Achievement Centers for Children

Financial Statements
June 30, 2013 and 2012

Ciuni & Panichi
CPAs and Business Advisors
Expect More®

Independent Auditor's Report

To the Board of Directors of
Achievement Centers for Children

Report on the Financial Statements

We have audited the accompanying financial statements of Achievement Centers for Children (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

To the Board of Directors of
Achievement Centers for Children

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2013, 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* in considering Achievement Centers for Children's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
September 11, 2013

Achievement Centers for Children

Statements of Financial Position

June 30, 2013 and 2012

Assets

	2013	2012
Current assets:		
Cash and cash equivalents	$ 671,575	$ 725,301
Investments	9,632,177	8,646,562
Unconditional promises to give, net	695,372	870,371
Accounts and grants receivable, net	835,734	1,368,001
Prepaid expenses and other assets	64,232	45,235
Total current assets	11,899,090	11,655,470
Long-term assets:		
Property and equipment, net	9,123,616	9,264,713
Unconditional promises to give, net	-	36,805
Deposits	1,880	1,880
Investments – restricted	585,000	585,000
Total long-term assets	9,710,496	9,888,398
	$ 21,609,586	$ 21,543,868

Liabilities and Net Assets

	2013	2012
Current liabilities:		
Current portion of long-term debt	$ 14,580	$ 14,580
Accounts payable – trade	158,345	150,147
Accrued payroll and related expenses	431,120	399,316
Deferred revenue	489,191	1,017,019
Other accrued expenses	8,575	43,665
Total current liabilities	1,101,811	1,624,727
Long-term debt, net of current portion	121,533	138,653
Total liabilities	1,223,344	1,763,380
Net assets:		
Unrestricted	19,018,304	18,276,721
Temporarily restricted	782,938	918,767
Permanently restricted – F.J. O'Neill Endowment Fund	585,000	585,000
Total net assets	20,386,242	19,780,488
	$ 21,609,586	$ 21,543,868

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $404,664 of in-kind)	$ 847,983	$ 150,802	$ -	$ 998,785
United Way of Greater Cleveland – allocation	-	446,082	-	446,082
Donations – foundations & trusts	298,836	25,177	-	324,013
Grants – government	409,537	56,505	-	466,042
Total public support	1,556,356	678,566	-	2,234,922
Revenues:				
Fees for services	5,120,683	-	-	5,120,683
Special events (includes $147,119 of in-kind)	892,096	-	-	892,096
Less: direct benefit to donors costs	(102,623)	-	-	(102,623)
Other	46,609	-	-	46,609
Investment return designated for operations	232,650	-	-	232,650
Total revenues	6,189,415	-	-	6,189,415
Net assets released from restrictions	650,717	(650,717)	-	-
Total operating public support and revenues	8,396,488	27,849	-	8,424,337
Operating expenses:				
Program services:				
Social services to families and individuals	2,082,245	-	-	2,082,245
Child development	1,440,726	-	-	1,440,726
General rehabilitation	1,519,136	-	-	1,519,136
Transportation	24,536	-	-	24,536
Residential camping	1,746,141	-	-	1,746,141
Autism consulting	464,522	-	-	464,522
Total program services	7,277,306	-	-	7,277,306
Supporting services:				
Management and general	986,209	-	-	986,209
Fundraising	574,714	-	-	574,714
Total supporting services	1,560,923	-	-	1,560,923
Total operating expenses	8,838,229	-	-	8,838,229
Change in net assets from operations	(441,741)	27,849	-	(413,892)
Non-operating changes:				
Capital and general endowment campaign contributions (includes $37,225 of in-kind)	87,225	-	-	87,225
Interest and dividends	244,028	-	-	244,028
Realized and unrealized gain on investments, net	916,793	-	-	916,793
Investment return designated for operations	(232,650)	-	-	(232,650)
Gain on sale of property and equipment, net	4,250	-	-	4,250
Net assets released from restrictions	163,678	(163,678)	-	-
Total non-operating changes	1,183,324	(163,678)	-	1,019,646
Change in net assets – total	741,583	(135,829)	-	605,754
Net assets – beginning	18,276,721	918,767	585,000	19,780,488
Net assets – ending	$ 19,018,304	$ 782,938	$ 585,000	$ 20,386,242

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $448,792 of in-kind)	$ 983,133	$ 161,125	$ -	$ 1,144,258
United Way of Greater Cleveland – allocation	-	446,082	-	446,082
Donations – foundations & trusts	261,953	15,500	-	277,453
Grants – government	390,402	-	-	390,402
Total public support	1,635,488	622,707	-	2,258,195
Revenues:				
Fees for services	5,060,478	-	-	5,060,478
Special events (includes $105,397 of in-kind)	797,724	-	-	797,724
Less: direct benefit to donors costs	(104,674)	-	-	(104,674)
Other	62,839	-	-	62,839
Investment return designated for operations	199,124	-	-	199,124
Total revenues	6,015,491	-	-	6,015,491
Net assets released from restrictions	760,071	(760,071)	-	-
Total operating public support and revenues	8,411,050	(137,364)	-	8,273,686
Operating expenses:				
Program services:				
Social services to families and individuals	2,208,215	-	-	2,208,215
Child development	1,318,845	-	-	1,318,845
General rehabilitation	1,547,646	-	-	1,547,646
Transportation	31,066	-	-	31,066
Residential camping	1,720,483	-	-	1,720,483
Autism consulting	462,209	-	-	462,209
Total program services	7,288,464	-	-	7,288,464
Supporting services:				
Management and general	969,512	-	-	969,512
Fundraising	525,701	-	-	525,701
Total supporting services	1,495,213	-	-	1,495,213
Total operating expenses	8,783,677	-	-	8,783,677
Change in net assets from operations	(372,627)	(137,364)	-	(509,991)
Non-operating changes:				
Capital and general endowment campaign contributions	43,288	206,712	-	250,000
Interest and dividends	200,304	-	-	200,304
Realized and unrealized loss on investments, net	(570,842)	-	-	(570,842)
Investment return designated for operations	(199,124)	-	-	(199,124)
Total non-operating changes	(526,374)	206,712	-	(319,662)
Change in net assets – total	(899,001)	69,348	-	(829,653)
Net assets – beginning	19,175,722	849,419	585,000	20,610,141
Net assets – ending	$ 18,276,721	$ 918,767	$ 585,000	$ 19,780,488

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, 2013

	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	Total Expenses
Salaries and wages	$ 1,213,987	$ 766,368	$ 906,669	$ 10,603	$ 764,390	$ 319,050	$ 3,981,067	$ 665,301	$ 288,643	$ 953,944	$ 4,935,011
Employee taxes and benefits	373,058	203,494	207,857	2,202	155,659	79,893	1,022,163	157,433	67,876	225,309	1,247,472
Total personnel costs	1,587,045	969,862	1,114,526	12,805	920,049	398,943	5,003,230	822,734	356,519	1,179,253	6,182,483
Professional fees and contracts (includes $12,573 of in-kind)	86,729	100,806	53,575	1,133	111,057	13,758	367,058	42,250	18,321	60,571	427,629
Bad debt expense	-	-	-	-	10,481	-	10,481	-	-	-	10,481
Supplies (includes $169,346 of in-kind)	45,498	38,814	21,651	579	163,441	8,106	278,089	13,207	150,987	164,194	442,283
Telephone	12,493	6,245	4,257	709	17,719	4,928	46,351	4,216	784	5,000	51,351
Postage and shipping	6,588	3,725	3,308	98	7,401	1,019	22,139	3,449	5,259	8,708	30,847
Occupancy (includes $369,864 of in-kind)	131,032	213,459	234,744	-	286,713	5,522	871,470	25,331	9,135	34,466	905,936
Rental and maintenance of equipment	-	1,631	2,056	-	1,023	668	5,378	-	9,330	9,330	14,708
Printing and publications	17,891	10,071	9,186	254	18,764	2,481	58,647	8,893	10,354	19,247	77,894
Local transportation	64,253	18,695	6,262	7,094	35,290	4,523	136,117	2,337	435	2,772	138,889
Continuing education	10,372	7,875	5,187	64	7,938	1,865	33,301	1,068	189	1,257	34,558
Advertising	5,824	6,463	6,642	83	11,966	2,362	33,340	2,676	2,241	4,917	38,257
Workshops	-	-	-	-	-	2,289	2,289	-	-	-	2,289
Interest	-	-	-	-	2,151	-	2,151	-	-	-	2,151
Insurance	6,542	3,598	3,300	98	6,256	960	20,754	3,442	639	4,081	24,835
Miscellaneous	821	556	384	11	913	162	2,847	252	47	299	3,146
Total before depreciation	1,975,088	1,381,800	1,465,078	22,928	1,601,162	447,586	6,893,642	929,855	564,240	1,494,095	8,387,737
Depreciation	107,157	58,926	54,058	1,608	144,979	16,936	383,664	56,354	10,474	66,828	450,492
Total expenses	$ 2,082,245	$ 1,440,726	$ 1,519,136	$ 24,536	$ 1,746,141	$ 464,522	$ 7,277,306	$ 986,209	$ 574,714	$ 1,560,923	$ 8,838,229

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, 2012

	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	Total Expenses
Salaries and wages	$ 1,281,093	$ 643,110	$ 895,792	$ 10,733	$ 753,125	$ 320,949	$ 3,904,802	$ 640,421	$ 277,521	$ 917,942	$ 4,822,744
Employee taxes and benefits	391,131	181,689	206,442	2,666	158,563	76,985	1,017,476	168,242	72,759	241,001	1,258,477
Total personnel costs	1,672,224	824,799	1,102,234	13,399	911,688	397,934	4,922,278	808,663	350,280	1,158,943	6,081,221
Professional fees and contracts (includes $28,600 of in-kind)	95,551	137,785	82,776	1,505	91,535	2,711	411,863	41,138	15,786	56,924	468,787
Bad debt expense	-	-	-	-	5,049	-	5,049	-	-	-	5,049
Supplies (includes $143,395 of in-kind)	46,633	39,800	23,485	683	141,687	9,770	262,058	14,401	108,270	122,671	384,729
Telephone	12,085	4,365	3,874	648	20,402	4,828	46,202	3,519	702	4,221	50,423
Postage and shipping	6,230	2,986	2,938	107	6,713	851	19,825	2,856	4,773	7,629	27,454
Occupancy (includes $369,864 of in-kind)	130,723	206,961	233,759	-	282,860	5,011	859,314	23,566	8,296	31,862	891,176
Rental and maintenance of equipment	80	5,175	3,834	1	3,436	1,041	13,567	37	7,686	7,723	21,290
Printing and publications	18,447	7,489	8,751	291	13,613	2,291	50,882	7,791	12,381	20,172	71,054
Local transportation	77,379	21,467	7,944	12,100	45,520	5,965	170,375	1,900	379	2,279	172,654
Continuing education	8,397	8,169	5,969	55	12,136	5,068	39,794	1,008	201	1,209	41,003
Advertising	8,084	4,374	9,429	120	9,932	2,527	34,466	3,114	4,796	7,910	42,376
Workshops	-	-	-	-	-	3,179	3,179	-	-	-	3,179
Interest	-	-	-	-	2,800	-	2,800	-	-	-	2,800
Insurance	6,910	2,924	3,270	-	10,181	935	24,220	3,182	634	3,816	28,036
Miscellaneous	4,855	1,510	2,298	83	2,636	657	12,039	2,804	446	3,250	15,289
Total before depreciation	2,087,598	1,267,804	1,490,561	28,992	1,560,188	442,768	6,877,911	913,979	514,630	1,428,609	8,306,520
Depreciation	120,617	51,041	57,085	2,074	160,295	19,441	410,553	55,533	11,071	66,604	477,157
Total expenses	$ 2,208,215	$ 1,318,845	$ 1,547,646	$ 31,066	$ 1,720,483	$ 462,209	$ 7,288,464	$ 969,512	$ 525,701	$ 1,495,213	$ 8,783,677

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, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 605,754	$ (829,653)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	450,492	477,157
Realized and unrealized (gain) loss on investments	(916,793)	570,842
Provision for uncollectible unconditional promises to give		
and accounts and grants receivable	(3,182)	(8,028)
Amortization of pledge discounts	(4,826)	1,157
Contributions restricted for long-term purposes	(50,000)	(250,000)
In-kind donations of property and equipment	(37,225)	(12,330)
Forgiveness of debt	(2,500)	(2,500)
Gain on sale of property and equipment	(4,250)	-
Changes in operating assets and liabilities:		
Promises to give	95,081	69,963
Accounts receivable	74,836	(165,740)
Prepaid expenses and other assets	(18,997)	7,736
Accounts payable	8,198	(15,124)
Accrued expenses	(3,286)	36,241
Deferred revenue	(70,666)	241,842
Net cash provided by operating activities	122,636	121,563
Cash flows from investing activities:		
Purchases of investments	(2,139,264)	(6,115,068)
Proceeds from sales of investments	2,070,442	6,113,888
Proceeds from sale of property and equipment	4,750	-
Purchases of property and equipment	(272,670)	(168,735)
Net cash used in investing activities	(336,742)	(169,915)
Cash flows from financing activities:		
Collection of contributions restricted for long-term purposes	175,000	125,000
Principal payments on long-term debt	(14,620)	(12,150)
Net cash provided by financing activities	160,380	112,850
Net (decrease) increase in cash and cash equivalents	(53,726)	64,498
Cash and cash equivalents, beginning of year	725,301	660,803
Cash and cash equivalents, end of year	$ 671,575	$ 725,301

Supplemental disclosures of cash flow information:

	2013	2012
Interest paid	$ 2,151	$ 2,800

The accompanying notes are an integral part of these financial statements

Achievement Centers For Children

Notes to Financial Statements

June 30, 2013 and 2012

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).

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, 2013 and 2012, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts of $4,633 and $4,364, 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.

The Organization recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

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.

Included in professional fees and contracts in the accompanying statements of functional expenses for the years ended June 30, 2013 and 2012 are investment management fees of $50,098 and $47,524, respectively.

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, 2013 and 2012, 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.

The Organization files its Federal Form 990 in the U.S. federal jurisdiction and a state registration at the office of the state’s attorney general for the State of Ohio. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

Advertising

The Organization expenses advertising costs as they are incurred.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 follow an investment policy statement as approved 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.

During fiscal 2013, the Organization changed its method of recording receivables and deferred revenues related to camp fees. The new methodology avoids, in most instances, a gross-up of receivable and deferred amounts that results from billing in advance of earning revenues. Management did not have information readily available to adjust fiscal 2012 balances to conform to the new methodology, however, there is no impact to net assets as of June 30, 2012.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 11, 2013, the date the financial statements were available to be issued.

Note 2: Unconditional Promises to Give

Unconditional promises to give due more than one year from the date of the promise are recorded at their fair value using estimated future cash flows, discounted at appropriate rates considering factors such as credit and market risks. The rate currently used is 4.25%. Amortization of the discount is credited to contribution revenue.

Pledges receivable consisted of the following as of June 30:

	2013	2012
Payable within one year	$ 714,433	$ 894,514
Payable in one to five years	-	40,000
Total pledges receivable	714,433	934,514
Less: discounts to net present value	-	(4,826)
Less: allowance for doubtful accounts	(19,061)	(22,512)
Unconditional promises to give, net	$ 695,372	$ 907,176

The allowance for doubtful accounts represents 10.75% and 12.75% of the United Way of Greater Cleveland's total gross donor-designated pledges at June 30, 2013 and 2012, respectively.

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2013 and 2012 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2013 and 2012, unconditional promises to give from related parties were $57,400 and $126,600, respectively. Contribution revenue from related parties for the years ended June 30, 2013 and 2012 was $298,673 and $652,868, 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. Voluntary employer contributions to the plan are 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. For the years ended June 30, 2013 and 2012, the amount of pension expense was $199,292 and $196,064, respectively.

Note 4: Property and Equipment

The following is a summary of property and equipment at June 30, 2013 and 2012:

	2013	2012
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,158,310	7,157,576
Furniture and equipment	1,802,050	1,787,258
Vehicles	155,184	110,757
Construction in progress	112,337	-
Leasehold improvements	4,234,874	4,192,715
	15,657,456	15,443,007
Less: accumulated depreciation	(6,533,840)	(6,178,294)
Property and equipment, net	$ 9,123,616	$ 9,264,713

As of June 30, 2013, construction in progress relates to an Electronic Data Management system which is being designed for the Organization. The Organization will reclassify these assets from construction in progress and begin to depreciate them upon final completion of the project.

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: 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.

Note 5: Fair Value Measurements (continued)

Financial assets consisted of the following at June 30, 2013 and 2012:

	Level 1	Level 2	Level 3	Total at June 30, 2013
Cash equivalents	$ 204,843	$ -	$ -	$ 204,843
Mutual funds:				
Equity	3,674,344	-	-	3,674,344
Fixed-income	1,587,384	-	-	1,587,384
Common/collective funds:				
Equity	-	2,559,623	-	2,559,623
Fixed-income	-	1,275,315	-	1,275,315
Alternative investment	-	-	915,668	915,668
Totals	$ 5,466,571	$ 3,834,938	$ 915,668	$ 10,217,177

	Level 1	Level 2	Level 3	Total at June 30, 2012
Cash equivalents	$ 415,863	$ -	$ -	$ 415,863
Mutual funds:				
Equity	3,400,399	-	-	3,400,399
Fixed-income	1,053,887	-	-	1,053,887
Common/collective funds:				
Equity	-	1,992,207	-	1,992,207
Fixed-income	-	1,534,705	-	1,534,705
Alternative investment	-	-	834,501	834,501
Totals	$ 4,870,149	$ 3,526,912	$ 834,501	$ 9,231,562

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, 2013 and 2012.

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 5: Fair Value Measurements (continued)

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 a semiannual basis, after an initial one year lockup, on June 30 or December 31, with written notice no later than 95 days before the date of the requested redemption. Redemptions are processed at the investment's net asset value on the date of requested redemption.

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 asset for the years ended June 30, 2013 and 2012:

	Alternative Investment
Balance, June 30, 2011	$ 833,750
Unrealized gain	751
Balance, June 30, 2012	$ 834,501
Unrealized gain	81,167
Balance, June 30, 2013	$ 915,668

Note 6: 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 $589,008 and $554,189 for the years ended June 30, 2013 and 2012, respectively, of which $369,864 represents donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 8).

Note 7: Long-Term Debt

The Organization has obtained a mortgage loan with a financial institution payable in monthly 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. 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, 2013 and 2012 was $46,113 and $60,733, respectively. The net book value of these properties included in the statements of financial position at June 30, 2013 and 2012 was $88,212 and $93,920, respectively.

Note 7: 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 40 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 each of the years ended June 30, 2013 and 2012, $2,500 was forgiven and recognized as revenue on the accompanying statements of activities. At June 30, 2013 and 2012, $90,000 and $92,500, respectively, was included in long-term debt on the accompanying statements of financial position.

Future minimum principal payments, excluding forgivable debt, are as follows for the years ending June 30:

2014	$ 14,580
2015	14,580
2016	14,580
2017	2,373
	$ 46,113

Note 8: Obligations under Leases

The Organization leases certain equipment for use in its operations pursuant to long-term leases and short-term agreements. Total lease and rental expenses were $25,731 and $23,315 during the years ended June 30, 2013 and 2012, respectively.

Future minimum lease payments are as follows for the years ending June 30:

2014	$ 10,464
2015	10,464
2016	10,464
2017	10,464
2018	10,464
Thereafter	2,616
	$ 54,936

Note 8: 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 the costs related to maintenance of the grounds during the term of the lease. Approximately 4,000 square feet of space was reserved for the Cuyahoga County Board of Developmental Disabilities' ("CCBDD") staff, for which the Organization was responsible for CCBDD's portion of the utilities expense. At June 30, 2013, CCBDD is no longer utilizing this space; however, the Organization continues to be responsible for the related utilities expense.

Note 9: 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 at June 30:

	2013	2012
Adapted football	$ -	$ 12,500
Camp services	6,060	6,640
Camp capital improvements	11,104	50,000
CCBDD Day Array start up	29,167	-
Early intervention services	45,000	75,000
Electronic data management system	31,930	106,712
Family services	12,449	8,043
General support	17,500	20,000
Highland playground improvement	4,451	-
I Can Bike	4,800	-
Infant massage video production	27,338	-
Mini bus	-	50,000
Therapy services	3,000	3,000
Therapeutic riding	6,277	-
Westlake facility	278	745
United Way of Greater Cleveland allocations – time and use restricted	446,082	446,082
United Way of Greater Cleveland designations – time restricted	137,502	140,045
	$ 782,938	$ 918,767

Note 9: Restriction on Assets (continued)

Net assets released from restriction for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Adapted aquatics	$ 580	$ -
Adapted sports	12,500	3,000
Camp capital improvements	38,896	-
Early intervention services	30,000	95,000
Electronic data management system	74,782	-
Family services	8,043	6,667
General support	10,000	10,000
Mini bus	50,000	-
Therapy services	3,000	53,000
Westlake facility	467	-
United Way of Greater Cleveland allocations – time and use restricted	446,082	463,612
United Way of Greater Cleveland designations – time restricted	140,045	128,792
	$ 814,395	$ 760,071

Note 10: 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 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 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.

Achievement Centers For Children

Notes to Financial Statements

June 30, 2013 and 2012

Note 10: Net Asset Classification of Endowment Funds (continued)

During the year ended June 30, 2013, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total
Investment return:			
Interest and dividends	$ 15,468	$ 228,560	$ 244,028
Net realized and unrealized gains	58,111	858,682	916,793
Total investment return	73,579	1,087,242	1,160,821
Contributions to perpetual endowment	-	57,444	57,444
Amounts appropriated for expenditure	(37,396)	(195,254)	(232,650)
Total change in endowment funds	$ 36,183	$ 949,432	$ 985,615

During the year ended June 30, 2012, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total
Investment return:			
Interest and dividends	$ 12,696	$ 187,608	$ 200,304
Net realized and unrealized losses	(36,183)	(534,659)	(570,842)
Total investment return	(23,487)	(347,051)	(370,538)
Amounts appropriated for expenditure	(12,696)	(186,428)	(199,124)
Total change in endowment funds	$ (36,183)	$ (533,479)	$ (569,662)

Achievement Centers For Children

Notes to Financial Statements

June 30, 2013 and 2012

Note 10: Net Asset Classification of Endowment Funds (continued)

Endowment Net Asset Composition
by type of Fund as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment funds	9,632,177	-	-	9,632,177
Total funds	$ 9,632,177	$ -	$ 585,000	$ 10,217,177

Endowment Net Asset Composition
by type of Fund as of June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (36,183)	$ -	$ 585,000	$ 548,817
Board-designated endowment funds	8,682,745	-	-	8,682,745
Total funds	$ 8,646,562	$ -	$ 585,000	$ 9,231,562

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 8,646,562	$ -	$ 585,000	$ 9,231,562
Investment return:				
Interest and dividends	228,560	15,468	-	244,028
Net realized and unrealized gains	894,865	21,928	-	916,793
Total investment return	1,123,425	37,396	-	1,160,821
Contributions to perpetual endowment	57,444	-	-	57,444
Appropriation of endowment assets for expenditure	(195,254)	(37,396)	-	(232,650)
Endowment net assets, end of year	$ 9,632,177	$ -	$ 585,000	$ 10,217,177

Note 10: Net Asset Classification of Endowment Funds (continued)

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 9,216,224	$ -	$ 585,000	$ 9,801,224
Investment return:				
Interest and dividends	187,608	12,696	-	200,304
Net realized and unrealized losses	(570,842)	-	-	(570,842)
Total investment return	(383,234)	12,696	-	(370,538)
Appropriation of endowment assets for expenditure	(186,428)	(12,696)	-	(199,124)
Endowment net assets, end of year	$ 8,646,562	$ -	$ 585,000	$ 9,231,562

	2013	2012
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	$ 548,817
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 $36,183 as of June 30, 2013 and 2012, respectively. The deficiency at June 30, 2012 resulted from unfavorable market fluctuations.

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 conducts a quarterly monitoring of the portfolio.

Note 10: Net Asset Classification of Endowment Funds (continued)

Return Objectives and Risk Parameters (continued)

Investment performance is measured against a custom benchmark consisting of results of 50% of the Russell 3000 Index, 15% MSCI All World ex-USA Index, 32% Barclays Capital Aggregate Index, and 3% 90-day Treasury Bills.

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 has 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 fiscal year-end average balance of the Endowment Fund.

Ciuni &
Panichi
CPAs and Business Advisors
Expect More®

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, in accordance with the 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, the financial statements of Achievement Centers for Children (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

To the Board of Directors of
Achievement Centers for Children

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni + Panichi, Inc.

Cleveland, Ohio
September 11, 2013