Achievement Centers for Children

Consolidated Financial Statements
June 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

Correction of Error

As discussed in Note 14 to the consolidated financial statements, certain omissions resulting in an understatement of previously reported beneficial interests in perpetual trusts, gains associated with those trusts, and beginning and ending net assets as of and for the year ended June 30, 2017, were discovered by management of the Organization during the current year. Accordingly, amounts reported for beneficial interests in perpetual trusts, gains associated with those trusts, and beginning and ending net assets have been restated in the fiscal 2017 consolidated financial statements now presented. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, 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 13, 2018

Achievement Centers for Children

Consolidated Statements of Financial Position

June 30, 2018 and 2017

Assets

	2018	2017
Current assets:		
Cash and cash equivalents	$ 463,086	$ 167,489
Promises to give, net	498,290	546,498
Accounts and grants receivable, net	965,007	1,012,254
Prepaid expenses and other assets	88,599	81,469
Total current assets	2,014,982	1,807,710
Long-term assets:		
Promises to give, net	92,013	20,347
Property and equipment, net	8,427,309	8,744,584
Deposits	624	880
Intangibles, net	1,093,361	1,013,100
Beneficial interests in trusts	833,515	811,149
Investments – Board-designated	11,730,754	12,178,842
Investments – restricted	585,000	585,000
Total long-term assets	22,762,576	23,353,902
	$ 24,777,558	$ 25,161,612

Liabilities and Net Assets

	2018	2017
Current liabilities:		
Line of credit	$ 750,000	$ 875,000
Accounts payable – trade	191,734	135,867
Accrued payroll and related expenses	313,795	344,515
Deferred revenue	391,591	472,257
Other accrued expenses	232,769	159,772
Total current liabilities	1,879,889	1,987,411
Long-term liabilities:		
Other accrued expenses	-	139,541
Forgivable mortgage	77,500	80,000
Total long-term liabilities	77,500	219,541
Total liabilities	1,957,389	2,206,952
Net assets:		
Unrestricted:		
Undesignated	779,162	203,313
Net investment in property and equipment	8,349,809	8,664,584
Board-designated endowment	11,730,754	12,178,842
Total unrestricted	20,859,725	21,046,739
Temporarily restricted, as restated (Note 14)	679,349	643,482
Permanently restricted, as restated (Note 14)	1,281,095	1,264,439
Total net assets	22,820,169	22,954,660
	$ 24,777,558	$ 25,161,612

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, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating public support and revenues:				
Public support:				
Donations (includes $478,652 of in-kind)	$ 977,007	$ 102,161	$ -	$ 1,079,168
Special events (includes $120,391 of in-kind)	926,691	-	-	926,691
Less: direct benefit to donor costs	(134,421)	-	-	(134,421)
United Way of Greater Cleveland – allocation	-	143,609	-	143,609
Donations – foundations & trusts	577,250	258,159	-	835,409
Grants – government	377,834	-	-	377,834
Total public support	2,724,361	503,929	-	3,228,290
Revenues:				
Fees for services	6,810,455	-	-	6,810,455
Other	144,830	-	-	144,830
Investment return designated for operations	1,288,575	-	-	1,288,575
Total revenues	8,243,860	-	-	8,243,860
Net assets released from restrictions	473,772	(473,772)	-	-
Total operating public support and revenues	11,441,993	30,157	-	11,472,150
Operating expenses:				
Program services:				
Social services to families and individuals	1,987,181	-	-	1,987,181
Education	1,480,833	-	-	1,480,833
General rehabilitation	3,429,166	-	-	3,429,166
Transportation	17,898	-	-	17,898
Recreation	2,341,334	-	-	2,341,334
Autism consulting	9,074	-	-	9,074
Total program services	9,265,486	-	-	9,265,486
Supporting services:				
Management and general	1,245,267	-	-	1,245,267
Fundraising	697,273	-	-	697,273
Total supporting services	1,942,540	-	-	1,942,540
Total operating expenses	11,208,026	-	-	11,208,026
Change in net assets from operations	233,967	30,157	-	264,124
Non-operating changes:				
Contributions for long-term purposes (includes $27,107 of in-kind)	27,107	-	-	27,107
Change in value of beneficial interests in trusts	-	5,710	16,656	22,366
Interest and dividends	226,267	-	-	226,267
Realized and unrealized gain on investments, net	672,010	-	-	672,010
Investment management fees	(57,790)	-	-	(57,790)
Investment return designated for operations	(1,288,575)	-	-	(1,288,575)
Loss on disposal of property and equipment	-	-	-	-
Total non-operating changes	(420,981)	5,710	16,656	(398,615)
Change in net assets – total	(187,014)	35,867	16,656	(134,491)
Net assets – beginning	21,046,739	643,482	1,264,439	22,954,660
Net assets – ending	$ 20,859,725	$ 679,349	$ 1,281,095	$ 22,820,169

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	526,470	-	-	526,470
Grants – government	377,344	-	-	377,344
Total public support	2,732,224	503,308	-	3,235,532
Revenues:				
Fees for services	6,023,873	-	-	6,023,873
Other	91,915	-	-	91,915
Investment return designated for operations	79,308	-	-	79,308
Total revenues	6,195,096	-	-	6,195,096
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
Change in value of beneficial interests in trusts	-	4,358	33,099	37,457
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	4,358	33,099	1,288,494
Change in net assets – total	535,852	(59,443)	33,099	509,508
Net assets – beginning, as restated (Note 14)	20,510,887	702,925	1,231,340	22,445,152
Net assets – ending, as restated (Note 14)	$ 21,046,739	$ 643,482	$ 1,264,439	$ 22,954,660

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, 2018

	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	$ 1,229,216	$ 852,689	$ 2,283,002	$ 7,594	$ 1,094,837	$ 1,906	$ 5,469,244	$ 858,705	$ 390,105	$ 1,248,810	$ 6,718,054
Employee taxes and benefits	378,203	228,394	449,584	1,157	235,374	352	1,293,064	248,055	107,447	355,502	1,648,566
Total personnel costs	1,607,419	1,081,083	2,732,586	8,751	1,330,211	2,258	6,762,308	1,106,760	497,552	1,604,312	8,366,620
Professional fees and contracts (includes $17,672 of in-kind)	42,382	52,727	123,396	395	98,066	3	316,969	24,263	18,122	42,385	359,354
Occupancy (includes $369,864 of in-kind) (see Note 7)	134,178	217,484	243,100	-	361,421	5,563	961,746	25,629	9,205	34,834	996,580
Supplies (includes $211,507 of in-kind)	34,595	37,703	42,272	358	251,713	112	366,753	17,801	260,775	278,576	645,329
Local transportation	46,793	12,729	7,139	7,059	40,009	47	113,776	2,448	701	3,149	116,925
Advertising	7,798	3,499	2,582	19	12,010	159	26,067	1,159	1,294	2,453	28,520
Printing and publications	8,964	7,564	11,751	95	11,582	179	40,135	6,057	13,638	19,695	59,830
Postage and shipping	2,647	1,859	3,792	29	6,979	3	15,309	1,864	2,692	4,556	19,865
Telephone	9,040	3,243	3,841	282	8,646	306	25,358	1,370	440	1,810	27,168
Rental and maintenance of equipment	-	3,195	1,381	-	413	-	4,989	524	11,275	11,799	16,788
Insurance	6,647	4,699	9,015	75	11,156	8	31,600	4,737	1,321	6,058	37,658
Continuing education	13,838	3,426	6,434	17	14,866	2	38,583	781	218	999	39,582
Workshops	-	-	-	-	-	346	346	-	-	-	346
Interest	-	-	29,393	-	-	-	29,393	-	-	-	29,393
Bad debt expense	-	-	-	-	32,526	-	32,526	-	-	-	32,526
Miscellaneous	1,215	958	41,655	14	991	1	44,834	796	222	1,018	45,852
Total before depreciation and amortization	1,915,516	1,430,169	3,258,337	17,094	2,180,589	8,987	8,810,692	1,194,189	817,455	2,011,644	10,822,336
Depreciation and amortization	71,665	50,664	170,829	804	160,745	87	454,794	51,078	14,239	65,317	520,111
	1,987,181	1,480,833	3,429,166	17,898	2,341,334	9,074	9,265,486	1,245,267	831,694	2,076,961	11,342,447
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	-	(134,421)	(134,421)	(134,421)
Total expenses	$ 1,987,181	$ 1,480,833	$ 3,429,166	$ 17,898	$ 2,341,334	$ 9,074	$ 9,265,486	$ 1,245,267	$ 697,273	$ 1,942,540	$ 11,208,026

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 Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (134,491)	$ 509,508
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	520,111	478,341
Net realized and gain on investments	(672,010)	(1,207,867)
Provision for uncollectible promises to give and accounts and grants receivable	(32,526)	744
Pledge discounts to net present value	6,221	1,766
In-kind donations of property and equipment	(27,107)	(2,000)
Forgiveness of debt	(2,500)	(2,500)
Loss on disposal of property and equipment	-	73
Change in value of beneficial interests in trusts	(22,366)	(37,457)
Changes in operating assets and liabilities:		
Promises to give	2,847	90,162
Accounts receivable	47,247	(20,437)
Prepaid expenses and other assets	(6,874)	8,673
Accounts payable	48,982	14,865
Accrued expenses	(97,264)	65,407
Deferred revenue	(80,666)	67,036
Net cash used by operating activities	(450,396)	(33,686)
Cash flows from investing activities:		
Acquisition of subsidiary	(153,897)	(750,000)
Purchases of investments	(2,060,964)	(23,129,328)
Proceeds from sales of investments	3,181,062	23,088,085
Purchases of property and equipment	(95,208)	(215,683)
Net cash provided (used) by investing activities	870,993	(1,006,926)
Cash flows from financing activities:		
Net (repayments) borrowings on line of credit	(125,000)	875,000
Principal payments on long-term debt	-	(2,373)
Net cash (used) provided by financing activities	(125,000)	872,627
Net increase (decrease) in cash and cash equivalents	295,597	(167,985)
Cash and cash equivalents, beginning of year	167,489	335,474
Cash and cash equivalents, end of year	$ 463,086	$ 167,489

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, 2018 and 2017

		2018		2017
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	$	29,393	$	7,742
Non-cash investing and financing activities:				
Intangible assets financed through other accrued expenses	$	153,897	$	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, 2018 and 2017

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, gains or losses on the disposal of property and equipment, investment earnings (including interest and dividends, and realized and unrealized investment gains or losses), and changes in the value of beneficial interests in trusts.

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, 2018 and 2017, 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.

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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 2018 or 2017.

Note 1: Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

The intangible assets represent trade name and customer relationships, $249,843 and $939,885, respectively, related to the purchase of NCTA. The intangible assets were revalued at their one-year anniversary date (during fiscal 2018), resulting in an increase of $32,318 and $121,579, respectively. 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 $73,636 and $22,731, for the years ended June 30, 2018 and 2017, respectively. Accumulated amortization at June 30, 2018 and 2017 was $96,367 and $22,731, 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:

2019	$ 79,080
2020	79,080
2021	79,080
2022	79,080
2023	79,080
Thereafter	448,118
	$ 843,518

Beneficial Interests in Trusts

ACC holds beneficial interests in perpetual trusts. ACC records its share of the fair market value of such trusts as long-term assets and either temporarily or permanently restricted contribution revenue at the date it is notified of its interest in such trusts. As ACC receives distributions from these trusts, it records the distributions as other income. The other income is classified as either unrestricted or temporarily restricted in accordance with the terms of the trust agreement. Changes in the fair value of ACC's beneficial interest in perpetual trusts are recorded as either temporarily or permanently restricted gains/losses in the accompanying consolidated statements of activities under the caption "change in value of beneficial interests in trusts."

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 income tax.

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

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, 2018 and 2017, 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.

Concentrations of Credit Risk

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

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 and accounts and grants receivable is limited due to the number and credit worthiness of the foundations, corporations, individuals, and governmental units that comprise the funder 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.

Note 1: Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

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 (f) 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.

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.

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange transactions subject to the guidance issued under ASU 2014-09. This ASU gives further guidance related to when a contribution is deemed to be conditional such that recognition of revenue should be delayed until conditions are substantially met. This ASU is effective for fiscal years beginning after December 15, 2018 for recipients of funds and for fiscal years beginning after December 15, 2019 for resource providers. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its 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 13, 2018, 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 $1,189,728 was allocated as follows:

Trade name	$ 249,843
Customer relationships	939,885
	$ 1,189,728

The purchase price for NCTA was determined as follows:

Cash	$ 750,000
First contingent payment	219,728
Other accrued expenses (contingent purchase price)	220,000
	$ 1,189,728

Note 2: Business Combination (continued)

The second contingent payment included in other accrued expenses payable is to the seller of NCTA. This payment was 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. During the year ended June 30, 2018, $219,728 in contingent payment was paid to the seller.

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:

	2018	2017
Payable within one year	$ 516,405	$ 591,561
Payable within one to five years	100,000	22,113
Less: discount to net present value	(7,987)	(1,766)
Less: allowance for doubtful accounts	(18,115)	(45,063)
Promises to give, net	$ 590,303	$ 566,845

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2018 and 2017 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2018 and 2017, promises to give from related parties were $20,955 and $46,850, respectively. Contribution revenue from related parties for the years ended June 30, 2018 and 2017 was $536,540 and $682,600, 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, 2018 and 2017, the amount of pension expense was $280,474 and $261,183, respectively.

Note 5: Property and Equipment

The following is a summary of property and equipment, net, at June 30, 2018 and 2017:

	2018	2017
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,224,306	7,197,882
Leasehold improvements	5,165,299	5,104,890
Furniture and equipment	2,104,158	2,042,064
Vehicles	190,316	190,316
Construction in progress	7,426	29,340
	16,886,206	16,759,193
Less: accumulated depreciation	(8,458,897)	(8,014,609)
Property and equipment, net	$ 8,427,309	$ 8,744,584

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 value of the lease facilities 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, 2018 or 2017. At the end of the lease, all camp leasehold improvements revert to the lessor.

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.

Note 6: Fair Value Measurements (continued)

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, 2018 and 2017.

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.

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.

Beneficial interests in trusts: The beneficial interests in trusts are held by third-parties and contain a mix of investments, including cash, mutual funds, exchange-traded funds, and a common/collective trust. Valued at the daily closing price as reported by the funds.

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 6: Fair Value Measurements (continued)

Financial assets consisted of the following at June 30, 2018 and 2017:

	Level 1	Level 2	Level 3	Total 2018
Investments in the fair value hierarchy:				
Cash equivalents	$ 90,438	$ -	$ -	$ 90,438
Common stocks:				
Consumer discretionary	154,676	-	-	154,676
Consumer staples	77,403	-	-	77,403
Energy	43,951	-	-	43,951
Financials	172,412	-	-	172,412
Health care	153,053	-	-	153,053
Industrials	98,382	-	-	98,382
Information technology	290,384	-	-	290,384
Materials	44,612	-	-	44,612
Real estate investment trust	25,190	-	-	25,190
Telecommunication	11,672	-	-	11,672
Utilities	39,409	-	-	39,409
Mutual funds:				
Equity	8,709,733	-	-	8,709,733
Fixed-income	2,386,597	-	-	2,386,597
Beneficial interests in trusts	-	513,778	319,737	833,515
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 12,297,912	$ 513,778	$ 319,737	13,131,427
Investments measured at NAV:				
Alternative investment*				17,842
Total investments and beneficial interests in trusts, at fair value				$ 13,149,269

Note 6: Fair Value Measurements (continued)

	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
Beneficial interests in trusts	-	505,599	305,550	811,149
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 12,666,121	$ 505,599	$ 305,550	13,477,270
Investments measured at NAV:				
Alternative investment*				97,721
Total investments and beneficial interests in trusts, at fair value				$ 13,574,991

*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, 2018 and 2017, respectively.

June 30, 2018		Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PA Stable Value Fund, Ltd.	$	17,842	N/A	Semi-annually**	95 days**

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**

**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, 2018 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 2019.

The table below sets forth a summary of the changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2018 and 2017:

Balance, June 30, 2016	$	289,725
Purchases		4,268
Administrative expenses		(2,924)
Unrealized gains at June 30, 2017		14,481
Balance, June 30, 2017		305,550
Purchases		5,709
Administrative expenses		(3,929)
Unrealized gains at June 30, 2018		12,407
Balance, June 30, 2018	$	319,737

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 $626,150 and $618,888 for the years ended June 30, 2018 and 2017, 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), $211,507 and $173,494 for the years ended June 30, 2018 and 2017, respectively, related to donated supplies for operations and special events, and $17,672 and $73,530 for the years ended June 30, 2018 and 2017, respectively, related to pro bono legal services provided for the Organization in relation to the acquisition of NCTA, personnel issues and policy. Additionally, during fiscal 2018 and 2017, the Organization received $27,107 and $2,000, 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 of $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% (3.58% and 2.73% at June 30, 2018 and 2017, respectively) 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 was extended to March 1, 2019. 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. The line of credit had a balance of $750,000 and $875,000 for the years ended June 30, 2018 and 2017, respectively.

Note 9: Forgivable Mortgage

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, 2018 and 2017, $2,500 was forgiven and recognized as revenue on the accompanying consolidated statements of activities. At June 30, 2018 and 2017, $77,500 and $80,000, 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 $21,739 and $22,420 during the years ended June 30, 2018 and 2017, respectively.

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

2019	$	2,616

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: Beneficial Interests in Trusts

ACC's beneficial interest in trusts include two separate perpetual trust funds that have been instructed to provide ACC with the unrestricted use of ACC's portion of the trusts' income in accordance with the trusts' documents. ACC has an irrevocable right to receive the income from the trusts' assets in perpetuity. ACC's share of the trusts' assets, which had a market value on June 30, 2018 and 2017 of $696,095 and $679,439, respectively, are included in the accompanying consolidated statements of financial position within beneficial interest in trusts and permanently restricted net assets. The trusts' investments are managed by external trustees designated by the donors. As such, ACC does not control the allocation of the trusts' investments.

ACC also has beneficial interest in a trust that has been instructed to provide ACC with the unrestricted use of ACC's portion of the trust's income in accordance with the trust's documents. ACC has an irrevocable right to receive the income from the trusts' assets for the term of the trust agreement. Upon death of the designated beneficiary, the assets of the trust will be distributed to ACC over a period of ten years. ACC's share of the trust's assets, which had a market value on June 30, 2018 and 2017 of $137,420 and $131,710, respectively, are included in the accompanying consolidated statements of financial position within beneficial interest in trusts and temporarily restricted net assets. The trust's investments are managed by an external trustee designated by the donor. As such, ACC does not control the allocation of the trust's investments.

Note 12: Restriction on Assets

Permanently restricted net assets are comprised of the following at June 30:

		2018		2017
F.J. O'Neill Charitable Corporation endowment	$	585,000	$	585,000
Beneficial interests in trusts		696,095		679,439
	$	1,281,095	$	1,264,439

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.

The Organization also has beneficial interests in two perpetual trusts. The income from one of the trusts is to be utilized for the improvement, maintenance, and operation of Camp Cheerful. The income from the remaining trust may be utilized at the Organization's discretion.

Temporarily restricted net assets are available for the following purposes at June 30:

		2018		2017
Adapted football	$	37,000	$	-
Associate Board		1,381		829
Camp cheerful renovations		-		25,000
Camp services		6,471		6,471
General support		8,586		8,914
Help Me Grow		2,760		2,760
Highland playground equipment		12,574		-
I Can Bike		23,174		17,113
IT support		10,000		-
NCTA		22,113		95,342
Therapy services		200,000		-
Westlake facility		278		278
United Way of Greater Cleveland allocations – time and use restricted		143,609		235,116
United Way of Greater Cleveland designations – time restricted		73,983		119,949
Beneficial interest in trust		137,420		131,710
	$	679,349	$	643,482

Note 12: Restriction on Assets (continued)

Net assets released from restriction for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Adapted football	$ -	$ 37,000
Camp cheerful renovations	25,000	-
Camp services	-	82
General support	8,914	17,048
Help Me Grow	-	5,000
I Can Bike	11,564	11,104
NCTA	73,229	-
Therapy services	-	75,000
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
	$ 473,772	$ 567,109

Note 13: 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 of Ohio's enacted version of the Uniform Prudent Management of Institutional Fund Act (UPMIFA) 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 UPMIFA, 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, 2018 and 2017

Note 13: Net Asset Classification of Endowment Funds (continued)

During the year ended June 30, 2018, the Organization had the following endowment related activities:

	Donor-Restricted Endowment Fund	Board-Designated Endowment Fund	Total
Investment return:			
Interest and dividends	$ 11,856	$ 214,411	$ 226,267
Net realized and unrealized gains	35,214	636,796	672,010
Total investment return	47,070	851,207	898,277
Investment management fees	-	(57,790)	(57,790)
Amounts appropriated for expenditure	(47,070)	(1,241,505)	(1,288,575)
Total change in endowment funds	$ -	$ (448,088)	$ (448,088)

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
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

Achievement Centers for Children

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 13: Net Asset Classification of Endowment Funds (continued)

Endowment Net Asset Composition
by type of Fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ -	$ -	$ 585,000	$ 585,000
Board-designated endowment fund	11,730,754	-	-	11,730,754
Total funds	$ 11,730,754	$ -	$ 585,000	$ 12,315,754

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

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 12,178,842	$ -	$ 585,000	$ 12,763,842
Investment return:				
Interest and dividends	214,411	11,856	-	226,267
Net realized and unrealized gains	636,796	35,214	-	672,010
Total investment return	851,207	47,070	-	898,277
Investment management fees	(57,790)	-	-	(57,790)
Appropriation of endowment assets for expenditure	(1,241,505)	(47,070)	-	(1,288,575)
Endowment net assets, end of year	$ 11,730,754	$ -	$ 585,000	$ 12,315,754

Note 13: Net Asset Classification of Endowment Funds (continued)

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
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

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.

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.

Note 13: Net Asset Classification of Endowment Funds (continued)

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. During fiscal year 2018 the Board of Directors allowed an additional 5% to be distributed.

Note 14: Prior Period Adjustment

During fiscal 2018, management determined that it had beneficial interests in trusts that had previously been omitted from the consolidated financial statements. Previously, the Organization had been receiving distributions from the trusts and recognizing such distributions as donation revenue in its consolidated financial statements. Upon identification of the beneficial interests in trusts, management recorded a prior period adjustment to correct the omission.

The prior period adjustment recorded by ACC effected the following consolidated financial statement elements as of and for the year ended June 30, 2017:

	As Previously Reported	Adjustments	As Restated
Beneficial interests in trusts	$ -	$ 811,149	$ 811,149
Temporarily restricted net assets, beginning	575,573	127,352	702,925
Temporarily restricted net assets, ending	511,772	131,710	643,482
Permanently restricted net assets, beginning	585,000	646,340	1,231,340
Permanently restricted net assets, ending	585,000	679,439	1,264,439
Net assets – total, beginning	21,671,460	773,692	22,445,152
Net assets – total, ending	22,143,511	811,149	22,954,660
Change in value of beneficial interests in trusts	-	37,457	37,457
Change in net assets – temporarily restricted	(63,801)	4,358	(59,443)
Change in net assets – permanently restricted	-	33,099	33,099
Change in net assets – total	472,051	37,457	509,508