

AUTISM FOUNDATION OF TENNESSEE, INC.
(d/b/a AUTISM EDUCATION AND THERAPY CENTER)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a Autism Education and Therapy Center

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Independent Auditor's Report

To the Board of Directors
Autism Foundation of Tennessee, Inc.
d/b/a Autism Education and Therapy Center
6515 Holt Road
Nashville, Tennessee 37211

We have audited the accompanying consolidated financial statements of Autism Foundation of Tennessee, Inc. d/b/a Autism Education and Therapy Center (the "Organization") (a Tennessee nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



Autism Foundation of Tennessee, Inc.
d/b/a Autism Education and Therapy Center

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Autism Foundation of Tennessee, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of the Autism Foundation of Tennessee, Inc. as of December 31, 2018, were audited by other auditors whose report dated, August 19, 2019, expressed an unmodified opinion on those statements.

Nashville, Tennessee
November 10, 2020

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	2019	2018
Cash	\$ 1,718,322	\$ 761,065
Accounts receivable	251,892	336,352
Prepaid expenses and other assets	19,653	37,334
Property and equipment, net	<u>379,505</u>	<u>238,225</u>
Total assets	<u>\$ 2,369,372</u>	<u>\$ 1,372,976</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	1,154	72,101
Accrued payroll and paid time off	73,728	112,760
Cash held for sale of Autism Education and Therapy Center	<u>930,000</u>	<u>-</u>
Total liabilities	<u>1,004,882</u>	<u>184,861</u>
Net assets without donor restrictions	<u>1,364,490</u>	<u>1,188,115</u>
Total net assets	<u>1,364,490</u>	<u>1,188,115</u>
Total liabilities and net assets	<u>\$ 2,369,372</u>	<u>\$ 1,372,976</u>

See accompanying notes to the consolidated financial statements.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Without Donor Restrictions	
	2019	2018
REVENUE:		
Individual and corporate contributions	\$ 25,098	\$ 25,457
Grants	20,300	19,124
	<u>45,398</u>	<u>44,581</u>
SPECIAL EVENTS INCOME, NET:		
Events	1,851	3,188
Other	1,280	571
Less: expenses	<u>(1,515)</u>	<u>(3,019)</u>
Total special events income, net	1,616	740
PROGRAM INCOME:		
ABA therapy	4,023,981	3,188,331
Social skills group	3,287	3,208
Summer camp	21,530	34,091
Assessment	21,210	65,859
Day therapy program	-	12,530
Total program revenue	<u>4,070,008</u>	<u>3,304,019</u>
Total revenue	<u>4,117,022</u>	<u>3,349,340</u>
Expenses:		
Program services	3,326,084	2,522,859
General and administrative	<u>614,563</u>	<u>330,985</u>
Total expenses	<u>3,940,647</u>	<u>2,853,844</u>
Increase in net assets	176,375	495,496
Net assets at beginning of the year	<u>1,188,115</u>	<u>692,619</u>
Net assets at end of the year	<u>\$ 1,364,490</u>	<u>\$ 1,188,115</u>

See accompanying notes to the consolidated financial statements.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Administrative and General	Total
Payroll and benefits	\$ 2,422,682	\$ 323,189	\$ 2,745,871
Payroll taxes	212,624	28,364	240,988
Professional services	71,568	176,861	248,429
Facilities and equipment	266,113	35,500	301,613
Office expenses	108,154	14,428	122,582
Insurance	113,639	15,160	128,799
Depreciation	37,471	4,999	42,470
Other	93,833	16,062	109,895
	<u>\$ 3,326,084</u>	<u>\$ 614,563</u>	<u>\$ 3,940,647</u>

See accompanying notes to the consolidated financial statements.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Administrative and General	Total
Payroll and benefits	\$ 1,940,673	\$ 225,844	\$ 2,166,517
Payroll taxes	147,377	17,106	164,483
Professional services	53,834	44,459	98,293
Facilities and equipment	140,706	16,738	157,444
Office expenses	90,086	10,457	100,543
Insurance	85,434	8,866	94,300
Depreciation	16,106	1,869	17,975
Other	48,643	5,646	54,289
	<u>\$ 2,522,859</u>	<u>\$ 330,985</u>	<u>\$ 2,853,844</u>

See accompanying notes to the consolidated financial statements.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 176,375	\$ 495,496
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	42,470	17,975
Changes in:		
Accounts receivable	84,460	(120,935)
Prepaid expenses and other assets	17,681	(14,486)
Cash held for sale of Autism Education and Therapy Center	930,000	-
Accounts payable and accrued liabilities	(70,947)	183
Accrued payroll and paid time off	(39,032)	45,688
	<u>1,141,007</u>	<u>423,921</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of buildings and equipment	<u>(183,750)</u>	<u>(116,403)</u>
Net cash used in investing activities	<u>(183,750)</u>	<u>(116,403)</u>
Net increase in cash	957,257	307,518
Cash, beginning of the period	<u>761,065</u>	<u>453,547</u>
Cash, end of the period	<u><u>\$ 1,718,322</u></u>	<u><u>\$ 761,065</u></u>
Supplemental Disclosure of Noncash Investing Activities:		
Property and equipment accrued at year-end	<u><u>\$ -</u></u>	<u><u>\$ 68,142</u></u>

See accompanying notes to the consolidated financial statements.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Autism Foundation of Tennessee, Inc. d/b/a Autism Education and Therapy Center (the “Foundation”), is a 501(c)(3) organization. Karen and Steve Blake formed the Foundation on September 21, 2007. The organization currently has locations in Nashville and Clarksville, Tennessee. In September 2018, the Foundation created a single member non-profit LLC, Autism Education and Therapy Center, LLC (“Autism ETC”). The Foundation was the single member, having sole voting interest in matters affecting Autism ETC and having sole interest in the assets, gains, income, profit and losses and deductions of the Autism ETC. The financial statements and footnotes are presented on a consolidated basis with all significant intercompany balances and transactions eliminated in the consolidation. The significant accounting policies and practices followed by the consolidated entity (collectively the “Organization”), are presented below to assist the reader in evaluating the consolidated financial statements.

The Organization’s Mission Statement is “To provide state-of-the-art behavioral-based interventions, educational, and support services for children in Tennessee and surrounding areas who have been diagnosed with autism and other developmental disabilities.”

The Organization provides Applied Behavioral Analysis therapy for children on the Autism Spectrum. In addition, the Organization provides an early learning program during the school year; a daytime summer program when school is not in session; and social skills group therapy held after school.

The Organization aids children on the Autism Spectrum to develop social skills and to make friends.

Basis of Presentation

The consolidated financial statements have been prepared using the accrual basis of accounting.

For reporting purposes, the Organization’s consolidated financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets. As of December 31, 2019 and 2018, the Organization has no net assets with donor restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until donor stipulations are met.

Use of Estimates

Judgment and estimation are exercised by management in certain areas of the preparation of the consolidated financial statements. The most significant areas are the recovery period for buildings and equipment, and the collectibility of receivables. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the statements of cash flows, the Organization considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded based on amounts billed for program services. Management evaluates accounts for collectability on an ongoing basis and uses the specific identification method and historical experience to estimate the need for an allowance. Accounts are written off when collectability is considered remote. Based on management's evaluation, there was no allowance determined to be necessary as of December 31, 2019 and 2018.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenue from Applied Behavioral Analysis (“ABA”) and other therapy is reported at the amount that reflects consideration to which the Organization expects to be entitled in exchange for providing behavior therapy services to patients. Therapy revenue is recognized at a point in time as the performance obligations are provided. Performance obligations are satisfied as the therapy services are provided daily.

ABA Therapy revenue represents the amounts from program participants and third-party payors, including insurance companies. Program participant charges are billed weekly as services are provided, therefore there are typically no contract assets or liabilities other than accounts receivable. Certain behavior therapy revenue is recorded at established rates. The term between billing and when payment is due is generally not significant. The contracts do not have a significant financing component or variable consideration elements.

The Organization recognizes revenue from other sources as the related services are provided and/or amounts are otherwise earned upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

Property and Equipment

Property and equipment are carried at cost if acquired and at estimated fair value at the date of the gift if donated. The Organization has two classes of property and equipment: leasehold improvements, depreciated over the lesser of the useful life of the related assets or the lease term, and furniture and equipment, depreciated over five years. Repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from five to fifteen years.

Compensated Absences

Vested and accumulated compensated absences are recorded as an expense and liability as benefits accrue to employees. The liability is reduced when employees utilize the benefit. The accrued compensated absences liability totaled \$31,887 and \$39,928 at December 31, 2019 and 2018, respectively, and is included in accrued payroll and paid time off in the statements of financial position.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in fund-raising activities. The value of this contributed time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement or valuation. Donated materials are recorded at fair value at the date of the gift.

Advertising

The Organization expenses the cost of advertising and marketing as they are incurred. Advertising expense for the years ended December 31, 2019 and 2018 was \$11,381 and \$11,997, respectively.

Functional Expenses

The Organization's costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization. Accordingly, costs have been allocated to the appropriate functions based upon management's estimates in the accompanying consolidated financial statements.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the consolidated financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Investments

The Organization's financial instruments consist of accounts receivable, accounts payable and accrued liabilities. The recorded values of the accounts receivable, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Organization adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the consolidated financial statements or the timing of revenue recognition for the Organization's contributions.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$1,718,322	\$ 761,065
Accounts receivable	<u>251,892</u>	<u>336,352</u>
Total financial assets	<u>1,970,214</u>	<u>1,097,417</u>
Less amounts not available to be used for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$1,970,214</u>	<u>\$1,097,417</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

C. PROPERTY AND EQUIPMENT

Buildings and equipment at December 31 consist of the following:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 341,201	\$ 233,016
Furniture, fixtures and equipment	<u>163,126</u>	<u>87,561</u>
	504,327	320,577
Less: accumulated depreciation	<u>(124,822)</u>	<u>(82,352)</u>
Property and equipment, net	<u>\$ 379,505</u>	<u>\$ 238,225</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$42,470 and \$17,975, respectively.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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D. OPERATING LEASES

The Organization leases two locations under operating leases. Total rent expense was \$261,182 and \$129,130 for the years ended December 31, 2019 and 2018, respectively. The lease located in Nashville, Tennessee, is from a related party who is an officer of the Organization. Rental payments under this related party lease are \$6,000 per month on a month to month basis.

The following schedule details future minimum lease payments required under non-cancelable operating leases that have initial or remaining lease terms in excess of one year as of December 31, 2019.

Years Ending December 31,

2020	\$ 180,424
2021	184,916
2022	189,537
2023	194,231
2024	199,083
Thereafter	<u>645,736</u>
Total	<u>\$1,593,927</u>

E. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in financial institutions at balances which, at times, may be uninsured or may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk of loss on cash. Credit risk also extends to receivables which are uncollateralized.

H. RETIREMENT PLAN

In April 2019, the Organization implemented a pension plan through LPL Financial. The plan is a defined contribution plan maintained by the Organization. All employees, excluding non-resident aliens and independent contractors, are eligible to participate. Employees are eligible to contribute up to 100% of their salary, subject to the Internal Revenue Code limits. Vesting in the plan is full and immediate. Employer contributions to the plan equal 1% of an employee's qualified compensation for the year. Employer contributions for the year ended December 31, 2019 totaled \$7,972.

AUTISM FOUNDATION OF TENNESSEE, INC.
d/b/a AUTISM EDUCATION AND THERAPY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2020, the date the consolidated financial statements were available for issuance, and has determined the following events require disclosure:

On January 1, 2020, the Organization sold 100% of its interest in Autism ETC, including the ABA therapy operations for the sum of \$930,000 to Blacoman Partnership, a related party by common ownership, in exchange for all assets, liabilities, and net assets of the Organization. The cash was received by the Organization in December 2019 and is recorded in Cash held for sale of Autism Education and Therapy Center in the Statements of Financial Position. Additionally, in February 2020, Autism Foundation of Tennessee, Inc. changed its name to Autism Career Training, and is providing training to individuals with autism in order to provide the tools they need to succeed in meaningful careers and become contributing members of their communities.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clients, donors, employees, and vendors, all of which are uncertain and cannot be predicted.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2020.