Achievement Centers for Children

Consolidated Financial Statements
June 30, 2022 and 2021

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 Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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To the Board of Directors of
Achievement Centers for Children

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Directors of
Achievement Centers for Children

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022, 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 9, 2022

Achievement Centers for Children

Consolidated Statements of Financial Position

June 30, 2022 and 2021

		2022		2021
Assets				
Current assets:				
Cash and cash equivalents	$	1,778,825	$	2,641,279
Promises to give, net		497,291		250,464
Accounts and grants receivable, net		708,974		927,153
Prepaid expenses and other assets		76,705		62,801
Total current assets		3,061,795		3,881,697
Long-term assets:				
Promises to give, net		91,136		50,000
Property and equipment, net		7,409,789		7,521,035
Deposits		880		880
Intangibles, net		777,042		856,122
Beneficial interests in trusts		687,540		868,997
Investments – Board-designated		12,341,786		13,574,766
Investments – restricted		600,926		683,290
Total long-term assets		21,909,099		23,555,090
Total assets	$	24,970,894	$	27,436,787
Liabilities and Net Assets				
Current liabilities:				
Accounts payable – trade	$	142,845	$	125,952
Accrued payroll and related expenses		492,483		435,880
Deferred revenue		306,928		176,812
Other accrued expenses		38,029		29,078
Refundable advances (Note 1)		92,000		1,533,105
Total current liabilities		1,072,285		2,300,827
Long-term liability:				
Forgivable mortgage		67,500		70,000
Total liabilities		1,139,785		2,370,827
Net assets:				
Without donor restrictions:				
Undesignated		2,241,302		2,104,145
Net investment in property and equipment		7,289,334		7,451,035
Board-designated endowment		12,341,786		13,574,766
Total net assets without donor restrictions		21,872,422		23,129,946
With donor restrictions		1,958,687		1,936,014
Total net assets		23,831,109		25,065,960
	$	24,970,894	$	27,436,787

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support and revenues:			
Public support:			
Donations of cash and other financial assets	$ 1,818,667	$ 55,589	$ 1,874,256
Donations of nonfinancial assets	433,364	-	433,364
Special event revenue:			
Special events, cash and other financial assets	309,202	-	309,202
Special events, nonfinancial assets	22,147	-	22,147
Less: direct benefit to donor costs	(48,985)	-	(48,985)
Donations – foundations & trusts	361,468	480,733	842,201
Paycheck Protection Program Grant (Note 1)	1,458,605	-	1,458,605
Total operating public support	4,354,468	536,322	4,890,790
Revenues:			
Fees for services	7,168,594	-	7,168,594
Grants – government	524,319	27,552	551,871
Other	143,594	-	143,594
Investment return designated for operations	203,488	-	203,488
Total operating revenues	12,394,463	563,874	12,958,337
Net assets released from restrictions	339,500	(339,500)	-
Total operating public support and revenues	12,733,963	224,374	12,958,337
Operating expenses and losses:			
Program services:			
Social services to families and individuals	1,889,759	-	1,889,759
Education	2,310,974	-	2,310,974
General rehabilitation	3,484,036	-	3,484,036
Transportation	15,772	-	15,772
Recreation	2,191,465	-	2,191,465
Total program services	9,892,006	-	9,892,006
Supporting services:			
Management and general	1,268,512	-	1,268,512
Fundraising	604,282	-	604,282
Total supporting services	1,872,794	-	1,872,794
Total operating expenses	11,764,800	-	11,764,800
Provision for bad debts	258,417	-	258,417
Total operating expenses and losses	12,023,217	-	12,023,217
Change in net assets from operations	710,746	224,374	935,120
Non-operating changes:			
Change in value of beneficial interests in trusts	-	(167,627)	(167,627)
Investment loss, net	(1,777,782)	(34,074)	(1,811,856)
Gain on sale of property and equipment	13,000	-	13,000
Investment return designated for operations	(203,488)	-	(203,488)
Total non-operating changes	(1,968,270)	(201,701)	(2,169,971)
Change in net assets – total	(1,257,524)	22,673	(1,234,851)
Net assets – beginning	23,129,946	1,936,014	25,065,960
Net assets – ending	$ 21,872,422	$ 1,958,687	$ 23,831,109

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 of cash and other financial assets	$ 709,709	$ 66,369	$ 776,078
Donations of nonfinancial assets	536,730	-	536,730
Special event revenue:			
Special events, cash and other financial assets	487,002	-	487,002
Special events, nonfinancial assets	30,912	-	30,912
Less: direct benefit to donor costs	(35,641)	-	(35,641)
Donations – foundations & trusts	537,703	260,351	798,054
Paycheck Protection Program Grant (Note 1)	1,207,132	-	1,207,132
Total operating 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 operating 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	1,656,323	-	1,656,323
Education	1,991,899	-	1,991,899
General rehabilitation	3,223,882	-	3,223,882
Transportation	16,623	-	16,623
Recreation	1,905,146	-	1,905,146
Total program services	8,793,873	-	8,793,873
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	10,717,328	-	10,717,328
Provision for bad debts	7,976	-	7,976
Total operating expenses and losses	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 Functional Expenses

For the year ended June 30, 2022

	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	$ 1,191,311	$ 1,453,335	$ 2,304,013	$ 241	$ 1,116,831	$ 6,065,731	$ 851,765	$ 416,725	$ 1,268,490	$ 7,334,221
Employee taxes and benefits	329,440	375,961	386,526	70	248,523	1,340,520	244,813	106,086	350,899	1,691,419
Total personnel costs	1,520,751	1,829,296	2,690,539	311	1,365,354	7,406,251	1,096,578	522,811	1,619,389	9,025,640
Professional fees and contracts (includes $3,162 of in-kind) (see Note 6)	87,542	93,195	158,783	35	105,656	445,211	56,501	18,736	75,237	520,448
Occupancy (includes $410,960 of in-kind) (see Note 6)	133,574	216,830	241,916	-	332,590	924,910	25,276	9,078	34,354	959,264
Supplies (includes $41,389 of in-kind) (see Note 6)	29,201	56,907	44,133	12	137,399	267,652	17,508	74,982	92,490	360,142
Local transportation	21,879	11,054	4,770	15,192	33,224	86,119	2,271	499	2,770	88,889
Advertising	1,905	2,947	3,120	1	3,743	11,716	1,514	3,638	5,152	16,868
Printing and publications	6,594	7,122	10,628	3	12,492	36,839	5,215	5,055	10,270	47,109
Postage and shipping	1,467	1,499	2,656	1	2,158	7,781	1,204	1,583	2,787	10,568
Telephone	9,126	4,718	4,737	181	7,727	26,489	1,733	381	2,114	28,603
Rental and maintenance of equipment	447	2,751	6,076	-	4,871	14,145	367	3,231	3,598	17,743
Insurance	6,023	6,154	9,866	3	4,069	26,115	4,941	1,087	6,028	32,143
Continuing education	5,488	11,101	9,188	2	10,888	36,667	1,473	324	1,797	38,464
Miscellaneous	36	237	110,874	-	316	111,463	7	2	9	111,472
Total before depreciation and amortization	1,824,033	2,243,811	3,297,286	15,741	2,020,487	9,401,358	1,214,588	641,407	1,855,995	11,257,353
Depreciation and amortization	65,726	67,163	186,750	31	170,978	490,648	53,924	11,860	65,784	556,432
	1,889,759	2,310,974	3,484,036	15,772	2,191,465	9,892,006	1,268,512	653,267	1,921,779	11,813,785
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	(48,985)	(48,985)	(48,985)
Total expenses	$ 1,889,759	$ 2,310,974	$ 3,484,036	$ 15,772	$ 2,191,465	$ 9,892,006	$ 1,268,512	$ 604,282	$ 1,872,794	$ 11,764,800

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 Individuals	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
Miscellaneous	27	226	103,008	-	-	103,261	-	-	-	103,261
Total before depreciation and amortization	1,596,460	1,933,516	3,042,714	16,463	1,730,551	8,319,704	1,232,898	658,186	1,891,084	10,210,788
Depreciation and amortization	59,863	58,383	181,168	160	174,595	474,169	56,315	11,697	68,012	542,181
	1,656,323	1,991,899	3,223,882	16,623	1,905,146	8,793,873	1,289,213	669,883	1,959,096	10,752,969
Less: expenses netted with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	(35,641)	(35,641)	(35,641)
Total expenses	$ 1,656,323	$ 1,991,899	$ 3,223,882	$ 16,623	$ 1,905,146	$ 8,793,873	$ 1,289,213	$ 634,242	$ 1,923,455	$ 10,717,328

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, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (1,234,851)	$ 3,798,706
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	556,432	542,181
Net realized and unrealized loss (gain) on investments	2,034,127	(3,053,853)
Gain on sale of property and equipment	(13,000)	-
Provision for uncollectible promises to give and accounts and grants receivable	258,417	7,976
Change in present value discount on long-term pledge	8,864	-
Forgiveness of debt	(2,500)	(2,500)
Change in value of beneficial interests in trusts	167,627	(149,279)
Changes in operating assets and liabilities:		
Promises to give	(296,827)	182,040
Accounts and grants receivable	(40,238)	(328,503)
Prepaid expenses and other assets	(13,904)	26,631
Accounts payable	(20,147)	59,178
Accrued expenses	49,639	130,289
Deferred revenue	130,116	124,186
Refundable advances	(1,441,105)	274,872
Net cash provided by operating activities	142,650	1,611,924
Cash flows from investing activities:		
Receipt of principal from beneficial interests in trusts	13,830	15,973
Purchases of investments	(3,035,992)	(2,862,438)
Proceeds from sales of investments	2,317,209	2,850,980
Purchases of property and equipment	(300,151)	(152,911)
Net cash used by investing activities	(1,005,104)	(148,396)
Net (decrease) increase in cash and cash equivalents	(862,454)	1,463,528
Cash and cash equivalents, beginning of year	2,641,279	1,177,751
Cash and cash equivalents, end of year	$ 1,778,825	$ 2,641,279

Supplemental disclosures of cash flow information:

	2022	2021
Non-cash investing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	$ 52,955	$ -

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, 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

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 level positions 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 (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 was forgiven in May 2021 and recognized as grant revenue in the consolidated statement of activities for the year ended June 30, 2021. The second PPP refundable advance was forgiven in December 2021 and recognized as grant revenue in the consolidated statement of activities for the year ended June 30, 2022.

Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. On July 1, 2021, the Organization adopted this ASU. The Organization's consolidated financial statements have been updated to reflect the implementation of this standard on a retrospective basis. 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 (Net investment in property and equipment)* – Consists of net assets that are not subject to donor-imposed restrictions and represents the net book value of property and equipment less any liabilities associated with such property and equipment.
>
> *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 June 30, 2022 and 2021, accounts and grants receivable are presented net of management's estimated allowance for doubtful accounts which was $181,000 and $14,000, 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 years ended June 30, 2022 and 2021, the Organization had revenues recognized over time of approximately $2,106,000 and $2,018,000, respectively, and revenues recognized at a point in time of approximately $5,664,000 and $4,799,000, respectively. The Organization had approximately $709,000, $927,000, and $605,000 of exchange-related receivables at June 30, 2022, 2021, and 2020, respectively and contract liabilities of approximately $307,000, $177,000, and $53,000 at June 30, 2022, 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.

The Organization received payments in the fiscal year related to bequests. For one of the bequests, the Organization is expecting additional amounts to be distributed. The Organization is not able to determine the value of these future distributions as of the date of issuance of the consolidated financial statements and these amounts do not appear as revenue or receivables in the consolidated financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

Contributed Nonfinancial Assets

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. Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. The Organization recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

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:

	2022	2021
Interest and dividends	$ 311,502	$ 219,083
Net realized and unrealized (losses) gains	(2,034,127)	3,053,853
Investment management fees	(89,231)	(78,793)
	$ (1,811,856)	$ 3,194,143

Property and Equipment

The Organization capitalizes purchases and donations of property and equipment exceeding $1,000. 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 2022 or 2021.

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 $79,080, for the years ended June 30, 2022 and 2021, respectively. Accumulated amortization at June 30, 2022 and 2021 was $412,686 and $333,606, respectively.

The estimated aggregate amortization expense to be recognized in each of the succeeding five years ended June 30 and thereafter for customer relationships are as follows:

2023	$ 79,080
2024	79,080
2025	79,080
2026	79,080
2027	79,080
Thereafter	131,799
	$ 527,199

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."

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, 2022 and 2021, 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.

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. Approximately 32% of the net promises to give are due from one foundation as of June 30, 2022.

Note 1: Summary of Significant Accounting Policies (continued)

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 at June 30, 2022 consist of amounts collected for special events that will be performed/held in a subsequent fiscal year. The Organization's refundable advances at June 30, 2021 consist of PPP funding and amounts collected for special events that will be performed/held in a subsequent fiscal year.

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.

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 9, 2022, 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 (4.75% for pledges made in the year ended June 30, 2022). Amortization of the discount is credited to contribution revenue.

Note 2: Promises to Give, Net (continued)

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

	2022	2021
Payable within one year	$ 500,291	$ 253,464
Payable in one to five years	100,000	50,000
Less: discount to net present value	(8,864)	-
Less: allowance for doubtful accounts	(3,000)	(3,000)
Promises to give, net	$ 588,427	$ 300,464

The Organization's Board attained "100% giving" during each of the years ended June 30, 2022 and 2021 through direct contributions from the Board members and/or the entities with which the members are affiliated. At June 30, 2022 and 2021, promises to give receivable from related parties were $54,998 and $7,270, respectively. Contribution revenue from related parties for the years ended June 30, 2022 and 2021 was $658,164 and $770,772, 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, 2022 and 2021, the amount of pension expense was $288,852 and $284,253, respectively.

Note 4: Property and Equipment, Net

The following is a summary of property and equipment, net, at June 30, 2022 and 2021:

	2022	2021
Land	$ 2,194,701	$ 2,194,701
Construction in process	9,917	-
Building and improvements	7,303,496	7,277,888
Leasehold improvements	5,439,285	5,294,604
Furniture and equipment	2,374,378	2,310,811
Vehicles	328,980	257,469
	17,650,757	17,335,473
Less: accumulated depreciation	(10,240,968)	(9,814,438)
Property and equipment, net	$ 7,409,789	$ 7,521,035

Note 4: Property and Equipment, Net (continued)

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, 2022 or 2021. 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:

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, 2022 and 2021.

Note 5: Fair Value Measurements (continued)

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.

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

Financial assets consisted of the following at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments in the fair value hierarchy:				
Cash equivalents	$ 463,409	$ -	$ -	$ 463,409
Common stocks:				
Consumer discretionary	115,533	-	-	115,533
Consumer staples	52,925	-	-	52,925
Energy	47,613	-	-	47,613
Financials	98,486	-	-	98,486
Health care	148,480	-	-	148,480
Industrials	75,725	-	-	75,725
Information technology	253,013	-	-	253,013
Materials	27,784	-	-	27,784
Real estate investment trust	38,284	-	-	38,284
Telecommunication	98,738	-	-	98,738
Utilities	23,183	-	-	23,183
Mutual funds:				
Equity	7,484,210	-	-	7,484,210
Fixed-income	3,414,143	-	-	3,414,143
Beneficial interests in trusts	-	411,086	276,454	687,540
Total investments and beneficial interests in trusts in the fair value hierarchy	$ 12,341,526	$ 411,086	$ 276,454	13,029,066
Investments measured at NAV:				
Alternative investment*				601,186
Total investments and beneficial interests in trusts, at fair value				$ 13,630,252

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

*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, 2022 and 2021.

June 30, 2022	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Independence Global Fund LLC	$ 601,186	N/A	Quarterly	75 days

Note 5: Fair Value Measurements (continued)

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

For the years ended June 30, 2022 and 2021, there were no purchases of Level 3 assets.

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

		2022		2021
Beneficial interests in trusts	$	687,540	$	868,997
Investments – Board-designated		12,341,786		13,574,766
Investments – restricted		600,926		683,290
	$	13,630,252	$	15,127,053

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. For financial years ending on June 30, contributed nonfinancial assets recognized within the consolidated statements of activities include:

		2022		2021
Professional services	$	3,162	$	29,689
Rent		410,960		493,152
Goods		41,389		44,801
	$	455,511	$	567,642

Professional services – The contributed professional services recognized are related to pro bono legal services provided for the Organization in relation to personnel issues, lease review and policies. Services are valued and are reported at the estimated fair value based on current rates for similar legal services.

Rent – The contributed rent represents donated rent in relation to the Organization’s facility located in Westlake, Ohio (see Note 9). The Organization estimated the fair value based on recent comparable rental prices per square foot in the City of Westlake real estate market.

Note 6: Donated Materials and Services (continued)

Goods – The contributed goods were utilized in operations and special events. At the special events, the Organization auctions some of the contributed goods to raise funds in support of the Organization. The Organization estimates the fair value based on current costs for similar such goods.

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, 2023. 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, 2022 and 2021.

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, 2022 and 2021, $2,500 was forgiven and recognized as revenue on the accompanying consolidated statements of activities. At June 30, 2022 and 2021, debt in the amount of $67,500 and $70,000, 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 $12,822 and $10,732 during the years ended June 30, 2022 and 2021, respectively.

Note 9: Obligations under Leases (continued)

During 2007, the Organization entered into a lease agreement for a building, along with approximately 10 acres of property, in Westlake, Ohio, with a term of 15 years for $1. This lease expired in April 2022. 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 $410,960 and $493,152 for 2022 and 2021, respectively. This amount is included within "donations of nonfinancial assets" on the consolidated statements of activities as in-kind revenue, and within "occupancy" on the consolidated statements of functional expenses as in-kind expense.

In April 2022 the Organization entered into an amendment to the original lease, which extended the term of the lease for an additional five years beginning on May 1, 2022. Annual fixed rent is $260,000 with an annual credit of $243,000 for estimated operating and capital expenditures by the Organization, or $17,000 a year in rent estimated to be paid. Each year, the Organization is to deliver to their landlord a schedule of actual operating expenses and capital expenses for the premises incurred by the Organization during the preceding twelve month period from May 1st to April 30th. In the event the total actual operating expenses plus capital expenses for said period is less than $243,000, then the Organization shall pay the difference to their landlord. In the event that the total actual operating expenses plus capital expenses for said period exceed $243,000, the landlord shall credit the overpayment to the upcoming year's fixed rent.

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

2023	$ 26,672
2024	23,448
2025	17,000
2026	17,000
2027	14,167
	$ 98,287

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, 2022 and 2021 of $609,832 and $772,801, 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.

Note 10: Beneficial Interests in Trusts (continued)

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 trust's 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, 2022 and 2021 of $77,708 and $96,196, 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 11: Net Assets with Donor Restrictions

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

	2022	2021
Subject to expenditure for specified purpose or period:		
Associate Board	$ 839	$ 554
Autism school and ADL lab	189,500	-
Beneficial interest in trust	77,708	96,196
Camp services	149,783	117,567
COVID relief	-	4,761
Family support	10,000	56,250
IT support	50,000	150,000
Therapy services	200,000	-
Westlake facility	-	278
Foundation support – time restricted	30,000	-
United Way of Greater Cleveland allocations – time and use restricted	-	8,100
United Way of Greater Cleveland designations – time restricted	40,099	46,217
	747,929	479,923
Subject to the Organization's spending policy and appropriations:		
Beneficial interests in trusts	609,832	772,801
F.J. O'Neill Charitable Corporation endowment	553,609	585,000
Doug and Lu Bannerman endowment	47,317	50,000
Unappropriated earnings on endowments with donor restriction	-	48,290
	1,210,758	1,456,091
Total net assets with donor restrictions:	$ 1,958,687	$ 1,936,014

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 (see Note 12).

Note 11: Net Assets with Donor Restrictions (continued)

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 (see Note 12).

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, 2022 and 2021:

	2022	2021
Adapted football	$ -	$ 37,000
Beneficial interest in trust	13,830	15,973
Camp cheerful renovations	61,774	7,350
General support	48,290	-
Family support	56,250	97,500
I Can Bike	-	29,021
IT support	100,000	-
COVID relief	4,761	50,139
Westlake facility	278	-
United Way of Greater Cleveland allocations – time and use restricted	8,100	32,400
United Way of Greater Cleveland designations – time restricted	46,217	75,280
	$ 339,500	$ 344,663

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 600,926	$ 600,926
Board-designated endowment fund	12,341,786	-	12,341,786
Total funds	$ 12,341,786	$ 600,926	$ 12,942,712

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

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

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 13,574,766	$ 683,290	$ 14,258,056
Investment return:			
Interest and dividends	296,608	14,894	311,502
Net realized and unrealized losses	(1,936,869)	(97,258)	(2,034,127)
Total investment return	(1,640,261)	(82,364)	(1,722,625)
Contributions	700,000	-	700,000
Investment management fees	(89,231)	-	(89,231)
Appropriation of endowment assets for expenditure	(203,488)	-	(203,488)
Endowment net assets, end of year	$ 12,341,786	$ 600,926	$ 12,942,712

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

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 custom benchmarks depending on investment type.

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, 2022. The funds had a gift value of $635,000 and a fair value of $600,926, resulting in a deficiency of $34,074. This deficiency resulted from net realized and unrealized losses on the endowment assets for the year ended June 30, 2022.

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 $1,200,000 upon which it can draw. At June 30, 2022 and 2021, ACC had $1,200,000 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:

	2022	2021
Cash and cash equivalents	$ 1,778,825	$ 2,641,279
Promises to give, net	497,291	250,464
Accounts and grants receivable, net	708,974	927,153
Beneficial interests in trusts	687,540	868,997
Investments	12,942,712	14,258,056
	16,615,342	18,945,949
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors – temporary in nature	(747,929)	(528,213)
Restricted by donors – held in perpetuity	(1,210,758)	(1,407,801)
	(1,958,687)	(1,936,014)
Amounts unavailable to management without Board's approval:		
Board-designated	(12,341,786)	(13,574,766)
Amounts made available through Board-approved spending policy	640,967	924,558
Total financial assets unavailable within one year	(13,659,506)	(14,586,222)
Total financial assets available to management for general expenditures within one year	$ 2,955,836	$ 4,359,727