Achievement Centers for Children

Consolidated Financial Statements
June 30, 2017 and 2016

Ciuni &
Panichi
CPAs and Business Advisors
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Independent Auditor's Report

To the Board of Directors of
Achievement Centers for Children

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Achievement Centers for Children and its wholly-owned subsidiary (collectively, the "Organization") (a not for profit corporation), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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To the Board of Directors of
Achievement Centers for Children

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, 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 12, 2017, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
September 12, 2017

Achievement Centers for Children

Consolidated Statements of Financial Position

June 30, 2017 and 2016

Assets

	2017	2016
Current assets:		
Cash and cash equivalents	$ 167,489	$ 335,474
Promises to give, net	546,498	659,517
Accounts and grants receivable, net	1,012,254	991,817
Prepaid expenses and other assets	81,469	90,142
Total current assets	1,807,710	2,076,950
Long-term assets:		
Promises to give, net	20,347	-
Property and equipment, net	8,744,584	8,982,584
Deposits	880	880
Intangibles, net	1,013,100	-
Investments – Board-designated	12,178,842	10,929,732
Investments – restricted	585,000	585,000
Total long-term assets	22,542,753	20,498,196
	$ 24,350,463	$ 22,575,146

Liabilities and Net Assets

	2017	2016
Current liabilities:		
Current portion of long-term debt	$ -	$ 2,373
Line of credit	875,000	-
Accounts payable – trade	135,867	121,002
Accrued payroll and related expenses	344,515	281,550
Deferred revenue	472,257	405,221
Other accrued expenses	159,772	11,040
Total current liabilities	1,987,411	821,186
Long-term liabilities:		
Other accrued expenses	139,541	-
Long-term debt, net of current portion	80,000	82,500
Total long-term liabilities	219,541	82,500
Total liabilities	2,206,952	903,686
Net assets:		
Unrestricted:		
Undesignated	203,313	671,167
Net investment in property and equipment	8,664,584	8,897,711
Board-designated endowment	12,178,842	10,942,009
Total unrestricted	21,046,739	20,510,887
Temporarily restricted	511,772	575,573
Permanently restricted – F.J. O'Neill Endowment Fund	585,000	585,000
Total net assets	22,143,511	21,671,460
	$ 24,350,463	$ 22,575,146

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statement of Activities

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $528,939 of in-kind)	$ 1,083,905	$ 268,192	$ -	$ 1,352,097
Special events (includes $87,949 of in-kind)	874,661	-	-	874,661
Less: direct benefit to donor costs	(130,156)	-	-	(130,156)
United Way of Greater Cleveland – allocation	-	235,116	-	235,116
Donations – foundations & trusts	568,824	-	-	568,824
Grants – government	377,344	-	-	377,344
Total public support	2,774,578	503,308	-	3,277,886
Revenues:				
Fees for services	6,023,873	-	-	6,023,873
Other	49,561	-	-	49,561
Investment return designated for operations	79,308	-	-	79,308
Total revenues	6,152,742	-	-	6,152,742
Net assets released from restrictions	567,109	(567,109)	-	-
Total operating public support and revenues	9,494,429	(63,801)	-	9,430,628
Operating expenses:				
Program services:				
Social services to families and individuals	2,033,565	-	-	2,033,565
Education	1,479,241	-	-	1,479,241
General rehabilitation	2,469,420	-	-	2,469,420
Transportation	20,737	-	-	20,737
Recreation	2,317,145	-	-	2,317,145
Autism consulting	39,859	-	-	39,859
Total program services	8,359,967	-	-	8,359,967
Supporting services:				
Management and general	1,218,593	-	-	1,218,593
Fundraising	631,054	-	-	631,054
Total supporting services	1,849,647	-	-	1,849,647
Total operating expenses	10,209,614	-	-	10,209,614
Change in net assets from operations	(715,185)	(63,801)	-	(778,986)
Non-operating changes:				
Contributions for long-term purposes (includes $2,000 of in-kind)	2,000	-	-	2,000
Interest and dividends	189,130	-	-	189,130
Realized and unrealized gain on investments, net	1,207,867	-	-	1,207,867
Investment management fees	(68,579)	-	-	(68,579)
Investment return designated for operations	(79,308)	-	-	(79,308)
Loss on disposal of property and equipment	(73)	-	-	(73)
Total non-operating changes	1,251,037	-	-	1,251,037
Change in net assets – total	535,852	(63,801)	-	472,051
Net assets – beginning	20,510,887	575,573	585,000	21,671,460
Net assets – ending	$ 21,046,739	$ 511,772	$ 585,000	$ 22,143,511

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statement of Activities

For the year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $492,719 of in-kind)	$ 1,084,420	$ 143,592	$ -	$ 1,228,012
Special events (includes $79,805 of in-kind)	759,184	-	-	759,184
Less: direct benefit to donor costs	(130,447)	-	-	(130,447)
United Way of Greater Cleveland – allocation	-	306,202	-	306,202
Donations – foundations & trusts	293,405	37,000	-	330,405
Grants – government	369,584	7,760	-	377,344
Total public support	2,376,146	494,554	-	2,870,700
Revenues:				
Fees for services	5,593,634	-	-	5,593,634
Insurance proceeds (see Note 5)	126,759	-	-	126,759
Other	70,154	-	-	70,154
Investment return designated for operations	496,994	-	-	496,994
Total revenues	6,287,541	-	-	6,287,541
Net assets released from restrictions	578,548	(578,548)	-	-
Total operating public support and revenues	9,242,235	(83,994)	-	9,158,241
Operating expenses:				
Program services:				
Social services to families and individuals	1,965,540	-	-	1,965,540
Education	1,531,065	-	-	1,531,065
General rehabilitation	1,959,513	-	-	1,959,513
Transportation	19,475	-	-	19,475
Recreation	2,395,139	-	-	2,395,139
Autism consulting	124,793	-	-	124,793
Total program services	7,995,525	-	-	7,995,525
Supporting services:				
Management and general	1,146,132	-	-	1,146,132
Fundraising	582,443	-	-	582,443
Total supporting services	1,728,575	-	-	1,728,575
Total operating expenses	9,724,100	-	-	9,724,100
Change in net assets from operations	(481,865)	(83,994)	-	(565,859)
Non-operating changes:				
Contributions for long-term purposes (includes $18,500 of in-kind)	90,100	-	-	90,100
Interest and dividends	249,845	-	-	249,845
Realized and unrealized loss on investments, net	(476,012)	-	-	(476,012)
Investment management fees	(57,043)	-	-	(57,043)
Investment return designated for operations	(496,994)	-	-	(496,994)
Loss on disposal of property and equipment	-	-	-	-
Total non-operating changes	(690,104)	-	-	(690,104)
Change in net assets – total	(1,171,969)	(83,994)	-	(1,255,963)
Net assets – beginning	21,682,856	659,567	585,000	22,927,423
Net assets – ending	$ 20,510,887	$ 575,573	$ 585,000	$ 21,671,460

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statement of Functional Expenses

For the year ended June 30, 2017

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Education	General Rehabilitation	Transportation	Recreation	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,225,422	$ 818,886	$ 1,614,172	$ 6,968	$ 1,095,521	$ 25,244	$ 4,786,213	$ 821,783	$ 356,073	$ 1,177,856	$ 5,964,069
Employee taxes and benefits	366,056	238,765	362,289	1,088	222,516	4,830	1,195,544	226,681	98,262	324,943	1,520,487
Total personnel costs	1,591,478	1,057,651	1,976,461	8,056	1,318,037	30,074	5,981,757	1,048,464	454,335	1,502,799	7,484,556
Professional fees and contracts (includes $73,530 of in-kind)	76,151	66,257	85,523	636	122,953	283	351,803	39,886	28,593	68,479	420,282
Occupancy (includes $369,864 of in-kind) (see Note 7)	130,413	211,382	234,458	-	336,609	5,407	918,269	24,909	8,947	33,856	952,125
Supplies (includes $173,494 of in-kind)	51,779	42,191	39,521	514	255,813	838	390,656	28,893	225,806	254,699	645,355
Local transportation	52,534	12,595	5,246	10,020	35,257	465	116,117	2,606	619	3,225	119,342
Advertising	4,473	4,322	1,695	21	7,618	243	18,372	1,304	1,836	3,140	21,512
Printing and publications	10,166	7,751	8,121	110	12,788	303	39,239	6,692	11,553	18,245	57,484
Postage and shipping	2,613	1,646	2,095	29	5,051	38	11,472	1,727	1,668	3,395	14,867
Telephone	8,116	3,740	2,521	290	9,968	78	24,713	1,548	387	1,935	26,648
Rental and maintenance of equipment	-	2,119	1,512	-	80	-	3,711	-	12,428	12,428	16,139
Insurance	7,820	4,925	6,271	87	11,913	114	31,130	5,298	1,258	6,556	37,686
Continuing education	10,538	10,828	7,376	20	13,246	25	42,033	962	228	1,190	43,223
Workshops	-	-	-	-	-	749	749	-	-	-	749
Interest	-	-	7,348	-	12	-	7,360	382	-	382	7,742
Bad debt expense	4,123	769	979	14	1,902	18	7,805	-	-	-	7,805
Miscellaneous	826	1,080	1,375	19	2,313	25	5,638	-	276	276	5,914
Total before depreciation and amortization	1,951,030	1,427,256	2,380,502	19,816	2,133,560	38,660	7,950,824	1,162,671	747,934	1,910,605	9,861,429
Depreciation and amortization	82,535	51,985	88,918	921	183,585	1,199	409,143	55,922	13,276	69,198	478,341
	2,033,565	1,479,241	2,469,420	20,737	2,317,145	39,859	8,359,967	1,218,593	761,210	1,979,803	10,339,770
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	-	(130,156)	(130,156)	(130,156)
Total expenses	$ 2,033,565	$ 1,479,241	$ 2,469,420	$ 20,737	$ 2,317,145	$ 39,859	$ 8,359,967	$ 1,218,593	$ 631,054	$ 1,849,647	$ 10,209,614

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statement of Functional Expenses

For the year ended June 30, 2016

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Education	General Rehabilitation	Transportation	Recreation	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,163,221	$ 825,869	$ 1,213,181	$ 8,106	$ 1,048,924	$ 76,980	$ 4,336,281	$ 760,289	$ 329,492	$ 1,089,781	$ 5,426,062
Employee taxes and benefits	367,115	266,748	317,110	1,313	247,758	23,131	1,223,175	220,029	95,313	315,342	1,538,517
Total personnel costs	1,530,336	1,092,617	1,530,291	9,419	1,296,682	100,111	5,559,456	980,318	424,805	1,405,123	6,964,579
Professional fees and contracts (includes $7,716 of in-kind)	66,226	81,160	58,472	804	182,403	3,155	392,220	38,667	19,897	58,564	450,784
Occupancy (includes $369,864 of in-kind) (see Note 7)	128,380	207,414	229,868	-	329,782	5,267	900,711	24,330	8,716	33,046	933,757
Supplies (includes $194,944 of in-kind)	41,545	43,870	28,398	449	267,313	2,095	383,670	19,280	214,588	233,868	617,538
Local transportation	59,771	13,505	6,050	6,901	31,642	1,081	118,950	2,305	551	2,856	121,806
Advertising	6,634	5,203	3,966	61	17,122	280	33,266	3,073	3,246	6,319	39,585
Printing and publications	12,601	9,435	9,974	160	15,754	1,331	49,255	8,024	12,776	20,800	70,055
Postage and shipping	2,897	1,905	2,282	38	6,960	148	14,230	1,800	2,397	4,197	18,427
Telephone	8,626	4,506	3,494	322	13,639	1,118	31,705	2,338	664	3,002	34,707
Rental and maintenance of equipment	-	516	1,947	-	1,319	-	3,782	-	9,462	9,462	13,244
Insurance	7,706	5,067	6,061	101	13,509	394	32,838	5,049	1,208	6,257	39,095
Continuing education	10,237	6,309	7,464	36	13,489	527	38,062	1,609	385	1,994	40,056
Workshops	-	-	-	-	-	138	138	-	-	-	138
Interest	-	-	-	-	417	-	417	-	-	-	417
Bad debt expense	-	-	-	-	6,106	4,000	10,106	-	-	-	10,106
Miscellaneous	5,154	3,389	4,054	67	5,884	264	18,812	3,377	808	4,185	22,997
Total before depreciation and amortization	1,880,113	1,474,896	1,892,321	18,358	2,202,021	119,909	7,587,618	1,090,170	699,503	1,789,673	9,377,291
Depreciation and amortization	85,427	56,169	67,192	1,117	193,118	4,884	407,907	55,962	13,387	69,349	477,256
	1,965,540	1,531,065	1,959,513	19,475	2,395,139	124,793	7,995,525	1,146,132	712,890	1,859,022	9,854,547
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	-	(130,447)	(130,447)	(130,447)
Total expenses	$ 1,965,540	$ 1,531,065	$ 1,959,513	$ 19,475	$ 2,395,139	$ 124,793	$ 7,995,525	$ 1,146,132	$ 582,443	$ 1,728,575	$ 9,724,100

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statements of Cash Flows

For the years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 472,051	$ (1,255,963)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	478,341	477,256
Net realized and unrealized (gain) loss on investments	(1,207,867)	476,012
Provision for uncollectible promises to give and accounts and grants receivable	744	36,515
Pledge discounts to net present value	1,766	(5,990)
Contributions restricted for property and equipment	-	(71,600)
In-kind donations of property and equipment	(2,000)	(18,500)
Forgiveness of debt	(2,500)	(2,500)
Donated stock contributions	-	7,609
Loss on disposal of property and equipment	73	-
Changes in operating assets and liabilities:		
Promises to give	90,162	263,379
Accounts receivable	(20,437)	288,326
Prepaid expenses and other assets	8,673	(27,482)
Accounts payable	14,865	(36,374)
Accrued expenses	65,407	(182,641)
Deferred revenue	67,036	(105,435)
Net cash used by operating activities	(33,686)	(157,388)
Cash flows from investing activities:		
Acquisition of subsidiary	(750,000)	-
Purchases of investments	(23,129,328)	(3,853,938)
Proceeds from sales of investments	23,088,085	3,950,521
Purchases of property and equipment	(215,683)	(124,595)
Net cash used by investing activities	(1,006,926)	(28,012)
Cash flows from financing activities:		
Collection of contributions restricted for property and equipment	-	71,600
Net borrowings on line of credit	875,000	-
Principal payments on long-term debt	(2,373)	(14,580)
Net cash provided by financing activities	872,627	57,020
Net decrease in cash and cash equivalents	(167,985)	(128,380)
Cash and cash equivalents, beginning of year	335,474	463,854
Cash and cash equivalents, end of year	$ 167,489	$ 335,474

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Consolidated Statements of Cash Flows (continued)

For the years ended June 30, 2017 and 2016

		2017		2016
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	$	7,742	$	417
Non-cash investing and financing activities:				
Intangible assets financed through other accrued expenses	$	285,831	$	-

The accompanying notes are an integral part of these consolidated financial statements

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Organization and Operations

Achievement Centers for Children (ACC) 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. ACC operates from three sites in the Cleveland area. ACC offers education programs including a licensed school specializing in the education of children with autism; social work services including behavioral health and early childhood mental health; therapy services including speech, physical, and occupational; and an assortment of recreation programs including residential camp, day camp, therapeutic horsemanship, adapted aquatics, and adapted sports.

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

North Coast Therapy Associates LLC (NCTA) is a wholly-owned subsidiary of ACC. NCTA provides occupational and physical therapy services to students in Northern Ohio school districts.

Consolidation

The consolidated financial statements include the accounts of ACC and NCTA (collectively referred to as the "Organization"). All significant intra-entity balances and transactions have been eliminated in consolidation.

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 consolidated 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 consolidated 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.

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

> *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).

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the consolidated 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 consolidated 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 consolidated 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.

Note 1: Summary of Significant Accounting Policies (continued)

Accounts Receivable and Credit Policies (continued)

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 both June 30, 2017 and 2016, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts of $7,000.

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 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.

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 consolidated 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.

Note 1: Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their estimated fair values in the accompanying consolidated 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 consolidated statements of activities, unless donor-imposed restrictions over specific investment results exist, in which case, the investment results 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.

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 consolidated statements 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.

Intangible Assets

The Organization evaluates intangible assets for impairment on an annual basis. Upon measurement, any excess in carrying value over the estimated fair value is charged to results of operations. No impairment was recognized during fiscal 2017.

Note 1: Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

The intangible assets represent trade name and customer relationships, $217,525 and $818,306, respectively, related to the purchase of NCTA. The customer relationships are being amortized on the straight-line basis over twelve years. The trade name is not amortized since it is considered to have an indefinite life. Amortization expense was $22,731 and $-0-, for the years ended June 30, 2017 and 2016, respectively. Accumulated amortization at June 30, 2017 and 2016 was $22,731 and $-0-, respectively. The estimated aggregate amortization expense to be recognized in each of the succeeding five years ended June 30 and thereafter for contacts are as follows:

2018	$ 68,192
2019	68,192
2020	68,192
2021	68,192
2022	68,192
Thereafter	454,615
	$ 795,575

Income Tax Status

ACC 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 consolidated financial statements. NCTA is a single member LLC and is considered a disregarded entity for tax purposes. As such, the Organization files a consolidated Federal Form 990. NCTA's activity is considered in line with ACC's exempt purpose and therefore not subject to tax.

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 consolidated financial statements. As of June 30, 2017 and 2016, 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.

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 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 collected for program services (primarily camp fees) and special events that will be performed/held in a subsequent fiscal year.

Recent Accounting Pronouncements

In May 2015, the FASB amended ASC Topic 820, Fair Value Measurement, by removing the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient. This amendment is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Management elected to adopt the ASU effective June 30, 2017 and applied it retrospectively to the fiscal 2016 consolidated financial statements.

The FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities and Health Care Entities – Presentation of Financial Statements of Not-for-Profit Entities*. This ASU changes the current reporting requirements for nonprofit organizations and their required disclosures. The changes include: (a) requiring the presentation of only two classes of net assets, entitled "net assets without donor restriction" and "net assets with donor restrictions," (b) modifying the presentation and disclosures of underwater endowment funds, (c) requiring the use of the placed in service approach to recognize the releases from restriction for gifts utilized to acquire or construct long-lived assets, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes to the financial statements and to summarize the allocation methodologies utilized to allocate the costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity, and (g) modifying other financial statement reporting requirements and disclosures to enhance the usefulness of nonprofit financial statements. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The objective of this ASU is to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption of this ASU is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 12, 2017, the date the consolidated financial statements were available to be issued.

Note 2: Business Combination

North Coast Therapy Associates

ACC purchased NCTA, effective February 24, 2017. ACC anticipates it will be able to expand its services with the purchase of NCTA. The purchase price of $1,035,831 was allocated as follows:

Trade name	$ 217,525
Customer relationships	818,306
	$ 1,035,831

Note 2: Business Combination (continued)

The purchase price for NCTA was determined as follows:

Cash	$	750,000
Other accrued expenses (contingent purchase price)		285,831
	$	1,035,831

The contingent payments included in other accrued expenses payable are to the seller of NCTA. These payments were estimated based on projected future revenue levels factored into the contingent purchase price formula (based upon revenues generated) outlined in the purchase agreement. The seller is eligible to receive up to $500,000 in total contingent purchase price, payable in calendar years 2018 and 2019, based upon NCTA attaining stipulated revenue levels in calendar year 2017 and 2018. There is provision in the purchase agreement that if revenues of NCTA exceed $1,496,000 in both calendar 2017 and 2018, an additional bonus could be due the seller as provided for in a consulting agreement executed by the parties.

Note 3: Promises to Give

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

Pledges receivable consisted of the following as of June 30:

		2017		2016
Payable within one year	$	591,561	$	703,836
Payable within one to five years		22,113		-
Less: discount to net present value		(1,766)		-
Less: allowance for doubtful accounts		(45,063)		(44,319)
Promises to give, net	$	566,845	$	659,517

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2017 and 2016 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2017 and 2016, promises to give from related parties were $46,850 and $44,350, respectively. Contribution revenue from related parties for the years ended June 30, 2017 and 2016 was $682,600 and $619,625, respectively.

Note 4: Pension Plan

All employees 18 years of age and older with two 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, 2017 and 2016, the amount of pension expense was $261,183 and $359,125, respectively.

Note 5: Property and Equipment

The following is a summary of property and equipment, net, at June 30, 2017 and 2016:

	2017	2016
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,197,882	7,177,309
Leasehold improvements	5,104,890	5,031,581
Furniture and equipment	2,042,064	1,948,353
Vehicles	190,316	190,316
Construction in progress	29,340	-
	16,759,193	16,542,260
Less: accumulated depreciation	(8,014,609)	(7,559,676)
Property and equipment, net	$ 8,744,584	$ 8,982,584

The Organization operates camp facilities (Camp Cheerful) on property owned by the Cleveland Metropolitan Parks District (the "Parks District"). The agreement with the Parks District expires December 31, 2034. The Organization is required to pay for liability insurance. There are no required lease payments. The amount of lease payments cannot be reasonably estimated due to the unique nature of the leased property. Therefore, no amounts are recorded on the consolidated statements of activities for the years ended June 30, 2017 or 2016. At the end of the lease, all camp leasehold improvements revert to the lessor.

In May, 2014, costs were incurred by the Organization as a result of significant storm/water damage at the Organization's Strongsville Camp Cheerful site. During the years ended June 30, 2017 and 2016, the Organization received and recognized $-0- and $126,759, respectively, in insurance coverage for the water damage.

Note 6: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Cash – money market: Valued at cost, which approximates fair value.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Note 6: Fair Value Measurements (continued)

Common collective trust: Valued at the NAV of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. If the Organization initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Alternative investment: Valued at the NAV of units held within an investment company. The NAV, as provided by the investment company, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the investment company less its liabilities.

Financial assets consisted of the following at June 30, 2017 and 2016:

	Level 1	Level 2	Level 3	Total 2017
Investments in the fair value hierarchy:				
Cash equivalents	$ 335,337	$ -	$ -	$ 335,337
Common stocks:				
Consumer discretionary	107,657	-	-	107,657
Consumer staples	92,256	-	-	92,256
Energy	58,402	-	-	58,402
Financials	173,987	-	-	173,987
Health care	180,285	-	-	180,285
Industrials	94,448	-	-	94,448
Information technology	254,612	-	-	254,612
Materials	42,829	-	-	42,829
Real estate investment trust	40,126	-	-	40,126
Utilities	38,388	-	-	38,388
Mutual funds:				
Equity	8,933,126	-	-	8,933,126
Fixed-income	2,314,668	-	-	2,314,668
Total investments in the fair value hierarchy	$ 12,666,121	$ -	$ -	12,666,121
Investments measured at NAV:				
Alternative investment*				97,721
Total investments, at fair value				$ 12,763,842

Note 6: Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total 2016
Investments in the fair value hierarchy:				
Cash equivalents	$ 109,957	$ -	$ -	$ 109,957
Mutual funds:				
Equity	5,635,514	-	-	5,635,514
Fixed-income	974,468	-	-	974,468
Total investments in the fair value hierarchy	$ 6,719,939	$ -	$ -	6,719,939
Investments measured at NAV:				
Common/collective funds:				
Equity*				3,208,764
Fixed-income*				1,082,273
Alternative investment*				503,756
Total investments, at fair value				$ 11,514,732

*In accordance with the "Fair Value Measurement" topic of the FASB ASC, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Note 6: Fair Value Measurements (continued)

The following tables summarize investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2017 and 2016, respectively.

June 30, 2017	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PA Stable Value Fund, Ltd.	$ 97,721	N/A	Semi-annually**	95 days**

June 30, 2016	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PA Stable Value Fund, Ltd.	$ 503,756	N/A	Semi-annually	95 days
Key Bank Charitable Small Cap Fund	457,030	N/A	Daily	N/A
Key Bank Charitable Mid Cap Fund	727,305	N/A	Daily	N/A
Key Bank Charitable Focused Large Cap Growth Fund	947,892	N/A	Daily	N/A
Key Bank Charitable International Equity Fund	1,076,537	N/A	Daily	N/A
Key Bank Charitable TIPS Fund	63,796	N/A	Daily	N/A
Key Bank Charitable Income Fund	1,018,477	N/A	Daily	N/A

**During fiscal 2017, the Organization requested redemption of their investment in the PA Stable Value Fund, Ltd. The full amount of the investment had not been redeemed as of June 30, 2017 due to hold-back provisions in the investment agreement. Management estimates that it will receive the remaining proceeds from the redemption of this investment in fiscal 2018.

Note 7: Donated Materials and Services

All significant donated materials and services are recorded by the Organization at their estimated fair 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 $618,888 and $591,024 for the years ended June 30, 2017 and 2016, respectively, of which $369,864 in each year represents donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 10), $173,494 and $194,944 for the years ended June 30, 2017 and 2016, respectively, related to donated supplies for operations and special events, and $73,530 and $7,716 for the years ended June 30, 2017 and 2016, respectively, related to pro bono legal services provided for the Organization in relation to the acquisition of NCTA. Additionally, during fiscal 2017 and 2016, the Organization received $2,000 and $18,500, respectively, in donated property and equipment.

Note 8: Line of Credit

On February 23, 2017, ACC entered into a line of credit agreement with KeyBank National Association in order to fund the purchase of NCTA as well as to provide funds for the Organization's working capital needs. The line of credit has a maximum principal amount for $1,200,000. The agreement allows ACC to elect from three different interest rates at the time funds are drawn. ACC selected the one-month LIBOR rate plus a margin of 1.5% (2.73% at June 30, 2017) for a $750,000 draw. ACC selected the overnight LIBOR rate plus a margin of 1.5% (2.67% at June 30, 2017) for a $125,000 draw. The maturity date of the line of credit is March 1, 2018. The line of credit is secured by ACC's investments. ACC is subject to various financial and non-financial covenants under this line of credit. At June 30, 2017 the line of credit had a balance of $875,000.

Note 9: 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 matured 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, 2017 and 2016 was $-0- and $2,373, respectively. The net book value of these properties included in the consolidated statements of financial position at June 30, 2017 and 2016 was $71,144 and $77,181, respectively.

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, 2017 and 2016, $2,500 was forgiven and recognized as revenue on the accompanying consolidated statements of activities. At June 30, 2017 and 2016, $80,000 and $82,500, respectively, was included in long-term debt on the accompanying consolidated statements of financial position.

Note 10: 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, excluding donated rent, were $22,420 and $19,022 during the years ended June 30, 2017 and 2016, respectively.

Note 10: Obligations under Leases (continued)

Future minimum lease payments under noncancelable leases with terms greater than one year are as follows for the years ending June 30:

2018	$ 10,464
2019	2,616
	$ 13,080

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. The estimated fair market value of the lease exceeds the amount charged to the Organization by $369,864 each year. This amount is included within "donations" on the consolidated statements of activities as in-kind revenue, and within "occupancy" on the consolidated statements of functional expenses as in-kind expense.

Note 11: 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:

	2017	2016
Adapted football	$ -	$ 37,000
Associate Board	829	-
Camp cheerful renovations	25,000	-
Camp services	6,471	3,142
Family services	-	7,738
General support	8,914	9,310
Help Me Grow	2,760	7,760
I Can Bike	17,113	13,470
NCTA	95,342	-
Therapy services	-	75,000
Westlake facility	278	278
United Way of Greater Cleveland allocations – time and use restricted	235,116	306,202
United Way of Greater Cleveland designations – time restricted	119,949	115,673
	$ 511,772	$ 575,573

Note 11: Restriction on Assets (continued)

Net assets released from restriction for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Adapted football	$ 37,000	$ 25,000
Camp services	82	-
Family services	-	6,799
General support	17,048	9,520
Help Me Grow	5,000	-
I Can Bike	11,104	5,668
Therapy services	75,000	75,000
United Way of Greater Cleveland allocations – time and use restricted	306,202	328,030
United Way of Greater Cleveland designations – time restricted	115,673	128,531
	$ 567,109	$ 578,548

Note 12: 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. 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 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 Consolidated Financial Statements

June 30, 2017 and 2016

Note 12: Net Asset Classification of Endowment Funds (continued)

During the year ended June 30, 2017, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Fund	Board-Designated Endowment Fund	Total
Investment return:			
Interest and dividends	$ 9,300	$ 179,830	$ 189,130
Net realized and unrealized gains	59,393	1,148,474	1,207,867
Total investment return	68,693	1,328,304	1,396,997
Contributions to perpetual endowment	-	-	-
Investment management fees	-	(68,579)	(68,579)
Amounts appropriated for expenditure	(56,416)	(22,892)	(79,308)
Total change in endowment funds	$ 12,277	$ 1,236,833	$ 1,249,110

During the year ended June 30, 2016, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Fund	Board-Designated Endowment Fund	Total
Investment return:			
Interest and dividends	$ 13,562	$ 236,283	$ 249,845
Net realized and unrealized losses	(25,839)	(450,173)	(476,012)
Total investment return	(12,277)	(213,890)	(226,167)
Contributions to perpetual endowment	-	200,000	200,000
Investment management fees	-	(57,043)	(57,043)
Amounts appropriated for expenditure	-	(496,994)	(496,994)
Total change in endowment funds	$ (12,277)	$ (567,927)	$ (580,204)

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

Note 12: Net Asset Classification of Endowment Funds (continued)

Endowment Net Asset Composition
by type of Fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment fund	12,178,842	-	-	12,178,842
Total funds	$ 12,178,842	$ -	$ 585,000	$ 12,763,842

Endowment Net Asset Composition
by type of Fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ (12,277)	$ -	$ 585,000	$ 572,723
Board-designated endowment fund	10,942,009	-	-	10,942,009
Total funds	$ 10,929,732	$ -	$ 585,000	$ 11,514,732

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 10,929,732	$ -	$ 585,000	$ 11,514,732
Investment return:				
Interest and dividends	179,830	9,300	-	189,130
Net realized and unrealized gains	1,160,751	47,116	-	1,207,867
Total investment return	1,340,581	56,416	-	1,396,997
Contributions to perpetual endowment	-	-	-	-
Investment management fees	(68,579)	-	-	(68,579)
Appropriation of endowment assets for expenditure	(22,892)	(56,416)	-	(79,308)
Endowment net assets, end of year	$ 12,178,842	$ -	$ 585,000	$ 12,763,842

Note 12: Net Asset Classification of Endowment Funds (continued)

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 11,509,936	$ -	$ 585,000	$ 12,094,936
Investment return:				
Interest and dividends	236,283	13,562	-	249,845
Net realized and unrealized losses	(462,450)	(13,562)	-	(479,012)
Total investment return	(226,167)	-	-	(226,167)
Contributions to perpetual endowment	200,000	-	-	200,000
Investment management fees	(57,043)	-	-	(57,043)
Appropriation of endowment assets for expenditure	(496,994)	-	-	(496,994)
Endowment net assets, end of year	$ 10,929,732	$ -	$ 585,000	$ 11,514,732

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 $12,277 as of June 30, 2016. The deficiency at June 30, 2016 resulted from unfavorable market fluctuations that occurred during the fiscal year. There were no such deficiencies at June 30, 2017.

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 12: 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 U.S. 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 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.

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 consolidated financial statements of Achievement Centers for Children and its wholly-owned subsidiary (collectively, the "Organization") (a not for profit corporation), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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.

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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 the Organization's consolidated 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 consolidated 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 12, 2017