

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

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
Year Ended June 30, 2022
(With Summarized Totals as of June 30, 2021)**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of A C C A, Inc. (Annandale Christian Community for Action) (ACCA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A C C A, Inc. (Annandale Christian Community for Action) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about A C C A, Inc. (Annandale Christian Community for Action)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 A C C A, Inc. (Annandale Christian Community for Action)'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about A C C A, Inc. (Annandale Christian Community for Action)'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.

Report on Summarized Comparative Information

We have previously audited A C C A, Inc. (Annandale Christian Community for Action)'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bethesda, Maryland
February 3, 2023

A handwritten signature in black ink that reads "Rubin & Company". The signature is fluid and cursive, with "Rubin" on the left and "& Company" on the right, all contained within a single continuous loop.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2021)

	2022			2021 (Summarized)			
	Child Development Center	Human Service Ministries	Total	Total All Funds			
	ASSETS						
CURRENT ASSETS							
Cash and cash equivalents	\$ 1,558,710	\$ 766,411	\$ 2,325,121	\$ 3,158,463			
Accounts receivable	401,209	-	401,209	649,701			
Inventory	-	29,741	29,741	35,770			
Prepaid expenses	28,092	-	28,092	84,739			
Total current assets	<u>1,988,011</u>	<u>796,152</u>	<u>2,784,163</u>	<u>3,928,673</u>			
INVESTMENTS	-	56,972	56,972	174,614			
NOTES RECEIVABLE	-	17,754	17,754	20,037			
LEASEHOLD IMPROVEMENTS	93,779	-	93,779	-			
PROPERTY AND EQUIPMENT, NET	<u>344,446</u>	<u>-</u>	<u>344,446</u>	<u>321,753</u>			
Total assets	<u><u>\$ 2,426,236</u></u>	<u><u>\$ 870,878</u></u>	<u><u>\$ 3,297,114</u></u>	<u><u>\$ 4,445,077</u></u>			
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 74,410	\$ -	\$ 74,410	\$ 53,239			
Accrued expenses	262,467	-	262,467	260,090			
Deferred revenue	-	-	-	16,660			
Coronavirus Relief Fund Advances	-	165,704	165,704	1,529,152			
Escrow payable	-	7,749	7,749	5,218			
Total current liabilities	<u>336,877</u>	<u>173,453</u>	<u>510,330</u>	<u>1,864,359</u>			
NET ASSETS							
Without donor restrictions:							
Undesignated	2,089,359	245,961	2,335,320	1,994,693			
Designated by Board	-	398,959	398,959	523,830			
Total without donor restrictions	<u>2,089,359</u>	<u>644,920</u>	<u>2,734,279</u>	<u>2,518,523</u>			
With donor restrictions	-	52,505	52,505	62,195			
Total net assets	<u>2,089,359</u>	<u>697,425</u>	<u>2,786,784</u>	<u>2,580,718</u>			
Total liabilities and net assets	<u><u>\$ 2,426,236</u></u>	<u><u>\$ 870,878</u></u>	<u><u>\$ 3,297,114</u></u>	<u><u>\$ 4,445,077</u></u>			

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

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021	
				(Summarized)	
	With Donor Child		Without Donor Restrictions	With Donor Restrictions	
	Development Center	Human Service Ministries	Human Service Ministries	Total	Total
REVENUE AND OTHER SUPPORT					
Tuition					
Parent fees	\$ 439,572	\$ -	\$ -	\$ 439,572	\$ 555,696
Parental subsidy - Government	3,037,542	-	-	3,037,542	2,507,190
Contributions					
Churches	-	130,164	-	130,164	136,747
Individual	22,063	276,558	-	298,621	409,854
Organizations	3,240	49,543	-	52,783	31,301
Grants					
Fairfax County QAP	15,575	-	-	15,575	15,225
Virginia Preschool Initiative	104,333	-	-	104,333	348,239
Fairfax County CCFP	-	94,385	-	94,385	91,615
United Way	-	-	-	-	0
Coronavirus Relief Funds	-	2,750,540	-	2,750,540	2,990,158
Emergency Food & Shelter Program	-	-	-	-	0
United States Department of Agriculture	170,047	-	-	170,047	156,356
Other Organizations and Businesses	547,892	16,250	-	564,142	668,732
In-kind support	523,963	127,818	-	651,781	798,005
Investment income (loss)	908	608	-	1,516	1,748
Other revenue	20,367	-	-	20,367	16,040
Net assets released from restrictions	-	9,690	(9,690)	-	-
Total revenue and other support	4,885,502	3,455,556	(9,690)	8,331,368	8,726,906
EXPENSES					
Program services	3,937,949	3,489,269	-	7,427,218	7,190,470
Management and general	665,262	32,822	-	698,084	655,275
Total expenses	4,603,211	3,522,091	-	8,125,302	7,845,745
CHANGE IN NET ASSETS					
	282,291	(66,535)	(9,690)	206,066	881,161
Net Assets - beginning of year	1,748,733	769,790	62,195	2,580,718	1,699,557
Transfers, net	58,335	(58,335)	-	-	-
NET ASSETS - END OF YEAR	\$ 2,089,359	\$ 644,920	\$ 52,505	\$ 2,786,784	\$ 2,580,718

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

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022								2021 (Summarized)	
	Program Services			Management and General						
	Child Development	Human Service Center	Total Program Services	Child Development	Human Service Center	Total Management and General	Total	Total All Funds		
	Center	Ministries		Center	Ministries	General	Total			
Salaries	\$ 2,154,861	\$ -	\$ 2,154,861	\$ 380,269	\$ -	\$ 380,269	\$ 2,535,130	\$ 2,258,069		
Payroll and other taxes	157,974	-	157,974	27,878	-	27,878	185,852	108,677		
Employee benefits	353,847	-	353,847	62,444	-	62,444	416,291	417,716		
Food	202,250	-	202,250	25,420	-	25,420	227,670	186,766		
Bank and services charges	-	-	-	307	338	645	645	5,730		
Materials, equipment, and supplies	132,106	-	132,106	10,668	1,054	11,722	143,828	207,675		
Repairs and maintenance	63,698	-	63,698	11,241	-	11,241	74,939	31,472		
Rent and custodial	50,866	-	50,866	8,976	-	8,976	59,842	53,429		
Insurance	10,211	-	10,211	1,802	2,913	4,715	14,926	15,081		
Contracted services	10,072	-	10,072	-	-	-	10,072	61,030		
Professional development	30,466	-	30,466	5,376	-	5,376	35,842	50,132		
Temporary help	-	-	-	-	3,269	3,269	3,269	7,079		
Dues and registration	19,443	865	20,308	3,431	-	3,431	23,739	14,962		
Telephone and postage	12,829	-	12,829	2,711	1,582	4,293	17,122	14,288		
Printing and equipment rental	23,622	-	23,622	4,168	1,473	5,641	29,263	29,599		
Legal and accounting	-	-	-	19,815	21,113	40,928	40,928	28,361		
Miscellaneous	50,175	3,000	53,175	9,838	1,080	10,918	64,093	42,043		
Scholarship	45,991	-	45,991	-	-	-	45,991	25,960		
In-kind support	445,369	-	445,369	78,594	-	78,594	523,963	555,936		
Depreciation	69,836	-	69,836	12,324	-	12,324	82,160	75,912		
VPI expense	104,333	-	104,333	-	-	-	104,333	53,282		
Assistance to individuals :										
Family emergency	-	3,239,314	3,239,314	-	-	-	3,239,314	3,206,029		
Housing	-	8,750	8,750	-	-	-	8,750	2,500		
Furniture	-	45,218	45,218	-	-	-	45,218	41,749		
Food and nutrition	-	162,170	162,170	-	-	-	162,170	322,781		
Scholarship	-	16,000	16,000	-	-	-	16,000	16,000		
Homework club	-	13,952	13,952	-	-	-	13,952	13,487		
Total Expenses	\$ 3,937,949	\$ 3,489,269	\$ 7,427,218	\$ 665,262	\$ 32,822	\$ 698,084	\$ 8,125,302	\$ 7,845,745		

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

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Tuition fees and subsidies	\$ 3,493,023	\$ 3,080,717
Contributions	481,568	577,903
Grants	2,551,497	2,584,297
Investment income (loss)	1,516	1,748
Other revenue	<u>20,367</u>	<u>16,040</u>
Total receipts	6,547,971	6,260,705
Disbursements	<u>7,305,137</u>	<u>7,073,674</u>
Net cash used by operating activities	<u>(757,166)</u>	<u>(812,969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(198,632)	(34,016)
Purchase of investments	117,177	(13)
Sales/maturities of investments	<u>465</u>	<u>330</u>
Net cash used by investing activities	<u>(80,990)</u>	<u>(33,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments received on note	2,283	2,542
Escrow payable/receivable	<u>2,531</u>	<u>3,388</u>
Net cash provided by financing activities	<u>4,814</u>	<u>5,930</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(833,342)	(840,738)
Cash and cash equivalents, beginning of year	3,158,463	3,999,201
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,325,121	\$ 3,158,463

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

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

1. 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

ACCA prepares its financial statements on the accrual basis of accounting. 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 ACCA 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 ACCA's financial statements. ACCA 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, 2020, from which the summarized information was derived.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

2. Summary of Significant Accounting Policies (continued)

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 if the financial statements and the reported amount of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-bearing checking accounts, saving accounts, and money market accounts. Cash equivalents have a maturity of three months or less when purchased.

Accounts Receivable

Tuition fees receivable from parents are considered past due if payments are not received within 30 days of the invoice date. ACCA currently does not charge any interest or finance charges for 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

Investments are recorded at fair value.

Fair Value Hierarchy

ACCA has categorized its financial instruments, based on the priority of the inputs on to the valuation techniques, into a three-level fair 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 inputs that are significant to the fair value measurement of the instrument.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

2. Summary of Significant Accounting Policies (continued)

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

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 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 liability 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.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment which ranges from 5 to 15 years. ACCA 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, 2022 and 2021, and a useful life of more than one year. Maintenance and repairs are expenses as incurred.

Net Assets

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

Without Donor Restrictions

Undesignated – represent funds available for general operations.

Designated by Board – represent funds designated by 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
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

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

Tuition revenue is recognized when earned (point over time). Parent fees are billed weekly for childcare based on a sliding scale of family income (point over time). Parental tuition subsidies from Fairfax County are recorded based on children attendance for eligible parents (point over time). Any amount received in advance of services are recorded as deferred revenue.

ACCA 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 ACCA 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.

Allocation of Expenses

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

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 \$58,335 and \$135,000 for the years ended June 30, 2022 and 2021, respectively.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through February 3, 2023, the date the financial statements were available to be issued.

3. Concentrations of Risk

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, ACCA had funds invested with local financial institutions in excess of the Federal Deposit Insurance Corporation limits.

Market Value Risk

ACCA invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

4. Liquidity and Availability

ACCA 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 statements 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.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,325,121	\$ 3,158,463
Accounts receivable	401,209	649,701
Investments	<u>56,972</u>	<u>174,614</u>
Total	2,783,302	3,982,778
Less: net assets with donor restrictions	(52,505)	(62,195)
Less: board designated legacy fund assets	<u>(398,959)</u>	<u>(523,830)</u>
Total	<u>\$ 2,331,838</u>	<u>\$ 3,396,753</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

5. Accounts Receivable

A summary of amounts included in accounts receivable at June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Parental subsidy - Fairfax County	\$ 203,575	\$ 583,550
United States Department of Agriculture	14,279	30,335
Other	<u>183,355</u>	<u>35,816</u>
Total accounts receivable	<u>\$ 401,209</u>	<u>\$ 649,701</u>

There was no allowance for uncollectible accounts receivable as of June 30, 2022 and 2021.

6. Inventory

Inventory consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Food	\$ 24,146	\$ 30,375
Furniture	<u>5,595</u>	<u>5,395</u>
Total inventory	<u>\$ 29,741</u>	<u>\$ 35,770</u>

7. Investments

Investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 56,972	\$ 2,491
Certificates of deposit	-	54,946
Money market fund	<u>-</u>	<u>117,177</u>
Total investments	<u>\$ 56,972</u>	<u>\$ 174,614</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

7. Investments (continued)

Investment (loss) income for the years ended June 30, 2022 and 2021, is comprised of the following:

	2022	2021
Interest and dividends from investments	\$ 470	\$ 356
Interest from note receivable	<u>1,046</u>	<u>1,392</u>
Total investment income (loss)	<u><u>\$ 1,516</u></u>	<u><u>\$ 1,748</u></u>

8. Fair Value Measurements

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, 2022 and 2021:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments				
Cash	\$ 56,972	\$ 56,972	\$ -	\$ -
Certificates of deposit	<u>465</u>	<u>-</u>	<u>465</u>	<u>-</u>
Total	<u>\$ 57,437</u>	<u>\$ 56,972</u>	<u>\$ 465</u>	<u>\$ -</u>
 June 30, 2021				
	Total	Level 1	Level 2	Level 3
Investments				
Cash	\$ 2,491	\$ 2,491	\$ -	\$ -
Certificates of deposit	<u>54,946</u>	<u>-</u>	<u>54,946</u>	<u>-</u>
Money market fund	<u>117,177</u>	<u>117,177</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 174,614</u>	<u>\$ 119,668</u>	<u>\$ 54,946</u>	<u>\$ -</u>

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9. Property and Equipment

A summary of property and equipment at June 30, 2022, is as follows:

	June 30, 2022			
	Cost	Accumulated depreciation	Net cost	Depreciation expense
Child Development Center				
Equipment and furniture	\$ 770,024	\$ 423,224	\$ 346,800	\$ 82,160
Leasehold Improvements	\$ 93,779	2,354	\$ 91,425	
Human Service Ministries				
Vehicles	36,271	36,271	-	-
Total	<u>\$ 900,074</u>	<u>\$ 461,849</u>	<u>\$ 438,225</u>	<u>\$ 82,160</u>

	June 30, 2021			
	Cost	Accumulated depreciation	Net cost	Depreciation expense
Child Development Center				
Equipment and furniture	665,171	343,418	\$ 321,753	75,912
Human Service Ministries				
Vehicles	36,271	36,271	-	-
Total	<u>\$ 701,442</u>	<u>\$ 379,689</u>	<u>\$ 321,753</u>	<u>\$ 75,912</u>

10. Coronavirus Aid, Relief, and Economic Security (CARES) Act

In May 2020, ACCA received \$3,120,000 from the CARES Act Direct Assistance Supplementary Fund Program. The contract with Fairfax County Virginia, provides up to \$2,945,516 of direct assistance payments with the remainder covering administrative costs of ACCA. Revenue is recognized as assistance payments are made as directed by the County. At June 30, 2022, approximately \$165,000 of deferred revenue remained, with payments expected to continue through September 30, 2021.

On May 6, 2020, ACCA received a loan from United Bank, a financial institution, in the amount of \$538,700 to fund payroll and benefits. ACCA received forgiveness during fiscal year ended June 30, 2021 and is included in grant revenue.

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11. 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, 2022 and 2021, consisted of the following:

	2022	2021
Balance - beginning of year	\$ 523,830	\$ 523,830
Support approved	<u>(124,871)</u>	-
Balance - end of year	<u>\$ 398,959</u>	<u>\$ 523,830</u>

12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021, consisted of funds for the following purposes:

Scholarship - Ruffing	\$ 10,056	\$ -	\$ (360)	\$ 9,696
Rebuilding Together	4,596	-	(3,370)	1,226
Nutrition and Hygiene	\$ 34,111	-	(5,960)	28,151
Furniture - Crib Fund	9,298	-	-	9,298
Furniture - Fuel	\$ 2,534	-	-	2,534
Infrastructure	1,600	-	-	<u>1,600</u>
Total	<u>\$ 62,195</u>	<u>\$ -</u>	<u>\$ (9,690)</u>	<u>\$ 52,505</u>

	July 1, 2020	Additions	Releases	June 30, 2021
Scholarship - Ruffing	\$ 10,056	\$ -	\$ -	\$ 10,056
Rebuilding Together	4,596	-	-	4,596
Nutrition and Hygiene	39,606	-	(5,495)	34,111
Furniture - Crib Fund	9,298	-	-	9,298
Furniture - Fuel	1,699	835	-	2,534
Infrastructure	1,600	-	-	<u>1,600</u>
Total	<u>\$ 66,855</u>	<u>\$ 835</u>	<u>\$ (5,495)</u>	<u>\$ 62,195</u>

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13. 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, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Rent and utilities	\$ 523,963	555,936
Donated food	115,071	227,927
Donated furniture	6,747	8,142
Donated other	<u>6,000</u>	<u>6,000</u>
Total	<u>\$ 651,781</u>	<u>\$ 798,005</u>

14. Pension Plan

ACCA has a 403(b) plan agreement which 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, 2022 and 2021, is for \$21,654 and \$4,782, respectively.

15. 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 11,500 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, 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 \$583,805 and \$609,365 for the years ended June 30, 2022 and 2021, 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 \$19 and \$20 square foot per year for the years ended June 30, 2022 and 2021, respectively, less the actual amount of rent and custodial expenses paid by ACCA.

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16. 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 36% and 29% of total revenue directly from Fairfax County for parental tuition subsidies for the years ended June 30, 2022 and 2021, respectively. ACCA also received 6% and 6% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ended June 30, 2022 and 2021, respectively. In addition, ACCA received 33 and 28% of total revenue through the Coronavirus Relief Fund to support rental and utility assistance for the years ended June 30, 2022 and 2021, respectively.