

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

Audited Financial Statements

Years Ended December 31, 2015 and 2014



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

Audited Financial Statements

Years Ended December 31, 2015 and 2014

Independent Auditor’s Report.....1

Audited Financial Statements

Statements of Financial Position.....3
Statements of Operations and Changes in Net Assets4
Statements of Functional Expenses5
Statements of Cash Flows6
Notes to Financial Statements.....7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Autism
Foundation of Tennessee, Inc.:

We have audited the accompanying financial statements of Autism Foundation of Tennessee, Inc. d/b/a Autism Education and Therapy Center (the Foundation) (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Autism Foundation of Tennessee, Inc. as of December 31, 2015 and 2014, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pauline Yoakley, Associate, P.C.

Nashville, Tennessee
August 26, 2016

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

Statements of Financial Position

		<i>December 31,</i>	
		<i>2015</i>	<i>2014</i>
ASSETS			
Cash	\$	144,309	\$ 46,433
Accounts receivable		39,794	81,438
Prepaid expenses and other assets		3,389	6,658
Property and equipment, net		88,684	86,361
TOTAL ASSETS	\$	276,176	\$ 220,890
LIABILITIES AND NET ASSETS			
Accounts payable and accrued expenses	\$	5,180	\$ 2,087
Accrued payroll		7,345	7,198
Notes payable		-	140,143
TOTAL LIABILITIES		12,525	149,428
NET ASSETS			
Unrestricted		263,651	71,462
TOTAL LIABILITIES AND NET ASSETS	\$	276,176	\$ 220,890

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

Statements of Operations and Changes in Net Assets

	<i>Year Ended December 31,</i>	
	<i>2015</i>	<i>2014</i>
REVENUE:		
Individual/Corporate contributions	\$ 9,851	\$ 7,711
Grants	25,693	1,288
	<u>35,544</u>	<u>8,999</u>
SPECIAL EVENTS INCOME AND EXPENSES:		
Events	25,421	21,281
Other	251	83
Less: expenses	(7,483)	(8,716)
TOTAL SPECIAL EVENTS, NET	<u>18,189</u>	<u>12,648</u>
PROGRAM INCOME:		
ABA therapy	1,040,340	747,701
Speech therapy	-	1,201
Occupational therapy	1,088	21,628
Social skills group	8,545	12,105
Summer camp	26,680	16,132
Assessment	4,875	-
Early Learning Program	9,000	-
TOTAL PROGRAM INCOME	<u>1,090,528</u>	<u>798,767</u>
TOTAL REVENUE	<u>1,144,261</u>	<u>820,414</u>
EXPENSES:		
Programs	887,075	627,168
General and administrative	64,997	76,230
TOTAL EXPENSES	<u>952,072</u>	<u>703,398</u>
INCREASE IN NET ASSETS	<u>192,189</u>	<u>117,016</u>
NET ASSETS, BEGINNING OF YEAR	<u>71,462</u>	<u>(45,554)</u>
NET ASSETS, END OF YEAR	<u>\$ 263,651</u>	<u>\$ 71,462</u>

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

Statements of Functional Expenses

<i>Year Ended December 31, 2015</i>			
<i>General and</i>			
	<i>Program</i>	<i>Administrative</i>	<i>Total</i>
Payroll and benefits	\$ 676,853	\$ 53,749	\$ 730,602
Payroll taxes	52,765	4,208	56,973
Accounting and legal	-	7,040	7,040
Facilities and equipment	76,661	-	76,661
Office expenses	23,416	-	23,416
Insurance	20,459	-	20,459
Depreciation	10,247	-	10,247
Other	26,674	-	26,674
	\$ 887,075	\$ 64,997	\$ 952,072

<i>Year Ended December 31, 2014</i>			
<i>General and</i>			
	<i>Program</i>	<i>Administrative</i>	<i>Total</i>
Payroll and benefits	\$ 462,558	\$ 64,878	\$ 527,436
Payroll taxes	34,906	4,958	39,864
Accounting and legal	-	5,990	5,990
Facilities and equipment	70,265	-	70,265
Office expenses	18,572	-	18,572
Insurance	20,913	-	20,913
Interest	-	404	404
Depreciation	8,989	-	8,989
Other	10,965	-	10,965
	\$ 627,168	\$ 76,230	\$ 703,398

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

Statements of Cash Flows

	<i>Year Ended December 31,</i>	
	<i>2015</i>	<i>2014</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 192,189	\$ 117,016
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Items not requiring cash:		
Depreciation	10,247	8,989
Increase (decrease) in cash due to changes in:		
Receivables	41,644	(23,856)
Prepaid expenses and other assets	3,269	2,000
Accounts payable and accrued expenses	3,093	(3,360)
Accrued payroll	147	(15,329)
Total adjustments	<u>58,400</u>	<u>(31,556)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>250,589</u>	<u>85,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment and leasehold improvements	<u>(12,570)</u>	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(12,570)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(140,143)</u>	<u>(68,110)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(140,143)</u>	<u>(68,110)</u>
Net increase in cash	97,876	17,350
CASH AND CASH EQUIVALENTS, beginning of year	<u>46,433</u>	<u>29,083</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 144,309</u>	<u>\$ 46,433</u>

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

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and General: The Autism Foundation of Tennessee, Inc. d/b/a Autism Education and Therapy Center (the Foundation), is a 501(c)3 organization that was organized by Steven and Karen Blake (the Blakes) in 2008. The Blakes developed the foundation in response to the needs for low cost therapy and services for children with autism.

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

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

Financial Statement Presentation: The financial statements of the Foundation have been prepared using the accrual basis of accounting.

The Foundation classifies its support, revenue and expenses into one class of net assets based on the lack of existence of donor-imposed restrictions: unrestricted net assets.

The amount for this class of net assets is presented in the statements of financial position, and the amount of change in net assets is displayed in the statements of operations and changes in net assets. There were no permanently or temporarily restricted net assets during the years ended December 31, 2015 and 2014.

Contributions: To the extent that the Foundation receives contributions in the future that contain restrictions, the Foundation will report such gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets will be reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions.

Accounts Receivable and Revenue: 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, 2015 and 2014.

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

Notes to Financial Statements - Continued

Years Ended December 31, 2015 and 2014

The majority of program income is received from TennCare and TriCare and to a lesser extent from third-party insurers and private pay. Amounts recorded as income at time of service are based on management's best estimate of reimbursements from the providers, but are subject to periodic review and adjustment. Adjustments are recorded in the period of determination.

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. 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.

Donated Services and Materials: A substantial number of unpaid volunteers have made significant contributions of their time to develop the Foundation's programs, principally in fund-raising activities. The value of this contributed time is not reflected in these 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.

Tax Status: The Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; and accordingly, no provision for income tax is included in the accompanying financial statements.

The Foundation 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 Foundation include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Foundation has determined that such tax positions do not result in an uncertainty requiring recognition.

Use of Estimates in the Preparation of Financial Statements: Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The most significant estimates include the recovery period for property and equipment and the collectability of receivables. Management believes that such estimates have been based on reasonable assumptions and that such estimates are appropriate. Actual results could differ from those estimates.

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

Notes to Financial Statements - Continued

Years Ended December 31, 2015 and 2014

NOTE B--PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 and 2014, consisted of the following:

	<i>2015</i>	<i>2014</i>
Leasehold improvements	\$ 109,660	\$ 109,660
Furniture, fixtures and equipment	20,963	8,393
	130,623	118,053
Less: Accumulated depreciation	(41,939)	(31,692)
	<u>\$ 88,684</u>	<u>\$ 86,361</u>

NOTE C--NOTES PAYABLE

Notes payable at December 31, 2014, in the amount of \$140,143, represented funds advanced from the Blakes, related parties to the Foundation. The total amount was repaid during 2015 and no obligations exist at December 31, 2015.

NOTE D--OPERATING LEASES

The Foundation leases two locations under noncancelable operating leases. Total rent expense was \$61,160 and \$57,240 for 2015 and 2014, respectively, which is included in the caption facilities and equipment in the statements of functional expenses. One of the leases is from a related party who is an officer of the Foundation. Rental payments under this related party lease will be \$6,000 monthly for five years beginning February 1, 2016.

The Foundation has extended its lease for one of the two offices on a month-to-month basis with a base rental of \$3,230 per month.

Total lease payments to the related party under the extended five year lease will be approximately \$72,000 annually.

NOTE E--CONCENTRATION OF CREDIT RISK

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

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

Notes to Financial Statements - Continued

Years Ended December 31, 2015 and 2014

NOTE F--SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through August 26, 2016, the date the financial statements were available for issuance, and has determined that there are no subsequent events that require disclosure.