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## Audited Financial Statements

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

*Years Ended December 31, 2017 and 2016*



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

***Audited Financial Statements***

***Years Ended December 31, 2017 and 2016***

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***Audited Financial Statements***

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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, 2017 and 2016, 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, 2017 and 2016, and the results of its operations and 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.

*PKA, P.C.*

Brentwood, Tennessee  
June 29, 2018

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

***Statements of Financial Position***

		<i>December 31,</i>	
		<i>2017</i>	<i>2016</i>
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<b>ASSETS</b>			
Cash	\$	<b>429,109</b>	\$ 137,207
Accounts receivable		<b>215,417</b>	105,677
Prepaid expenses and other assets		<b>47,286</b>	8,362
Property and equipment, net		<b>71,655</b>	78,755
		<hr/>	
TOTAL ASSETS	\$	<b>763,467</b>	\$ 330,001
<hr/>			
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$	<b>3,776</b>	\$ 3,021
Accrued payroll and paid time off		<b>67,072</b>	10,236
		<hr/>	
TOTAL LIABILITIES		<b>70,848</b>	13,257
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<b>NET ASSETS</b>			
Unrestricted		<b>692,619</b>	316,744
		<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$	<b>763,467</b>	\$ 330,001
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**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>2017</i>	<i>2016</i>
REVENUE:		
Individual/Corporate contributions	\$ 14,227	\$ 12,079
Grants	1,263	76
	<u>15,490</u>	<u>12,155</u>
SPECIAL EVENTS INCOME AND EXPENSES:		
Events	-	10,876
Other	399	51
Less: expenses	-	(4,793)
TOTAL SPECIAL EVENTS, NET	<u>399</u>	<u>6,134</u>
PROGRAM INCOME:		
ABA therapy	2,243,634	1,120,007
Social skills group	2,370	1,470
Summer camp	28,170	24,116
Assessment	48,836	24,593
Day therapy program	24,523	22,537
Other program income	-	600
TOTAL PROGRAM INCOME	<u>2,347,533</u>	<u>1,193,323</u>
TOTAL REVENUE	<u>2,363,422</u>	<u>1,211,612</u>
EXPENSES:		
Programs	1,911,888	1,083,384
General and administrative	75,659	75,135
TOTAL EXPENSES	<u>1,987,547</u>	<u>1,158,519</u>
INCREASE IN NET ASSETS	<u>375,875</u>	<u>53,093</u>
NET ASSETS, BEGINNING OF YEAR	<u>316,744</u>	<u>263,651</u>
NET ASSETS, END OF YEAR	<u>\$ 692,619</u>	<u>\$ 316,744</u>

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

***Statements of Functional Expenses***

<b><i>Year Ended December 31, 2017</i></b>			
	<b><i>General and</i></b>		
	<b><i>Program</i></b>	<b><i>Administrative</i></b>	<b><i>Total</i></b>
Payroll and benefits	\$ 1,466,227	\$ 60,645	\$ 1,526,872
Payroll taxes	104,512	4,639	109,151
Accounting and legal	-	10,375	10,375
Facilities and equipment	149,318	-	149,318
Office expenses	70,910	-	70,910
Insurance	69,771	-	69,771
Depreciation	12,592	-	12,592
Other	38,558	-	38,558
	<b>\$ 1,911,888</b>	<b>\$ 75,659</b>	<b>\$ 1,987,547</b>

  

<b><i>Year Ended December 31, 2016</i></b>			
	<b><i>General and</i></b>		
	<b><i>Program</i></b>	<b><i>Administrative</i></b>	<b><i>Total</i></b>
Payroll and benefits	\$ 794,031	\$ 60,629	\$ 854,660
Payroll taxes	59,559	4,638	64,197
Accounting and legal	-	9,868	9,868
Facilities and equipment	129,899	-	129,899
Office expenses	42,196	-	42,196
Insurance	21,969	-	21,969
Depreciation	9,846	-	9,846
Other	25,884	-	25,884
	<b>\$ 1,083,384</b>	<b>\$ 75,135</b>	<b>\$ 1,158,519</b>



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

***Statements of Cash Flows***

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 375,875	\$ 53,093
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Items not requiring cash:		
Depreciation	12,592	9,846
Increase (decrease) in cash due to changes in:		
Accounts receivable	(109,740)	(65,883)
Prepaid expenses and other assets	(38,924)	(4,973)
Accounts payable and accrued expenses	755	(2,159)
Accrued payroll and paid time off	56,836	2,891
Total adjustments	(78,481)	(60,278)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	297,394	(7,185)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of leasehold improvements	(5,492)	(618)
Sale of furniture and equipment	-	701
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(5,492)	83
Net increase (decrease) in cash	291,902	(7,102)
CASH AND CASH EQUIVALENTS, beginning of year	137,207	144,309
CASH AND CASH EQUIVALENTS, end of year	\$ 429,109	\$ 137,207

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

*Notes to Financial Statements*

***Years Ended December 31, 2017 and 2016***

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**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: 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, 2017 and 2016.

*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, 2017 and 2016.

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

***Notes to Financial Statements - Continued***

***Years Ended December 31, 2017 and 2016***

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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, 2017 and 2016***

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**NOTE B--PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2017 and 2016, consisted of the following:

	<u>2017</u>		<u>2016</u>
Leasehold improvements	\$ 113,677	\$	110,277
Furniture, fixtures and equipment	22,355		20,263
	136,032		130,540
Less: Accumulated depreciation	(64,377)		(51,785)
	<u>\$ 71,655</u>	\$	<u>78,755</u>

**NOTE C--OPERATING LEASES**

The Foundation leases two locations under operating leases. Total rent expense was \$121,910 and \$110,320 for 2017 and 2016, 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 are \$6,000 monthly for five years beginning February 1, 2016.

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

The Foundation signed a three year lease dated August 1, 2016 which has a base rental of \$4,030 during the first year with a stipulated 2% increase for each subsequent year.

**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--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 noted that they have signed a lease for a new location in Clarksville to help supplement the increased volume in that area. The Foundation expects that they will continue to utilize the existing leased

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

***Years Ended December 31, 2017 and 2016***

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building for operations for the remainder of its lease period. Other than the items discussed above, management did not note any material recognizable subsequent events that require recognition or disclosure in the December 31, 2017 financial statements.