

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
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YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
A C C A, Inc.
Annandale, Virginia

We have audited the accompanying financial statements of A C C A, Inc. (Annandale Christian Community for Action) ("ACCA"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
A C C A, Inc. (Annandale Christian Community for Action)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A C C A, Inc. (Annandale Christian Community for Action) as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has elected to early adopt Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited ACCA's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Arlington, Virginia
November 1, 2017

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2016)

	2017			2016 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 371,486	\$ 563,247	\$ 934,733	\$ 765,918
Accounts Receivable	259,402	-	259,402	197,505
Inventory	-	27,495	27,495	22,883
Prepaid Expenses	5,996	-	5,996	31,946
Escrow Receivable	-	171	171	360
Total Current Assets	636,884	590,913	1,227,797	1,018,612
INVESTMENTS	100,890	210,442	311,332	311,099
NOTE RECEIVABLE	-	28,498	28,498	30,332
PROPERTY AND EQUIPMENT, NET	240,412	4,167	244,579	226,606
Total Assets	\$ 978,186	\$ 834,020	\$ 1,812,206	\$ 1,586,649
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 38,162	\$ -	\$ 38,162	\$ 46,231
Accrued Expenses	156,415	-	156,415	132,013
Deferred Revenue	8,480	-	8,480	12,971
Total Current Liabilities	203,057	-	203,057	191,215
NET ASSETS				
Without Donor Restrictions:				
Undesignated	775,129	124,476	899,605	948,721
Designated by Board	-	649,924	649,924	394,703
	775,129	774,400	1,549,529	1,343,424
With Donor Restrictions				
Total Net Assets	775,129	834,020	1,609,149	1,395,434
Total Liabilities and Net Assets	\$ 978,186	\$ 834,020	\$ 1,812,206	\$ 1,586,649

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017				2016 (Summarized)
	Without Donor Restrictions		With Donor Restrictions	Total	Total
	Child Development Center	Human Service Ministries			
REVENUE AND OTHER SUPPORT					
Tuition:					
Parent Fees	\$ 621,555	\$ -	\$ -	\$ 621,555	\$ 630,681
Parental Subsidy - Government	1,890,302	-	-	1,890,302	1,918,076
Contributions:					
Churches	500	140,916	8,298	149,714	136,010
Individual	63,328	446,366	8,445	518,139	198,273
Organizations	4,700	28,197	1,625	34,522	63,210
Grants:					
Fairfax County QAP	13,650	-	-	13,650	13,650
Virginia PreSchool Initiative	69,600	-	-	69,600	60,000
Fairfax County CCFP	-	70,227	28,389	98,616	108,100
United Way	-	14,000	-	14,000	4,900
United States Department of Agriculture	151,840	-	-	151,840	149,394
Other Organizations and Businesses	-	6,000	13,200	19,200	18,500
In-kind Support	457,471	16,944	126,864	601,279	581,738
Investment Income	840	2,196	-	3,036	2,457
Other Revenue	10,195	315	-	10,510	7,645
Net Assets Released from Restrictions	-	179,211	(179,211)	-	-
Total Revenue and Other Support	<u>3,283,981</u>	<u>904,372</u>	<u>7,610</u>	<u>4,195,963</u>	<u>3,892,634</u>
EXPENSES					
Program Services	2,886,633	487,048	-	3,373,681	3,416,035
Management and General	588,612	19,955	-	608,567	573,299
Total Expenses	<u>3,475,245</u>	<u>507,003</u>	<u>-</u>	<u>3,982,248</u>	<u>3,989,334</u>
CHANGE IN NET ASSETS	(191,264)	397,369	7,610	213,715	(96,700)
Net Assets - Beginning of Year	811,393	532,031	52,010	1,395,434	1,492,134
Transfers, Net	<u>155,000</u>	<u>(155,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 775,129</u>	<u>\$ 774,400</u>	<u>\$ 59,620</u>	<u>\$ 1,609,149</u>	<u>\$ 1,395,434</u>

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017						2016 (Summarized)	
	Program			Management and General			Total All Funds	
	Child Development Center	Human Service Ministries	Total Program	Child Development Center	Human Service Ministries	Total Management and General		Total
Salaries	\$ 1,552,109	\$ -	\$ 1,552,109	\$ 340,707	\$ -	\$ 340,707	\$ 1,892,816	\$ 1,869,575
Payroll and Other Taxes	114,231	-	114,231	25,075	-	25,075	139,306	138,103
Employee Benefits	239,927	-	239,927	52,667	-	52,667	292,594	258,971
Food	233,864	-	233,864	18,972	-	18,972	252,836	258,482
Bank and Services Charges	-	-	-	5,069	472	5,541	5,541	5,718
Materials, Equipment and Supplies	81,669	-	81,669	4,829	352	5,181	86,850	126,222
Repairs and Maintenance	22,290	-	22,290	4,893	-	4,893	27,183	25,417
Rent and Custodial	41,617	-	41,617	9,135	-	9,135	50,752	54,627
Insurance	7,619	-	7,619	1,672	2,243	3,915	11,534	12,099
Contracted Services	51,031	-	51,031	-	-	-	51,031	50,705
Professional Development	8,868	-	8,868	1,947	-	1,947	10,815	22,369
Temporary Help	-	-	-	-	881	881	881	213
Dues and Registration	6,448	-	6,448	1,415	75	1,490	7,938	6,977
Telephone and Postage	6,845	-	6,845	1,502	349	1,851	8,696	9,274
Printing and Equipment Rental	13,551	-	13,551	2,975	768	3,743	17,294	24,728
Legal and Accounting	-	-	-	24,888	11,988	36,876	36,876	38,558
Miscellaneous	14,704	-	14,704	4,351	2,827	7,178	21,882	12,734
In-kind Support	370,438	-	370,438	81,316	-	81,316	451,754	447,636
Depreciation	32,796	5,000	37,796	7,199	-	7,199	44,995	51,064
VPI Expense	69,600	-	69,600	-	-	-	69,600	60,000
Assistance to Individuals								
Family Emergency	-	252,657	252,657	-	-	-	252,657	261,107
Housing	-	7,000	7,000	-	-	-	7,000	7,000
Furniture	-	50,399	50,399	-	-	-	50,399	50,904
Food and Nutrition	-	154,411	154,411	-	-	-	154,411	147,954
Scholarship	19,026	17,581	36,607	-	-	-	36,607	48,897
Total Expenses	\$ 2,886,633	\$ 487,048	\$ 3,373,681	\$ 588,612	\$ 19,955	\$ 608,567	\$ 3,982,248	\$ 3,989,334

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Tuition Fees and Subsidies	\$ 2,536,038	\$ 2,636,772
Contributions	685,984	392,339
Grants	292,728	278,633
Interest	3,036	2,457
Other Revenue	10,510	7,645
Total Receipts	3,528,296	3,317,846
Disbursements	3,298,303	3,396,810
Net Cash Provided by (Used in) Operating Activities	229,993	(78,964)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(62,968)	(62,622)
Purchases of Investments	(233)	(209)
Net Cash Used in Investing Activities	(63,201)	(62,831)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments Received on Note	1,834	1,310
Escrow Payable/Receivable	189	(2,404)
Net Cash Provided by (Used in) Financing Activities	2,023	(1,094)
 NET INCREASE (DECREASE) IN CASH	168,815	(142,889)
 Cash and Cash Equivalents - Beginning of Year	765,918	908,807
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 934,733	\$ 765,918

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

A C C A, Inc. (Annandale Christian Community for Action) (“ACCA”) is a nonprofit corporation organized in 1967 under the laws of the Commonwealth of Virginia to promote and sponsor Christian social action in the Annandale, VA area. ACCA is governed by a Board of Directors (Board) consisting of the corporation’s officers and representatives from area member churches. ACCA operates the Child Development Center, with paid staff, to provide day care and early childhood education for its infant, toddler, and preschool children from primarily low-income families. ACCA also operates the all-volunteer Human Services Ministries to provide financial assistance for needy family emergencies, food and furniture deliveries, housing renovations, and scholarships in accordance with Board-approved budgets, policies, and procedures. ACCA is supported by contributions from individuals, Annandale area churches, and private foundations; subsidies and in-kind contributions from Fairfax County, VA; and federal and state grants.

Basis of Presentation

ACCA prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

Income Tax Status

ACCA is exempt from the payment of federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation.

ACCA has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the Organization’s financial statements. The Organization files as a tax-exempt organization and is not aware of any activities that would jeopardize its tax-exempt status.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACCA’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest bearing checking accounts, saving accounts and money market accounts.

Accounts Receivable

Tuition fees receivable from parents are considered past due if payments are not received within 30 days of the invoice date. The Organization currently does not charge any interest or finance charges on the past due invoices. The provision for doubtful accounts is based on management's evaluation of the collectability of existing receivables. Government receivables are primarily due from Fairfax County for the tuition subsidy and recorded when earned.

Inventory

Inventory consists mainly of donated food and is recorded using estimated fair value when received.

Investments

Certificates of deposit held through a financial institution are reported at cost plus accrued interest which approximate fair value and those held at an investment brokerage firm are reported fair market value. Money market accounts are recorded at fair market value.

Property and Equipment

Property is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the property which ranges from 5 to 15 years. The Organization capitalizes items with an original purchase price, or fair market value at the time of donation, of at least \$500 for the years ended June 30, 2017 and 2016, and a useful life of more than one year. Maintenance and repairs are expensed as incurred.

Net Assets

Net assets and changes therein are classified into the following categories:

Without Donor Restrictions

Operating - represent funds available for general operations.

Board Designated - represent funds designated by the Board of Directors for specific purposes.

With Donor Restrictions

Represents resources received by ACCA that are specifically time-restricted or restricted by donors for various programs.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions from area churches, individuals and organizations are recorded when received. Contributions with donor-imposed restrictions are reported as restricted support except for donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, restricted net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

Tuition revenue is recognized when earned. Parent fees are billed weekly for child care based on a sliding scale of family income. Parental tuition subsidies from Fairfax County are recorded based on children attendance for eligible parents. Any amounts received in advance of services are recorded as deferred revenue.

The Organization recognizes in-kind support only if professional services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most services received by the Organization do not meet these criteria. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets. The donated food is estimated based on the national average for pounds of food and approximates fair value. The donated furniture is estimated based on the current *Valuation Guide for Goodwill Donors* and approximates fair value.

Fair Value Measurements

ACCA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. ACCA accounts for certain financial assets and liabilities at fair value under various accounting literature. ACCA also accounts for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

ACCA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that ACCA has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on active exchanges (such as the New York Stock Exchange), as well as U.S. Treasury and other exchange traded securities.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Interfund Transfers

The Human Services Ministries shares donations with the Child Development Center through the annual budget process. These amounts are treated as interfund transfers and are eliminated in the financial statements. Total support from the Human Service Ministries to the Child Development Center was \$155,000 and \$145,000 for the years ended June 30, 2017 and 2016, respectively.

Allocation of Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel efforts or space usage.

Reclassifications

Certain 2016 amounts have been reclassified to conform to 2017 presentation. This has had no effect on previously reported net assets.

Change in Accounting Principle

ACCA adopted FASB 2016-14 (NFP Financial Statements) in 2017. These changes were applied retrospectively to ensure comparability with the prior year presented herein.

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through November 1, 2017, the date the financial statements were available to be issued.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 CONCENTRATION OF CREDIT RISK

Financial instruments which subject ACCA to a concentration of credit risk consist of demand deposits placed with financial institutions. At times during the year, the Organization had funds invested with local financial institutions in excess of the Federal Deposit Insurance Corporation limits.

NOTE 3 CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents at June 30, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
<u>Child Development Center</u>		
Business Checking	\$ 153,858	\$ 206,507
Business Saving	204,617	199,798
Money Market	13,011	57,746
	<u>371,486</u>	<u>464,051</u>
<u>Human Service Ministries</u>		
Business Checking	11,614	57,522
Family Emergency Checking	18,973	4,440
Nutrition Checking	4,503	6,669
Money Market Savings	528,157	233,236
	<u>563,247</u>	<u>301,867</u>
	<u>\$ 934,733</u>	<u>\$ 765,918</u>

Cash and cash equivalents are classified for the following purposes:

	<u>2017</u>	<u>2016</u>
Operating	\$ 225,189	\$ 319,205
Board Designated	649,924	394,703
With Donor Restrictions	59,620	52,010
	<u>\$ 934,733</u>	<u>\$ 765,918</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 ACCOUNTS RECEIVABLE

A summary of amounts included in accounts receivable at June 30, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Parental Subsidy - Fairfax County	\$ 163,658	\$ 171,054
Fairfax County Quality Assurance Program (QAP)	875	1,225
United States Department of Agriculture	24,154	12,000
Virginia Preschool Initiative	54,324	-
Other	16,391	13,226
Total Accounts Receivable	<u>\$ 259,402</u>	<u>\$ 197,505</u>

There was no allowance for uncollectible accounts receivable as of June 30, 2017 and 2016.

NOTE 5 INVENTORY

Inventory consists of the following at June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Food	\$ 23,371	\$ 19,393
Furniture	4,124	3,490
	<u>\$ 27,495</u>	<u>\$ 22,883</u>

NOTE 6 INVESTMENTS

Investments consist of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>Child Development Center</u>		
Certificates of Deposit	\$ 100,890	\$ 100,739
<u>Human Service Ministries</u>		
Money Market	210,442	210,360
Total Investments	<u>\$ 311,332</u>	<u>\$ 311,099</u>

Investment income for the years ended June 30, 2017 and 2016, is comprised of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividends from Investments	\$ 1,104	\$ 1,044
Interest from Note Receivable	1,932	1,413
	<u>\$ 3,036</u>	<u>\$ 2,457</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 FAIR VALUE MEASUREMENT

The following table presents ACCA's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 and 2016:

		June 30, 2017			
		Total	Level 1	Level 2	Level 3
Investments:					
Money Market		\$ 210,442	\$ 210,442	\$ -	\$ -
		\$ 210,442	\$ 210,442	\$ -	\$ -
		June 30, 2016			
		Total	Level 1	Level 2	Level 3
Investments:					
Money Market		\$ 210,360	\$ 210,360	\$ -	\$ -
		\$ 210,360	\$ 210,360	\$ -	\$ -

NOTE 8 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2017 and 2016, is as follows:

		June 30, 2017			
		Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>					
Equipment and Furniture		\$ 348,207	\$ 107,795	\$ 240,412	\$ 39,995
<u>Human Service Ministries</u>					
Vehicles		36,272	32,105	4,167	5,000
		\$ 384,479	\$ 139,900	\$ 244,579	\$ 44,995
		June 30, 2016			
		Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>					
Equipment and Furniture		\$ 290,472	\$ 73,033	\$ 217,439	\$ 46,064
<u>Human Service Ministries</u>					
Vehicles		36,272	27,105	9,167	5,000
		\$ 326,744	\$ 100,138	\$ 226,606	\$ 51,064

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS DESIGNATED BY BOARD

The Board of Directors formed the Legacy Fund to designate certain contributions to benefit the poor of the community through programs and services deemed appropriate by ACCA. These funds will be used for Board-approved projects over a 10-year period.

Activities of the Legacy Fund at June 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ 394,703	\$ 404,703
Support Designated	314,861	-
Support Approved	<u>(59,640)</u>	<u>(10,000)</u>
Balance, End of Year	<u>\$ 649,924</u>	<u>\$ 394,703</u>

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2017 and 2016, consisted of funds for the following purposes:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2017</u>
Scholarship - Ruffing	\$ 18,064	\$ 14,700	\$ (17,000)	\$ 15,764
Rebuilding Together	211	7,330	(7,000)	541
Nutrition and Hygiene	24,305	160,791	(154,411)	30,685
Furniture - Crib Fund	9,430	-	(132)	9,298
Furniture - Fuel	-	1,000	(668)	332
Infrastructure	-	3,000	-	3,000
	<u>\$ 52,010</u>	<u>\$ 186,821</u>	<u>\$ (179,211)</u>	<u>\$ 59,620</u>

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2016</u>
Scholarship - Ruffing	\$ 17,179	\$ 16,885	\$ (16,000)	\$ 18,064
Rebuilding Together	-	7,211	(7,000)	211
Preschool Technology Initiative - CDC	16,000	-	(16,000)	-
Nutrition and Hygiene	18,491	153,768	(147,954)	24,305
Furniture - Crib Fund	9,430	-	-	9,430
	<u>\$ 61,100</u>	<u>\$ 177,864</u>	<u>\$ (186,954)</u>	<u>\$ 52,010</u>

NOTE 11 IN-KIND SUPPORT

ACCA receives various types of in-kind support, including facilities, food, furniture and professional services. A summary of in-kind support received by type for the years ended June 30, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Rent and Utilities	\$ 424,914	\$ 424,914
Donated Food	120,864	109,996
Donated Furniture	16,944	18,106
Donated Other	<u>38,557</u>	<u>28,722</u>
	<u>\$ 601,279</u>	<u>\$ 581,738</u>

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NOTE 12 PENSION PLAN

Effective October 1, 2014, ACCA amended its 403(b) plan agreement. The amended plan agreement is available for employees who are 18 or older, and have worked greater than 1,000 hours or one year of service. The plan allows for a discretionary employer match. Retirement plan expense for the years ended June 30, 2017 and 2016, is \$8,406 and \$8,955, respectively.

NOTE 13 LEASED FACILITIES

The Child Development Center operates at 7200 Columbia Pike, Annandale, Virginia. The preschool day care activities are housed in a former elementary school where approximately 12,000 square feet of space is leased from Fairfax County for rental of \$627 per month, including all utilities. The lease agreement executed August 26, 1980, does not specify any fixed terms but provides that the County Board of Supervisors may adjust all terms and conditions of the lease upon 120 days' written notice. The infant and toddler day care activities are housed at an additional facility adjacent to the preschool day care, consisting of approximately 6,000 square feet of space which ACCA began leasing from Fairfax County on October 1, 1991. The lease provides for free rent and utilities and for automatic renewal on a yearly basis unless 90 days' written notice is given by either party. ACCA's total rent and custodial expense was \$475,667 and \$479,540 for the years ended June 30, 2017 and 2016, respectively.

The fair value of free rent component has been recorded in the accompanying financial statements as in-kind support and in-kind expense, estimated at \$27 a square foot for the years ended June 30, 2017 and 2016, less the actual amount of rent and custodial expenses paid by ACCA.

NOTE 14 LEASED EQUIPMENT

ACCA has two operating lease agreements for copiers. Future minimum lease payments under the leases are as follows for June 30:

2018	\$ 7,020
2019	5,225
	<u>\$ 12,245</u>

NOTE 15 ECONOMIC DEPENDENCY AND CONCENTRATION OF REVENUE

The operation of ACCA is dependent to a significant extent on continuing contributions from area churches and by future funding from Fairfax County and the United States Department of Agriculture. ACCA received 45% and 49% of total revenue directly from Fairfax County for parental tuition subsidies for the years ending June 30, 2017 and 2016, respectively. ACCA also received 10% and 11% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ending June 30, 2017 and 2016, respectively.

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NOTE 16 LIQUIDITY AND AVAILABILITY

The Organization routinely monitors liquidity for operations in accordance with its financial policies. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are made up as noted below with the amount restricted for the Legacy Fund. Although the Board does not intend to spend from its Legacy Fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from the Legacy Fund could be made available if necessary.

Cash and Cash Equivalents	\$ 934,733
Accounts Receivable	259,402
Investments	<u>311,332</u>
	1,505,467
Less Board Designated Legacy Fund Assets	<u>(649,924)</u>
Total	<u><u>\$ 855,543</u></u>