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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, 2016 and 2015*

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

***Audited Financial Statements***

***Years Ended December 31, 2016 and 2015***

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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, 2016 and 2015, 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, 2016 and 2015, 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.

*Pauling Goble, Associates, P.C.*

Brentwood, Tennessee  
June 23, 2017

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

***Statements of Financial Position***

		<i>December 31,</i>	
		<i>2016</i>	<i>2015</i>
<b>ASSETS</b>			
Cash	\$	137,207	\$ 144,309
Accounts receivable		105,677	39,794
Prepaid expenses and other assets		8,362	3,389
Property and equipment, net		78,755	88,684
TOTAL ASSETS	\$	330,001	\$ 276,176
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$	3,021	\$ 5,180
Accrued payroll		10,236	7,345
TOTAL LIABILITIES		13,257	12,525
<b>NET ASSETS</b>			
Unrestricted		316,744	263,651
TOTAL LIABILITIES AND NET ASSETS	\$	330,001	\$ 276,176

**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>2016</i>	<i>2015</i>
REVENUE:		
Individual/Corporate contributions	\$ 12,079	\$ 9,851
Grants	76	25,693
	<u>12,155</u>	<u>35,544</u>
SPECIAL EVENTS INCOME AND EXPENSES:		
Events	10,876	25,421
Other	51	251
Less: expenses	<u>(4,793)</u>	<u>(7,483)</u>
TOTAL SPECIAL EVENTS, NET	6,134	18,189
PROGRAM INCOME:		
ABA therapy	1,120,007	1,040,340
Occupational therapy	-	1,088
Social skills group	1,470	8,545
Summer camp	24,116	26,680
Assessment	24,593	4,875
Day therapy program	22,537	9,000
Other program income	<u>600</u>	<u>-</u>
TOTAL PROGRAM INCOME	<u>1,193,323</u>	<u>1,090,528</u>
TOTAL REVENUE	<u>1,211,612</u>	<u>1,144,261</u>
EXPENSES:		
Programs	1,083,384	887,075
General and administrative	<u>75,135</u>	<u>64,997</u>
TOTAL EXPENSES	<u>1,158,519</u>	<u>952,072</u>
INCREASE IN NET ASSETS	53,093	192,189
NET ASSETS, BEGINNING OF YEAR	263,651	71,462
NET ASSETS, END OF YEAR	<u>\$ 316,744</u>	<u>\$ 263,651</u>

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

***Statements of Functional Expenses***

	<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>

  

	<b><i>Year Ended December 31, 2015</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	\$ 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
	<b>\$ 887,075</b>	<b>\$ 64,997</b>	<b>\$ 952,072</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>2016</i>	<i>2015</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 53,093	\$ 192,189
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Items not requiring cash:		
Depreciation	9,846	10,247
Increase (decrease) in cash due to changes in:		
Receivables	(65,883)	41,644
Prepaid expenses and other assets	(4,973)	3,269
Accounts payable and accrued expenses	(2,159)	3,093
Accrued payroll	2,891	147
Total adjustments	(60,278)	58,400
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(7,185)	250,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of leasehold improvements	(618)	(12,570)
Sale of furniture and equipment	701	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	83	(12,570)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	-	(140,143)
NET CASH USED IN FINANCING ACTIVITIES	-	(140,143)
Net increase (decrease) in cash	(7,102)	97,876
CASH AND CASH EQUIVALENTS, beginning of year	144,309	46,433
CASH AND CASH EQUIVALENTS, end of year	\$ 137,207	\$ 144,309



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

*Notes to Financial Statements*

*Years Ended December 31, 2016 and 2015*

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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 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, 2016 and 2015.

*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, 2016 and 2015.

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

***Years Ended December 31, 2016 and 2015***

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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, 2016 and 2015*

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**NOTE B--PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2016 and 2015, consisted of the following:

	<i>2016</i>	<i>2015</i>
Leasehold improvements	\$ 110,277	\$ 109,660
Furniture, fixtures and equipment	20,263	20,963
	130,540	130,623
Less: Accumulated depreciation	(51,785)	(41,939)
	<u>\$ 78,755</u>	<u>\$ 88,684</u>

**NOTE C--OPERATING LEASES**

The Foundation leases two locations under operating leases. Total rent expense was \$110,320 and \$61,160 for 2016 and 2015, 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.

The Foundation has extended its lease for one of the two offices on a month-to-month basis with a base rental of \$4,030 per month.

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

**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 did not note any material recognizable subsequent events that required recognition or disclosure in the December 31, 2016 financial statements.