



Financial Statements

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

Years Ended December 31, 2018 and 2017

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

Financial Statements

Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, and the results of its operations and changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2018 the Foundation adopted new accounting guidance required by Accounting Standards Update No. 2016-14. Our opinion is not modified with respect to this matter.

PYA, P.C.

Brentwood, Tennessee
August 19, 2019

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

Statements of Financial Position

		<i>December 31,</i>	
		<i>2018</i>	<i>2017</i>
ASSETS			
Cash	\$	761,065	\$ 453,547
Accounts receivable		336,352	215,417
Prepaid expenses and other assets		37,334	22,848
Property and equipment, net		238,225	71,655
TOTAL ASSETS	\$	1,372,976	\$ 763,467
LIABILITIES AND NET ASSETS			
Accounts payable and accrued expenses	\$	72,101	\$ 3,776
Accrued payroll and paid time off		112,760	67,072
TOTAL LIABILITIES		184,861	70,848
NET ASSETS			
Net assets without restrictions		1,188,115	692,619
TOTAL LIABILITIES AND NET ASSETS	\$	1,372,976	\$ 763,467

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>2018</i>	<i>2017</i>
REVENUE:		
Individual/corporate contributions	\$ 25,457	\$ 14,227
Grants	19,124	1,263
	<u>44,581</u>	<u>15,490</u>
SPECIAL EVENTS INCOME AND EXPENSES:		
Events	3,188	-
Other	571	399
Less: expenses	(3,019)	-
TOTAL SPECIAL EVENTS, NET	<u>740</u>	<u>399</u>
PROGRAM INCOME:		
ABA therapy	3,188,331	2,243,634
Social skills group	3,208	2,370
Summer camp	34,091	28,170
Assessment	65,859	48,836
Day therapy program	12,530	24,523
TOTAL PROGRAM INCOME	<u>3,304,019</u>	<u>2,347,533</u>
TOTAL REVENUE	<u>3,349,340</u>	<u>2,363,422</u>
EXPENSES:		
Programs	2,522,859	1,813,859
General and administrative	330,985	173,688
TOTAL EXPENSES	<u>2,853,844</u>	<u>1,987,547</u>
INCREASE IN NET ASSETS	495,496	375,875
NET ASSETS, BEGINNING OF YEAR	692,619	316,744
NET ASSETS, END OF YEAR	<u>\$ 1,188,115</u>	<u>\$ 692,619</u>

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

Statements of Functional Expenses

	<i>Year Ended December 31, 2018</i>		
	<i>General and</i>		
	<i>Programs</i>	<i>Administrative</i>	<i>Total</i>
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
	\$ 2,522,859	\$ 330,985	\$ 2,853,844

	<i>Year Ended December 31, 2017</i>		
	<i>General and</i>		
	<i>Programs</i>	<i>Administrative</i>	<i>Total</i>
Payroll and benefits	\$ 1,394,726	\$ 102,405	\$ 1,497,131
Payroll taxes	101,317	7,834	109,151
Professional services	-	40,116	40,116
Facilities and equipment	139,105	10,213	149,318
Office expenses	66,060	4,850	70,910
Insurance	64,999	4,772	69,771
Depreciation	11,731	861	12,592
Other	35,921	2,637	38,558
	\$ 1,813,859	\$ 173,688	\$ 1,987,547

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

Statements of Cash Flows

	<i>Year Ended December 31,</i>	
	<i>2018</i>	<i>2017</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 495,496	\$ 375,875
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,975	12,592
Increase (decrease) in cash due to changes in:		
Accounts receivable	(120,935)	(109,740)
Prepaid expenses and other assets	(14,486)	(14,486)
Accounts payable and accrued expenses	183	755
Accrued payroll and paid time off	45,688	56,836
Total adjustments	(71,575)	(54,043)
NET CASH PROVIDED BY OPERATING ACTIVITIES	423,921	321,832
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(116,403)	(5,492)
NET CASH USED IN INVESTING ACTIVITIES	(116,403)	(5,492)
Net increase in cash	307,518	316,340
CASH AND CASH EQUIVALENTS, beginning of year	453,547	137,207
CASH AND CASH EQUIVALENTS, end of year	\$ 761,065	\$ 453,547
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Property and equipment accrued at year-end	\$ 68,142	\$ -

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

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

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 held after school.

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: net assets without restrictions.

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 net assets with restrictions during the years ended December 31, 2018 and 2017.

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, net assets with restrictions will be reclassified to net assets without restrictions 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, 2018 and 2017.

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.

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

Notes to Financial Statements - Continued

Years Ended December 31, 2018 and 2017

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 \$39,928 and \$25,768 at December 31, 2018 and 2017, respectively, and is included in accrued payroll and paid time off in the statements of financial position.

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 Foundation 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.

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.

Reclassifications: Certain reclassifications have been made to the 2017 amounts to conform to the 2018 presentation. These reclassifications had no impact on net income or net assets.

AUTISM FOUNDATION OF TENNESSEE, INC.
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Notes to Financial Statements - Continued

Years Ended December 31, 2018 and 2017

Recently Adopted Accounting Principle: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, which requires not-for-profit entities to present two classes of net assets in the financial statements, rather than the three classes required by existing standards. The two classes of net assets under the ASU are “net assets with donor restrictions” and “net assets without donor restrictions.” ASU 2016-14 also adds enhanced disclosures, including composition of net assets with donor restrictions and quantitative and qualitative information that communicate the availability of financial assets to meet cash expenditures within one year of the balance sheet date. This ASU was adopted in 2018 and impacted financial statement presentation and disclosures. The ASU has been applied retrospectively to all periods presented.

Recently Issued Accounting Principles: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the accounting standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The ASU is effective for fiscal years beginning after December 15, 2018. Management adopted this ASU at January 1, 2019 as required.

In February 2016, the FASB issued ASU No. 2016.02, *Leases*, which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and requires a modified retrospective transition approach for leases existing at the date of adoption. Management is currently evaluating the impact of the adoption of this ASU on the financial statements.

NOTE B--PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017, consisted of the following:

	<i>2018</i>	<i>2017</i>
Leasehold improvements	\$ 233,016	\$ 113,677
Furniture, fixtures and equipment	87,561	5,064
	320,577	118,741
Less: Accumulated depreciation	(82,352)	(47,086)
	<u>\$ 238,225</u>	<u>\$ 71,655</u>

AUTISM FOUNDATION OF TENNESSEE, INC.
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Notes to Financial Statements - Continued

Years Ended December 31, 2018 and 2017

NOTE C--OPERATING LEASES

The Foundation leases two locations under operating leases. Total rent expense was \$129,130 and \$121,910 for 2018 and 2017, respectively, which is included in the caption "Facilities and equipment" in the statements of functional expenses. The lease located in Nashville, Tennessee is from a related party who is an officer of the Foundation. 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, 2018:

<u><i>Year Ending December 31,</i></u>	
2019	\$ 201,405
2020	176,382
2021	180,794
2022	185,291
2023	189,957
Thereafter	<u>1,023,255</u>
	<u><u>\$ 1,957,084</u></u>

The Foundation signed a three year lease dated August 1, 2016 for the Clarksville, Tennessee location which had a base rental of \$4,030 during the first year with a stipulated 2% increase for each subsequent year. During 2018, the Foundation signed a new lease for a new location in Clarksville. Their current lessor also owns this location and has agreed to terminate the current lease once the new facility is operationally ready in 2019. The new lease is for 10 years, with monthly rent payments starting at approximately \$14,400 and an annual increase of 2.5%.

NOTE D--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.

NOTE E--AVAILABILITY AND LIQUIDITY

All of the Foundation's financial assets are available for general use as of December 31, 2018 and 2017. The Foundation manages its financial assets through an annual budgeting process.

AUTISM FOUNDATION OF TENNESSEE, INC.
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Notes to Financial Statements - Continued

Years Ended December 31, 2018 and 2017

NOTE F--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that require recognition or disclosure in the December 31, 2018 financial statements.