Achievement Centers for Children

Financial Statements
June 30, 2011 and 2010

Ciuni &
Panichi
CPAs and Business Advisors

Independent Auditors' Report

To the Board of Directors of
Achievement Centers for Children

We have audited the accompanying statements of financial position of Achievement Centers for Children (the "Organization") (a nonprofit corporation) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Achievement Centers for Children as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 15, 2011, on our consideration of Achievement Centers for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Ciuni + Panichi, Inc.

Cleveland, Ohio
September 15, 2011

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Achievement Centers for Children

Statements of Financial Position

June 30, 2011 and 2010

Assets

	2011	2010
Current assets:		
Cash and cash equivalents	$ 660,803	$ 624,380
Investments	9,216,224	7,646,683
Unconditional promises to give, net	796,807	689,030
Accounts and grants receivable, net	1,193,168	1,062,090
Prepaid expenses and other assets	38,234	36,589
Total current assets	11,905,236	10,058,772
Long-term assets:		
Property and equipment, net	9,560,805	9,864,587
Unconditional promises to give, net	57,554	86,331
Deposits	16,617	5,466
Investments – restricted	585,000	585,000
Total long-term assets	10,219,976	10,541,384
	$ 22,125,212	$ 20,600,156

Liabilities and Net Assets

	2011	2010
Current liabilities:		
Current portion of long-term debt	$ 12,150	$ 12,958
Accounts payable – trade	165,271	134,004
Accrued payroll and related expenses	377,442	330,013
Deferred revenue	743,752	704,870
Other accrued expenses	60,723	54,757
Total current liabilities	1,359,338	1,236,602
Long-term debt, net of current portion	155,733	170,344
Total liabilities	1,515,071	1,406,946
Net assets:		
Unrestricted	19,175,722	17,865,701
Temporarily restricted	849,419	742,509
Permanently restricted – F.J. O'Neill Endowment Fund	585,000	585,000
Total net assets	20,610,141	19,193,210
	$ 22,125,212	$ 20,600,156

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $405,631 of in-kind)	$ 1,019,526	$ 128,792	$ -	$ 1,148,318
United Way of Greater Cleveland – allocation	-	463,612	-	463,612
Donations – foundations & trusts	354,450	149,735	-	504,185
Grants – government	384,170	-	-	384,170
Total public support	1,758,146	742,139	-	2,500,285
Revenues:				
Fees for services	4,828,658	-	-	4,828,658
Special events (includes $101,352 of in-kind)	730,358	-	-	730,358
Less: direct benefit to donors costs	(70,063)	-	-	(70,063)
Other	33,776	-	-	33,776
Investment return designated for operations	72,131	-	-	72,131
Total revenues	5,594,860	-	-	5,594,860
Net assets released from restrictions	635,229	(635,229)	-	-
Total operating public support and revenues	7,988,235	106,910	-	8,095,145
Operating expenses:				
Program services:				
Social services to families and individuals	1,939,089	-	-	1,939,089
Child development	1,435,942	-	-	1,435,942
General rehabilitation	1,406,564	-	-	1,406,564
Transportation	29,129	-	-	29,129
Residential camping	1,698,724	-	-	1,698,724
Autism consulting	471,917	-	-	471,917
Total program services	6,981,365	-	-	6,981,365
Supporting services:				
Management and general	911,919	-	-	911,919
Fundraising	497,770	-	-	497,770
Total supporting services	1,409,689	-	-	1,409,689
Total operating expenses	8,391,054	-	-	8,391,054
Change in net assets from operations	(402,819)	106,910	-	(295,909)
Non-operating changes:				
Capital and general endowment campaign contributions	(4,823)	-	-	(4,823)
Interest and dividends	204,458	-	-	204,458
Realized and unrealized gain on investments	1,585,336	-	-	1,585,336
Investment return designated for operations	(72,131)	-	-	(72,131)
Total non-operating changes	1,712,840	-	-	1,712,840
Change in net assets – total	1,310,021	106,910	-	1,416,931
Net assets – beginning	17,865,701	742,509	585,000	19,193,210
Net assets – ending	$ 19,175,722	$ 849,419	$ 585,000	$ 20,610,141

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $402,308 of in-kind)	$ 796,690	$ 117,947	$ -	$ 914,637
United Way of Greater Cleveland – allocation	-	438,365	-	438,365
Donations – foundations & trusts	296,874	157,449	-	454,323
Grants – government	413,302	-	-	413,302
Total public support	1,506,866	713,761	-	2,220,627
Revenues:				
Fees for services	4,325,316	-	-	4,325,316
Special events (includes $51,545 of in-kind)	726,445	-	-	726,445
Less: direct benefit to donors costs	(83,515)	-	-	(83,515)
Other	93,693	-	-	93,693
Investment return designated for operations	152,887	-	-	152,887
Total revenues	5,214,826	-	-	5,214,826
Net assets released from restrictions	615,406	(615,406)	-	-
Total operating public support and revenue	7,337,098	98,355	-	7,435,453
Operating expenses:				
Program services:				
Social services to families and individuals	1,595,343	-	-	1,595,343
Child development	1,366,353	-	-	1,366,353
General rehabilitation	1,297,948	-	-	1,297,948
Transportation	24,467	-	-	24,467
Residential camping	1,575,272	-	-	1,575,272
Autism consulting	406,090	-	-	406,090
Total program services	6,265,473	-	-	6,265,473
Supporting services:				
Management and general	854,980	-	-	854,980
Fundraising	422,247	-	-	422,247
Total supporting services	1,277,227	-	-	1,277,227
Total operating expenses	7,542,700	-	-	7,542,700
Change in net assets from operations	(205,602)	98,355	-	(107,247)
Non-operating changes:				
Capital and general endowment campaign contributions	665	-	-	665
Interest and dividends	181,121	-	-	181,121
Realized and unrealized gain on investments	653,542	-	-	653,542
Investment return designated for operations	(152,887)	-	-	(152,887)
Total non-operating changes	682,441	-	-	682,441
Change in net assets – total	476,839	98,355	-	575,194
Net assets – beginning	17,388,862	644,154	585,000	18,618,016
Net assets – ending	$ 17,865,701	$ 742,509	$ 585,000	$ 19,193,210

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Functional Expenses

For the year ended June 30, 2011

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Child Development	General Rehabilitation	Transportation	Residential Camping	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	2011 Total Expenses
Salaries and wages	$ 1,126,191	$ 720,730	$ 859,326	$ 11,698	$ 763,673	$ 314,761	$ 3,796,379	$ 587,615	$ 254,634	$ 842,249	$ 4,638,628
Employee taxes and benefits	337,478	187,124	189,424	2,244	158,574	73,510	948,354	158,728	68,676	227,404	1,175,758
Total personnel costs	1,463,669	907,854	1,048,750	13,942	922,247	388,271	4,744,733	746,343	323,310	1,069,653	5,814,386
Professional fees and contracts	89,418	121,924	32,165	1,481	73,658	18,935	337,581	45,020	15,861	60,881	398,462
Bad debt expense	-	-	-	-	2,741	-	2,741	-	-	-	2,741
Supplies (includes $112,972 of in-kind)	33,682	40,270	14,185	477	119,620	7,116	215,350	12,133	107,038	119,171	334,521
Telephone	13,266	8,794	3,429	697	22,625	5,874	54,685	4,975	931	5,906	60,591
Postage and shipping	5,685	4,633	2,106	96	7,160	955	20,635	3,108	3,121	6,229	26,864
Occupancy (includes $369,864 of in-kind)	130,975	213,518	234,653	-	283,266	5,521	867,933	25,327	9,134	34,461	902,394
Rental and maintenance of equipment	421	10,209	4,473	1	7,983	894	23,981	25	7,223	7,248	31,229
Printing and publications	16,293	12,028	6,201	256	16,584	2,917	54,279	8,257	12,431	20,688	74,967
Local transportation	63,563	19,776	6,388	10,170	36,689	7,049	143,635	2,809	526	3,335	146,970
Continuing education	7,375	8,520	8,344	77	9,221	6,172	39,709	1,567	293	1,860	41,569
Advertising	6,507	5,237	5,780	99	18,858	2,772	39,253	3,187	4,774	7,961	47,214
Workshops	-	64	-	-	-	3,548	3,612	-	-	-	3,612
Interest	-	-	-	-	2,633	-	2,633	-	-	-	2,633
Insurance	5,951	4,568	2,205	101	9,498	999	23,322	3,254	609	3,863	27,185
Miscellaneous	1,301	1,030	473	22	602	214	3,642	696	2,183	2,879	6,521
Total before depreciation	1,838,106	1,358,425	1,369,152	27,419	1,533,385	451,237	6,577,724	856,701	487,434	1,344,135	7,921,859
Depreciation	100,983	77,517	37,412	1,710	165,339	20,680	403,641	55,218	10,336	65,554	469,195
Total expenses	$ 1,939,089	$ 1,435,942	$ 1,406,564	$ 29,129	$ 1,698,724	$ 471,917	$ 6,981,365	$ 911,919	$ 497,770	$ 1,409,689	$ 8,391,054

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Functional Expenses

For the year ended June 30, 2010

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Child Development	General Rehabilitation	Transportation	Residential Camping	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	2010 Total Expenses
Salaries and wages	$ 915,810	$ 722,546	$ 760,445	$ 9,911	$ 708,731	$ 271,204	$ 3,388,647	$ 554,366	$ 240,225	$ 794,591	$ 4,183,238
Employee taxes and benefits	268,231	166,868	158,591	2,006	152,481	59,645	807,822	133,797	57,979	191,776	999,598
Total personnel costs	1,184,041	889,414	919,036	11,917	861,212	330,849	4,196,469	688,163	298,204	986,367	5,182,836
Bad debt expense	618	471	370	13	7,376	108	8,956	-	-	-	8,956
Professional fees and contracts	61,922	107,130	49,548	1,184	60,294	10,250	290,328	39,618	18,473	58,091	348,419
Supplies (includes $74,589 of in-kind)	39,457	36,790	12,919	388	105,355	7,781	202,690	11,605	53,816	65,421	268,111
Telephone	11,871	7,660	5,080	715	15,276	4,907	45,509	5,855	1,146	7,001	52,510
Postage and shipping	6,047	4,898	3,624	126	7,784	1,055	23,534	4,224	1,785	6,009	29,543
Occupancy (includes $369,864 of in-kind)	127,991	205,138	229,054	-	260,104	5,114	827,401	23,788	8,465	32,253	859,654
Rental and maintenance of equipment	566	4,900	1,465	12	1,752	1,202	9,897	364	14,742	15,106	25,003
Printing and publications	11,828	8,773	6,844	228	12,885	2,014	42,572	7,624	9,734	17,358	59,930
Local transportation	44,549	15,858	4,298	7,703	30,173	6,310	108,891	2,389	467	2,856	111,747
Continuing education	3,239	6,913	3,264	39	7,398	5,626	26,479	1,127	221	1,348	27,827
Advertising	5,853	4,171	4,113	114	14,796	4,728	33,775	3,677	1,514	5,191	38,966
Workshops	-	-	-	-	-	4,721	4,721	-	-	-	4,721
Interest	88	67	53	2	3,097	15	3,322	61	12	73	3,395
Insurance	5,231	3,987	3,135	109	8,886	912	22,260	3,654	715	4,369	26,629
Miscellaneous	2,722	2,102	1,614	56	346	540	7,380	439	744	1,183	8,563
Total before depreciation	1,506,023	1,298,272	1,244,417	22,606	1,396,734	386,132	5,854,184	792,588	410,038	1,202,626	7,056,810
Depreciation	89,320	68,081	53,531	1,861	178,538	19,958	411,289	62,392	12,209	74,601	485,890
Total expenses	$ 1,595,343	$ 1,366,353	$ 1,297,948	$ 24,467	$ 1,575,272	$ 406,090	$ 6,265,473	$ 854,980	$ 422,247	$ 1,277,227	$ 7,542,700

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statements of Cash Flows

For the years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 1,416,931	$ 575,194
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	469,195	485,890
Realized and unrealized gain on investments	(1,585,336)	(653,542)
Provision for uncollectible unconditional promises to give and accounts and grants receivable	8,382	2,358
Amortization of pledge discounts	(1,681)	4,018
Contributions restricted for long-term purposes	4,823	(665)
In-kind gift of property and equipment	(24,147)	-
Forgiveness of debt	(2,500)	(2,500)
Changes in operating assets and liabilities:		
Promises to give	(89,117)	(91,880)
Accounts receivable	(132,485)	(9,546)
Prepaid expenses and other assets	(1,645)	10,733
Deposits	(11,151)	(2,897)
Accounts payable	31,267	28,135
Accrued expenses	53,395	45,088
Deferred revenue	38,882	78,328
Net cash provided by operating activities	174,813	468,714
Cash flows from investing activities:		
Purchase of investments	(1,154,699)	(14,165,713)
Proceeds from sale of investments	1,170,494	13,865,713
Purchase of property and equipment	(141,266)	(44,018)
Net cash used in investing activities	(125,471)	(344,018)
Cash flows from financing activities:		
Collection of contributions restricted for long-term purposes	-	12,665
Proceeds from forgivable development grant	-	100,000
Principal payments on long-term debt	(12,919)	(112,503)
Net cash (used in) provided by financing activities	(12,919)	162
Net increase in cash and cash equivalents	36,423	124,858
Cash and cash equivalents, beginning of year	624,380	499,522
Cash and cash equivalents, end of year	$ 660,803	$ 624,380
Supplemental disclosures of cash flow information:		
Interest paid	$ 2,633	$ 3,394

The accompanying notes are an integral part of these financial statements

Achievement Centers For Children

Notes to Financial Statements

June 30, 2011 and 2010

Note 1: Summary of Significant Accounting Policies

Organization and Operations

Achievement Centers for Children (the "Organization") is a not-for-profit corporation that was founded in 1940 to address the needs of children and young adults with disabilities in the Northeast Ohio area. The Organization operates two ambulatory health care facilities and a residential camping facility.

The largest sources of funding for the Organization are service fees and voluntary contributions from individuals and foundations. The other funding sources are the earnings from the Organization's endowment fund, United Way of Greater Cleveland allocations, and government grants.

Basis of Presentation

The Organization follows authoritative guidance issued by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor imposed restrictions are met in the same year as they are imposed, the net assets are reported as unrestricted.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained by the Organization in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Non-operating activities reflect transactions of a long-term investment or capital nature. These include contributions to be invested by the Organization to generate a return that will support future operations, contributions to be used for facilities and equipment, and investment earnings (including interest and dividends, and realized and unrealized investment gains or losses).

Achievement Centers For Children

Notes to Financial Statements

June 30, 2011 and 2010

Note 1: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash Equivalents

The Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, excluding those held in brokerage accounts intended for long-term investment.

Accounts Receivable and Credit Policies

Accounts receivable primarily represent fees for services due under normal trade terms requiring payment in 30 days (self-pay customers) or in accordance with contract agreements with a variety of third-party payers.

Accounts receivable are stated at the amount billed to the customer. Self-pay customers with account balances greater than 60 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified or delinquent, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all customers' accounts receivable balances, and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At June 30, 2011 and 2010, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts of $13,457 and $12,050, respectively.

Note 1: Summary of Significant Accounting Policies (continued)

Contributions and Related Receivables

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized.

Unconditional promises to give are recognized as revenues in the period the promises are made. The unconditional promises are stated at their fair market value. Promises that are to be received over a period of years are discounted to their fair value assuming their respective payment terms and an appropriate discount rate as of the date the promise is received. The discount is amortized into contribution revenue over the term of the respective promise agreement.

Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

The Organization uses the allowance method to record estimated uncollectible promises to give. The allowance is based upon prior years' experience and management's analysis of specific promises made.

In-Kind Contributions

In-kind contributions are reflected as revenues at their estimated fair value at the date of donation. The Organization reports gifts of rent, equipment, professional services, materials, and other non-monetary contributions as unrestricted revenue and expense in the accompanying statements of activities unless accompanied by explicit donor-imposed restrictions, in which case, the contributions would be recorded as either temporarily or permanently restricted revenues in accordance with the donor restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position. Interest and dividend income, and realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities, unless donor-imposed restrictions over specific investment earnings exist, in which case, the investment earnings are classified as either changes in temporarily or permanently restricted net assets in accordance with such donor-imposed restrictions. Temporarily restricted investment income is reported as unrestricted if such restrictions are met in the same fiscal year as the investment income is generated.

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes purchases and donations of property and equipment exceeding $500. Purchased buildings and equipment are carried at cost and are depreciated on the straight-line basis over the estimated lives of the respective assets ranging from 3 to 40 years. Camp leasehold improvements are amortized over the estimated lives of the improvements. Maintenance and repairs are charged to expense. Renewals and betterments are capitalized. When properties are sold or otherwise disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and the gain or loss on the disposition is reflected in the statement of activities in the period of disposition.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income Tax Status

The Organization is tax-exempt, under Section 501(c)(3) of the Internal Revenue Code of 1986. No provision for federal income taxes has been reported in its financial statements.

Income taxes are accounted for under the provisions of the “Income Taxes” topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Organization classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2011 and 2010, the Organization has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended.

Advertising

The Organization expenses advertising costs as they are incurred.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and temporary investments, investment securities, and unconditional promises to give.

Note 1: Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk (continued)

The Organization has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, the Board of Directors believe that the investment policy is prudent for the long-term welfare of the Organization.

Credit risk with respect to unconditional promises to give is limited due to the number and credit worthiness of the foundations, corporations, and individuals who comprise the contributor base.

Deferred Revenue

The Organization's deferred revenues consist of amounts billed or collected for program services (primarily camp fees) and special events that will be performed/held in a subsequent fiscal year.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 15, 2011, the date the financial statements were available to be issued.

Note 2: Unconditional Promises to Give

Amounts due more than one year later are recorded at their fair value using estimated future cash flows, discounted at appropriate rates considering factors such as credit and market risks. Rates range from 4.00% to 8.25%. Amortization of the discount is credited to contribution revenue.

Pledges receivable consisted of the following as of June 30:

	2011	2010
Payable within one year	$ 819,477	$ 705,183
Payable in one to five years	60,000	90,000
Total pledges receivable	879,477	795,183
Less: discounts to net present value	(3,669)	(5,350)
Less: allowance for doubtful accounts	(21,447)	(14,472)
Unconditional promises to give, net	$ 854,361	$ 775,361

In 2001, the Board of Directors initiated a capital and debt service fundraising campaign with an $8,500,000 objective that would accrue to the Organization over the course of the campaign.

Note 2: Unconditional Promises to Give (continued)

At June 30, 2011 and 2010, $-0- and $2,473, respectively, of the net unconditional promises to give relate to the amounts outstanding for the capital campaign.

The allowance for doubtful accounts represents 12.75% and 10.00% of the United Way of Greater Cleveland's total gross donor-designated pledges at June 30, 2011 and 2010, respectively.

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2011 and 2010 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2011 and 2010, unconditional promises to give from related parties were $42,230 and $30,000, respectively. Contribution revenue from related parties for the years ended June 30, 2011 and 2010, was $427,643 and $487,995, respectively.

Note 3: Pension Plan

All employees 18 years of age and older with two consecutive years of at least 1,000 hours of service in each year are covered by a defined contribution pension plan. Prior to June 30, 2009, employer contributions to the plan were equal to 6% of the employee's salary for the third and fourth years of service, 7% for the fifth through ninth years of service, and 8% of the employee's salary thereafter. Effective July 1, 2009, and through June 30, 2010, the Organization reduced the percentages to 5%, 6%, and 7%, respectively. Subsequent to June 30, 2010, the employer contribution percentages were increased back to their original percentages. For the years ended June 30, 2011 and 2010, the amount of pension expense was $186,803 and $142,178, respectively.

Note 4: Property and Equipment

The following is a summary of property and equipment at June 30, 2011 and 2010:

	2011	2010
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,157,576	7,154,197
Furniture and equipment	1,672,695	1,583,888
Vehicles	119,632	119,632
Leasehold improvements	4,160,374	4,090,898
	15,304,978	15,143,316
Less: accumulated depreciation	(5,744,173)	(5,278,729)
Property and equipment, net	$ 9,560,805	$ 9,864,587

The Organization has operated camp facilities on property owned by the Cleveland Metropolitan Parks District (the "Parks District"). The agreement with the Parks District is renewable each year. The Organization is required to pay for liability insurance. There are no required lease payments. At the end of the lease, all camp leasehold improvements revert to the lessor.

Note 5: Investments

The Organization's investments are stated at fair value and are summarized as follows at June 30, 2011 and 2010:

	2011		
	Cost	Market Value	Unrealized Appreciation (Depreciation)
Cash equivalents	$ 245,875	$ 245,875	$ -
Common stock	1	1,559	1,558
Mutual funds:			
Equity	950,121	873,818	(76,303)
Fixed-income	632,012	649,888	17,876
Common/collective funds:			
Equity	5,785,242	5,784,021	(1,221)
Fixed-income	1,282,135	1,412,313	130,178
Alternative investment	750,000	833,750	83,750
Total	$ 9,645,386	$ 9,801,224	$ 155,838

	2010		
	Cost	Market Value	Unrealized Appreciation (Depreciation)
Cash equivalents	$ 641,969	$ 641,969	$ -
Mutual funds	1,626,368	1,320,060	(306,308)
Common/collective funds	5,953,651	5,492,685	(460,966)
Alternative investment	753,322	776,969	23,647
Total	$ 8,975,310	$ 8,231,683	$ (743,627)

The following schedule summarizes the gain/(loss) on investments for the years ended June 30, 2011 and 2010:

	2011	2010
Realized gain/(loss) on sale of investments	$ 685,871	$ 788,367
Unrealized gain/(loss) on investments	899,465	(134,825)
	$ 1,585,336	$ 653,542

Note 6: Fair Value Measurements

In accordance with the "Fair Value Measurements" topic of the FASB ASC, the Organization uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

Financial assets consisted of the following at June 30, 2011 and 2010:

	Level 1	Level 2	Level 3	Total at June 30, 2011
Cash equivalents	$ 245,875	$ -	$ -	$ 245,875
Common stock	1,559	-	-	1,559
Mutual funds:				
Equity	873,818	-	-	873,818
Fixed-income	649,888	-	-	649,888
Common/collective funds:				
Equity	-	5,784,021	-	5,784,021
Fixed-income	-	1,412,313	-	1,412,313
Alternative investment	-	-	833,750	833,750
Totals	$ 1,771,140	$ 7,196,334	$ 833,750	$ 9,801,224

	Level 1	Level 2	Level 3	Total at June 30, 2010
Cash equivalents	$ 641,969	$ -	$ -	$ 641,969
Mutual funds	1,320,060	-	-	1,320,060
Common/collective funds	-	5,492,685	-	5,492,685
Alternative investment	-	-	776,969	776,969
Totals	$ 1,962,029	$ 5,492,685	$ 776,969	$ 8,231,683

The following is a description of the valuation methodologies used for Level 2 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Common/collective funds: Valued based upon the net asset value ("NAV") of the underlying assets held within the common collective trust or other collective investment fund based on information obtained from the investment management company.

Note 6: Fair Value Measurements (continued)

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended June 30, 2011:

	Alternative Investment
Balance, June 30, 2010	$ 776,969
Purchases, sales, issuances and settlements (net)	-
Unrealized gain	56,781
Balance, June 30, 2011	$ 833,750

The Organization's Level 3 investment is a multi-strategy, offshore hedge fund of funds that employs a variety of low volatility, absolute return oriented strategies. The investment is valued at net asset value based upon the estimated net asset values of the underlying investments and upon information obtained from the investment company that manages the investment. Redemptions from the alternative investment are permitted on an annual basis, after an initial one year lockup, with written notice no later than the last business day of October. Redemptions are processed at the investment's net asset value on December 31.

Note 7: Donated Materials and Services

All significant donated materials and services are recorded by the Organization at their market value at the date of donation. The Organization records the value of the material received or the services rendered as revenue. The value of any donated materials and services whose benefit will last more than one period is capitalized and amortized over its useful life. Donated materials and services were $506,983 and $453,853, for the years ended June 30, 2011 and 2010, respectively, of which $369,864 and $369,864, respectively, represent donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 9).

Note 8: Long-Term Debt

The Organization has obtained a mortgage loan with a financial institution payable in monthly principal and interest installments totaling $1,296, with interest at the prime rate (3.25% at June 30, 2011 and 2010). A final balloon payment is due in August 2011. The mortgage is secured by properties located at 14739 Cheerful Lane, Strongsville, Ohio and 19695 Royalton Road, Strongsville, Ohio. The outstanding principal balance at June 30, 2011 and 2010, was $72,883 and $85,802, respectively.

In August 2011, a new term note was executed with the same financial institution to refinance the original mortgage loan. The terms of the new agreement require principal payments of $1,215 per month plus accrued and unpaid interest, with interest at the prime rate (subject to floor rate of no lower than 4.0%). The loan matures in August 2016 and is secured by the same properties listed under the original mortgage loan above.

Note 8: Long-Term Debt (continued)

During July 2009, the Organization entered into an agreement with the Ohio Department of Mental Health (ODMH) whereby the Organization received $100,000 from ODMH to pay off all outstanding principal relating to a local community foundation loan that had financed the purchase of property at 14910 Royalton Road, Strongsville, Ohio. According to the terms of the agreement with ODMH, the outstanding balance of the encumbrance will be forgiven over forty years, one-four hundred and eightieth (1/480) per month, provided the Organization utilizes the land and facilities for mental health services, specifically, therapeutic recreational programs for children with disabilities. The debt is secured by the property. During the years ended June 30, 2011 and 2010, $2,500 was forgiven and recognized as revenue on the accompanying statements of activities. At June 30, 2011 and 2010, $95,000 and $97,500 was included in long-term debt on the accompanying statements of financial position.

Future minimum principal payments, excluding forgivable debt, due June 30 for each of the next five years and thereafter are approximated (based on the prime rate at June 30, 2011) as follows:

2012	$	12,150
2013		14,580
2014		14,580
2015		14,580
2016		14,580
Thereafter		2,413
	$	72,883

Note 9: Obligations under Leases

The Organization has operating leases for four copiers.

Minimum future lease payments are as follows for the years ending June 30:

2012	$	15,636
2013		11,386
	$	27,022

Rental expense for the years ended June 30, 2011 and 2010, was $23,705 and $32,137, respectively.

Note 9: Obligations under Leases (continued)

During 2007, the Organization entered into a lease agreement for a building, along with approximately 10 acres of property, in Westlake, Ohio, with a term of 15 years for $1. The landlord agreed to pay all utilities during the first 12 months of the lease (excluding telephone) and agreed to pay the costs related to maintenance of the grounds during the term of the lease. Approximately 4,000 square feet of space is reserved for the Cuyahoga County Board of Developmental Disabilities' ("CCBDD") staff, for which the Organization will be responsible for CCBDD's portion of the utilities expense after the first 12 months of the lease.

Note 10: Restriction on Assets

On February 5, 1993, the Organization entered into an agreement with the F. J. O'Neill Charitable Corporation from which it has received donations of $585,000 as permanent endowment funds. The income generated from the fund may be utilized at the Organization's discretion; however, the principal of $585,000 is permanently restricted.

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Autism consulting	$ -	$ 877
Adapted football	3,000	-
Camp	6,060	6,151
Child Development Center	-	7,000
Early intervention services	170,000	135,000
Family services	14,210	7,500
General support	10,000	-
Music therapy	-	13,922
Therapy services	53,000	13,000
Westlake facility	745	-
United Way of Greater Cleveland allocations – time and use restricted	463,612	438,365
United Way of Greater Cleveland designations – time restricted	128,792	117,947
United Way of Greater Cleveland other – use restricted	-	2,747
	$ 849,419	$ 742,509

Note 10: Restriction on Assets (continued)

Net assets released from restriction for the years ended June 30, 2011 and 2010 were as follows:

	2011	2010
Autism consulting	$ 877	$ 3,123
Camp	4,746	2,385
Child Development Center	7,000	9,787
Early intervention services	30,000	-
Family services	6,623	-
Music therapy	13,922	25,113
Therapy services	13,002	19,455
United Way of Greater Cleveland allocations – time and use restricted	438,365	438,365
United Way of Greater Cleveland designations – time restricted	117,947	116,303
United Way of Greater Cleveland other – use restricted	2,747	875
	$ 635,229	$ 615,406

Note 11: Net Asset Classification of Endowment Funds

The Organization's Endowment Fund consists of collectively invested board-designated funds and donor-restricted funds established to fund Board directed needs and programs. The sole donor restricted fund, in the amount of $585,000, is invested in various equity securities. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Fund Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in the accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund.
(2) The purpose of the Organization and the donor-restricted endowment fund.
(3) General economic conditions.
(4) The investment policies of the Organization.

Note 11: Net Asset Classification of Endowment Funds (continued)

During the year ended June 30, 2011, Achievement Centers for Children had the following endowment related activities:

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total
Investment return:			
Interest and dividends	$ 11,768	$ 181,961	$ 193,729
Net realized and unrealized gains	96,300	1,489,036	1,585,336
Total investment return	108,068	1,670,997	1,779,065
Contributions to perpetual endowment	-	-	-
Amounts appropriated for expenditure	(7,407)	(202,117)	(209,524)
Total change in endowment funds	$ 100,661	$ 1,468,880	$ 1,569,541

During the year ended June 30, 2010, Achievement Centers for Children had the following endowment related activities:

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total
Investment return:			
Interest and dividends	$ 13,129	$ 188,294	$ 201,423
Net realized and unrealized gains	42,597	610,945	653,542
Total investment return	55,726	799,239	854,965
Contributions to perpetual endowment	-	300,000	300,000
Amounts appropriated for expenditure	-	(201,423)	(201,423)
Total change in endowment funds	$ 55,726	$ 897,816	$ 953,542

Note 11: Net Asset Classification of Endowment Funds (continued)

Endowment Net Asset Composition by type of Fund
As of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment funds	9,216,224	-	-	9,216,224
Total funds	$ 9,216,224	$ -	$ 585,000	$ 9,801,224

Endowment Net Asset Composition by type of Fund
As of June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (100,661)	$ -	$ 585,000	$ 484,339
Board-designated endowment funds	7,747,344	-	-	7,747,344
Total funds	$ 7,646,683	$ -	$ 585,000	$ 8,231,683

Changes in Endowment Net Assets
For the Fiscal Year Ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,646,683	$ -	$ 585,000	$ 8,231,683
Investment return:				
Interest and dividends	186,322	7,407	-	193,729
Net realized and unrealized gains	1,585,336	-	-	1,585,336
Total investment return	1,771,658	7,407	-	1,779,065
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	(202,117)	(7,407)	-	(209,524)
Endowment net assets, end of year	$ 9,216,224	$ -	$ 585,000	$ 9,801,224

Achievement Centers For Children

Notes to Financial Statements

June 30, 2011 and 2010

Note 11: Net Asset Classification of Endowment Funds (continued)

Changes in Endowment Net Assets
For the Fiscal Year Ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,693,141	$ -	$ 585,000	$ 7,278,141
Investment return:				
Interest and dividends	201,423	-	-	201,423
Net realized and unrealized gains	653,542	-	-	653,542
Total investment return	854,965	-	-	854,965
Contributions	300,000	-	-	300,000
Appropriation of endowment assets for expenditure	(201,423)	-	-	(201,423)
Endowment net assets, end of year	$ 7,646,683	$ -	$ 585,000	$ 8,231,683

	2011	2010
Permanently Restricted Net Assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 585,000	$ 484,339
Total endowment funds classified as permanently restricted net assets	$ 585,000	$ 585,000

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were $-0- and $100,661, as of June 30, 2011 and 2010, respectively. The deficiency at June 30, 2010 resulted from unfavorable market fluctuations that occurred during the economic downturn that was experienced in the United States and worldwide.

Note 11: Net Asset Classification of Endowment Funds (continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the Endowment Fund with the understanding that those assets will be prudently invested to provide a continuing source of funding for the agency and its programs. Assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the Finance Committee of the Board should direct the Fund's investment managers to achieve the maximum possible long-term total return on the Endowment Fund while maintaining prudent investment management principles and the basic tenants of preservation of capital. The Organization will conduct a quarterly monitoring of the portfolio. Investment performance will be measured against comparative market indices including the following: Standard & Poor 500 Index, Russell Midcap Index, Russell 2000 Index, MSCI EAFE Index, Barclays Capital U.S. TIPS Index, and Barclays Capital Aggregate Index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Recommendations for the use of Endowment Fund assets free of donor restriction shall be the responsibility of the Board of Directors. Recommendations of the Board of Directors shall be executed by the management of the Organization. The Board of Directors have indicated that use of funds will be for the operational needs of the Organization and other such purposes as the Board of Directors shall deem appropriate. Except in special circumstances and except for recommending specific uses of generally restricted donor funds, the Board of Directors shall limit recommendations in the aggregate to an amount which shall not exceed 5% of a three year rolling average for a portion of the Endowment Fund.

Ciuni &
Panichi
CPAs and Business Advisors

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Achievement Centers for Children

We have audited the financial statements of Achievement Centers for Children (the "Organization") as of and for the year ended June 30, 2011, and have issued our report thereon dated September 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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To the Board of Directors of
Achievement Centers for Children

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Achievement Centers for Children's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the finance committee, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni + Panichi, Inc.

Cleveland, Ohio
September 15, 2011