Achievement Centers for Children

Consolidated Financial Statements
June 30, 2021 and 2020

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 (a nonprofit corporation) and its wholly-owned subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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 13, 2021, 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 the effectiveness of the Organization's 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, 2021

Achievement Centers for Children

Consolidated Statements of Financial Position

June 30, 2021 and 2020

Assets

	2021	2020
Current assets:		
Cash and cash equivalents	$ 2,641,279	$ 1,177,751
Promises to give, net	250,464	483,480
Accounts and grants receivable, net	927,153	605,650
Prepaid expenses and other assets	62,801	89,432
Total current assets	3,881,697	2,356,313
Long-term assets:		
Promises to give, net	50,000	-
Property and equipment, net	7,521,035	7,831,225
Deposits	880	880
Intangibles, net	856,122	935,202
Beneficial interests in trusts	868,997	735,691
Investments – Board-designated	13,574,766	10,558,406
Investments – restricted	683,290	634,339
Total long-term assets	23,555,090	20,695,743
Total assets	$ 27,436,787	$ 23,052,056

Liabilities and Net Assets

	2021	2020
Current liabilities:		
Accounts payable – trade	$ 125,952	$ 66,774
Accrued payroll and related expenses	435,880	327,426
Deferred revenue	176,812	52,626
Other accrued expenses	29,078	7,243
Refundable advances (Note 1)	1,533,105	1,258,233
Total current liabilities	2,300,827	1,712,302
Long-term liabilities:		
Forgivable mortgage	70,000	72,500
Total liabilities	2,370,827	1,784,802
Net assets:		
Without donor restrictions:		
Undesignated	2,104,145	1,194,396
Net investment in property and equipment	7,451,035	7,758,725
Board-designated endowment	13,574,766	10,558,406
Total net assets without donor restrictions	23,129,946	19,511,527
With donor restrictions	1,936,014	1,755,727
Total net assets	25,065,960	21,267,254
	$ 27,436,787	$ 23,052,056

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support and revenues:			
Public support:			
Donations (includes $536,730 of in-kind)	$ 1,246,439	$ 66,369	$ 1,312,808
Special events (includes $30,912 of in-kind)	517,914	-	517,914
Less: direct benefit to donor costs	(35,641)	-	(35,641)
Donations – foundations & trusts	537,703	260,351	798,054
Grant forgiveness recognized (Note 1)	1,207,132	-	1,207,132
Total public support	3,473,547	326,720	3,800,267
Revenues:			
Fees for services	6,502,956	-	6,502,956
Grants – government	278,602	-	278,602
Other	598,763	-	598,763
Investment return designated for operations	128,832	-	128,832
Total revenues	10,982,700	326,720	11,309,420
Net assets released from restrictions	344,663	(344,663)	-
Total operating public support and revenues	11,327,363	(17,943)	11,309,420
Operating expenses:			
Program services:			
Social services to families and individuals	1,658,223	-	1,658,223
Education	1,993,752	-	1,993,752
General rehabilitation	3,227,124	-	3,227,124
Transportation	16,628	-	16,628
Recreation	1,906,122	-	1,906,122
Total program services	8,801,849	-	8,801,849
Supporting services:			
Management and general	1,289,213	-	1,289,213
Fundraising	634,242	-	634,242
Total supporting services	1,923,455	-	1,923,455
Total operating expenses	10,725,304	-	10,725,304
Change in net assets from operations	602,059	(17,943)	584,116
Non-operating changes:			
Change in value of beneficial interests in trusts	-	149,279	149,279
Investment return, net	3,145,192	48,951	3,194,143
Investment return designated for operations	(128,832)	-	(128,832)
Total non-operating changes	3,016,360	198,230	3,214,590
Change in net assets – total	3,618,419	180,287	3,798,706
Net assets – beginning	19,511,527	1,755,727	21,267,254
Net assets – ending	$ 23,129,946	$ 1,936,014	$ 25,065,960

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)	$ 1,244,857	$ 82,888	$ 1,327,745
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
Total public support	2,694,071	361,470	3,055,541
Revenues:			
Fees for services	6,668,784	-	6,668,784
Grants – government	316,928	-	316,928
Other	542,738	-	542,738
Investment return designated for operations	193,579	-	193,579
Total revenues	10,416,100	361,470	10,777,570
Net assets released from restrictions	297,767	(297,767)	-
Total operating public support and revenues	10,713,867	63,703	10,777,570
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	(290,842)	63,703	(227,139)
Non-operating changes:			
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	(273,608)	(35,687)	(309,295)
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 Functional Expenses

For the year ended June 30, 2021

	Program Services						Supporting Services			
	Social Services to Families and Insdividuals	Education	General Rehabilitation	Transportation	Recreation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 1,044,703	$ 1,243,996	$ 2,092,503	$ 1,646	$ 910,066	$ 5,292,914	$ 881,633	$ 426,313	$ 1,307,946	$ 6,600,860
Employee taxes and benefits	296,017	311,304	399,837	311	220,579	1,228,048	251,309	108,900	360,209	1,588,257
Total personnel costs	1,340,720	1,555,300	2,492,340	1,957	1,130,645	6,520,962	1,132,942	535,213	1,668,155	8,189,117
Professional fees and contracts (includes $29,689 of in-kind) (see Note 6)	45,858	60,624	110,298	119	71,001	287,900	40,252	32,311	72,563	360,463
Occupancy (includes $493,152 of in-kind) (see Note 6)	143,304	232,395	259,344	72	337,106	972,221	27,118	9,740	36,858	1,009,079
Supplies (includes $44,801 of in-kind) (see Note 6)	16,420	50,700	34,405	42	122,692	224,259	14,060	69,473	83,533	307,792
Local transportation	17,027	4,862	3,432	14,039	24,606	63,966	1,313	273	1,586	65,552
Advertising	2,000	2,076	3,073	5	2,842	9,996	1,695	857	2,552	12,548
Printing and publications	5,824	6,221	10,001	16	9,559	31,621	5,478	4,550	10,028	41,649
Postage and shipping	2,028	1,978	3,640	5	2,526	10,177	1,908	3,019	4,927	15,104
Telephone	9,036	3,448	4,109	185	7,787	24,565	1,626	338	1,964	26,529
Rental and maintenance of equipment	44	4,875	1,216	-	900	7,035	41	1,069	1,110	8,145
Insurance	5,639	5,499	9,616	15	10,238	31,007	5,304	1,102	6,406	37,413
Continuing education	8,533	5,312	8,232	8	10,649	32,734	1,161	241	1,402	34,136
Bad debt expense	1,900	1,853	3,242	5	976	7,976	-	-	-	7,976
Miscellaneous	27	226	103,008	-	-	103,261	-	-	-	103,261
Total before depreciation and amortization	1,598,360	1,935,369	3,045,956	16,468	1,731,527	8,327,680	1,232,898	658,186	1,891,084	10,218,764
Depreciation and amortization	59,863	58,383	181,168	160	174,595	474,169	56,315	11,697	68,012	542,181
	1,658,223	1,993,752	3,227,124	16,628	1,906,122	8,801,849	1,289,213	669,883	1,959,096	10,760,945
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	(35,641)	(35,641)	(35,641)
Total expenses	$ 1,658,223	$ 1,993,752	$ 3,227,124	$ 16,628	$ 1,906,122	$ 8,801,849	$ 1,289,213	$ 634,242	$ 1,923,455	$ 10,725,304

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 Insdividuals	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 6)	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 6)	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 6)	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 Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 3,798,706	$ (536,434)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	542,181	533,170
Net realized and unrealized (gain) loss on investments	(3,053,853)	253,662
Provision for uncollectible promises to give and accounts and grants receivable	7,976	3,247
Forgiveness of debt	(2,500)	(2,500)
Change in value of beneficial interests in trusts	(149,279)	35,026
Changes in operating assets and liabilities:		
Promises to give	182,040	(138,336)
Accounts receivable	(328,503)	392,867
Prepaid expenses and other assets	26,631	3,841
Accounts payable	59,178	(86,060)
Accrued expenses	130,289	(25,287)
Deferred revenue	124,186	(293,722)
Refundable advances	274,872	1,258,233
Net cash provided by operating activities	1,611,924	1,397,707
Cash flows from investing activities:		
Receipt of principal from beneficial interests in trusts	15,973	12,967
Purchases of investments	(2,862,438)	(6,999,330)
Proceeds from sales of investments	2,850,980	7,019,937
Purchases of property and equipment	(152,911)	(172,050)
Net cash used by investing activities	(148,396)	(138,476)
Cash flows from financing activities:		
Net repayments on line of credit	-	(750,000)
Net cash used by financing activities	-	(750,000)
Net increase in cash and cash equivalents	1,463,528	509,231
Cash and cash equivalents, beginning of year	1,177,751	668,520
Cash and cash equivalents, end of year	$ 2,641,279	$ 1,177,751

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, 2021 and 2020

	2021	2020
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ -	$ 20,349

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 nonprofit 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 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 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 and $1,458,605 in additional PPP funding on April 12, 2021 and categorized each loan as a refundable advance in the respective consolidated statement of financial position. The terms of the funding agreements indicate that ACC must utilize the proceeds of each refundable advance to fund/offset qualifying expenses over up to a 24-week period and must maintain full-time equivalent employee ("FTE") requirements during the covered period. The terms of the agreements specify that ACC must repay any unforgiven principal of the refundable advances plus interest, which accrues at 1% annually. The PPP refundable advance and interest may be forgiven if ACC meets the conditions for such forgiveness outlined in the PPP. The first PPP refundable advance, received in 2020, was forgiven in May 2021 and recognized as grant revenue in the consolidated statement of activities for the year ended June 30, 2021. ACC anticipates the full amount of the second PPP refundable advance to be forgiven in fiscal year 2022.

Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Organizations may use either a full retrospective or a modified retrospective approach. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers and Leases: Effective Dates for Certain Entities*, which delayed the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2019. On July 1, 2020, the Organization adopted this ASU and all related amendments. The Organization's consolidated financial statements have been updated to reflect the implementation of this standard on a retrospective basis with the cumulative effect of initially applying the standard recognized at the date of initial application. There was no impact on beginning net assets as a result of this implementation.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* to improve the effectiveness of disclosures in the notes to the consolidated financial statements. This ASU is effective for fiscal years beginning after December 15, 2019. On July 1, 2020, the Organization adopted this ASU. There was no impact on beginning net assets as a result of this implementation.

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Organization follows authoritative guidance issued by 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:

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 ("Board") 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. 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, which is the Organization's highest level of decision-making authority. Designations may be changed or lifted only by the Organization's Board 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 12).

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, investment return (including interest and dividends, and realized and unrealized investment gains or losses, net of investment fees), and changes in the value of beneficial interests in trusts.

Note 1: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The consolidated statements of functional expenses present 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.

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.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

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, 2021 and 2020, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts which was $14,000 and $7,000, respectively.

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization identifies a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

Earned revenue sources include fees for services (see "Organization and Operations" in Note 1) and components of special event revenue. A key judgment of the Organization is when it has funding from a third party source for a particular service and it determines whether the contract with that funder constitutes an exchange transaction.

Fee for service revenue performance obligations are typically satisfied when a service is provided, either as the particular service is rendered or over time as a series of services is offered. Special events' performance obligation is holding the event itself. The Organization is taking the practical expedient approach for fees within each service's revenue stream as the contracts for each service's revenue stream are the same.

For the year ended June 30, 2021, the Organization had revenues recognized over time of approximately $2,018,000 and revenues recognized at a point in time of approximately $4,799,000. The Organization had approximately $927,000 and $605,000 of exchange-related receivables at June 30, 2021 and 2020, respectively and contract liabilities of approximately $177,000 and $53,000 at June 30, 2021 and 2020, respectively.

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, 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.

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, net of investment fees, are included in the consolidated statements of activities. For endowment assets with donor restrictions, investment return that is appropriated for expenditure in the same year it is earned is reflected as non-operating income without donor restriction.

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

	2021	2020
Interest and dividends	$ 219,083	$ 242,386
Net realized and unrealized gains (losses)	3,053,853	(253,662)
Investment management fees	(78,793)	(69,414)
	$ 3,194,143	$ (80,690)

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 2021 or 2020.

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 $79,080 and $79,079, for the years ended June 30, 2021 and 2020, respectively. Accumulated amortization at June 30, 2021 and 2020 was $333,606 and $254,526, 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:

2022	$	79,080
2023		79,080
2024		79,080
2025		79,080
2026		79,080
Thereafter		210,879
	$	606,279

Note 1: Summary of Significant Accounting Policies (continued)

Beneficial Interests in Trusts

ACC has 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."

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, 2021 and 2020, 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 a national financial institution. The balances, at times, may exceed federally insured limits.

Note 1: Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk (continued)

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. Though the market value of investments is subject to fluctuations on a year to year basis, the Board believes 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 autism school funding).

Refundable Advances

The Organization's refundable advances consist of PPP funding and amounts collected for special events that will be performed/held in a subsequent fiscal year. The Organization's refundable advances at June 30, 2021 include the PPP funding received in fiscal 2021. The Organization's refundable advances at June 30, 2020 included the PPP funding received in fiscal 2020.

Upon consideration of the guidance outlined in ASU 2018-08, the Organization has classified refundable advances as conditional contributions. Recognition of the PPP contribution revenue occurs when the Organization has satisfied the conditions for forgiveness (incurring qualified expenditures and maintaining FTE requirements during the covered period). Recognition of the special event contribution revenue occurs when the event is performed/held.

Recent Accounting Pronouncements

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 statements of activities and functional expenses. FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, that deferred the effective date for the Organization until annual periods beginning after December 15, 2021.

Note 1: Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, Not for Profit Entities (Topic 958): *Presentation and Disclosures by Not for Profit Entities for Contributed Nonfinancial Assets*, which clarifies the presentation of contributed nonfinancial assets as a separate line item in the consolidated statement of activities and enhances disclosure requirements. This ASU is effective for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022.

Management is currently evaluating the impact of these ASUs 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, 2021, the date the consolidated financial statements were available to be issued.

Note 2: Promises to Give, Net

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.

Promises to give, net consisted of the following as of June 30:

	2021	2020
Payable within one year	$ 253,464	$ 486,480
Payable in one to five years	50,000	-
	303,464	486,480
Less: allowance for doubtful accounts	(3,000)	(3,000)
Promises to give, net	$ 300,464	$ 483,480

The Organization's Board attained "100% giving" during each of the years ended June 30, 2021 and 2020 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2021 and 2020, promises to give receivable from related parties were $7,270 and $12,633, respectively. Contribution revenue from related parties for the years ended June 30, 2021 and 2020 was $770,772 and $713,068, respectively.

Note 3: Pension Plan

All employees 18 years of age and older with two years of at least 1,000 hours of service in each year are covered by a defined contribution pension plan. Voluntary employer contributions to the plan are equal to 6% of the employee's salary for the third and fourth years of service, 7% for the fifth through ninth years of service, and 8% of the employee's salary thereafter. For the years ended June 30, 2021 and 2020, the amount of pension expense was $284,253 and $272,754, respectively.

Note 4: Property and Equipment, Net

The following is a summary of property and equipment, net, at June 30, 2021 and 2020:

	2021	2020
Land	$ 2,194,701	$ 2,194,701
Building and improvements	7,277,888	7,266,657
Leasehold improvements	5,294,604	5,279,564
Furniture and equipment	2,310,811	2,185,171
Vehicles	257,469	256,469
	17,335,473	17,182,562
Less: accumulated depreciation	(9,814,438)	(9,351,337)
Property and equipment, net	$ 7,521,035	$ 7,831,225

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 leased 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, 2021 or 2020. At the end of the lease, all camp leasehold improvements revert to the lessor.

Note 5: 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:

Note 5: Fair Value Measurements (continued)

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 Level 2 and Level 3 fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

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 5: Fair Value Measurements (continued)

Financial assets consisted of the following at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments in the fair value hierarchy:				
Cash equivalents	$ 355,278	$ -	$ -	$ 355,278
Common stocks:				
Consumer discretionary	116,362	-	-	116,362
Consumer staples	64,953	-	-	64,953
Energy	32,000	-	-	32,000
Financials	135,414	-	-	135,414
Health care	139,280	-	-	139,280
Industrials	96,438	-	-	96,438
Information technology	325,782	-	-	325,782
Materials	30,130	-	-	30,130
Real estate investment trust	45,225	-	-	45,225
Telecommunication	135,517	-	-	135,517
Utilities	29,140	-	-	29,140
Mutual funds:				
Equity	8,228,411	-	-	8,228,411
Fixed-income	3,930,926	-	-	3,930,926
Beneficial interests in trusts	-	523,992	345,005	868,997
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 13,664,856	$ 523,992	$ 345,005	14,533,853
Investments measured at NAV:				
Alternative investment*				593,200
Total investments and beneficial interests in trusts, at fair value				$ 15,127,053

Note 5: Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
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

*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, 2021 and 2020.

June 30, 2021	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Independence Global Fund LLC	$ 593,200	N/A	Quarterly	75 days

Note 5: Fair Value Measurements (continued)

June 30, 2020		Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Independence Global Fund LLC	$	519,151	N/A	Quarterly	75 days

For the years ended June 30, 2021 and 2020, there were purchases of Level 3 assets of $-0- and $4,227, respectively.

The schedule below details the financial assets listed above as they appear in the consolidated statements of financial position as of June 30:

	2021	2020
Beneficial interests in trusts	$ 868,997	$ 735,691
Investments – Board-designated	13,574,766	10,558,406
Investments – restricted	683,290	634,339
	$ 15,127,053	$ 11,928,436

Note 6: Donated Materials and Services

All significant donated materials and services are recorded by the Organization at their estimated fair value at the date of donation. The Organization records the value of the material received or the services rendered as revenue. The value of any donated materials and services whose benefit will last more than one period is capitalized and amortized over its useful life. Donated materials and services were $567,642 and $662,217 for the years ended June 30, 2021 and 2020, respectively, of which $493,152 and $493,152 in 2021 and 2020, respectively, represents donated rent in relation to the Organization's facility located in Westlake, Ohio (see Note 9), $44,801 and $142,985 for the years ended June 30, 2021 and 2020, respectively, related to donated supplies for operations and special events, and $29,689 and $26,080 for the years ended June 30, 2021 and 2020, respectively, related to pro bono legal services provided for the Organization in relation to personnel issues and policies.

Note 7: 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. Beginning 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, 2022. 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- both at June 30, 2021 and 2020.

Note 8: Forgivable Mortgage

During July 2009, ACC entered into an agreement with the Ohio Department of Mental Health (ODMH) whereby ACC 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 ACC 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, 2021 and 2020, $2,500 was forgiven and recognized as revenue on the accompanying consolidated statements of activities. At June 30, 2021 and 2020, debt in the amount of $70,000 and $72,500, respectively, was included in long-term debt on the accompanying consolidated statements of financial position.

Note 9: 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 $10,732 and $21,567 during the years ended June 30, 2021 and 2020, respectively.

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

2022	$ 9,672
2023	9,672
2024	6,448
	$ 25,792

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. This lease is set to expire in April 2022. The Organization has the option to renew for five additional years. 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 amount by which the lease exceeds the amount charged to the Organization was $493,152 and $493,152 for 2021 and 2020, 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. The Organization is currently in negotiations with the landlord for the future terms of a lease renewal.

Note 10: Beneficial Interests in Trusts

ACC's beneficial interests 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. 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. 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, 2021 and 2020 of $772,801 and $647,336, 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, 2021 and 2020 of $96,196 and $88,355, 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.

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Note 11: Net Assets with Donor Restrictions

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

	2021	2020
Subject to expenditure for specified purpose or period:		
Adapted football	$ -	$ 37,000
Associate Board	554	403
Beneficial interest in trust	96,196	88,355
Camp services	117,567	50,815
Family support	56,250	97,500
IT support	150,000	-
COVID relief	4,761	54,900
I Can Bike	-	29,021
Westlake facility	278	278
United Way of Greater Cleveland allocations – time and use restricted	8,100	40,500
United Way of Greater Cleveland designations – time restricted	46,217	75,280
	479,923	474,052
Subject to the Organization's spending policy and appropriations:		
Beneficial interests in trusts	772,801	647,336
F.J. O'Neill Charitable Corporation endowment	585,000	584,391
Doug and Lu Bannerman endowment	50,000	49,948
Unappropriated earnings on endowments with donor restriction	48,290	-
	1,456,091	1,281,675
Total net assets with donor restrictions:	$ 1,936,014	$ 1,755,727

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 donor 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.

Note 11: Net Assets with Donor Restrictions (continued)

For the year ended June 30, 2021, there were earnings of $48,951 in excess of amounts appropriated for expenditure, $661 of this excess restored underwater endowments. The balance of $48,290 represents unappropriated earnings on the endowments with donor restrictions.

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, 2021 and 2020:

	2021	2020
Adapted sports	$ -	$ 5,000
Adapted football	37,000	-
Associate Board	-	795
Beneficial interest in trust	15,973	12,967
Camp cheerful renovations	7,350	2,845
General support	-	3,578
Family support	97,500	10,000
I Can Bike	29,021	-
COVID relief	50,139	-
Therapy services	-	100,000
United Way of Greater Cleveland allocations – time and use restricted	32,400	81,000
United Way of Greater Cleveland designations – time restricted	75,280	81,582
	$ 344,663	$ 297,767

Note 12: Net Asset Classification of Endowment Funds

The Organization's endowment fund consists of collectively invested Board-designated funds and donor-restricted funds. 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 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 endowment with donor restrictions in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 683,290	$ 683,290
Board-designated endowment fund	13,574,766	-	13,574,766
Total funds	$ 13,574,766	$ 683,290	$ 14,258,056

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

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

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 10,558,406	$ 634,339	$ 11,192,745
Investment return:			
Interest and dividends	206,844	12,239	219,083
Net realized and unrealized gains	2,883,907	169,946	3,053,853
Total investment return	3,090,751	182,185	3,272,936
Investment management fees	(74,391)	(4,402)	(78,793)
Appropriation of endowment assets for expenditure	-	(128,832)	(128,832)
Endowment net assets, end of year	$ 13,574,766	$ 683,290	$ 14,258,056

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

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

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, 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.

Spending Policy

Recommendations for the use of endowment fund assets free of donor restriction shall be the responsibility of the Board. Recommendations of the Board shall be executed by management of the Organization. The Board has indicated that use of funds will be for the operational needs of the Organization and other such purposes as the Board shall deem appropriate. Except in special circumstances and except for recommending specific uses of generally restricted donor funds, the Board 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.

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 existed in the donor-restricted endowment funds at June 30, 2020. The funds had a gift value of $635,000 and a fair value of $634,339, resulting in a deficiency of $661. This deficiency resulted from net realized and unrealized losses on the endowment assets for the year ended June 30, 2020. As of June 30, 2021 these endowment funds were no longer underwater.

Note 13: 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.

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, 2021 and 2020, ACC had $1.2 million 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:

	2021	2020
Cash and cash equivalents	$ 2,641,279	$ 1,177,751
Promises to give, net	250,464	483,480
Accounts and grants receivable, net	927,153	605,650
Beneficial interests in trusts	868,997	735,691
Investments	14,258,056	11,192,745
	18,945,949	14,195,317
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors – temporary in nature	(528,213)	(474,052)
Restricted by donors – held in perpetuity	(1,407,801)	(1,281,675)
	(1,936,014)	(1,755,727)
Amounts unavailable to management without Board's approval:		
Board-designated	(13,574,766)	(10,558,406)
Amounts made available through Board-approved spending policy	924,558	874,400
Total financial assets unavailable within one year	(14,586,222)	(11,439,733)
Total financial assets available to management for general expenditures within one year	$ 4,359,727	$ 2,755,584