Achievement Centers for Children

Consolidated Financial Statements
June 30, 2020 and 2019

Ciuni &
Panichi
CPAs and Business Advisors

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Independent Auditor's Report

To the Board of Directors of
Achievement Centers for Children

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Achievement Centers for Children and its wholly-owned subsidiary (collectively, the "Organization") (a not for profit corporation), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020, 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 10, 2020

Achievement Centers for Children

Consolidated Statements of Financial Position

June 30, 2020 and 2019

Assets

	2020	2019
Current assets:		
Cash and cash equivalents	$ 1,177,751	$ 668,520
Promises to give, net	273,480	348,391
Accounts and grants receivable, net	815,650	998,517
Prepaid expenses and other assets	89,432	93,273
Total current assets	2,356,313	2,108,701
Long-term assets:		
Property and equipment, net	7,831,225	8,113,266
Deposits	880	880
Intangibles, net	935,202	1,014,281
Beneficial interests in trusts	735,691	783,684
Investments – Board-designated	10,558,406	10,832,014
Investments – restricted	634,339	635,000
Total long-term assets	20,695,743	21,379,125
	$ 23,052,056	$ 23,487,826

Liabilities and Net Assets

	2020	2019
Current liabilities:		
Line of credit	$ -	$ 750,000
Accounts payable – trade	66,774	152,834
Accrued payroll and related expenses	327,426	353,969
Deferred revenue	103,727	346,348
Other accrued expenses	7,243	5,987
Refundable advance (Note 1)	1,207,132	-
Total current liabilities	1,712,302	1,609,138
Long-term liabilities:		
Forgivable mortgage	72,500	75,000
Total liabilities	1,784,802	1,684,138
Net assets:		
Without donor restrictions:		
Undesignated	1,194,396	1,205,697
Net investment in property and equipment	7,758,725	8,038,266
Board-designated endowment	10,558,406	10,832,014
Total net assets without donor restrictions	19,511,527	20,075,977
With donor restrictions	1,755,727	1,727,711
Total net assets	21,267,254	21,803,688
	$ 23,052,056	$ 23,487,826

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support and revenues:			
Public support:			
Donations (includes $571,049 of in-kind)	$ 1,173,889	$ 82,888	$ 1,256,777
Special events (includes $91,168 of in-kind)	797,518	-	797,518
Less: direct benefit to donor costs	(127,806)	-	(127,806)
United Way of Greater Cleveland – allocation	-	40,500	40,500
Donations – foundations & trusts	779,502	238,082	1,017,584
Grants – government	316,928	-	316,928
Total public support	2,940,031	361,470	3,301,501
Revenues:			
Fees for services	6,668,784	-	6,668,784
Other	542,738	-	542,738
Investment return designated for operations	193,579	-	193,579
Total revenues	10,345,132	361,470	10,706,602
Net assets released from restrictions	297,767	(297,767)	-
Total operating public support and revenues	10,642,899	63,703	10,706,602
Operating expenses:			
Program services:			
Social services to families and individuals	1,763,615	-	1,763,615
Education	1,654,812	-	1,654,812
General rehabilitation	3,440,203	-	3,440,203
Transportation	17,041	-	17,041
Recreation	2,298,129	-	2,298,129
Total program services	9,173,800	-	9,173,800
Supporting services:			
Management and general	1,180,291	-	1,180,291
Fundraising	650,618	-	650,618
Total supporting services	1,830,909	-	1,830,909
Total operating expenses	11,004,709	-	11,004,709
Change in net assets from operations	(361,810)	63,703	(298,107)
Non-operating changes:			
Contributions for long-term purposes	70,968	-	70,968
Change in value of beneficial interests in trusts	-	(35,026)	(35,026)
Investment return, net	(80,029)	(661)	(80,690)
Investment return designated for operations	(193,579)	-	(193,579)
Total non-operating changes	(202,640)	(35,687)	(238,327)
Change in net assets – total	(564,450)	28,016	(536,434)
Net assets – beginning	20,075,977	1,727,711	21,803,688
Net assets – ending	$ 19,511,527	$ 1,755,727	$ 21,267,254

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support and revenues:			
Public support:			
Donations (includes $475,517 of in-kind)	$ 858,572	$ 115,755	$ 974,327
Special events (includes $100,774 of in-kind)	834,706	-	834,706
Less: direct benefit to donor costs	(105,025)	-	(105,025)
United Way of Greater Cleveland – allocation	-	81,000	81,000
Donations – foundations & trusts	489,641	-	489,641
Grants – government	377,513	-	377,513
Total public support	2,455,407	196,755	2,652,162
Revenues:			
Fees for services	7,274,449	-	7,274,449
Other	149,273	-	149,273
Investment return designated for operations	1,208,000	-	1,208,000
Total revenues	11,087,129	196,755	11,283,884
Net assets released from restrictions	456,022	(456,022)	-
Total operating public support and revenues	11,543,151	(259,267)	11,283,884
Operating expenses:			
Program services:			
Social services to families and individuals	2,228,256	-	2,228,256
Education	1,490,004	-	1,490,004
General rehabilitation	3,400,654	-	3,400,654
Transportation	23,133	-	23,133
Recreation	2,447,288	-	2,447,288
Total program services	9,589,335	-	9,589,335
Supporting services:			
Management and general	1,186,434	-	1,186,434
Fundraising	727,354	-	727,354
Total supporting services	1,913,788	-	1,913,788
Total operating expenses	11,503,123	-	11,503,123
Change in net assets from operations	40,028	(259,267)	(219,239)
Non-operating changes:			
Contributions for long-term purposes (includes $6,174 of in-kind)	74,964	50,000	124,964
Change in value of beneficial interests in trusts	-	(23,466)	(23,466)
Investment return, net	309,260	-	309,260
Investment return designated for operations	(1,208,000)	-	(1,208,000)
Total non-operating changes	(823,776)	26,534	(797,242)
Change in net assets – total	(783,748)	(232,733)	(1,016,481)
Net assets – beginning	20,859,725	1,960,444	22,820,169
Net assets – ending	$ 20,075,977	$ 1,727,711	$ 21,803,688

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, 2020

	Program Services						Supporting Services			
	Social Services to Families and Individuals	Education	General Rehabilitation	Transportation	Recreation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,110,355	$ 983,669	$ 2,278,781	$ 5,676	$ 1,138,560	$ 5,517,041	$ 817,800	$ 391,339	$ 1,209,139	$ 6,726,180
Employee taxes and benefits	310,886	238,766	407,757	951	252,103	1,210,463	229,475	99,439	328,914	1,539,377
Total personnel costs	1,421,241	1,222,435	2,686,538	6,627	1,390,663	6,727,504	1,047,275	490,778	1,538,053	8,265,557
Professional fees and contracts (includes $26,080 of in-kind) (see Note 7)	38,205	56,258	122,939	308	108,545	326,255	24,684	17,607	42,291	368,546
Occupancy (includes $493,152 of in-kind) (see Note 7)	149,955	244,872	271,256	-	361,547	1,027,630	28,374	10,192	38,566	1,066,196
Supplies (includes $142,985 of in-kind) (see Note 7)	21,391	34,476	33,879	172	164,961	254,879	12,254	222,031	234,285	489,164
Local transportation	34,672	7,844	4,152	8,788	33,169	88,625	1,477	347	1,824	90,449
Advertising	1,461	1,641	2,214	14	3,008	8,338	1,646	4,758	6,404	14,742
Printing and publications	8,620	8,713	12,455	182	10,909	40,879	6,334	4,591	10,925	51,804
Postage and shipping	2,299	2,517	3,717	21	5,410	13,964	1,801	3,123	4,924	18,888
Telephone	9,814	3,882	4,114	276	8,068	26,154	1,530	421	1,951	28,105
Rental and maintenance of equipment	3	295	2,635	-	1,958	4,891	3	11,895	11,898	16,789
Insurance	6,177	5,921	9,358	57	13,223	34,736	4,844	1,137	5,981	40,717
Continuing education	7,961	6,504	8,482	22	10,487	33,456	723	170	893	34,349
Interest	-	-	20,349	-	-	20,349	-	-	-	20,349
Bad debt expense	-	-	-	-	3,247	3,247	-	-	-	3,247
Miscellaneous	679	850	86,418	6	958	88,911	1,412	120	1,532	90,443
Total before depreciation and amortization	1,702,478	1,596,208	3,268,506	16,473	2,116,153	8,699,818	1,132,357	767,170	1,899,527	10,599,345
Depreciation and amortization	61,137	58,604	171,697	568	181,976	473,982	47,934	11,254	59,188	533,170
	1,763,615	1,654,812	3,440,203	17,041	2,298,129	9,173,800	1,180,291	778,424	1,958,715	11,132,515
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	(127,806)	(127,806)	(127,806)
Total expenses	$ 1,763,615	$ 1,654,812	$ 3,440,203	$ 17,041	$ 2,298,129	$ 9,173,800	$ 1,180,291	$ 650,618	$ 1,830,909	$ 11,004,709

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, 2019

	Program Services						Supporting Services			
	Social Services to Families and Individuals	Education	General Rehabilitation	Transportation	Recreation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,432,272	$ 864,746	$ 2,265,007	$ 8,257	$ 1,217,437	$ 5,787,719	$ 807,790	$ 374,975	$ 1,182,765	$ 6,970,484
Employee taxes and benefits	392,243	222,231	414,324	1,344	271,423	1,301,565	248,141	107,529	355,670	1,657,235
Total personnel costs	1,824,515	1,086,977	2,679,331	9,601	1,488,860	7,089,284	1,055,931	482,504	1,538,435	8,627,719
Professional fees and contracts (includes $23,518 of in-kind) (see Note 7)	47,385	50,356	116,637	485	91,500	306,363	25,195	23,358	48,553	354,916
Occupancy (includes $369,864 of in-kind) (see Note 7)	136,931	221,946	247,930	-	365,550	972,357	25,914	9,306	35,220	1,007,577
Supplies (includes $182,909 of in-kind) (see Note 7)	27,535	35,438	30,349	248	220,435	314,005	13,593	277,000	290,593	604,598
Local transportation	60,696	12,412	6,348	11,438	45,764	136,658	1,739	389	2,128	138,786
Advertising	2,655	3,072	2,406	22	6,905	15,060	1,281	1,149	2,430	17,490
Printing and publications	10,046	7,589	11,314	100	15,347	44,396	5,926	11,485	17,411	61,807
Postage and shipping	2,752	1,709	3,277	29	5,012	12,779	1,677	1,834	3,511	16,290
Telephone	11,212	3,698	4,013	284	9,445	28,652	1,567	350	1,917	30,569
Rental and maintenance of equipment	316	5,631	3,578	3	2,279	11,807	195	13,036	13,231	25,038
Insurance	7,365	4,540	8,506	77	13,585	34,073	4,528	1,015	5,543	39,616
Continuing education	18,666	8,244	9,785	33	13,238	49,966	844	189	1,033	50,999
Interest	-	-	43,422	-	-	43,422	-	-	-	43,422
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	430	465	64,889	4	353	66,141	242	54	296	66,437
Total before depreciation and amortization	2,150,504	1,442,077	3,231,785	22,324	2,278,273	9,124,963	1,138,632	821,669	1,960,301	11,085,264
Depreciation and amortization	77,752	47,927	168,869	809	169,015	464,372	47,802	10,710	58,512	522,884
	2,228,256	1,490,004	3,400,654	23,133	2,447,288	9,589,335	1,186,434	832,379	2,018,813	11,608,148
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	(105,025)	(105,025)	(105,025)
Total expenses	$ 2,228,256	$ 1,490,004	$ 3,400,654	$ 23,133	$ 2,447,288	$ 9,589,335	$ 1,186,434	$ 727,354	$ 1,913,788	$ 11,503,123

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, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (536,434)	$ (1,016,481)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	533,170	522,884
Net realized and unrealized loss (gain) on investments	253,662	(91,630)
Provision for uncollectible promises to give and accounts and grants receivable	3,247	(15,115)
Pledge discounts to net present value	-	(7,987)
Contributions restricted for property and equipment	(70,968)	(68,790)
Contributions restricted for long-term purposes	-	(50,000)
In-kind donations of property and equipment	-	(6,174)
Forgiveness of debt	(2,500)	(2,500)
Change in value of beneficial interests in trusts	35,026	23,466
Changes in operating assets and liabilities:		
Promises to give	73,842	299,409
Accounts receivable	182,867	(33,510)
Prepaid expenses and other assets	3,841	(4,930)
Accounts payable	(86,060)	(38,900)
Accrued expenses	(25,287)	(186,608)
Deferred revenue	(242,621)	(45,243)
Refundable advance	1,207,132	-
Net cash provided (used) by operating activities	1,328,917	(722,109)
Cash flows from investing activities:		
Receipt of principal from beneficial interests in trusts	12,967	26,365
Purchases of investments	(6,999,330)	(4,038,700)
Proceeds from sales of investments	7,019,937	4,979,070
Purchases of property and equipment	(172,050)	(123,587)
Net cash (used) provided by investing activities	(138,476)	843,148
Cash flows from financing activities:		
Collection of contribution restricted for long-term purposes	-	50,000
Collection of contributions restricted for property and equipment	68,790	34,395
Net repayments on line of credit	(750,000)	-
Net cash (used) provided by financing activities	(681,210)	84,395
Net increase in cash and cash equivalents	509,231	205,434
Cash and cash equivalents, beginning of year	668,520	463,086
Cash and cash equivalents, end of year	$ 1,177,751	$ 668,520

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, 2020 and 2019

		2020		2019
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	$	20,349	$	43,422

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

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 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.

COVID-19 Impact

The Organization was impacted by the onset of the COVID-19 pandemic. This event reduced the ability of the Organization to provide some services in several of its programs. On a temporary basis, some programs suspended services until the Organization could reposition itself to resume services or find an alternative method of providing services. In all such instances the safety and well-being of the Organization's clients and staff, and all constituents, is a foremost consideration in resuming services.

The Organization has maintained staffing levels throughout the pandemic at pre-pandemic levels. This was considered imperative in ensuring that the ability to continue programs and to provide services, once the Organization was able to, would not be impaired. The Organization was able to quickly organize itself to enable virtually all of its employees to work remotely. As a result, the Organization was able to evaluate alternative ways to operate which will benefit the Organization in the future.

The pandemic event provided the Organization with an opportunity to consider other means for providing services. The Organization has invested in and implemented virtual services and Telehealth services. By implementing these services, the Organization is able to bill for services rendered and therefore able to maintain a revenue stream, if at a reduced level for the time being. Additionally, many of the partners who support the Organization have taken steps to continue their support through this difficult time by way of client referrals and financial support.

Note 1: Summary of Significant Accounting Policies (continued)

COVID-19 Impact (continued)

The Organization has analyzed the net book value, revenue and income, and historic surplus/deficit for its programs, and evaluated the restart and measured reopening of its programs, in order to determine if there is possible permanent or long-term impairment of the assets that support these programs or the Organization's ability to provide services on par with previous years. No such impairment has been determined.

ACC received $1,207,132 in Paycheck Protection Program (PPP) funding on April 21, 2020. The terms of the funding agreement indicate that ACC must utilize the proceeds to fund/offset qualifying expenses over a 24-week period. The terms of the agreement specify that ACC must repay any unforgiven principal of the loan plus interest, which accrues at 1% annually. The loan and interest may be forgiven if ACC meets the conditions for such forgiveness outlined in the PPP. ACC anticipates the full amount of the loan to be forgiven in fiscal year 2021.

Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) issued Accounting Standards Update (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 other revenue recognition guidance. 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. The Organization's consolidated financial statements have been updated to reflect the implementation of this standard on a modified prospective basis. There was no impact on beginning net assets as a result of this implementation.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* to provide clarity in the requirements for the presentation of restricted cash on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018. The Organization's consolidated financial statements were not impacted as a result of this implementation.

Basis of Presentation

The Organization follows authoritative guidance issued by the FASB 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:

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and are therefore available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets Without Donor Restrictions (Undesignated) – Consists of net assets that are not subject to donor-imposed restrictions nor have been designated for a specific purpose by the Organization's Board of Directors. The purpose of these net assets is to provide support for the daily operations and the mission of the Organization.

Net Assets Without Donor Restrictions (Board-Designated) – Consists of net assets that can be used only for the specific purposes determined by a formal action of the Organization's Board of Directors, which is the Organization's highest level of decision-making authority. Commitments may be changed or lifted only by the Organization's Board of Directors taking the same formal action that imposed the constraint originally. The purpose of Board-designated net assets is to provide funding to ensure the continuous operation of the Organization.

Net Assets With Donor Restrictions – Net assets whose use has been limited by donor-imposed time and/or purpose restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement 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 without donor restriction. Some net assets with donor restrictions include a donor stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy (Note 13).

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 return (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 consolidated statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to program services, management and general, and fundraising are reported as expenses of that functional area. Payroll expenses have been allocated between program, management and general, and fundraising functions based on job roles. Other indirect expenses have been allocated to functional areas on the basis of FTEs or building occupancy, as applicable.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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, 2020 and 2019, 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 without donor restriction or with donor restriction depending on the existence and/or nature of any donor-imposed restrictions.

Unconditional pledges receivable are recognized as revenues in the period the promise is received. Conditional pledges receivable are recognized when the conditions upon which they depend are substantially met. The pledges are stated at their estimated fair value. Pledges that are to be received over a period of time greater than one year are discounted to their estimated fair value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized into contribution revenue over the term of the respective pledge 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.

Note 1: Summary of Significant Accounting Policies (continued)

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 revenue without donor restrictions 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 revenues with donor restrictions in accordance with the donor restrictions.

Contributed Services

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their 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 consolidated statements of activities.

Investment return, net, consisted of the following for the years ended June 30:

	2020	2019
Interest and dividends	$ 242,386	$ 284,642
Net realized and unrealized (losses) gains	(253,662)	91,630
Investment management fees	(69,414)	(67,012)
	$ (80,690)	$ 309,260

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.

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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 2020 or 2019.

The intangible assets represent trade name and customer relationships, $249,843 and $939,885, respectively, related to the purchase of NCTA. The customer relationships are being amortized on the straight-line basis over twelve years. The trade name is not amortized since it is considered to have an indefinite life. Amortization expense was $79,079 and $79,080, for the years ended June 30, 2020 and 2019, respectively. Accumulated amortization at June 30, 2020 and 2019 was $254,526 and $175,447, 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:

2021	$ 79,080
2022	79,080
2023	79,080
2024	79,080
2025	79,080
Thereafter	289,959
	$ 685,359

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 contribution revenue with donor restrictions 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 without donor restrictions or with donor restrictions 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 gains/losses with donor restrictions in the accompanying consolidated statements of activities under the caption "change in value of beneficial interests in trusts."

Note 1: Summary of Significant Accounting Policies (continued)

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.

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, 2020 and 2019, 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 maintains its cash and cash equivalents with national financial institutions. The balances, at times, may exceed federally insured limits.

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.

Note 1: Summary of Significant Accounting Policies (continued)

Deferred Revenue and Refundable Advance

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.

The Organization's refundable advance consists of the PPP funding received. Upon consideration of the guidance outlined in ASU 2018-08, the Organization has classified this funding as a conditional contribution. Recognition of the contribution revenue will occur when the Organization has satisfied the conditions for forgiveness (incurring qualified expenditures and maintaining FTE requirements during the covered period). The Organization anticipates recognizing this contribution revenue during fiscal 2021. As such, the PPP funding is reflected as a refundable advance on the consolidated statement of financial position at June 30, 2020.

Recent Accounting Pronouncements

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 2020-05 that deferred the effective date for the Organization until annual periods beginning after December 15, 2019. Earlier adoption of this ASU 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 its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. FASB issued ASU 2020-05 that deferred the effective date for the Organization until annual periods beginning after December 15, 2021. 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 10, 2020, 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
Second contingent payment	220,000
	$ 1,189,728

The seller was 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. The second contingent payment of $242,371 was made during the year ended June 30, 2019. The excess above the estimated $220,000 was recorded to miscellaneous expenses for the year ended June 30, 2019. There was 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. No additional bonus was paid out in the fiscal year 2019.

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:

	2020	2019
Payable within one year	$ 276,480	$ 351,391
Less: allowance for doubtful accounts	(3,000)	(3,000)
Promises to give, net	$ 273,480	$ 348,391

Note 3: Promises to Give (continued)

The Organization's Board of Directors attained "100% giving" during each of the years ended June 30, 2020 and 2019 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2020 and 2019, promises to give from related parties were $12,633 and $14,370, respectively. Contribution revenue from related parties for the years ended June 30, 2020 and 2019 was $713,068 and $774,220, 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, 2020 and 2019, the amount of pension expense was $272,754 and $276,254, respectively.

Note 5: Property and Equipment

The following is a summary of property and equipment, net, at June 30, 2020 and 2019:

	2020	2019
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,266,657	7,229,429
Leasehold improvements	5,279,564	5,223,329
Furniture and equipment	2,185,171	2,160,523
Vehicles	256,469	202,530
	17,182,562	17,010,512
Less: accumulated depreciation	(9,351,337)	(8,897,246)
Property and equipment, net	$ 7,831,225	$ 8,113,266

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 and functional expenses for the years ended June 30, 2020 or 2019. At the end of the lease, all camp leasehold improvements revert to the lessor.

Note 6: Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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.

Note 6: Fair Value Measurements (continued)

Financial assets consisted of the following at June 30, 2020 and 2019:

	Level 1	Level 2	Level 3	Total 2020
Investments in the fair value hierarchy:				
Cash equivalents	$ 456,893	$ -	$ -	$ 456,893
Common stocks:				
Consumer discretionary	101,815	-	-	101,815
Consumer staples	48,903	-	-	48,903
Energy	25,617	-	-	25,617
Financials	104,199	-	-	104,199
Health care	103,210	-	-	103,210
Industrials	60,510	-	-	60,510
Information technology	228,257	-	-	228,257
Materials	29,243	-	-	29,243
Real estate investment trust	40,330	-	-	40,330
Telecommunication	77,908	-	-	77,908
Utilities	19,129	-	-	19,129
Mutual funds:				
Equity	6,384,835	-	-	6,384,835
Fixed-income	2,992,745	-	-	2,992,745
Beneficial interests in trusts	-	447,042	288,649	735,691
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 10,673,594	$ 447,042	$ 288,649	11,409,285
Investments measured at NAV:				
Alternative investment*				519,151
Total investments and beneficial interests in trusts, at fair value				$ 11,928,436

Note 6: Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total 2019
Investments in the fair value hierarchy:				
Cash equivalents	$ 229,221	$ -	$ -	$ 229,221
Common stocks:				
Consumer discretionary	82,726	-	-	82,726
Consumer staples	55,819	-	-	55,819
Energy	47,587	-	-	47,587
Financials	154,802	-	-	154,802
Health care	146,343	-	-	146,343
Industrials	101,608	-	-	101,608
Information technology	220,165	-	-	220,165
Materials	42,907	-	-	42,907
Real estate investment trust	41,214	-	-	41,214
Telecommunication	80,432	-	-	80,432
Utilities	33,831	-	-	33,831
Mutual funds:				
Equity	8,016,037	-	-	8,016,037
Fixed-income	2,214,322	-	-	2,214,322
Beneficial interests in trusts	-	482,869	300,815	783,684
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 11,467,014	$ 482,869	$ 300,815	12,250,698
Investments measured at NAV:				
Alternative investment*				-
Total investments and beneficial interests in trusts, at fair value				$ 12,250,698

*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.

The following tables summarize investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2020.

June 30, 2019	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Independence Global Fund LLC	$ 519,151	N/A	Quarterly	75 days

Note 6: Fair Value Measurements (continued)

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, 2020 and 2019:

Balance, June 30, 2018	$ 319,737
Purchases	5,790
Distributions	(15,572)
Administrative expenses	(6,350)
Realized gains	1,043
Unrealized losses for the year ended June 30, 2019	(3,833)
Balance, June 30, 2019	300,815
Purchases	4,227
Distributions	(15,328)
Administrative expenses	(6,150)
Realized gains	195
Unrealized gains for the year ended June 30, 2020	4,890
Balance, June 30, 2020	$ 288,649

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 $662,217 and $582,465 for the years ended June 30, 2020 and 2019, respectively, of which $493,152 and $369,864 in 2020 and 2019, respectively, represents donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 10), $142,985 and $182,909 for the years ended June 30, 2020 and 2019, respectively, related to donated supplies for operations and special events, and $26,080 and $23,518 for the years ended June 30, 2020 and 2019, respectively, related to pro bono legal services provided for the Organization in relation to personnel issues and policy. Additionally, during fiscal 2019, the Organization received $6,174, 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% (1.56% and 3.86% at June 30, 2020 and 2019, respectively) for a $750,000 draw. In 2020 the line of credit included a sweep function where cash in the Organization's back accounts are swept to pay down the principal balance of the line at the end of each day, thus reducing interest charges. The maturity date of the line of credit was extended to March 1, 2021. 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 $-0- and $750,000 at June 30, 2020 and 2019, 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, 2020 and 2019, $2,500 was forgiven and recognized as revenue on the accompanying consolidated statements of activities. At June 30, 2020 and 2019, $72,500 and $75,000, 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 $21,567 and $17,398 during the years ended June 30, 2020 and 2019, respectively.

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

2021	$	9,672
2022		9,672
2023		9,672
2024		6,448
	$	35,464

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 was $493,152 and $369,864 for 2020 and 2019, respectively. 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 use of ACC's portion of the trusts' income in accordance with the trusts' documents without restrictions. 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, 2020 and 2019 of $647,336 and $678,753, respectively, are included in the accompanying consolidated statements of financial position within beneficial interest in trusts and net assets with donor restrictions. 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 a beneficial interest in a trust that has been instructed to provide ACC with the use of ACC's portion of the trust's income in accordance with the trust's documents without restrictions. ACC has an irrevocable right to receive the income from the trusts' assets for the term of the trust agreement. The assets of the trust are being distributed to ACC over a period of ten years, beginning in fiscal 2019. ACC's share of the trust's assets, which had a market value on June 30, 2020 and 2019 of $88,355 and $104,931, respectively, are included in the accompanying consolidated statements of financial position within beneficial interest in trusts and net assets with restrictions. 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: Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30:

	2020	2019
Subject to expenditure for specified purpose or period:		
Adapted football	$ 37,000	$ -
Adapted sports	-	5,000
Associate Board	403	795
Beneficial interest in trust	88,355	104,931
Camp services	50,815	4,979
Family support	97,500	10,000
COVID relief	54,900	-
I Can Bike	29,021	21,815
Therapy services	-	100,000
Wellness program	-	3,578
Westlake facility	278	278
United Way of Greater Cleveland allocations – time and use restricted	40,500	81,000
United Way of Greater Cleveland designations – time restricted	75,280	81,582
	474,052	413,958

Note 12: Net Assets with Donor Restrictions (continued)

Subject to the Organization's spending policy and appropriations:		
Beneficial interests in trusts	647,336	678,753
F.J. O'Neill Charitable Corporation endowment	584,391	585,000
Doug and Lu Bannerman endowment	49,948	50,000
	1,281,675	1,313,753
Total net assets with donor restrictions:	$ 1,755,727	$ 1,727,711

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 endowment funds with restrictions. The income generated from the fund may be utilized at the Organization's discretion; however, the principal of $585,000 is restricted in perpetuity.

In October 2018, the Organization received a $50,000 donation from Doug and Lu Bannerman as endowment funds. The income generated from the fund may be utilized at the Organization's discretion; however, the principal of $50,000 is restricted in perpetuity.

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.

Net assets with donor restrictions were released from donor restrictions by incurring expenditures satisfying the purpose and/or the expiration of time restrictions specified by donors as follows during the years ended June 30, 2020 and 2019:

	2020	2019
Adapted sports	$ 5,000	$ 37,000
Associate Board	795	837
Beneficial interest in trust	12,967	26,365
Camp cheerful renovations	2,845	3,412
General support	3,578	8,586
Family support	10,000	-
Highland playground equipment	-	12,574
Home visiting	-	2,760
I Can Bike	-	14,783
IT support	-	10,000
NCTA	-	22,113
Therapy services	100,000	100,000
United Way of Greater Cleveland allocations – time and use restricted	81,000	143,609
United Way of Greater Cleveland designations – time restricted	81,582	73,983
	$ 297,767	$ 456,022

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 within net assets with donor restrictions (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.

Endowment Net Asset Composition by type of Fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 634,339	$ 634,339
Board-designated endowment fund	10,558,406	-	10,558,406
Total funds	$ 10,558,406	$ 634,339	$ 11,192,745

Endowment Net Asset Composition by type of Fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 635,000	$ 635,000
Board-designated endowment fund	10,832,014	-	10,832,014
Total funds	$ 10,832,014	$ 635,000	$ 11,467,014

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

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 10,832,014	$ 635,000	$ 11,467,014
Investment return:			
Interest and dividends	228,192	14,194	242,386
Net realized and unrealized losses	(238,807)	(14,855)	(253,662)
Total investment return	(10,615)	(661)	(11,276)
Investment management fees	(69,414)	-	(69,414)
Appropriation of endowment assets for expenditure	(193,579)	-	(193,579)
Endowment net assets, end of year	$ 10,558,406	$ 634,339	$ 11,192,745

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 11,730,754	$ 585,000	$ 12,315,754
Investment return:			
Interest and dividends	267,874	16,768	284,642
Net realized and unrealized gains	86,232	5,398	91,630
Total investment return	354,106	22,166	376,272
Contributions	-	50,000	50,000
Investment management fees	(67,012)	-	(67,012)
Appropriation of endowment assets for expenditure	(1,185,834)	(22,166)	(1,208,000)
Endowment net assets, end of year	$ 10,832,014	$ 635,000	$ 11,467,014

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the Endowment Fund with the understanding that those assets will be prudently invested to provide a continuing source of funding for the agency and its programs. Assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the Finance Committee of the Board should direct the Fund's investment managers to achieve the maximum possible long-term total return on the Endowment Fund while maintaining prudent investment management principles and the basic tenants of preservation of capital. The Organization conducts a quarterly monitoring of the portfolio.

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

Return Objectives and Risk Parameters (continued)

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

Strategies Employed for Achieving Objectives

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

Spending Policy

Recommendations for the use of Endowment Fund assets free of donor restriction shall be the responsibility of the Board of Directors. Recommendations of the Board of Directors shall be executed by management of the Organization. The Board of Directors has indicated that use of funds will be for the operational needs of the Organization and other such purposes as the Board of Directors shall deem appropriate. Except in special circumstances and except for recommending specific uses of generally restricted donor funds, the Board of Directors shall limit recommendations in the aggregate to an amount which shall not exceed 5% of a three-year rolling fiscal year-end average balance of the Endowment Fund. During fiscal year 2020 and 2019 the Board of Directors allowed an additional 2.5% and 5.0% to be distributed, respectively. The Organization did not utilize this additional amount during 2020.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. A deficiency of this nature exists in the donor-restricted endowment funds which has an original gift value of $635,000 and a fair value of $634,339, resulting in a deficiency of $661 as of June 30, 2020. This deficiency resulted from a net realized and unrealized losses on the endowment assets for the year ended June 30, 2020.

Note 14: Liquidity and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization is largely supported by fees generated from providing services, and partially supported by contributions. Some of its fees for services rendered have seasonal variations, as do some of the contributions it receives; these variations are accommodated through careful management of the financial assets. Additionally, the Organization takes into account donor restrictions that require resources to be used in a particular manner or in a future period, and therefore maintains sufficient resources to meet those responsibilities.

Note 14: Liquidity and Availability of Resources (continued)

To help manage liquidity needs, the Organization conducts analysis and cash forecasting, and ACC has a committed line of credit of $1.2 million upon which it can draw. At June 30, 2020 and 2019, ACC had $1.2 million and $450,000, respectively, available under the line of credit.

In addition, ACC maintains Board-designated funds (net assets without donor restrictions), a portion of which are readily available to support the operations of ACC. ACC has the ability to access additional Board-designated funds by special authorization of the Board, if necessary.

The Organization's financial assets available within one year of June 30 for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	$ 1,177,751	$ 668,520
Promises to give, net	273,480	348,391
Accounts and grants receivable, net	815,650	998,517
Beneficial interests in trusts	735,691	783,684
Investments	11,192,745	11,467,014
	14,195,317	14,266,126
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors – temporary in nature	(474,052)	(413,958)
Restricted by donors – held in perpetuity	(1,281,675)	(1,313,753)
	(1,755,727)	(1,727,711)
Amounts unavailable to management without Board's approval:		
Board-designated	(10,558,406)	(10,832,014)
Amounts made available through Board-approved spending policy	913,665	609,110
Total financial assets unavailable within one year	(11,400,468)	(11,950,615)
Total financial assets available to management for general expenditures within one year	$ 2,794,849	$ 2,315,511