

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

**FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2009 AND 2008**

DHHR - Finance

JUL 28 2011

Date Received

**AUTISM SERVICES CENTER, INC.
FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION
YEARS ENDED JUNE 30, 2009 AND 2008**

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**AUTISM SERVICES CENTER, INC.
FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION
YEARS ENDED JUNE 30, 2009 AND 2008**

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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, 2009 and 2008, 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 the 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, 2009 and 2008, 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 19, 2009, 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 should be considered in 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 19, 2009

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents (including interest-bearing accounts of \$288,737 and \$1,447,395 at June 30, 2009 and 2008, respectively)	\$ 1,804,269	\$ 1,710,825
Certificates of deposit	993,371	492,254
Investments	849,646	1,011,219
Accounts receivable:		
Medicaid, net of allowance for doubtful accounts of \$567 and \$-0-, respectively	1,158,144	1,103,951
Grant awards	129,433	97,726
Affiliate	11,333	19,065
Other, net of allowance for doubtful accounts of \$10,000 at June 30, 2009 and 2008	<u>53,685</u>	<u>46,038</u>
TOTAL ACCOUNTS RECEIVABLE	1,352,595	1,266,780
Prepaid expenses	62,820	50,573
Deposits	<u>40,332</u>	<u>-0-</u>
TOTAL CURRENT ASSETS	<u>5,103,033</u>	<u>4,531,651</u>
FIXED ASSETS		
Land	178,661	446,275
Buildings and improvements	1,832,436	1,817,992
Furniture and equipment	463,630	460,771
Vehicles	<u>151,233</u>	<u>165,484</u>
	2,625,960	2,890,522
Less: Accumulated depreciation	<u>(1,514,190)</u>	<u>(1,404,571)</u>
NET FIXED ASSETS	<u>1,111,770</u>	<u>1,485,951</u>
TOTAL ASSETS	\$ <u>6,214,803</u>	\$ <u>6,017,602</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2009 AND 2008

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Accounts payable	\$ 434,186	\$ 421,110
Accounts payable - affiliate	4,610	11,240
Accrued payroll	280,298	268,297
Accrued and withheld taxes	177,797	195,401
Provider tax payable	56,528	55,015
Accrued compensated absences	275,878	374,816
Other accrued liabilities	632	50,088
Client trust funds payable	37,642	33,075
Deferred revenue	<u>11,320</u>	<u>16,529</u>
TOTAL CURRENT LIABILITIES	<u>1,278,891</u>	<u>1,425,571</u>
NET ASSETS		
Unrestricted net assets		
Operations	3,694,982	2,984,658
Designated by board for employee scholarships	10,114	-0-
Designated by board for client services	9,479	-0-
Fixed assets	1,111,770	1,485,951
Temporarily restricted net assets	<u>109,567</u>	<u>121,422</u>
TOTAL NET ASSETS	<u>4,935,912</u>	<u>4,592,031</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,214,803</u>	<u>\$ 6,017,602</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	2009			
	Unrestricted	Fixed Assets	Temporarily Restricted	Total
	Operations			
SUPPORT AND REVENUE				
SUPPORT				
West Virginia Department of Health and Human Resources - Grants	\$ 447,174	\$ -0-	\$ -0-	\$ ① 447,174 ✓
Other grants	30,029	-0-	-0-	② 30,029 ✓
Donations	36,622	-0-	112,191	③ 148,813 ✓
Contributions from clients	177,266	-0-	-0-	④ 177,266 ✓
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>124,046</u>	<u>-0-</u>	<u>(124,046)</u>	<u>-0-</u>
TOTAL SUPPORT	<u>815,137</u>	<u>-0-</u>	<u>(11,855)</u>	<u>803,282</u>
REVENUE				
Medicaid ICF/MR	965,841	-0-	-0-	⑤ 965,841 ✓
Medicaid Waiver	10,305,121	-0-	-0-	⑥ 10,305,121 ✓
Medicaid	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL MEDICAID	11,270,962	-0-	-0-	11,270,962
Other	<u>143,020</u>	<u>-0-</u>	<u>-0-</u>	⑦ <u>143,020</u>
TOTAL REVENUE	<u>11,413,982</u>	<u>-0-</u>	<u>-0-</u>	<u>11,413,982</u>
TOTAL SUPPORT AND REVENUE	<u>12,229,119</u>	<u>-0-</u>	<u>(11,855)</u>	<u>12,217,264</u>
EXPENSES				
PROGRAM SERVICES				
Residential programs	4,281,170	83,332	-0-	4,364,502
Community programs	4,956,982	20,548	-0-	4,977,530
Day programs	533,206	13,972	-0-	547,178
Service Coordination	<u>780,641</u>	<u>-0-</u>	<u>-0-</u>	<u>780,641</u>
TOTAL PROGRAM SERVICES	10,551,999	117,852	-0-	10,669,851
SUPPORT SERVICES				
General and administrative	<u>1,159,864</u>	<u>43,668</u>	<u>-0-</u>	<u>1,203,532</u>
TOTAL EXPENSES	<u>11,711,863</u>	<u>161,520</u>	<u>-0-</u>	<u>11,873,383</u>
CHANGE IN NET ASSETS	517,256	(161,520)	(11,855)	343,881
NET ASSETS, BEGINNING OF YEAR	2,984,658	1,485,951	121,422	4,592,031
TRANSFER IN (OUT)	<u>212,661</u>	<u>(212,661)</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, END OF YEAR	\$ <u>3,714,575</u>	\$ <u>1,111,770</u>	\$ <u>109,567</u>	\$ <u>4,935,912</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

2008

2008			
<u>Unrestricted</u>			
<u>Operations</u>	<u>Fixed Assets</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 422,955	\$ -0-	\$ -0-	\$ 422,955
3,500	-0-	-0-	3,500
79,989	-0-	25,000	104,989
161,623	-0-	-0-	161,623
<u>83,421</u>	<u>-0-</u>	<u>(83,421)</u>	<u>-0-</u>
<u>751,488</u>	<u>-0-</u>	<u>(58,421)</u>	<u>693,067</u>
928,823	-0-	-0-	928,823
10,718,271	-0-	-0-	10,718,271
<u>113</u>	<u>-0-</u>	<u>-0-</u>	<u>113</u>
11,647,207	-0-	-0-	11,647,207
<u>314,139</u>	<u>-0-</u>	<u>-0-</u>	<u>314,139</u>
<u>11,961,346</u>	<u>-0-</u>	<u>-0-</u>	<u>11,961,346</u>
<u>12,712,834</u>	<u>-0-</u>	<u>(58,421)</u>	<u>12,654,413</u>
4,506,956	83,221	-0-	4,590,177
5,185,232	19,282	-0-	5,204,514
574,968	17,539	-0-	592,507
<u>798,045</u>	<u>-0-</u>	<u>-0-</u>	<u>798,045</u>
11,065,201	120,042	-0-	11,185,243
<u>1,220,363</u>	<u>36,693</u>	<u>-0-</u>	<u>1,257,056</u>
<u>12,285,564</u>	<u>156,735</u>	<u>-0-</u>	<u>12,442,299</u>
427,270	(156,735)	(58,421)	212,114
2,652,836	1,547,238	179,843	4,379,917
<u>(95,448)</u>	<u>95,448</u>	<u>-0-</u>	<u>-0-</u>
\$ <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

AUTISM SERVICES CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 343,881	\$ 212,114
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	161,520	156,735
Bad debts	567	10,252
Donated assets	(105,215)	-0-
Loss (Gain) on disposal of fixed assets	92,063	(9,450)
Unrealized/realized loss on investments	200,503	119,986
(Increase) decrease in operating assets:		
Receivables	(86,382)	252,073
Prepaid expenses	(12,247)	5,549
Deposits	(40,332)	-0-
Increase (decrease) in operating liabilities:		
Accounts payable	13,076	(29,692)
Accounts payable - affiliate	(6,630)	4,544
Accrued payroll	12,001	28,597
Accrued and withheld taxes	(17,604)	(31,463)
Provider tax payable	1,513	(47,393)
Accrued compensated absences	(98,938)	(81,564)
Other accrued liabilities	(49,456)	43,525
Client trust funds payable	4,567	(351)
Deferred revenue	(5,209)	4,131
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>407,678</u>	<u>637,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase and construction of fixed assets	(54,953)	(95,448)
Proceeds from sale of fixed assets	175,551	9,450
Purchase of investments	(47,096)	(91,621)
Proceeds from sale of investments	113,381	28,718
Net (increase) decrease in long term certificates of deposit	<u>(501,117)</u>	<u>(21,204)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(314,234)</u>	<u>(170,105)</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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 93,444	\$ 467,488
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,710,825</u>	<u>1,243,337</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,804,269</u>	\$ <u>1,710,825</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ <u>494</u>	\$ <u>-0-</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AUTISM SERVICES CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2009 AND 2008

2009

	Residential Programs	Community Programs	Day Programs	Service Coordination	Total Program Services	General and Administrative	Total Expenses
Salaries	\$ 2,660,625	\$ 1,728,694	\$ 344,357	\$ 446,269	\$ 5,179,945	\$ 548,988	\$ 5,728,933
Employee benefit expense	<u>824,145</u>	<u>546,838</u>	<u>100,583</u>	<u>136,332</u>	<u>1,607,898</u>	<u>181,139</u>	<u>1,789,037</u>
TOTAL PERSONNEL	3,484,770	2,275,532	444,940	582,601	6,787,843	730,127	7,517,970
Contracted services	14,622	2,183,398	14,606	21,651	2,234,277	-0-	2,234,277
Contracted general and administrative	6,062	568	3,968	-0-	10,598	48,547	59,145
Family and client assistance	-0-	(3,911)	-0-	66,043	62,132	152	62,284
Travel and transportation	131,212	176,734	22,409	27,368	357,723	725	358,448
Household and maintenance	45,580	7,921	3,016	28	56,545	1,784	58,329
Dietary supplies	130,640	249	557	50	131,496	81	131,577
Medical and personal supplies	35,392	435	91	-0-	35,918	-0-	35,918
Miscellaneous	6,048	1,110	387	258	7,803	35,436	43,239
Educational costs	8,311	2,019	305	967	11,602	42,070	53,672
Furniture and equipment	2,824	3,668	376	8,135	15,003	2,523	17,526
Rent	32,003	12,281	41	21,455	65,780	79,583	145,363
Office expenses	2,623	10,613	625	5,589	19,450	23,469	42,919
Education and training	190	47	57	-0-	294	-0-	294
Recruiting/advertising	2,555	789	274	765	4,383	3,389	7,772
Telephone and utilities	101,757	25,639	10,582	9,459	147,437	11,098	158,535
Health care and business privilege tax	239,740	257,365	29,698	35,636	562,439	(500)	561,939
Insurance	20,526	2,094	1,274	500	24,394	88,766	113,160
Contributions	43	-0-	-0-	-0-	43	-0-	43
Broh House operational fees	16,272	-0-	-0-	-0-	16,272	-0-	16,272
Bad debt expense	-0-	431	-0-	136	567	-0-	567
Contributions forfeited	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Loss on Asset Dispositions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>92,614</u>	<u>92,614</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,281,170	4,956,982	533,206	780,641	10,551,999	1,159,864	11,711,863
Depreciation	<u>83,332</u>	<u>20,548</u>	<u>13,972</u>	<u>-0-</u>	<u>117,852</u>	<u>43,668</u>	<u>161,520</u>
TOTAL EXPENSES	<u>\$ 4,364,502</u>	<u>\$ 4,977,530</u>	<u>\$ 547,178</u>	<u>\$ 780,641</u>	<u>\$ 10,669,851</u>	<u>\$ 1,203,532</u>	<u>\$ 11,873,383</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

2008

<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>
\$ 2,745,347	\$ 1,786,730	\$ 388,166	\$ 451,859	\$ 5,372,102	\$ 600,411	\$ 5,972,513
<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>
3,653,101	2,318,100	493,079	614,264	7,078,544	821,940	7,900,484
15,109	2,326,925	11,427	14,923	2,368,384	-0-	2,368,384
6,070	2,138	3,733	-0-	11,941	31,838	43,779
-0-	7,862	-0-	67,252	75,114	-0-	75,114
148,860	193,969	21,846	31,540	396,215	1,698	397,913
59,872	6,000	2,928	-0-	68,800	3,353	72,153
150,979	307	413	47	151,746	116	151,862
42,595	73	111	-0-	42,779	-0-	42,779
9,036	261	295	405	9,997	52,889	62,886
22,260	6,504	661	1,684	31,109	44,476	75,585
2,688	959	19	104	3,770	22,780	26,550
26,603	8,336	(21)	20,239	55,157	78,086	133,243
2,277	12,650	835	5,345	21,107	28,016	49,123
474	145	97	-0-	716	-0-	716
1,797	698	64	421	2,980	3,742	6,722
92,913	22,143	9,189	6,110	130,355	12,592	142,947
238,639	276,290	29,377	35,459	579,765	-0-	579,765
17,411	1,872	915	-0-	20,198	58,637	78,835
-0-	-0-	-0-	-0-	-0-	200	200
16,272	-0-	-0-	-0-	16,272	-0-	16,272
-0-	-0-	-0-	252	252	10,000	10,252
-0-	-0-	-0-	-0-	-0-	50,000	50,000
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
4,506,956	5,185,232	574,968	798,045	11,065,201	1,220,363	12,285,564
<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>
\$ <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

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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, 2009 AND 2008

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, 2009 and 2008 was \$10,567 and \$10,000, 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	4 - 25 years
Leasehold improvements	5 - 25 years
Furniture, equipment and vehicles	2 - 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, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments consist of equity securities, and mutual funds, 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 \$7,772 and \$6,723 for 2009 and 2008, respectively, are charged to operations when incurred.

ACCOUNTING CHANGE

In July, 2008, the Organization adopted SFAS No. 157 *Fair Value Measurements* which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The adoption of this statement did not have a material impact on the financial statements.

NOTE 2 - INVESTMENTS

Investments as of June 30, 2009 and 2008, are summarized as follows:

	2009		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Unrestricted:			
Mutual Funds	\$ 1,065,688	\$ 849,526	\$ (216,162)
Equity Securities	<u>217</u>	<u>120</u>	<u>(97)</u>
Total	<u>\$ 1,065,905</u>	<u>\$ 849,646</u>	<u>\$ (216,259)</u>

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 2 - INVESTMENTS (CONTINUED)

	2008		Unrealized
Unrestricted:	Cost	Fair Value	Gain (Loss)
Mutual Funds	\$ 1,020,516	\$ 1,011,079	\$ (9,437)
Equity Securities	217	140	(77)
Total	\$ 1,020,733	\$ 1,011,219	\$ (9,514)

The Organization adopted SFAS No. 157 *Fair Value Measurements* on July 1, 2008 to determine the fair value of its financial instruments based on the fair value hierarchy established in SFAS 157. SFAS 157 prioritizes a hierarchy of inputs to valuation techniques based on whether these inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy under SFAS 157 based on these two types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The Organization's investments are the only financial assets recorded at fair value on a reoccurring basis in the financial statements for which SFAS 157 applies. Fair value measurement is based upon quoted market prices in active markets for identical investments (Level 1).

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 80,949	\$ 141,374
Unrealized (loss)	(206,745)	(120,700)
Realized gain	6,242	714
Investment fees	<u>(4,511)</u>	<u>(834)</u>
 Total Investment Return	 \$ <u>(124,065)</u>	 \$ <u>20,554</u>

NOTE 3 - FIXED ASSETS

Fixed assets at June 30, 2009 and 2008 consists of:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Net</u>	<u>Cost</u>	<u>Net</u>
Land		\$ 178,660		\$ 446,275
Buildings	\$ 792,107		\$ 792,107	
Accumulated depreciation	<u>(418,469)</u>	373,638	<u>(386,784)</u>	405,323
Building improvements	982,046		967,601	
Accumulated depreciation	<u>(582,271)</u>	399,775	<u>(521,680)</u>	445,921
Leasehold improvements	58,284		58,284	
Accumulated depreciation	<u>(44,881)</u>	13,403	<u>(42,594)</u>	15,690
Furniture and fixtures	83,854		80,978	
Accumulated depreciation	<u>(78,195)</u>	5,659	<u>(75,807)</u>	5,171
Equipment	379,775		379,793	
Accumulated depreciation	<u>(264,932)</u>	114,843	<u>(255,028)</u>	124,765
Vehicles	151,233		165,484	
Accumulated depreciation	<u>(125,441)</u>	<u>25,792</u>	<u>(122,678)</u>	<u>42,806</u>
NET FIXED ASSETS		\$ <u>1,111,770</u>		\$ <u>1,485,951</u>

Depreciation expense for the years ended June 30, 2009 and 2008 totaled \$161,520 and \$156,735, respectively.

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Cost	\$ <u>418,868</u>	\$ <u>430,792</u>
Accumulated depreciation	\$ <u>306,923</u>	\$ <u>309,994</u>
Depreciation expense	\$ <u>16,487</u>	\$ <u>11,906</u>

NOTE 4 - LINE OF CREDIT

As of June 30, 2009 and 2008, 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 on the line of credit for the years ended June 30, 2009 and 2008 totaled \$-0-

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Time restricted - must begin construction of office building and parking lot by March 18, 2008 and shall be completed by March 18, 2009	\$ -0-	\$ 93,683
Scholarship	56,726	4,898
Construction of office building	22,564	22,564
Senior DCS	30,000	-0-
Signage and office equipment	<u>277</u>	<u>277</u>
Total temporarily restricted net assets	\$ <u>109,567</u>	\$ <u>121,422</u>

AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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>2009</u>	<u>2008</u>
Scholarships	\$ 24,363	\$ 31,370
Senior DCS	6,000	-0-
Signage and office equipment	<u>-0-</u>	<u>2,051</u>
Total purpose restriction accomplished	30,363	33,421
Contributions forfeited	<u>93,683</u>	<u>50,000</u>
Total restrictions released	\$ <u>124,046</u>	\$ <u>83,421</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 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.

On October 8, 2008, the Organization sold the land which 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. Upon abandoning the construction plans, the donor authorized the sale of the property with the stipulation that any proceeds realized by the Organization over its original purchase price of \$175,000 be remitted to the donor. Therefore, \$93,683 has been reported as net assets released from restrictions with a corresponding expense (loss on asset dispositions) recorded in unrestricted net assets.

NOTE 6 - OPERATING LEASES

The Organization leases office facilities under an operating lease expiring in March, 2011. Total lease expense charged to operations for fiscal years ended June 30, 2009 and 2008 amounted to \$74,750 and \$72,379, respectively. The terms of the lease agreement provides for two more 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, 2011. Total lease expense charged to operations for fiscal years ended June 30, 2009 and 2008 amounted to \$22,037 and \$25,331, respectively.

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 6 - OPERATING LEASES (CONTINUED)

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, 2009 and 2008 amounted to \$48,577 and \$35,533, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2009 for each of the next three years and in the aggregate are:

Year Ended June 30,	<u>Amount</u>
2010	\$ 85,950
2011	62,097
2012	<u>4,067</u>
Total	\$ <u>152,114</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, 2009 and 2008 totaled \$69,651 and \$72,305, 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 cash balances at various financial institutions. As of June 30, 2009, substantially all of the Organization's cash balances at these institutions were insured by the Federal Deposit Insurance Corporation under the Transaction Account Guarantee Program. As of June 30, 2008, accounts at these financial institutions were insured by the Federal Deposit Insurance Corporation up to \$100,000. Balances at these financial institutions exceeded federally insured limits by \$1,008,050 at June 30, 2008.

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. Management fee income for the years ended June 30, 2009 and 2008 amounted to \$1,943 and \$2,952, respectively. Total management fees due from Betsy Broh House, Inc. as of June 30, 2009 and 2008 amounted to \$391 and \$19,064, respectively.

**AUTISM SERVICES CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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, 2009 and 2008 amounted to \$16,272 per year. Total per diem due to Betsy Broh House, Inc. as of June 30, 2009 and 2008 amounted to \$2,712 and \$11,240, respectively.

NOTE 10 - SUBSEQUENT EVENTS

On September 30, 2009, the Organization purchased two properties to be used as group homes at a total cost of \$262,500. Management has evaluated subsequent events through October 19, 2009, the date on which the financial statements were available to be issued.

ADDITIONAL INFORMATION

**AUTISM SERVICES CENTER, INC.
SCHEDULE OF STATE AWARDS
YEAR ENDED JUNE 30, 2009**

<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 - Electronic Health Records	N/A	B	0525-2008-2849-219-258
OBHS - Core Services *	N/A	B	0525-2009-2870-219-258
OBHS - Family Support	N/A	B	0525-2009-2870-221-258
OBHS - Colin Anderson Community Placement	N/A	B	0525-2009-2870-803-258
OBHS - MR/DD Support Services	N/A	B	0525-2009-3041-219-258
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.

<u>Program or Award Amount</u>	<u>Unexpended Balance at June 30, 2008</u>	<u>Billings</u>	<u>Expenditures/ Disbursements</u>	<u>Unexpended Balance at June 30, 2009</u>
\$ 33,500	\$ -0-	\$ 33,500	\$ 33,500	\$ -0-
190,689	-0-	190,689	190,689	-0-
82,285	-0-	82,285	82,285	-0-
65,700	-0-	65,700	65,700	-0-
75,000	<u>-0-</u>	<u>75,000</u>	<u>75,000</u>	<u>-0-</u>
	<u>-0-</u>	<u>447,174</u>	<u>447,174</u>	<u>-0-</u>
27,029	<u>-0-</u>	<u>27,029</u>	<u>27,029</u>	<u>-0-</u>
	<u>-0-</u>	<u>27,029</u>	<u>27,029</u>	<u>-0-</u>
	\$ <u>-0-</u>	\$ <u>474,203</u>	\$ <u>474,203</u>	\$ <u>-0-</u>

AUTISM SERVICES CENTER, INC.
SCHEDULE OF OFFICE OF BEHAVIORAL HEALTH SERVICES
FUNDING STATUS
YEAR ENDED JUNE 30, 2009

	(A) State Assigned <u>Account Number</u>	(B) Amount of <u>Award</u>
Electronic Health Records	0525-2008-2849-219-258	\$ 33,500
Core Services	0525-2009-2870-219-258	190,689
Family Support	0525-2009-2870-221-258	82,285
Colin Anderson Community Placement	0525-2009-2870-803-258	65,700
MR/DD Support Services	0525-2009-3041-219-258	<u>75,000</u>
TOTAL		<u>\$447,174</u>

(C) Amount Earned and Billed	(D) Amount Not Earned But Billed	(E) Amount Not Billed as of June 30, 2009	(F) Amount Collected as of June 30, 2009
\$ 33,500	\$ -0-	\$ -0-	\$ -0-
190,689	-0-	-0-	158,908
82,285	-0-	-0-	61,283
65,700	-0-	-0-	43,800
<u>75,000</u>	<u>-0-</u>	<u>-0-</u>	<u>62,500</u>
\$ <u>447,174</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>326,491</u>

AUTISM SERVICES CENTER, INC.
 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED
 WITH OBHS FUNDING
 AS OF JUNE 30, 2009

<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 SI 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
8055	6022		OFFICE-CPR DOLLS	MEDICAL PLASTICS LAB	02/01/94	\$1,125.75
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 INSTA	CMHC	05/31/96	\$1,182.50
9064	6044		OFFICE-IENMASI SOFTWARE	IENMAST SOFTWARE	08/05/98	\$2,093.96
9087	6049		OFFICE-FILE SERVER UPGRADE	COMPUTER STORE	01/25/99	\$3,655.00
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	01/01/00	\$9,148.00
9116	6063		CHMC LICENSE UPGRADE-OFFICE	CMHC, INC.	03/01/00	\$8,750.00

AUTISM SERVICES CENTER, INC.
 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED
 WITH OBHS FUNDING
 AS OF JUNE 30, 2009

9123	6067	PROJECTOR AND SCREEN	COMPUTER STORE	7/01/00	\$3,266.47
N/A	6101	VIDEO CONFERENCING SYSTEM	GLOBAL INTERACTIVE SOLUTI	07/01/06	\$7,634.29
					\$418,867.95

Depreciation Expense FY 08-09	16,487.14
Disposed Assets 08-09	(19,558.81)
Prior Year Accumulated Depreciation	<u>309,994.36</u>
Total Accumulated Depreciation 08-09	306,922.69

**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	1,804,269
2 Short Term Investments	1,843,017
3 Accounts Receivable - OBHS	120,683
4 Accounts Receivable - Client	
5 Accounts Receivable - Medicaid	
6 Accounts Receivable - Medicaid MR/DD Waiver	1,158,144
7 Accounts Receivable - Other	73,768
8 Inventory	
9 Prepaid/Other	103,152
10 TOTAL CURRENT ASSETS (Total of lines 1-9)	5,103,033
NON-CURRENT ASSETS:	
FIXED ASSETS	
11 Property, Land and Equipment - OBHS	418,868
12 Less Accumulated Depreciation	(306,923)
13 Property, Land and Equipment - Other	2,207,092
14 Less Accumulated Depreciation	(1,207,267)
15 Total Property, Land and Equipment (NET)	1,111,770
OTHER NON CURRENT ASSETS	
16 Long-Term Investments	
17 Other	
18 TOTAL ASSETS (Total of lines 10, 15 16 and 17)	6,214,803
LIABILITIES	
CURRENT LIABILITIES:	
19 Accounts Payable	438,796
20 Taxes Payable	234,325
21 Line of Credit - Payable	
22 Short-Term Notes Payable	
23 Accrued Expenses	556,176
24 Other current liabilities	49,594
25 TOTAL CURRENT LIABILITIES (Total of lines 19 through 24)	1,278,891
LONG-TERM LIABILITIES	
26 Long-Term Notes Payable	
27 Other Long-Term Liabilities	
28 TOTAL LIABILITIES (Total of lines 25, 26 and 27)	1,278,891
NET ASSETS	
29 Unrestricted Net Assets	4,826,345
30 Temporarily Restricted Net Assets	109,567
31 Permanently Restricted Net Assets	
32 TOTAL LIABILITIES AND NET ASSETS (Total of lines 28 through 31)	6,214,803

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	11,270,962
3	Contractual Adjustments (Target Funds)	
3a	Contractual Adjustments (Non-Target Funds)	
5	Net Client Service Revenue	11,270,962
	Net Client Service Revenue	
6.	Medicaid (Target Funds)	
6a	Medicaid (Non-Target Funds)	0
7.	Medicaid MR/DD Waiver (Non-Target Funds)	10,305,121
8.	ICF/MR (Non-Target Funds)	965,841
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	11,270,962
	(Line 11 must agree with line 5)	
12	OBHS Support	447,174
13	Other/Public Support	356,108
14.	Other	143,020
15	TOTAL REVENUE AND SUPPORT	12,217,264
	(Total of line 11 through line 14)	
	EXPENSES	
16.	Salaries	5,728,933
17.	Fringe Benefits	1,789,037
18	Contractual Services	2,293,422
19	Provider Tax	561,939
20	Depreciation Expense	161,520
21	Other Expenses	1,338,532
22	TOTAL EXPENSES	11,873,383
	(Total of line 16 through line 21)	
23	NET INCOME (LOSS)	343,881
	(Line 15 minus line 22)	

PREPARED BY _____

DATE _____

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

Ware & Hall, PLLC

Certified Public Accountants

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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, 2009, and have issued our report thereon dated October 19, 2009. 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 09-1 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, 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 19, 2009

SCHEDULE OF FINDINGS

AUTISM SERVICES CENTER, INC.
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

■ **Significant Deficiencies**

09-1 Capital Leases

Condition: The Organization entered into two equipment lease contracts during the year which are being accounted for as operating leases. Our procedures, however, indicate that they meet the criteria for treatment as capital leases and, therefore, should be accounted for as such.

Criteria: Generally accepted accounting principles require capital leases to be recorded as an asset and an obligation in an amount equal to the lesser of the fair value of the asset or the present value of the future minimum lease payments.

Cause: Policies and procedures have not been established to effectively address the accounting for capital leases. Leases are executed by the administrative staff. Copies of executed leases are not forwarded to the accounting department and, therefore, no analysis is performed to determine if the leases meet the criteria for capital lease treatment.

Effect: Although the effect was not material to the financial statements, these leases which qualified for capital lease treatment were improperly accounted for as operating leases.

Recommendation: Establish policies and procedures to ensure lease agreements are forwarded to the accounting department where they are to be analyzed for capital lease criteria and accounted for accordingly in accordance with generally accepted accounting principles.

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

Ralph N. Bentley II

Mary Calhoun Brown

Michael J. Grady, M.A.

Elaine M. Harvey

Derek Hyman

Tim Itr

Gary A. Matthews

Ruth C. Sullivan, Ph.D.

Autism Services Center response to Significant Deficiencies.

Condition 09-01 Capital leases

In response to the error in recording capital leases, Autism Services Center will establish a policy that ensures all lease agreements are forwarded from Administration to Finance for analysis. All leases meeting the capital lease criteria will be recorded as such in accordance with generally accepted accounting principles.