

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2018)

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
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(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2018)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
A C C A, Inc.
(Annandale Christian Community for Action)
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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited ACCA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Arlington, Virginia
December 4, 2019

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2018)

	2019			2018 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 608,333	\$ 146,564	\$ 754,897	\$ 539,446
Accounts Receivable	294,304	-	294,304	229,639
Inventory	-	26,025	26,025	23,679
Prepaid Expenses	9,270	-	9,270	13,767
Total Current Assets	911,907	172,589	1,084,496	806,531
INVESTMENTS	-	583,628	583,628	615,386
NOTE RECEIVABLE	-	24,783	24,783	26,691
PROPERTY AND EQUIPMENT, NET	350,025	-	350,025	285,418
Total Assets	\$ 1,261,932	\$ 781,000	\$ 2,042,932	\$ 1,734,026
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 93,526	\$ 4,710	\$ 98,236	51,065
Accrued Expenses	184,748	-	184,748	169,819
Deferred Revenue	28,759	15,300	44,059	12,526
Escrow Payable	-	2,527	2,527	2,188
Total Current Liabilities	307,033	22,537	329,570	235,598
NET ASSETS				
Without Donor Restrictions:				
Undesignated	954,899	124,476	1,079,375	863,228
Designated by Board	-	578,792	578,792	579,590
Total Without Donor Restrictions	954,899	703,268	1,658,167	1,442,818
With Donor Restrictions	-	55,195	55,195	55,610
Total Net Assets	954,899	758,463	1,713,362	1,498,428
Total Liabilities and Net Assets	\$ 1,261,932	\$ 781,000	\$ 2,042,932	\$ 1,734,026

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019			2018 (Summarized)	
	Without Donor Restrictions		With Donor Restrictions	Total	Total
	Child Development Center	Human Service Ministries	Human Service Ministries		
REVENUE AND OTHER SUPPORT					
Tuition:					
Parent Fees	\$ 915,611	\$ -	\$ -	\$ 915,611	\$ 756,188
Parental Subsidy - Government	2,591,378	-	-	2,591,378	1,935,336
Contributions:					
Churches	-	122,231	450	122,681	147,550
Individual	18,007	127,363	1,976	147,346	179,666
Organizations	2,900	36,267	600	39,767	61,516
Grants:					
Fairfax County QAP	16,275	-	-	16,275	13,475
Virginia PreSchool Initiative	58,800	-	-	58,800	46,800
Fairfax County CCFP	-	97,614	-	97,614	115,676
United Way	-	14,000	-	14,000	14,000
United States Department of Agriculture	169,378	-	-	169,378	160,346
Kaiser Foundation Grant	18,750	-	-	18,750	18,750
Other Organizations and Businesses	-	14,671	329	15,000	19,000
In-Kind Support	724,484	126,574	-	851,058	641,011
Investment Income	483	19,693	-	20,176	7,189
Other Revenue	1,554	-	-	1,554	17,582
Net Assets Released from Restrictions	-	3,770	(3,770)	-	-
Total Revenue and Other Support	<u>4,517,620</u>	<u>562,183</u>	<u>(415)</u>	<u>5,079,388</u>	<u>4,134,085</u>
EXPENSES					
Program Services	3,776,162	433,962	-	4,210,124	3,584,394
Management and General	616,978	37,352	-	654,330	660,412
Total Expenses	<u>4,393,140</u>	<u>471,314</u>	<u>-</u>	<u>4,864,454</u>	<u>4,244,806</u>
CHANGE IN NET ASSETS	124,480	90,869	(415)	214,934	(110,721)
Net Assets - Beginning of Year	738,754	704,064	55,610	1,498,428	1,609,149
Transfers, Net	<u>91,665</u>	<u>(91,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 954,899</u>	<u>\$ 703,268</u>	<u>\$ 55,195</u>	<u>\$ 1,713,362</u>	<u>\$ 1,498,428</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, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019						2018	
	Program Services			Management and General			(Summarized)	
	Child Development Center	Human Service Ministries	Total Program Services	Child Development Center	Human Service Ministries	Total Management and General	Total	Total All Funds
Salaries	\$ 1,852,765	\$ -	\$ 1,852,765	\$ 326,959	\$ -	\$ 326,959	\$ 2,179,724	\$ 2,002,407
Payroll and Other Taxes	136,070	-	136,070	24,012	-	24,012	160,082	147,894
Employee Benefits	264,432	-	264,432	46,664	-	46,664	311,096	304,520
Food	275,226	-	275,226	38,582	-	38,582	313,808	251,237
Bank and Services Charges	-	-	-	9,198	383	9,581	9,581	7,459
Materials, Equipment, and Supplies	121,779	-	121,779	5,209	62	5,271	127,050	115,357
Repairs and Maintenance	28,325	-	28,325	4,999	4,015	9,014	37,339	34,813
Rent and Custodial	47,996	-	47,996	8,470	-	8,470	56,466	53,497
Insurance	11,602	-	11,602	2,047	2,420	4,467	16,069	12,541
Contracted Services	100,086	-	100,086	-	-	-	100,086	60,455
Professional Development	43,553	-	43,553	7,686	-	7,686	51,239	37,894
Kaiser Foundation Grant	18,750	-	18,750	-	-	-	18,750	18,750
Temporary Help	-	-	-	-	294	294	294	1,418
Dues and Registration	7,101	-	7,101	1,253	75	1,328	8,429	7,711
Telephone and Postage	7,415	-	7,415	2,208	944	3,152	10,567	9,372
Printing and Equipment Rental	17,730	-	17,730	3,129	-	3,129	20,859	28,716
Legal and Accounting	-	-	-	14,254	25,670	39,924	39,924	37,761
Miscellaneous	10,968	-	10,968	4,394	3,489	7,883	18,851	18,674
Scholarships	105,388	-	105,388	-	-	-	105,388	-
In-Kind Support	615,811	-	615,811	108,673	-	108,673	724,484	499,804
Depreciation	52,365	-	52,365	9,241	-	9,241	61,606	49,915
VPI Expense	58,800	-	58,800	-	-	-	58,800	46,800
Assistance to Individuals:								
Family Emergency	-	220,229	220,229	-	-	-	220,229	235,694
Housing	-	7,000	7,000	-	-	-	7,000	9,000
Furniture	-	42,050	42,050	-	-	-	42,050	46,311
Food and Nutrition	-	140,707	140,707	-	-	-	140,707	167,359
Scholarship	-	22,581	22,581	-	-	-	22,581	39,447
Homework Club	-	1,395	1,395	-	-	-	1,395	-
Total Expenses	\$ 3,776,162	\$ 433,962	\$ 4,210,124	\$ 616,978	\$ 37,352	\$ 654,330	\$ 4,864,454	\$ 4,244,806

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018 (Summarized)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Tuition Fees and Subsidies	\$ 3,557,256	\$ 2,799,526
Contributions	301,470	374,814
Grants	314,742	327,772
Investment Income	20,176	7,189
Other Revenue	1,554	17,582
Total Receipts	4,195,198	3,526,883
Disbursements	3,887,539	3,531,528
Net Cash Provided (Used) by Operating Activities	307,659	(4,645)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(126,213)	(90,754)
Purchases of Investments	(68,225)	(405,975)
Sales/Maturities of Investments	99,983	101,921
Net Cash Used by Investing Activities	(94,455)	(394,808)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments Received on Note	1,908	1,807
Escrow Payable/Receivable	339	2,359
Net Cash Provided by Financing Activities	2,247	4,166
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	215,451	(395,287)
Cash and Cash Equivalents - Beginning of Year	539,446	934,733
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 754,897	\$ 539,446

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

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. 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, 2018, 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, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

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. 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 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

All investments are recorded at fair 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. 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, 2019 and 2018, 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

Undesignated – represent funds available for general operations.

Designated by Board – 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, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement 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 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.

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 whose restrictions 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. Parent fees are billed weekly for childcare 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.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 \$91,665 and \$198,000 for the years ended June 30, 2019 and 2018, 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, occupancy and office expenses have been allocated among the programs and supporting services benefited based on personnel efforts or space usage.

Upcoming Accounting Standards Update

Revenue from Contracts with Customers — In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for ACCA's financial statements for the year ending June 30, 2020. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Standards Update (Continued)

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made — In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The standard will be effective for ACCA's financial statements for the year ending June 30, 2020. Management is evaluating the effect of this guidance on ACCA's financial statements.

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through December 4, 2019, the date the financial statements were available to be issued.

NOTE 2 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.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 3 ACCOUNTS RECEIVABLE

A summary of amounts included in accounts receivable at June 30, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Parental Subsidy - Fairfax County	\$ 239,046	\$ 171,180
United States Department of Agriculture	27,103	25,000
Other	28,155	33,459
Total Accounts Receivable	<u>\$ 294,304</u>	<u>\$ 229,639</u>

There was no allowance for uncollectible accounts receivable as of June 30, 2019 and 2018.

NOTE 4 INVENTORY

Inventory consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Food	\$ 22,698	\$ 18,383
Furniture	3,327	5,296
Total	<u>\$ 26,025</u>	<u>\$ 23,679</u>

NOTE 5 INVESTMENTS

Investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash	\$ 7,594	\$ 6,926
Certificates of Deposit	105,831	149,865
Money Market	114,518	111,613
Mutual Funds	12,997	13,040
EFTs	334,518	326,520
Mutual Funds - Alternatives	8,170	7,422
Total Investments	<u>\$ 583,628</u>	<u>\$ 615,386</u>

Investment income for the years ended June 30, 2019 and 2018, is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and Dividends from Investments	\$ 18,755	\$ 5,666
Interest from Note Receivable	1,421	1,523
Total	<u>\$ 20,176</u>	<u>\$ 7,189</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 6 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, 2019 and 2018:

	June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash	\$ 7,594	\$ 7,594	\$ -	\$ -
Certificates of Deposit	105,831	-	105,831	-
Money Market	114,518	114,518	-	-
Mutual Funds	12,997	12,997	-	-
EFTs	334,518	334,518	-	-
Mutual Funds - Alternatives	8,170	8,170	-	-
Total	<u>\$ 583,628</u>	<u>\$ 477,797</u>	<u>\$ 105,831</u>	<u>\$ -</u>
	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash	\$ 6,926	\$ 6,926	\$ -	\$ -
Certificates of Deposit	149,865	-	149,865	-
Money Market	111,613	111,613	-	-
Mutual Funds	13,040	13,040	-	-
EFTs	326,520	326,520	-	-
Mutual Funds - Alternatives	7,422	7,422	-	-
Total	<u>\$ 615,386</u>	<u>\$ 465,521</u>	<u>\$ 149,865</u>	<u>\$ -</u>

NOTE 7 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2019 and 2018, is as follows:

	June 30, 2019			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
Child Development Center:				
Equipment and Furniture	\$ 544,338	\$ 194,313	\$ 350,025	\$ 61,606
Human Service Ministries:				
Vehicles	41,907	41,907	-	-
Total	<u>\$ 586,245</u>	<u>\$ 236,220</u>	<u>\$ 350,025</u>	<u>\$ 61,606</u>
	June 30, 2018			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
Child Development Center:				
Equipment and Furniture	\$ 429,101	\$ 143,683	\$ 285,418	\$ 45,748
Human Service Ministries:				
Vehicles	36,272	36,272	-	4,167
Total	<u>\$ 465,373</u>	<u>\$ 179,955</u>	<u>\$ 285,418</u>	<u>\$ 49,915</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

NOTE 8 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, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 579,590	\$ 649,924
Support Approved	(798)	(70,334)
Balance, End of Year	<u>\$ 578,792</u>	<u>\$ 579,590</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018, consisted of funds for the following purposes:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2019</u>
Scholarship - Ruffing	\$ 14,006	\$ -	\$ (3,550)	\$ 10,456
Rebuilding Together	566	-	(220)	346
Nutrition and Hygiene	29,380	3,026	-	32,406
Furniture - Crib Fund	9,298	-	-	9,298
Furniture - Fuel	760	329	-	1,089
Storage Reimbursement FFX	-	-	-	-
Infrastructure	1,600	-	-	1,600
Total	<u>\$ 55,610</u>	<u>\$ 3,355</u>	<u>\$ (3,770)</u>	<u>\$ 55,195</u>

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2018</u>
Scholarship - Ruffing	\$ 15,764	\$ 18,242	\$ (20,000)	\$ 14,006
Rebuilding Together	541	9,025	(9,000)	566
Nutrition and Hygiene	30,685	166,053	(167,358)	29,380
Furniture - Crib Fund	9,298	-	-	9,298
Furniture - Fuel	332	1,000	(572)	760
Infrastructure	3,000	-	(1,400)	1,600
Total	<u>\$ 59,620</u>	<u>\$ 194,320</u>	<u>\$ (198,330)</u>	<u>\$ 55,610</u>

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NOTE 10 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, 2019 and 2018, is as follows:

	2019	2018
Rent and Utilities	\$ 724,484	\$ 482,642
Donated Food	109,123	121,867
Donated Furniture	11,451	13,340
Donated Other	6,000	23,162
Total	\$ 851,058	\$ 641,011

NOTE 11 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, 2019 and 2018, is \$7,642 and \$6,932, respectively.

NOTE 12 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 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 \$765,949 and \$536,139 for the years ended June 30, 2019 and 2018, 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 \$26.00 and \$27.85 square foot per year for the years ended June 30, 2019 and 2018, respectively, less the actual amount of rent and custodial expenses paid by ACCA.

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NOTE 13 LEASED EQUIPMENT

ACCA has an operating lease agreement for copiers. Future minimum lease payments under the leases are \$10,798 for June 30, 2020, and \$8,998 for June 30, 2021.

NOTE 14 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 52% and 46% of total revenue directly from Fairfax County for parental tuition subsidies for the years ending June 30, 2019 and 2018, respectively. ACCA also received 14% and 12% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ending June 30, 2019 and 2018, respectively.

NOTE 15 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.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 754,897	\$ 539,446
Accounts Receivable	294,304	229,639
Investments	<u>583,628</u>	<u>615,386</u>
Total	1,632,829	1,384,471
Less: Net Assets With Donor Restrictions	(55,195)	(55,610)
Less: Board Designated Legacy Fund Assets	<u>(578,792)</u>	<u>(579,590)</u>
Total	<u>\$ 998,842</u>	<u>\$ 749,271</u>