Achievement Centers for Children

Financial Statements
June 30, 2015 and 2014

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, 2015 and 2014, 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.

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, 2015 and 2014, 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 10, 2015, 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 10, 2015

Achievement Centers for Children

Statements of Financial Position

June 30, 2015 and 2014

Assets

	2015	2014
Current assets:		
Cash and cash equivalents	$ 463,854	$ 506,512
Investments	11,509,936	11,975,196
Promises to give, net	884,799	391,507
Accounts and grants receivable, net	1,279,755	1,106,530
Prepaid expenses and other assets	61,660	60,901
Total current assets	14,200,004	14,040,646
Long-term assets:		
Promises to give, net	69,010	-
Property and equipment, net	9,316,745	9,013,710
Deposits	1,880	1,880
Investments – restricted	585,000	585,000
Total long-term assets	9,972,635	9,600,590
	$ 24,172,639	$ 23,641,236

Liabilities and Net Assets

	2015	2014
Current liabilities:		
Current portion of long-term debt	$ 14,580	$ 14,580
Accounts payable – trade	157,376	428,884
Accrued payroll and related expenses	446,016	416,284
Deferred revenue	510,656	565,517
Other accrued expenses	29,215	27,873
Total current liabilities	1,157,843	1,453,138
Long-term debt, net of current portion	87,373	104,453
Total liabilities	1,245,216	1,557,591
Net assets:		
Unrestricted:		
Undesignated	958,128	273,822
Net investment in property and equipment	9,214,792	8,894,677
Board-designated endowment	11,509,936	11,975,196
Total unrestricted	21,682,856	21,143,695
Temporarily restricted	659,567	354,950
Permanently restricted – F.J. O'Neill Endowment Fund	585,000	585,000
Total net assets	22,927,423	22,083,645
	$ 24,172,639	$ 23,641,236

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $654,773 of in-kind)	$ 1,323,611	$ 151,400	$ -	$ 1,475,011
Special events (includes $99,869 of in-kind)	855,352	-	-	855,352
Less: direct benefit to donor costs	(123,884)	-	-	(123,884)
United Way of Greater Cleveland – allocation	194,000	328,030	-	522,030
Donations – foundations & trusts	343,521	175,000	-	518,521
Grants – government	429,037	-	-	429,037
Total public support	3,021,637	654,430	-	3,676,067
Revenues:				
Fees for services	5,481,960	-	-	5,481,960
Insurance proceeds (see Note 4)	73,726	-	-	73,726
Other	106,770	-	-	106,770
Investment return designated for operations	850,416	-	-	850,416
Total revenues	6,512,872	-	-	6,512,872
Net assets released from restrictions	331,988	(331,988)	-	-
Total operating public support and revenues	9,866,497	322,442	-	10,188,939
Operating expenses:				
Program services:				
Social services to families and individuals	1,785,035	-	-	1,785,035
Child development	1,527,782	-	-	1,527,782
General rehabilitation	1,838,877	-	-	1,838,877
Transportation	20,859	-	-	20,859
Recreation	2,316,573	-	-	2,316,573
Autism consulting	173,746	-	-	173,746
Total program services	7,662,872	-	-	7,662,872
Supporting services:				
Management and general	1,081,269	-	-	1,081,269
Fundraising	566,736	-	-	566,736
Total supporting services	1,648,005	-	-	1,648,005
Total operating expenses	9,310,877	-	-	9,310,877
Change in net assets from operations	555,620	322,442	-	878,062
Non-operating changes:				
Contributions for long-term purposes (includes $154,081 of in-kind)	578,767	-	-	578,767
Interest and dividends	389,964	-	-	389,964
Realized and unrealized loss on investments, net	(152,599)	-	-	(152,599)
Investment return designated for operations	(850,416)	-	-	(850,416)
Net assets released from restrictions	17,825	(17,825)	-	-
Total non-operating changes	(16,459)	(17,825)	-	(34,284)
Change in net assets – total	539,161	304,617	-	843,778
Net assets – beginning	21,143,695	354,950	585,000	22,083,645
Net assets – ending	$ 21,682,856	$ 659,567	$ 585,000	$ 22,927,423

The accompanying notes are an integral part of these financial statements

Achievement Centers for Children

Statement of Activities

For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $475,298 of in-kind)	$ 2,026,350	$ 121,551	$ -	$ 2,147,901
Special events (includes $125,036 of in-kind)	951,623	-	-	951,623
Less: direct benefit to donor costs	(138,464)	-	-	(138,464)
United Way of Greater Cleveland – allocation	-	167,378	-	167,378
Donations – foundations & trusts	401,570	25,000	-	426,570
Grants – government	472,995	-	-	472,995
Total public support	3,714,074	313,929	-	4,028,003
Revenues:				
Fees for services	4,775,342	-	-	4,775,342
Insurance proceeds	150,000	-	-	150,000
Other	106,859	-	-	106,859
Investment return designated for operations	712,533	-	-	712,533
Total revenues	5,744,734	-	-	5,744,734
Net assets released from restrictions	709,257	(709,257)	-	-
Total operating public support and revenues	10,168,065	(395,328)	-	9,772,737
Operating expenses:				
Program services:				
Social services to families and individuals	1,565,528	-	-	1,565,528
Child development	1,614,561	-	-	1,614,561
General rehabilitation	1,785,693	-	-	1,785,693
Transportation	19,535	-	-	19,535
Recreation	2,177,384	-	-	2,177,384
Autism consulting	344,430	-	-	344,430
Total program services	7,507,131	-	-	7,507,131
Supporting services:				
Management and general	1,087,770	-	-	1,087,770
Fundraising	603,164	-	-	603,164
Total supporting services	1,690,934	-	-	1,690,934
Total operating expenses	9,198,065	-	-	9,198,065
Change in net assets from operations	970,000	(395,328)	-	574,672
Non-operating changes:				
Contributions for long-term purposes (includes $40,016 of in-kind)	40,016	-	-	40,016
Interest and dividends	258,023	-	-	258,023
Realized and unrealized gain on investments, net	1,537,225	-	-	1,537,225
Investment return designated for operations	(712,533)	-	-	(712,533)
Net assets released from restrictions	32,660	(32,660)	-	-
Total non-operating changes	1,155,391	(32,660)	-	1,122,731
Change in net assets – total	2,125,391	(427,988)	-	1,697,403
Net assets – beginning	19,018,304	782,938	585,000	20,386,242
Net assets – ending	$ 21,143,695	$ 354,950	$ 585,000	$ 22,083,645

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, 2015

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Child Development	General Rehabilitation	Transportation	Recreation	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,069,621	$ 819,615	$ 1,152,799	$ 8,538	$ 936,586	$ 115,802	$ 4,102,961	$ 736,601	$ 319,193	$ 1,055,794	$ 5,158,755
Employee taxes and benefits	296,217	240,402	252,726	1,154	192,038	26,410	1,008,947	174,189	75,481	249,670	1,258,617
Total personnel costs	1,365,838	1,060,017	1,405,525	9,692	1,128,624	142,212	5,111,908	910,790	394,674	1,305,464	6,417,372
Professional fees and contracts (includes $23,138 of in-kind)	68,554	96,837	63,814	924	155,983	6,887	392,999	44,430	19,471	63,901	456,900
Occupancy (includes $369,864 of in-kind) (see Note 6)	128,570	208,441	230,261	-	299,898	5,334	872,504	24,573	8,827	33,400	905,904
Supplies (includes $361,640 of in-kind)	41,033	43,910	29,502	461	433,544	4,097	552,547	17,490	102,956	120,446	672,993
Local transportation	54,993	15,561	5,682	7,581	33,446	2,326	119,589	2,567	435	3,002	122,591
Advertising	6,820	7,021	6,380	93	23,572	1,417	45,303	4,471	1,706	6,177	51,480
Printing and publications	11,544	10,290	9,515	157	15,148	1,902	48,556	7,818	11,957	19,775	68,331
Postage and shipping	3,539	2,726	2,905	52	6,948	252	16,422	2,585	3,121	5,706	22,128
Telephone	8,524	5,416	3,919	597	13,678	1,551	33,685	2,937	498	3,435	37,120
Rental and maintenance of equipment	-	4,478	1,190	-	446	-	6,114	220	12,311	12,531	18,645
Insurance	6,287	4,843	5,162	92	11,298	448	28,130	4,600	780	5,380	33,510
Continuing education	10,590	7,576	10,372	55	9,737	1,196	39,526	2,216	375	2,591	42,117
Workshops	-	-	-	-	-	187	187	-	-	-	187
Interest	-	-	-	-	1,007	-	1,007	-	-	-	1,007
Bad debt expense	1,121	863	920	16	177	80	3,177	-	-	-	3,177
Miscellaneous	838	655	688	12	2,001	60	4,254	409	102	511	4,765
Total before depreciation	1,708,251	1,468,634	1,775,835	19,732	2,135,507	167,949	7,275,908	1,025,106	557,213	1,582,319	8,858,227
Depreciation	76,784	59,148	63,042	1,127	181,066	5,797	386,964	56,163	9,523	65,686	452,650
Total expenses	$ 1,785,035	$ 1,527,782	$ 1,838,877	$ 20,859	$ 2,316,573	$ 173,746	$ 7,662,872	$ 1,081,269	$ 566,736	$ 1,648,005	$ 9,310,877

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, 2014

	Program Services							Supporting Services			
	Social Services to Families and Individuals	Child Development	General Rehabilitation	Transportation	Recreation	Autism Consulting	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 906,586	$ 893,919	$ 1,107,805	$ 7,983	$ 857,796	$ 229,429	$ 4,003,518	$ 743,220	$ 322,274	$ 1,065,494	$ 5,069,012
Employee taxes and benefits	264,791	242,155	253,028	1,104	185,683	65,185	1,011,946	175,586	75,876	251,462	1,263,408
Total personnel costs	1,171,377	1,136,074	1,360,833	9,087	1,043,479	294,614	5,015,464	918,806	398,150	1,316,956	6,332,420
Professional fees and contracts	50,797	84,793	46,947	704	119,338	8,802	311,381	36,039	18,391	54,430	365,811
Occupancy (includes $369,864 of in-kind) (see Note 6)	131,095	212,534	234,782	-	499,045	5,439	1,082,895	25,232	9,000	34,232	1,117,127
Supplies (includes $230,470 of in-kind)	29,962	46,716	28,855	410	244,356	5,036	355,335	17,675	133,056	150,731	506,066
Local transportation	43,630	17,973	8,310	7,104	28,384	5,703	111,104	2,892	642	3,534	114,638
Advertising	28,164	6,527	5,490	68	12,694	1,527	54,470	3,448	3,046	6,494	60,964
Printing and publications	9,235	9,039	8,375	139	11,097	2,819	40,704	7,309	11,913	19,222	59,926
Postage and shipping	3,253	3,118	2,915	50	7,077	541	16,954	2,628	2,490	5,118	22,072
Telephone	8,369	6,570	5,193	660	17,164	4,198	42,154	4,188	970	5,158	47,312
Rental and maintenance of equipment	-	2,290	3,567	-	1,926	-	7,783	603	10,092	10,695	18,478
Insurance	5,010	4,829	4,588	80	11,335	793	26,635	4,210	935	5,145	31,780
Continuing education	9,430	11,228	6,528	45	12,526	815	40,572	2,077	461	2,538	43,110
Workshops	-	-	-	-	-	1,282	1,282	-	-	-	1,282
Interest	-	-	-	-	1,599	-	1,599	-	-	-	1,599
Bad debt expense	522	842	929	-	5,432	23	7,748	99	36	135	7,883
Miscellaneous	722	740	652	12	-	812	2,938	390	173	563	3,501
Total before depreciation	1,491,566	1,543,273	1,717,964	18,359	2,015,452	332,404	7,119,018	1,025,596	589,355	1,614,951	8,733,969
Depreciation	73,962	71,288	67,729	1,176	161,932	12,026	388,113	62,174	13,809	75,983	464,096
Total expenses	$ 1,565,528	$ 1,614,561	$ 1,785,693	$ 19,535	$ 2,177,384	$ 344,430	$ 7,507,131	$ 1,087,770	$ 603,164	$ 1,690,934	$ 9,198,065

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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 843,778	$ 1,697,403
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	452,650	464,096
Realized and unrealized loss (gain) on investments	152,599	(1,537,225)
Provision for uncollectible promises to give and accounts and grants receivable	1,633	(10,523)
Pledge discounts to net present value	5,990	-
Contributions restricted for property and equipment	(424,686)	-
In-kind donations of property and equipment	(154,081)	(40,016)
Forgiveness of debt	(2,500)	(2,500)
Donated stock contributions	36,294	-
Changes in operating assets and liabilities:		
Promises to give	(567,170)	314,388
Accounts receivable	(175,980)	(270,796)
Prepaid expenses and other assets	(759)	3,331
Accounts payable	(271,508)	183,414
Accrued expenses	31,074	4,462
Deferred revenue	(54,861)	76,326
Net cash (used) provided by operating activities	(127,527)	882,360
Cash flows from investing activities:		
Purchases of investments	(1,631,639)	(5,043,638)
Proceeds from sales of investments	1,908,006	4,237,844
Purchases of property and equipment	(601,604)	(227,049)
Net cash used in investing activities	(325,237)	(1,032,843)
Cash flows from financing activities:		
Collection of contributions restricted for property and equipment	424,686	-
Principal payments on long-term debt	(14,580)	(14,580)
Net cash provided (used) by financing activities	410,106	(14,580)
Net decrease in cash and cash equivalents	(42,658)	(165,063)
Cash and cash equivalents, beginning of year	506,512	671,575
Cash and cash equivalents, end of year	$ 463,854	$ 506,512
Non-cash investing and finance activity:		
Increase in accounts payable related to the acquisition of property and equipment	$ -	$ 87,125
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,007	$ 1,599

The accompanying notes are an integral part of these financial statements

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

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

Basis of Presentation

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

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

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

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

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

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

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

Note 1: Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

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, 2015 and 2014, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts of $7,388, and $4,633, 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 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. During 2014, the Organization received a conditional promise to give in the amount of $100,000 to be used for the construction and operation of the new multi-purpose building at Camp Cheerful. The commitment to the Organization was contingent upon 2:1 matching requirements. During the year ended June 30, 2015, the Organization met the matching requirements and recognized revenues of $100,000 related to this conditional promise. As of June 30, 2015, all amounts due under this promise were collected.

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.

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 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, 2015 and 2014 are investment management fees of $58,684 and $54,534, respectively.

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, 2015 and 2014, 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.

Note 1: Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

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 2012.

Advertising

The Organization expenses advertising costs as they are incurred.

Concentrations of Credit Risk

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

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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 10, 2015, the date the financial statements were available to be issued.

Note 2: Promises to Give

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 (4.25% at June 30, 2015). Amortization of the discount is credited to contribution revenue.

Pledges receivable consisted of the following as of June 30:

	2015	2014
Payable within one year	$ 892,215	$ 400,045
Payable in greater than one year	75,000	-
	967,215	400,045
Less: discount to net present value	(5,990)	-
Less: allowance for doubtful accounts	(7,416)	(8,538)
Promises to give, net	$ 953,809	$ 391,507

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2015 and 2014 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2015 and 2014, promises to give from related parties were $28,400 and $50,625, respectively. Contribution revenue from related parties for the years ended June 30, 2015 and 2014 was $492,085 and $407,735, respectively.

Note 3: 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, 2015 and 2014, the amount of pension expense was $222,323 and $219,783, respectively.

During the year ended June 30, 2015, the Organization underwent an IRS audit of its 403(b) plan. The IRS audit is still in process and the Organization is responding to the initial findings of the IRS. While the potential for liability exists dependent upon the final results of the audit, management is unable to reasonably estimate the amount of such exposure but does not believe it to be material to the financial position of the Organization.

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

Note 4: Property and Equipment

The following is a summary of property and equipment, net, at June 30, 2015 and 2014:

	2015	2014
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,166,407	7,160,110
Leasehold improvements	4,986,415	4,355,824
Furniture and equipment	1,864,945	1,687,191
Vehicles	199,830	156,479
Construction in progress	-	102,308
	16,412,298	15,656,613
Less: accumulated depreciation	(7,095,553)	(6,642,903)
Property and equipment, net	$ 9,316,745	$ 9,013,710

Construction in progress is comprised of the following as of June 30:

	2015	2014
Electronic Data Management System	$ -	$ 60,700
Clubhouse building – Camp Cheerful	-	41,608
Construction in progress	$ -	$ 102,308

The Organization operates 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.

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. Included in the "leasehold improvements" line item in the summary of property equipment above are $178,460 in additions relating to replacement of capital items necessitated by the water damage. An additional $210,508 was expensed during the year ended June 30, 2014 relating primarily to the clean-up costs, which are included in "occupancy" on the fiscal year 2014 statement of functional expenses. The Organization filed a claim under its insurance coverage and recognized $150,000 in insurance proceeds that had been secured subsequent to June 30, 2014 and prior to issuance of the fiscal 2014 financial statements. These proceeds were included in account receivable at June 30, 2014. During the year ended June 30, 2015, the Organization received and recognized an additional $73,726 in insurance coverage for the water damage. Additionally the Organization, along with local municipalities, is pursuing further cost relief through the Federal Emergency Management Agency.

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

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 or liability and are based on the best available information, which has been internally developed.

Financial assets consisted of the following at June 30, 2015 and 2014:

	Level 1	Level 2	Level 3	Total 2015
Cash equivalents	$ 267,930	$ -	$ -	$ 267,930
Mutual funds:				
Equity	5,464,445	-	-	5,464,445
Fixed-income	1,131,403	-	-	1,131,403
Common/collective funds:				
Equity	-	3,213,139	-	3,213,139
Fixed-income	-	946,470	-	946,470
Alternative investment	-	-	1,071,549	1,071,549
Totals	$ 6,863,778	$ 4,159,609	$ 1,071,549	$ 12,094,936

	Level 1	Level 2	Level 3	Total 2014
Cash equivalents	$ 174,583	$ -	$ -	$ 174,583
Mutual funds:				
Equity	5,595,315	-	-	5,595,315
Fixed-income	1,189,915	-	-	1,189,915
Common/collective funds:				
Equity	-	3,677,413	-	3,677,413
Fixed-income	-	959,300	-	959,300
Alternative investment	-	-	963,670	963,670
Totals	$ 6,959,813	$ 4,636,713	$ 963,670	$ 12,560,196

Note 5: Fair Value Measurements (continued)

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, 2015 and 2014.

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.

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, 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, 2015 and 2014:

	Alternative Investment
Balance, June 30, 2013	$ 915,668
Unrealized gain	48,002
Balance, June 30, 2014	$ 963,670
Unrealized gain	107,879
Balance, June 30, 2015	$ 1,071,549

Note 6: 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 $908,723 and $640,350 for the years ended June 30, 2015 and 2014, respectively, of which $369,864 in each year represents donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 8), and $23,138 for the year ended June 30, 2015 related to pro bono legal services provided for the Organization in relation to a potential business expansion opportunity.

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, 2015 and 2014 was $16,953 and $31,533, respectively. The net book value of these properties included in the statements of financial position at June 30, 2015 and 2014 was $77,057 and $82,561, 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, 2015 and 2014, $2,500 was forgiven and recognized as revenue on the accompanying statements of activities. At June 30, 2015 and 2014, $85,000 and $87,500, 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:

2016	$ 14,580
2017	2,373
	$ 16,953

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, excluding donated rent, were $22,775 and $20,605 during the years ended June 30, 2015 and 2014, respectively.

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

2016	$ 10,464
2017	10,464
2018	10,464
2019	2,616
	$ 34,008

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

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. 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 statements of activities as in-kind revenue, and within "occupancy" on the statements of functional expenses as in-kind 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:

	2015	2014
Adapted football	$ 25,000	$ 25,000
Camp capital improvements	-	10,374
Camp services	3,060	6,060
Early intervention services	-	15,000
Family services	6,799	7,858
General support	9,520	-
Highland playground improvement	-	4,451
I Can Bike	8,349	5,468
Therapy services	150,000	3,000
Westlake facility	278	278
United Way of Greater Cleveland allocations – time and use restricted	328,030	167,378
United Way of Greater Cleveland designations – time restricted	128,531	110,083
	$ 659,567	$ 354,950

Note 9: Restriction on Assets (continued)

Net assets released from restriction for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Adapted sports	$ 25,000	$ -
Camp capital improvements	10,374	730
Camp services	3,000	-
CCBDD Day Array start-up	-	29,167
Early intervention services	15,000	30,000
Electronic data management system	-	31,930
Family services	6,059	7,591
General support	-	16,500
Highland playground improvement	4,451	-
I Can Bike program	5,468	4,800
Infant massage video production	-	27,338
Special events – A Most Excellent Race	-	1,000
Therapeutic riding	-	6,277
Therapy services	3,000	3,000
United Way of Greater Cleveland allocations – time and use restricted	167,378	446,082
United Way of Greater Cleveland designations – time restricted	110,083	137,502
	$ 349,813	$ 741,917

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. 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:

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

(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.

During the year ended June 30, 2015, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Fund	Board-Designated Endowment Fund	Total
Investment return:			
Interest and dividends	$ 20,766	$ 369,198	$ 389,964
Net realized and unrealized losses	(8,126)	(144,473)	(152,599)
Total investment return	12,640	224,725	237,365
Contributions to perpetual endowment	-	147,791	147,791
Amounts appropriated for expenditure	(12,640)	(837,776)	(850,416)
Total change in endowment funds	$ -	$ (465,260)	$ (465,260)

During the year ended June 30, 2014, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Fund	Board-Designated Endowment Fund	Total
Investment return:			
Interest and dividends	$ 13,852	$ 244,171	$ 258,023
Net realized and unrealized gains	82,526	1,454,699	1,537,225
Total investment return	96,378	1,698,870	1,795,248
Contributions to perpetual endowment	-	1,260,304	1,260,304
Amounts appropriated for expenditure	(96,378)	(616,155)	(712,533)
Total change in endowment funds	$ -	$ 2,343,019	$ 2,343,019

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

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

Endowment Net Asset Composition
by type of Fund as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment fund	11,509,936	-	-	11,509,936
Total funds	$ 11,509,936	$ -	$ 585,000	$ 12,094,936

Endowment Net Asset Composition
by type of Fund as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment fund	11,975,196	-	-	11,975,196
Total funds	$ 11,975,196	$ -	$ 585,000	$ 12,560,196

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 11,975,196	$ -	$ 585,000	$ 12,560,196
Investment return:				
Interest and dividends	369,198	20,766	-	389,964
Net realized and unrealized losses	(144,473)	(8,126)	-	(152,599)
Total investment return	224,725	12,640	-	237,365
Contributions to perpetual endowment	147,791	-	-	147,791
Appropriation of endowment assets for expenditure	(837,776)	(12,640)	-	(850,416)
Endowment net assets, end of year	$ 11,509,936	$ -	$ 585,000	$ 12,094,936

Achievement Centers For Children

Notes to Financial Statements

June 30, 2015 and 2014

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

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 9,632,177	$ -	$ 585,000	$ 10,217,177
Investment return:				
Interest and dividends	244,171	13,852	-	258,023
Net realized and unrealized gains	1,454,699	82,526	-	1,537,225
Total investment return	1,698,870	96,378	-	1,795,248
Contributions to perpetual endowment	1,260,304	-	-	1,260,304
Appropriation of endowment assets for expenditure	(616,155)	(96,378)	-	(712,533)
Endowment net assets, end of year	$ 11,975,196	$ -	$ 585,000	$ 12,560,196

	2015	2014
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	$ 585,000
Total endowment funds classified as permanently restricted net assets	$ 585,000	$ 585,000

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.

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.

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

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. Certain amounts above the stated spending policy were appropriated in fiscal 2015, as approved by the Organization's Board of Directors, to address cash flow needs arising from unusual circumstances occurring near the end of fiscal 2014 (e.g. water damage at camp).

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, 2015, 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 10, 2015.

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.

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.

Cleveland, Ohio
September 10, 2015