

**THE MATTHEW REARDON CENTER  
FOR AUTISM, INC.**  
Savannah, Georgia

FINANCIAL STATEMENTS  
For the Year Ended  
June 30, 2019  
with  
Independent Auditors' Report

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**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

**Financial Statements**

**For the Year Ended June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Matthew Reardon Center for Autism, Inc.  
Savannah, Georgia

We have audited the accompanying financial statements of The Matthew Reardon Center for Autism, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the year 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 audit. We conducted our audit 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 The Matthew Reardon Center for Autism, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information provided in the notes to the financial statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia  
December 4, 2019

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Statement of Financial Position

June 30, 2019

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Current Assets	
Cash and cash equivalents.....	\$ 240,391
Investments.....	25,088
Security deposit.....	2,500
Accounts receivable.....	<u>56,250</u>
Total current assets.....	<u>324,229</u>
Noncurrent Assets	
Investments.....	75,017
Cash value of life insurance.....	284,744
Furniture and equipment.....	27,301
Leasehold improvements.....	138,868
Less: accumulated depreciation.....	<u>(28,345)</u>
Total noncurrent assets.....	<u>497,585</u>
Total assets.....	<u>\$ 821,814</u>
Liabilities	
Current Liabilities	
Accounts payable.....	\$ 13,695
Current portion of long-term debt.....	7,724
Payroll liabilities.....	<u>207</u>
Total current liabilities.....	<u>21,626</u>
Noncurrent Liabilities	
Long-term debt.....	<u>12,915</u>
Total liabilities.....	<u>\$ 34,541</u>
Net Assets	
Without donor restrictions.....	712,256
With donor restrictions:	
Perpetual in nature.....	<u>75,017</u>
Total net assets.....	<u>787,273</u>
Total liabilities and net assets.....	<u>\$ 821,814</u>

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Statement of Activities  
For the year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support			
Donations and grants.....	\$ 99,834	\$ -	\$ 99,834
Intergovernmental revenue.....	675,000	-	675,000
Advocacy income.....	<u>95,297</u>	<u>-</u>	<u>95,297</u>
Total support.....	<u>870,131</u>	<u>-</u>	<u>870,131</u>
Revenue			
Program Services:			
Education program fees.....	423,972	-	423,972
Increase in life insurance cash surrender value.....	7,105	-	7,105
Investment earnings.....	14,828	1,659	16,487
Unrealized gains.....	<u>-</u>	<u>2,909</u>	<u>2,909</u>
Total revenue.....	<u>445,905</u>	<u>4,568</u>	<u>450,473</u>
Net assets released from restrictions.....	<u>2,231</u>	<u>(2,231)</u>	<u>-</u>
Total support and revenue.....	<u>1,318,267</u>	<u>2,337</u>	<u>1,320,604</u>
Expenses			
Program expenses.....	1,003,471	-	1,003,471
Management and general.....	<u>200,759</u>	<u>-</u>	<u>200,759</u>
Total expenses.....	<u>1,204,230</u>	<u>-</u>	<u>1,204,230</u>
Change in net assets.....	114,037	2,337	116,374
Net assets, beginning of year	<u>598,219</u>	<u>72,680</u>	<u>670,899</u>
Net assets, end of year.....	<u>\$ 712,256</u>	<u>\$ 75,017</u>	<u>\$ 787,273</u>

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Statement of Cash Flows  
For the year ended June 30, 2019

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Cash flows from operating activities:	
Cash received from private grants and donations.....	\$ 174,266
Cash received from program fees.....	423,972
Cash received from investment sources.....	14,828
Cash received from other sources.....	675,000
Cash paid for program activities.....	(508,011)
Cash paid for occupancy.....	(85,531)
Cash paid for employees.....	<u>(587,849)</u>
Net cash provided by operating activities.....	<u>106,675</u>
Cash flows from investing activities:	
Proceeds from the sale of investments.....	2,272
Purchase of equipment /leasehold improvements.....	<u>(123,712)</u>
Net cash used by investing activities.....	<u>(121,440)</u>
Cash flows from financing activities:	
Repayments of short-term borrowing.....	(1,362)
Interest and dividends, restricted for investment.....	<u>1,659</u>
Net cash provided by financing activities.....	<u>297</u>
Net decrease in cash.....	(14,468)
Cash and cash equivalents, beginning of year.....	<u>254,859</u>
Cash and cash equivalents, end of year.....	<u><u>\$ 240,391</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets.....	\$ 116,374
Adjustments:	
Depreciation and amortization.....	21,735
Unrealized gains on investments.....	(2,909)
Interest restricted for long-term investments.....	(1,659)
(Increase) in cash surrender value of life insurance policy.....	(18,643)
Changes in current assets and liabilities:	
(Increase) in receivables and other assets.....	(9,327)
Increase in payables and other liabilities.....	<u>1,104</u>
Net cash provided by operating activities.....	<u><u>\$ 106,675</u></u>

# THE MATTHEW REARDON CENTER FOR AUTISM, INC.

## Notes to the Financial Statements

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Business Activities

The Matthew Reardon Center for Autism, Inc. (the Center), was formed in 1993 to care for and educate children with neurodevelopmental disabilities. The Center was initially a committee operating under the corporate umbrella of Memorial Medical University Medical Center, Inc. In order to expand its programs, the Center separated from Memorial Medical University Medical Center, Inc. and became an independent not-for-profit corporation on October 6, 2000 (date of incorporation). The Center's main sources of revenue include an annual grant from the State of Georgia Department of Behavioral Health and Developmental Disabilities, tuition fees, and donations.

#### Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Consistent with this basis, revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues and expenses generally result from conducting activities within the scope of the agency's principal business activities. The principal operating revenues of the Center are derived from public support in the form of grants and donations and program revenues. Operating expenses for the agency include the cost of operations and maintenance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### Basis of Presentation

The Center prepares its financial statements in accordance with FASB Accounting Standards Update (ASU) 2016-14 and subsections. Under ASU 2016-14, the Center reports information regarding its financial position and activities according to two classes of net assets: 1) without donor restrictions, and 2) with donor restrictions.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term



# THE MATTHEW REARDON CENTER FOR AUTISM, INC.

## Notes to the Financial Statements

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investments consist of securities with original maturities of twelve months or less. Long-term investments consist of securities with original maturities greater than twelve months.

### Furniture and Equipment

The Center capitalizes all expenditures for furniture and equipment in excess of \$10,000. Furniture and equipment are recorded at cost or fair market value, if donated, and are depreciated using straight-line methods over their estimated useful lives ranging from 3 to 15 years.

### Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded and presented in accordance with FASB Accounting Standards Update (ASU) 2016-14. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of donor restrictions. During the year ended June 30, 2019, the Center did not receive any contributions with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Center reports gifts of furniture and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Center reports expirations of the donor restrictions when the donated or acquired long-lived assets are placed in service.

Accounts receivable represent amounts billed for tuition that have not been received by the Center. The balance also includes amounts that are due from the State of Georgia Department of Behavioral Health & Developmental Disabilities and Georgia Department of Education. The Center anticipates that the total receivable balance will be collected. Therefore, a provision for allowance for doubtful accounts has not been estimated.

### Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services meeting these criteria for the year ended June 30, 2019 were not significant.

In addition, many individuals volunteer their time and perform a variety of tasks that assist in the Center's activities. The Center receives approximately 1,085 volunteer hours each year, but these services do not meet the criteria for recognition as contributed services.

### Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization, which is not a private

# THE MATTHEW REARDON CENTER FOR AUTISM, INC.

## Notes to the Financial Statements

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foundation under Section 509(a) of the Internal Revenue Code. The Center qualifies for charitable contribution deductions.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited.

### Fair Values of Financial Instruments

The Center estimates that the carrying amount for cash, accounts receivable, and accounts payable approximates fair value because of the short-term nature of these instruments.

## **NOTE B – RESTRICTIONS ON NET ASSETS**

### Endowment Fund

All of the permanent restrictions on net assets at June 30, 2019 consist of an endowment fund established in 2009 to support the education of students with neurodevelopmental disabilities. The donor specified that no more than 3% of the contribution be spent annually to support the Center's goals. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Notes to the Financial Statements

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2019 is as follows:

Endowment net assets, June 30, 2018	\$ 72,680
Investment income	1,659
Unrealized gains	2,909
Security sold	<u>(2,231)</u>
Endowment net assets, June 30, 2019	<u><u>\$ 75,017</u></u>

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Center’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end*	\$ 681,490
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted to maintain as an endowment	<u>(75,017)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 606,473</u></u>

\* Total assets, less nonfinancial assets

**NOTE D – INVESTMENTS**

The fair values of short-term investments totaled \$25,088 and the value for long-term investments totaled \$75,017 at June 30, 2019. The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2019:

	<u>2019</u>
Investment earnings	\$ 16,487
Unrealized gains	<u>2,909</u>
Total investment return	<u><u>\$ 19,396</u></u>

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**  
Notes to the Financial Statements

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The investment return is classified in the statement of activities as follows:

	2019
Without donor restrictions	\$ 14,828
With donor restrictions	4,568
	\$ 19,396

**NOTE E – FAIR VALUE MEASUREMENTS**

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Short-term investments		
Corporate common and preferred stocks	\$ 25,088	\$ 25,088
Long-term investments		
Corporate common and preferred stocks	\$ 28,899	\$ 28,899
Corporate and other bonds	46,118	46,118
Total long-term investments	\$ 75,017	\$ 75,017

The Center recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2019.

Short-term investments and long-term investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Notes to the Financial Statements

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**NOTE F - FURNITURE AND EQUIPMENT**

A schedule of changes in furniture and equipment and accumulated depreciation follows:

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Furniture and equipment	\$ 27,301	\$ -	\$ -	\$ 27,301
Leasehold improvements	15,156	123,712	-	138,868
less: accumulated depreciation	(6,610)	(21,735)	-	(28,345)
Net book value	<u>\$ 35,847</u>	<u>\$ 101,977</u>	<u>\$ -</u>	<u>\$ 137,824</u>

**NOTE G – LINE OF CREDIT**

During the year, the Center paid off and closed a line of credit from South State Bank, NA. The Stifel investment account served as collateral for this line of credit. A schedule of increases and decreases in the line of credit is as follows:

	<b>Balance June 30, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>
South State Bank	\$ 22,000	\$ 3,000	\$ (25,000)	\$ -
	<u>\$ 22,000</u>	<u>\$ 3,000</u>	<u>\$ (25,000)</u>	<u>\$ -</u>

**NOTE H – LONG-TERM DEBT**

During the year, the Center secured a construction loan from United Community Bank for up to \$125,000. The loan requires monthly payments of \$1,272 at 4.05% interest beginning October 2019, with a balloon payment due at maturity on June 10, 2024. Amounts outstanding on this loan were \$20,639 at June 30, 2019.

Future scheduled maturities of long-term debt are as follows:

Years ending June 30:	
2020	\$ 7,724
2021	10,669
2022	2,246
	<u>\$ 20,639</u>

# **THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

## **Notes to the Financial Statements**

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### **NOTE I – SERVICE ORGANIZATION**

Effective, August 2007, the Center contracted with Sullivan Human Resource Services to perform certain payroll and related duties for the Center as directed by the Governing Board.

### **NOTE J – OPERATING LEASE**

In August 2018, the Center entered into a thirty-six month operating lease for its current office and school facility with monthly rent of \$6,583 for the first year, plus insurance and maintenance costs. The Center has an option to renew the lease up to twenty-four additional months, with a rental increase of 2% each year. Rent expense incurred by the Center during fiscal year ended June 30, 2019 was \$85,531.

### **NOTE K – INTERGOVERNMENTAL AGREEMENT**

The Center entered into a contract with the State of Georgia Department of Behavioral Health and Developmental Disabilities, to provide educational and outreach services for children and adults with autism, and other neurological services in the Southeast area of Georgia. The contract number 44100-907-0000112856, effective July 1, 2018 through June 30, 2019, provided a total State funding obligation of \$675,000. During the period ended June 30, 2019, the Center reported \$675,000 of State funding.

### **NOTE L – ECONOMIC DEPENDENCY**

The Center is economically dependent on the State of Georgia Department of Behavioral Health and Developmental Disabilities as a major source of revenue. Approximately 51% of the Center's total revenue comes in the form of an annual operating grant from the Department. The loss of this support would require a significant change in the Center's operations.

### **NOTE M – SUBSEQUENT EVENTS**

The Center has evaluated subsequent events through December 4, 2019, the date which the financial statements were available to be issued.

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Schedule of Functional Expenses

For the year ended June 30, 2019

	Advance Academy	Early Learning Academy	Advocacy	Total Program Expenses	Management and General	Total
Salaries and wages.....	\$ 453,178	\$ -	\$ 26,955	\$ 480,133	\$ 107,716	\$ 587,849
Marketing / public relations.....	407	-	5,500	5,907	3,112	9,019
Occupancy.....	85,531	-	-	85,531	-	85,531
Equipment and supplies.....	11,430	269	-	11,699	13,400	25,099
Miscellaneous.....	1,042	-	-	1,042	3,943	4,985
Insurance.....	61,008	-	-	61,008	5,673	66,681
SUTA.....	-	-	-	-	1,541	1,541
Depreciation.....	21,735	-	-	21,735	-	21,735
Fundraising.....	281	692	121,278	122,251	39	122,290
Contractual.....	62,496	-	-	62,496	5,757	68,253
Copier.....	6,082	-	-	6,082	-	6,082
Credit card / banking fee.....	-	-	36	36	99	135
Interest expense.....	256	-	-	256	130	386
Dues and subscriptions.....	-	-	-	-	48	48
Postage and delivery.....	-	-	-	-	460	460
Program expense.....	134,847	377	696	135,920	2,444	138,364
Professional fees.....	1,513	-	-	1,513	47,312	48,825
Training.....	3,927	-	275	4,202	32	4,234
Utilities.....	3,660	-	-	3,660	9,053	12,713
	<u>\$ 847,393</u>	<u>\$ 1,338</u>	<u>\$ 154,740</u>	<u>\$ 1,003,471</u>	<u>\$ 200,759</u>	<u>\$ 1,204,230</u>

**THE MATTHEW REARDON CENTER FOR AUTISM, INC.**

Schedule of State Awards Expended

For the year ended June 30, 2019

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<u>Contract</u>	<u>Contract Award</u>	<u>Cash Basis Revenues</u>	<u>Due from State of Georgia</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>
44100-907-0000112856	<u>\$ 675,000</u>	<u>\$ 618,750</u>	<u>\$ 56,250</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>