a corresponding expense (contribution forfeited) recorded in unrestricted net assets.

NOTE 6 - OPERATING LEASES

The Organization leases office facilities under an operating lease expiring in March, 2009. Total lease expense charged to operations for fiscal years ended June 30, 2008 and 2007 amounted to \$72,379 and \$72,453, respectively. The terms of the lease agreement provides for three successive two year renewal options. In the normal course of business, operating leases are generally renewed or replaced by other leases.

The Organization leases copiers under operating leases expiring in various years through fiscal year June 30, 2010. Total lease expense charged to operations for fiscal years ended June 30, 2008 and 2007 amounted to \$25,331 and \$19,243, respectively.

The Organization leases other property and equipment under operating leases on a monthly, weekly or daily basis. Lease expense charged to operations for fiscal years ended June 30, 2008 and 2007 amounted to \$35,533 and \$32,171, respectively.

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 6 - OPERATING LEASES (CONTINUED)

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2008 for each of the next two years and in the aggregate are:

Year Ended June 30,	<u>Amount</u>
2009	\$ 16,243
2010	<u>4,437</u>
Total	\$ <u>20,680</u>

NOTE 7 - PENSION PLAN

The Organization sponsors a tax-sheltered annuity deferred compensation plan (403(b) Plan). The Organization's contribution to the plan for the years ended June 30, 2008 and 2007 totaled \$72,305 and \$64,646, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Autism Services Center, Inc. is a non-profit organization that provides case management, housing assistance and clinical services primarily to individuals with developmental disabilities in Cabell, Lincoln, Mason and Wayne Counties in West Virginia. The Organization provides services that are reimbursed by third parties without requiring collateral or any other security. Accounts receivable have been adjusted for all known uncollectible accounts.

The Organization maintains checking accounts and certificates of deposit at various financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. Balances at these financial institutions exceeded federally insured limits by \$1,008,050 and \$1,188,345 at June 30, 2008 and 2007, respectively.

NOTE 9 - RELATED PARTIES

Certain members of the Board of Directors of Autism Services Center, Inc. also serve as board members of Betsy Broh House, Inc.

Autism Services Center, Inc. provides management services for Betsy Broh House, Inc. for \$ 246 per month for the years ended June 30, 2008 and 2007, respectively. Management fee income for the years ended June 30, 2008 and 2007 amounted to \$2,952 per year. Total management fees due from Betsy Broh House, Inc. as of June 30, 2008 and 2007 amounted to \$19,064 and \$5,790, respectively.

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 9 - RELATED PARTIES (CONTINUED)

Autism Services Center, Inc. also pays Betsy Broh House, Inc. \$1,356 per month out of its Medicaid waiver per diem reimbursement for maintenance and utilities. Total amounts expensed during fiscal years ended June 30, 2008 and 2007 amounted to \$16,272 per year. Total per diem due to Betsy Broh House, Inc. as of June 30, 2008 and 2007 amounted to \$11,240 and \$6,696, respectively.

NOTE 10 - SUBSEQUENT EVENTS

On October 8, 2008, the Organization sold land for \$225,000. The property was acquired by the Organization through a combination purchase/donation. Parcel A was donated to the Organization and was valued at \$93,683, which was the fair market value at the date of gift. Parcel B was purchased for \$175,000. The Donor stipulated that the donation/sale of the property was restricted for the purpose of constructing an office facility and parking lot (see Note 5). The Organization received \$175,000 of the sales proceeds to recoup its original purchase price. The remaining \$50,000 of the sales proceeds went to the donor. The transaction resulted in a loss of \$92,614, which will be included in operations during the second quarter of the fiscal year ending June 30, 2009.

ADDITIONAL INFORMATION

**AUTISM SERVICES CENTER, INC.
SCHEDULE OF STATE AWARDS
YEAR ENDED JUNE 30, 2008**

<u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Program Type</u>	<u>Agency/ Pass Through Number</u>
State Financial Assistance			
State of West Virginia-			
Department of Health and Human Resources			
OBHS -Support Services	N/A	B	0525-2008-3041-219-258
OBHS - Core Services *	N/A	B	0525-2008-2867-219-258
OBHS - Family Support	N/A	B	0525-2008-2870-221-258
OBHS - Colin Anderson Community Placement	N/A	B	0525-2008-2874-803-258
Pass through Braley and Thompson, Inc.			
Medley Unmet Needs	N/A	B	N/A
TOTAL DEPARTMENT OF HEALTH AND HUMAN RESOURCES			
West Virginia Division of Rehabilitation Services			
Supported Employment Services	N/A	B	N/A
TOTAL WEST VIRGINIA DIVISION OF REHABILITATION SERVICES			
TOTAL STATE AWARDS			

* Treated as a major program per OBHS Guidelines.

Program or Award Amount	Unexpended Balance at <u>June 30, 2007</u>	<u>Billings</u>	<u>Expenditures/ Disbursements</u>	Unexpended Balance at <u>June 30, 2008</u>
\$ 75,000	\$ -0-	\$ 75,000	\$ 75,000	\$ -0-
190,689	-0-	190,689	190,689	-0-
82,912	-0-	82,912	82,912	-0-
65,700	-0-	65,700	65,700	-0-
8,654	<u>12,398</u>	<u>8,654</u>	<u>8,654</u>	<u>12,398</u>
	<u>12,398</u>	<u>422,955</u>	<u>422,955</u>	<u>12,398</u>
3,500	<u>-0-</u>	<u>3,500</u>	<u>3,500</u>	<u>-0-</u>
	<u>-0-</u>	<u>3,500</u>	<u>3,500</u>	<u>-0-</u>
	\$ <u>12,398</u>	\$ <u>426,455</u>	\$ <u>426,455</u>	\$ <u>12,398</u>

AUTISM SERVICES CENTER, INC.
SCHEDULE OF OFFICE OF BEHAVIORAL HEALTH SERVICES
FUNDING STATUS
YEAR ENDED JUNE 30, 2008

	(A) State Assigned <u>Account Number</u>	(B) Amount of <u>Award</u>
Support Services	0525-2008-3041-219-258	\$ 75,000
Core Services	0525-2008-2867-219-258	190,689
Family Support	0525-2008-2870-221-258	82,912
Colin Anderson Community Placement	0525-2008-2874-803-258	<u>65,700</u>
TOTAL		<u>\$ 414,301</u>

(C) Amount Earned and Billed	(D) Amount Not Earned But Billed	(E) Amount Not Billed as of June 30, 2008	(F) Amount Collected as of June 30, 2008
\$ 75,000	\$ -0-	\$ -0-	\$ 62,500
190,689	-0-	-0-	158,908
82,912	-0-	-0-	51,222
<u>65,700</u>	<u>-0-</u>	<u>-0-</u>	<u>49,275</u>
\$ <u>414,301</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>321,905</u>

AUTISM SERVICES CENTER, INC
 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED
 WITH OBHS FUNDING
 AS OF JUNE 30, 2008

<u>ID #</u>	<u>New</u>	<u>Category</u>	<u>DESCRIPTION</u>	<u>VENDOR NAME</u>	<u>DATE OF ACQUISITION</u>	<u>COST</u>
3	2002		839 9TH STREET	M. L. SILL	12/05/90	\$39,760.00
5	2003		900 10TH AVENUE	BLAZEK & TWEEL	01/12/93	\$56,558.00
1001	2007		1005-B ST RT 10 N	CURTIS HAGER	07/26/92	\$40,345.91
1002	2008		1402 COMMERCE AVE.	DUDLEY ESTATE	11/14/94	\$161,000.00
5022	5007		OFFICE-CHAIRS	COLONIAL FOODS	03/27/91	\$1,092.00
5026	5011		OFFICE-DESK	STATIONER'S	07/14/92	\$2,094.00
5031	5015		OFFICE-CHAIRS	COLONIAL FOODS	11/30/92	\$1,335.00
5033	5016		OFFICE-DESK	STATIONER'S	07/07/93	\$1,047.00
5044	5026		OFFICE-CHAIRS	COLONIAL FOODS	09/15/95	\$1,098.02
5045	5027		OFFICE-CHAIRS	COLONIAL FOODS	04/15/96	\$3,249.19
6038	5052		10TH AVE SOFA, CHAIR & TABLE	WOOD'S END	02/11/93	\$1,655.00
6045	5055		10TH AVE-CHAIRS	COLONIAL FOODS	05/04/93	\$1,089.32
6066	5070		OAK TABLE	PAUL'S SPECIALITIES	08/09/96	\$1,230.00
6067	5071		OAK TABLE	PAUL'S SPECIALITIES	08/09/96	\$1,230.00
7000	5074		GUYAN-VISUAL DIVIDERS	AARON'S	03/17/89	\$1,075.50
7042	5099		SULLIVAN-SOFA & 2 CHAIRS	THIS END UP	05/25/99	\$1,919.64
8002	6010		OFFICE-TV	MACK & DAVE'S	06/30/87	\$1,200.00
8029	6015		OFFICE-CHECK SIGNING	HALEY EQUIPMENT	05/01/92	\$1,695.00
8030	6016		OFFICE-SOFTWARE	COMPUTER STORE	05/01/92	\$8,005.00
8038	6018		OFFICE-PHONE SYSTEM	ORIX LEASING	08/07/92	\$12,876.28
8049	6020		OFFICE-PRINTER	COMPUTER STORE	05/31/93	\$1,325.00
8052	6021		OFFICE-PHONE, PARTS,	BLACK BOX	07/23/93	\$2,299.53
8055	6022		OFFICE-CPR DOLLS	MEDICAL PLASTICS LAB.	02/01/94	\$1,125.75
8062	6025		OFFICE-PRINTER	COMPUTER STORE	05/19/95	\$1,294.00
8063	6026		OFFICE-FAX MACHINE	AARON'S	09/09/95	\$1,650.00
8064	6027		GUYAN-SHREDDER	AARON'S	01/31/96	\$1,638.40
8065	6028		OFFICE-COMPUTER/SOFTWARE	CMHC	05/25/96	\$49,355.00
8066	6029		OFFICE-COMPUTER SOFTWARE INSTALI	CMHC	05/31/96	\$1,182.50
9064	6044		OFFICE-TENMAST SOFTWARE	TENMAST SOFTWARE	08/05/98	\$2,093.96
9087	6049		OFFICE-FILE SERVER UPGRADE	COMPUTER STORE	01/25/99	\$3,655.00

AUTISM SERVICES CENTER, INC
 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED
 WITH OBHS FUNDING
 AS OF JUNE 30, 2008

9089	6050	OFFICE-ARMANDA 1700 LAPTOP	MULTIPLE ZONES	02/16/99	\$1,764 00
9102	6055	OKIDATA PRINTERS-OFFICE	THE COMPUTER STORE	11/09/99	\$1 345 00
9103	6056	OKIDATA PRINTERS-OFFICE	THE COMPUTER STORE	11/09/99	\$1,345 00
9112	6060	CHMC LICENSE UPGRADE-OFFICE	CMHC, INC.	1/1/2000	\$9,148 00
9116	6063	CHMC LICENSE UPGRADE-OFFICE	CMHC, INC.	3/1/2000	\$8,750 00
9123	6067	PROJECTOR AND SCREEN	COMPUTER STORE	7/01/00	\$3,266 47

\$430,792 47

11,906 64 Depreciation Expense FY 07-08
 (45,814 59) Disposed Assets 07/08
343,902.31 Prior Year Accumulated Depreciation FY 06-07
 309,994 36 Total Accumulated Depreciation FY 07-08

OFFICE OF BEHAVIORAL HEALTH
 STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS

ASSETS	4th Quarter (YEAR-TO-DATE)
1 Cash	1,710,825
2 Short Term Investments	1,503,473
3 Accounts Receivable - OBHS	92,396
4 Accounts Receivable - Client	
5 Accounts Receivable - Medicaid	
6 Accounts Receivable - Medicaid MR/DD Waiver	1,103,951
7 Accounts Receivable - Other	70,433
8 Inventory	
9 Prepaid/Other	50,573
10 TOTAL CURRENT ASSETS	4,531,651
(Total of lines 1-9)	
 NON-CURRENT ASSETS:	
FIXED ASSETS	
11 Property, Land and Equipment - OBHS	430,792
12 Less Accumulated Depreciation	(309,994)
13 Property, Land and Equipment - Other	2,459,730
14 Less Accumulated Depreciation	(1,094,577)
15 Total Property, Land and Equipment (NET)	1,485,951
 OTHER NON CURRENT ASSETS	
16 Long-Term Investments	
17 Other	
18 TOTAL ASSETS	6,017,602
(Total of lines 10, 15, 16 and 17)	
LIABILITIES	
CURRENT LIABILITIES:	
19 Accounts Payable	432,350
20 Taxes Payable	250,416
21 Line of Credit - Payable	
22 Short-Term Notes Payable	
23 Accrued Expenses	643,113
24 Other current liabilities	99,692
25 TOTAL CURRENT LIABILITIES	1,425,571
(Total of lines 19 through 24)	
 LONG-TERM LIABILITIES	
26 Long-Term Notes Payable	
27 Other Long-Term Liabilities	
28 TOTAL LIABILITIES	1,425,571
(Total of lines 25, 26 and 27)	
NET ASSETS	
29 Unrestricted Net Assets	4,470,609
30 Temporarily Restricted Net Assets	121,422
31 Permanently Restricted Net Assets	
32 TOTAL LIABILITIES AND NET ASSETS	6,017,602
(Total of lines 28 through 31)	

Prepared by _____

Date _____

**OFFICE OF BEHAVIORAL HEALTH
STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT
FOR COMPREHENSIVE AND MR/DD FACILITIES
ACCRUAL BASIS**

REVENUE AND SUPPORT	4thQTR Ending (YEAR-TO-DATE)
1 Charity Care	
1a Charity Care 4311.1	
1b. Charity Care 4311.2	
1c. Charity Care 4312.1	
1d Charity Care 4312.2	
1e. Charity Care 4314.1	
1f Charity Care 4314.2	
1g Charity Care 4315	
1h. Contra Non BHHF Charity	
1i Charity Care Revenue 4329	
1j. Support/Alternative Svcs Rev Account 4358	
Total should be equal to zero	
2 Gross Client Service Revenue	11,647,207
3 Contractual Adjustments (Target Funds)	
3a Contractual Adjustments (Non-Target Funds)	
5 Net Client Service Revenue	11,647,207
Net Client Service Revenue	
6 Medicaid (Target Funds)	
6a Medicaid (Non-Target Funds)	113
7 Medicaid MR/DD Waiver (Non-Target Funds)	10,718,271
8. ICF/MR (Non-Target Funds)	928,823
9 Private Pay (Non-Target Funds)	
9a Private Pay (OBHS Target Funds)	
9b. Private Pay (OBHS Non-Target Funds)	
10 Other Client Service Revenue (Target Funds)	
10a Other Client Service Revenue (Non-Target Funds)	
11 Total Net Client Service Revenue	11,647,207
(Line 11 must agree with line 5)	
12 OBHS Support	422,955
13 Other/Public Support	270,112
14. Other	314,139
15 TOTAL REVENUE AND SUPPORT	12,654,413
(Total of line 11 through line 14)	
EXPENSES	
16 Salaries	5,972,513
17 Fringe Benefits	1,927,971
18 Contractual Services	2,412,163
19 Provider Tax	579,765
20 Depreciation Expense	156,735
21 Other Expenses	1,393,152
22 TOTAL EXPENSES	12,442,299
(Total of line 16 through line 21)	
23 NET INCOME (LOSS)	212,114
(Line 15 minus line 22)	

PREPARED BY _____

DATE _____

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL AND COMPLIANCE**

Ware & Hall, PLLC

Certified Public Accountants

The River Tower, Suite 601, 1108 3rd Avenue
Post Office Box 819, Huntington, West Virginia 25712-0819
Telephone: (304) 525-7202 Fax: (304) 525-7282

Daniel J Ware, CPA
William L Hall, CPA

Members of
American Institute of
Certified Public Accountants
WV Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Autism Services Center, Inc.
Huntington, West Virginia

We have audited the financial statements of Autism Services Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Autism Services Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Autism Services Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with

generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Autism Services Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Autism Services Center, Inc.'s response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit Autism Services Center, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, and the Board of Directors, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Ware & Hall PLLC

Huntington, West Virginia
October 9, 2008

SCHEDULE OF FINDINGS

AUTISM SERVICES CENTER, INC.
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

■ **Significant Deficiencies**

08-1 Reconciliation and recording of investments and investment transactions

Condition: We noted errors in the reconciliation of the investment accounts and related journal entries to record the investment transactions in the Organization's general ledger.

Criteria: The internal controls over financial reporting should be suitably designed and operated to ensure transactions are recorded accurately to allow for the preparation of financial statements in accordance with generally accepted accounting principles.

Effect: The investment cost basis and interest income were understated by \$88,645. The fair market value adjustment was overstated and the unrealized loss on investments was understated by \$79,216. The net effect on assets and revenue was an increase of \$9,429.

Recommendation: Strengthen the review procedures over investment reconciliations and recording of the related investment transactions to ensure that they are reconciled and recorded properly.

CORRECTIVE ACTION PLAN

AUTISM SERVICES CENTER

The Keith Albee Building
929 Fourth Avenue • P.O. Box 507
Huntington, West Virginia 25710-0507

Telephone: 304-525-8014
Fax: 304-525-8026
www.autismservicescenter.org

BOARD OF DIRECTORS

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Autism Services Center response to reportable conditions.

Condition 08-1 Reconciliation and recording of investments and investment transactions

In response to reconciliation of investments and related journal entry error, Autism Services Center's Finance Director will review the monthly statement and corresponding journal entry to ensure that all transactions are recorded in accordance with generally accepted accounting principals.