

Acord Cox & Scott, LLC
Certified Public Accountants

KANSAS CITY AUTISM TRAINING CENTER, INC.

**Financial Statements for the
Year Ended December 31, 2020
and Independent Accountants' Review Report**

KANSAS CITY AUTISM TRAINING CENTER, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Kansas City Autism Training Center, Inc.
Kansas City, MO

We have reviewed the accompanying financial statements of Kansas City Autism Training Center, Inc. (the "Association"), which comprise the statement of financial position as of December 31, 2020 and the related statement of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Acord Cox + Scott, LLC

April 26, 2021

KANSAS CITY AUTISM TRAINING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

| | | |
|---------------------------------|----|------------------|
| Cash | \$ | 510,404 |
| Accounts receivable, net | | 558,830 |
| Promises to give - current, net | | 91,200 |
| Security deposit | | 2,000 |
| Total current assets | | <u>1,162,434</u> |

PROMISES TO GIVE - NON-CURRENT

10,200

PROPERTY AND EQUIPMENT

| | | |
|-------------------------------|--|------------------|
| Land | | 279,000 |
| Building and improvements | | 2,730,185 |
| Computer and office equipment | | 56,188 |
| Furniture and fixtures | | 19,288 |
| | | <u>3,084,661</u> |
| Less accumulated depreciation | | <u>(345,750)</u> |

2,738,911

\$ 3,911,545

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|---------------------------------------|----|----------------|
| Accounts payable and accrued expenses | \$ | 7,225 |
| Accrued interest | | 2,578 |
| PPP loan payable | | 307,132 |
| Current portion of long-term debt | | 65,438 |
| Total current liabilities | | <u>382,373</u> |

LONG-TERM DEBT, less current portion

574,418

574,418

NET ASSETS

| | | |
|----------------------------|--|------------------|
| Without donor restrictions | | 2,743,354 |
| With donor restrictions | | 211,400 |
| TOTAL NET ASSETS | | <u>2,954,754</u> |

\$ 3,911,545

KANSAS CITY AUTISM TRAINING CENTER, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2020

(See independent accountants' review report)

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| Program revenue | \$ 1,874,596 | \$ - | \$ 1,874,596 |
| Contributions | 21,383 | 5,000 | 26,383 |
| Grants | 189,997 | - | 189,997 |
| Fundraising | 211,872 | - | 211,872 |
| Other revenues | 2,688 | - | 2,688 |
| | <u>2,300,536</u> | <u>5,000</u> | <u>2,305,536</u> |
| Net assets released from restrictions | <u>91,200</u> | <u>(91,200)</u> | <u>-</u> |
| | | | |
| Total revenue, support and net assets released from restrictions | <u>2,391,736</u> | <u>(86,200)</u> | <u>2,305,536</u> |
| | | | |
| EXPENSES | | | |
| Program services | 1,687,723 | - | 1,687,723 |
| Management and general | 304,677 | - | 304,677 |
| Fundraising | 275,360 | - | 275,360 |
| Total expenses | <u>2,267,760</u> | <u>-</u> | <u>2,267,760</u> |
| | | | |
| CHANGE IN NET ASSETS | 123,976 | (86,200) | 37,776 |
| | | | |
| NET ASSETS, BEGINNING OF YEAR | <u>2,619,378</u> | <u>297,600</u> | <u>2,916,978</u> |
| | | | |
| NET ASSETS, END OF YEAR | <u>\$ 2,743,354</u> | <u>\$ 211,400</u> | <u>\$ 2,954,754</u> |

KANSAS CITY AUTISM TRAINING CENTER, INC.

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020

(See independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-----------------|
| Change in net assets | \$ 37,776 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation | 85,903 |
| Changes in operating assets and liabilities | |
| Accounts receivable | (250,796) |
| Promises to give | 91,200 |
| Other assets | (1,250) |
| Accounts payable and accrued expenses | 11,926 |
| Accrued interest | 2,578 |
| Net cash used in operating activities | <u>(22,663)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|-----------------|
| Purchases of property and equipment | <u>(32,950)</u> |
| Net cash used in investing activities | <u>(32,950)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|----------------|
| Proceeds from PPP loan | 307,132 |
| Net change in long-term debt | <u>20,488</u> |
| Net cash provided by financing activities | <u>327,620</u> |

NET CHANGE IN CASH 272,007

CASH, BEGINNING OF YEAR 238,397

CASH, END OF YEAR \$ 510,404

KANSAS CITY AUTISM TRAINING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

(See independent accountants' review report)

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Salaries | \$ 1,221,758 | \$ 147,200 | \$ 103,040 | \$ 1,471,998 |
| Payroll taxes | 101,204 | 12,193 | 8,535 | 121,932 |
| Employee benefits | 172,038 | 20,727 | 14,509 | 207,274 |
| Staff development | 7,683 | 3,853 | 299 | 11,835 |
| Insurance | 23,273 | - | - | 23,273 |
| Utilities and janitorial | 64,182 | - | - | 64,182 |
| Depreciation | - | 85,903 | - | 85,903 |
| Repairs and Maintenance | 30,671 | - | 550 | 31,221 |
| Communications | 465 | 2,845 | - | 3,310 |
| Professional services | - | 10,832 | 10 | 10,842 |
| Contract services | 16,150 | - | 72,165 | 88,315 |
| Travel/vehicle expenses | 2,587 | 120 | 281 | 2,988 |
| Printing | 29 | 191 | 1,781 | 2,001 |
| Supplies | 7,524 | 5,472 | 5,513 | 18,509 |
| Postage | 839 | 417 | - | 1,256 |
| Dues and subscriptions | 23 | 500 | - | 523 |
| Advertising | - | - | 27,256 | 27,256 |
| Licenses | - | 40 | - | 40 |
| Food | 2,411 | 1,084 | 957 | 4,452 |
| Other client expenses | 4,792 | 379 | 402 | 5,573 |
| Fundraising events | 635 | (840) | 36,521 | 36,316 |
| Interest expense | 29,088 | - | - | 29,088 |
| Miscellaneous | 2,371 | 13,761 | 3,541 | 19,673 |
| | <u>\$ 1,687,723</u> | <u>\$ 304,677</u> | <u>\$ 275,360</u> | <u>\$ 2,267,760</u> |

KANSAS CITY AUTISM TRAINING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(See independent accountants' review report)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Organization and Nature of Operations – Kansas City Autism Training Center, Inc. (the "Organization") was re-incorporated under the laws of the state of Kansas in March 2001. The mission of the Organization is to provide professional, research-based intervention, training and education for children diagnosed with autism spectrum disorders.
- b. Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting.
- c. Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.
- d. Accounts receivable – Accounts receivable reflect the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from participants, third-party payors (including health insurers and government programs) and others. As a service to the participant, the Organization bills third-party payors directly and bills the participant when their responsibility for co-pays, coinsurance and deductibles is determined. Participant accounts receivable are due in full when billed.

Management makes a regular assessment of the collectability of outstanding accounts. The Organization has established an allowance for doubtful accounts of \$125,000 at December 31, 2020. Balances that remain outstanding after reasonable collection efforts are written-off against the allowance account.

- e. Property and Equipment – Property and equipment are recorded at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

| | |
|-------------------------------|-------------|
| Building and improvements | 25-40 years |
| Computer and office equipment | 3-5 years |
| Furniture and fixtures | 5-7 years |

- f. Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:
 - *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
 - *Net Assets With Donor Restrictions* – The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

- g. Program Revenue - Program revenue is recognized as the Organization satisfies performance obligations under its contracts with participants. Program revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured participants in accordance with the Organization's policies and implicit price concessions provided to uninsured participants.
- h. Contributions and Fundraising – Contributions received, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases those net asset classes. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions, with or without restrictions, are not recognized as revenue until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met.

The Organization hosts recurring fundraisers each year that comprise nearly all of the fundraising revenue.

- i. In-kind Contributions – In addition to cash contributions, the Organization receives in-kind contributions of property and services from various donors. It is the Organization's policy to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. No amounts have been reflected in the financial statements for in-kind contributions as they do not meet the criteria for recognition under FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.
- j. Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Uncertain tax provisions, if any, are recorded in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, which require the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. The Organization's open examination periods are 2017 and forward. There is no liability for uncertain tax positions recorded in these financial statements.
- k. Functional Expense Allocations – Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.
- l. Use of Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- m. Advertising – The Organization's policy is to expense advertising costs as the costs are incurred.

- n. Subsequent Events – Management has evaluated subsequent events through the date of the Independent Auditors’ Report, the date which the financial statements were available for issue.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2020:

| | |
|--|---------------------|
| Financial Assets at year end | |
| Cash and cash equivalents | \$ 510,404 |
| Accounts receivable | 558,830 |
| Promises to give | <u>101,400</u> |
| Total financial assets | 1,170,634 |
| Less amounts with donor imposed restrictions: | |
| Building improvements | (110,000) |
| Subject to passage of time | <u>(10,200)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,050,434</u> |

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. PROMISES TO GIVE

Promises to give are stated at the amount management expects to collect from balances outstanding at year end. Management provides for estimated uncollectible amounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Management does not believe a valuation allowance is necessary for promises to give at December 31, 2020.

| | |
|--------------------|-------------------|
| Amounts due in : | |
| Less than one year | \$ 91,200 |
| One to five years | <u>10,200</u> |
| | <u>\$ 101,400</u> |

The Organization has reported these unconditional promises to give as revenue in the accompanying statement of activities and changes in net assets.

4. PAYROLL PROTECTION PROGRAM

On April 8, 2020, the Organization entered into a Paycheck Protection Program Promissory Note in the principal amount of \$307,132 (the “PPP Loan”) from Cornerstone Bank (the “PPP Loan Lender”). The PPP Loan was obtained pursuant to the Paycheck Protection Program (the “PPP”) of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The PPP Loan bears an interest at 1.00% per annum and is payable monthly commencing seven months from the Disbursement Date. The PPP Note and accrued interest are forgivable after twenty-four weeks if the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

In February 2021, the Organization received full forgiveness of the outstanding principal and interest balance of the PPP Loan.

5. LONG-TERM DEBT

Note payable to Cornerstone Bank, collateralized by land, building, and improvements, with interest at 4.5%. Payable in monthly installments of \$6,752, with an estimated final balloon payment due at maturity in June 2023. \$ 489,856

Note payable to Small Business Administration (SBA), collateralized by receivables, personal property, equipment, and other assets, with interest at 2.75%. Payable in monthly installments of \$641 beginning May 12, 2021 through maturity in May 2051. 150,000
639,856

Less current maturities 65,438
\$ 574,418

Aggregate annual maturities of long-term debt at December 31, 2020 are as follows:

| | |
|------------|-------------------|
| 2021 | \$ 65,438 |
| 2022 | 66,550 |
| 2023 | 370,342 |
| 2024 | 3,775 |
| 2025 | 3,880 |
| Thereafter | <u>129,871</u> |
| | <u>\$ 639,856</u> |

6. LINE OF CREDIT

The Organization has a \$100,000 revolving line-of-credit agreement with Cornerstone Bank (\$0 outstanding at December 31, 2020). Interest on the line, when applicable, is due monthly at the bank’s index rate plus 0.75%. The interest rate was 4.75% on December 31, 2020. The line matures in December 2021 and is collateralized by the Organization’s assets.

7. NET ASSETS

Net assets with donor restrictions at December 31, 2020 are restricted for the following purpose or periods:

| | |
|---|-------------------|
| Subject to expenditure for specified purpose | |
| Building improvements | \$ 110,000 |
| Subject to passage of time | |
| Promises to give that are not restricted by donors but which are unavailable for expenditure until due | <u>101,400</u> |
| | \$ <u>211,400</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Net assets released from restriction consisted of the following during the year ended December 31, 2020.

| | |
|--------------------|------------------|
| General operations | \$ <u>91,200</u> |
|--------------------|------------------|

8. LITIGATION

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term. As of December 31, 2020, the Organization was unaware of any outstanding litigation or claims that could result in a contingent loss.

9. RETIREMENT PLAN

The Organization has a 401(k) retirement plan, under which all employees who have attained the age of 21 and have completed one year of service are eligible to participate. Eligible employees may elect to defer a portion of their wages, subject to statutory limitations. Each year, the Organization contributes a discretionary amount to the plan. The employer contribution expense totaled \$9,913 for 2020.

* * * * *