

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Arlington, Virginia
September 28, 2016

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2015)

	2016			2015 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 464,051	\$ 301,867	\$ 765,918	\$ 908,807
Accounts Receivable				
Government	184,279	-	184,279	187,518
Non-Government	4,154	9,072	13,226	12,552
Inventory	-	22,883	22,883	22,257
Prepaid Expenses	31,946	-	31,946	17,346
Escrow Receivable	-	360	360	-
Total Current Assets	684,430	334,182	1,018,612	1,148,480
INVESTMENTS	100,739	210,360	311,099	310,890
NOTE RECEIVABLE	-	30,332	30,332	31,642
PROPERTY AND EQUIPMENT, NET	217,439	9,167	226,606	215,048
Total Assets	\$ 1,002,608	\$ 584,041	\$ 1,586,649	\$ 1,706,060
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 46,231	\$ -	\$ 46,231	95,503
Accrued Expenses	132,013	-	132,013	107,793
Deferred Revenue	12,971	-	12,971	8,586
Escrow Payable	-	-	-	2,044
Total Current Liabilities	191,215	-	191,215	213,926
NET ASSETS				
Unrestricted - Operating	811,393	137,328	948,721	1,026,331
Unrestricted - Board Designated	-	394,703	394,703	404,703
	811,393	532,031	1,343,424	1,431,034
Temporarily Restricted	-	52,010	52,010	61,100
Total Net Assets	811,393	584,041	1,395,434	1,492,134
Total Liabilities and Net Assets	\$ 1,002,608	\$ 584,041	\$ 1,586,649	\$ 1,706,060

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016				2015 (Summarized)
	Unrestricted			Temporarily Restricted	Total
	Child Development Center	Human Service Ministries	Total		
REVENUE AND OTHER SUPPORT					
Tuition:					
Parent Fees	\$ 630,681	\$ -	\$ -	\$ 630,681	\$ 581,223
Parental Subsidy - Government	1,918,076	-	-	1,918,076	1,687,864
Contributions:					
Churches	919	127,025	8,066	136,010	129,991
Individual	12,955	178,009	7,309	198,273	241,540
Organizations	1,996	45,721	14,493	62,210	27,595
Grants:					
Fairfax County QAP	13,650	-	-	13,650	10,675
Virginia PreSchool Initiative	60,000	-	-	60,000	64,800
Fairfax County	-	76,600	31,500	108,100	110,200
Emergency Food and Shelter Program	-	-	-	-	3,500
United Way	-	4,900	-	4,900	15,000
United States Department of Agriculture	149,394	-	-	149,394	145,947
Other Organizations and Businesses	-	19,000	500	19,500	34,000
In-kind Support	447,636	18,106	115,996	581,738	620,766
Investment Income	896	1,561	-	2,457	4,071
Other Revenue	7,645	-	-	7,645	8,418
Net Assets Released from Restrictions	16,000	170,954	(186,954)	-	-
Total Revenue and Other Support	<u>3,259,848</u>	<u>641,876</u>	<u>(9,090)</u>	<u>3,892,634</u>	<u>3,685,590</u>
EXPENSES					
Program Services	2,927,489	488,546	-	3,416,035	3,138,498
Management and General	555,067	18,232	-	573,299	541,411
Total Expenses	<u>3,482,556</u>	<u>506,778</u>	<u>-</u>	<u>3,989,334</u>	<u>3,679,909</u>
CHANGE IN NET ASSETS	(222,708)	135,098	(9,090)	(96,700)	5,681
Net Assets - Beginning of Year	889,101	541,933	61,100	1,492,134	1,486,453
Transfers, Net	145,000	(145,000)	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 811,393</u>	<u>\$ 532,031</u>	<u>\$ 52,010</u>	<u>\$ 1,395,434</u>	<u>\$ 1,492,134</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, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016						2015 (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	\$ 1,551,747	\$ -	\$ 1,551,747	\$ 317,828	\$ -	\$ 317,828	\$ 1,869,575	\$ 1,668,349
Payroll and Other Taxes	114,625	-	114,625	23,478	-	23,478	138,103	123,544
Employee Benefits	214,946	-	214,946	44,025	-	44,025	258,971	166,487
Food	241,837	-	241,837	16,645	-	16,645	258,482	240,707
Bank and Services Charges	-	-	-	5,090	628	5,718	5,718	6,393
Materials, Equipment and Supplies	119,059	-	119,059	7,099	64	7,163	126,222	122,228
Repairs and Maintenance	21,096	-	21,096	4,321	-	4,321	25,417	46,782
Rent and Custodial	45,340	-	45,340	9,287	-	9,287	54,627	52,296
Insurance	8,264	-	8,264	1,693	2,142	3,835	12,099	10,844
Contracted Services	50,705	-	50,705	-	-	-	50,705	34,057
Professional Development	18,566	-	18,566	3,803	-	3,803	22,369	23,777
Temporary Help	-	-	-	-	213	213	213	402
Dues and Registration	5,729	-	5,729	1,173	75	1,248	6,977	13,734
Telephone and Postage	6,909	-	6,909	1,415	950	2,365	9,274	10,291
Printing and Equipment Rental	19,376	-	19,376	3,969	1,383	5,352	24,728	22,102
Legal and Accounting	-	-	-	27,018	11,540	38,558	38,558	25,855
Miscellaneous	7,203	-	7,203	4,294	1,237	5,531	12,734	8,808
In-kind Support	371,538	-	371,538	76,098	-	76,098	447,636	465,722
Depreciation	38,233	5,000	43,233	7,831	-	7,831	51,064	34,976
VPI Expense	60,000	-	60,000	-	-	-	60,000	64,800
Assistance to Individuals								
Family Emergency	-	261,107	261,107	-	-	-	261,107	278,382
Housing	-	7,000	7,000	-	-	-	7,000	7,000
Furniture	-	50,904	50,904	-	-	-	50,904	58,532
Food and Nutrition	-	147,954	147,954	-	-	-	147,954	168,309
Scholarship	32,316	16,581	48,897	-	-	-	48,897	25,532
Total Expenses	\$ 2,927,489	\$ 488,546	\$ 3,416,035	\$ 555,067	\$ 18,232	\$ 573,299	\$ 3,989,334	\$ 3,679,909

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Tuition Fees and Subsidies	\$ 2,630,031	\$ 2,367,676
Contributions	399,080	399,126
Grants	278,633	302,836
Interest	2,457	4,071
Other Revenue	7,645	8,418
Total Receipts	3,317,846	3,082,127
Disbursements	3,396,810	2,937,886
Net Cash (Used in) Provided by Operating Activities	(78,964)	144,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(62,622)	(139,412)
Purchases of Investments	(209)	(210,890)
Sales/Maturities of Investments	-	209,683
Net Cash Used in Investing Activities	(62,831)	(140,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments Received on Note	1,310	1,684
Escrow Payable/Receivable	(2,404)	911
Net Cash (Used in) Provided by Financing Activities	(1,094)	2,595
NET (DECREASE) INCREASE IN CASH	(142,889)	6,217
Cash and Cash Equivalents - Beginning of Year	908,807	902,590
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 765,918	\$ 908,807
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (96,700)	\$ 5,681
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Expenses:		
Depreciation	51,064	34,976
Loan Amortization Write-Off	-	(7,445)
Changes in Assets and Liabilities:		
Accounts Receivable	2,565	23,784
Inventory	(626)	(563)
Prepaid Expenses	(14,600)	10,833
Accounts Payable	(49,272)	59,709
Accrued Expenses	24,220	23,747
Deferred Revenue	4,385	(6,481)
Net Cash (Used in) Provided by Operating Activities	\$ (78,964)	\$ 144,241

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2015, 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, 2016

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 at retail cost.

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 10 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, 2016 and 2015, 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:

Unrestricted Net Assets

Operating - represent funds available for general operations.

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

Temporarily Restricted Net Assets

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, 2016

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, temporarily restricted net assets are reclassified to unrestricted 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.

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:

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.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy - Continued

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 \$145,000 and \$132,500 for the years ended June 30, 2016 and 2015, 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 2015 amounts have been reclassified to conform to 2016 presentation. This has had no effect on previously reported net assets.

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through September 28, 2016, the date the financial statements were available to be issued.

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.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents at June 30, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
<u>Child Development Center</u>		
Business Checking	\$ 206,507	\$ 346,996
Business Saving	199,798	199,378
Money Market	<u>57,746</u>	<u>57,458</u>
	464,051	603,832
<u>Human Service Ministries</u>		
Business Checking	57,522	37,317
Family Emergency Checking	4,440	8,195
Nutrition Checking	6,669	1,323
Money Market Savings	<u>233,236</u>	<u>258,140</u>
	<u>301,867</u>	<u>304,975</u>
	<u>\$ 765,918</u>	<u>\$ 908,807</u>

Cash and cash equivalents are classified for the following purposes:

	<u>2016</u>	<u>2015</u>
Operating	\$ 319,205	\$ 443,004
Board Designated	394,703	404,703
Temporarily Restricted	<u>52,010</u>	<u>61,100</u>
	<u>\$ 765,918</u>	<u>\$ 908,807</u>

NOTE 4 ACCOUNTS RECEIVABLE

Tuition receivable (non-government) is reported net of the allowance for uncollectible accounts.

ACCA submits monthly estimated billings to government agencies. A summary of amounts included in total government receivables at June 30, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
<u>Child Development Center</u>		
Parental Subsidy - Fairfax County	\$ 171,054	\$ 174,643
United States Department of Agriculture	12,000	12,000
Virginia Preschool Initiative	<u>1,225</u>	<u>875</u>
Total Government Receivables	<u>\$ 184,279</u>	<u>\$ 187,518</u>

There was no allowance for uncollectible accounts receivables as of June 30, 2016 and 2015.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 INVENTORY

Inventory consists of the following donated food and furniture at June 30, 2016 and 2015. The donated food and furniture are estimated at their fair market value.

	2016	2015
Food	\$ 19,393	\$ 19,133
Furniture	3,490	3,124
	\$ 22,883	\$ 22,257

NOTE 6 INVESTMENTS

Investments consist of the following at June 30, 2016 and 2015:

	2016	2015
<u>Child Development Center</u>		
Certificates of Deposit	\$ 100,739	\$ 100,551
<u>Human Service Ministries</u>		
Money Market	210,360	210,339
Total investments	\$ 311,099	\$ 310,890

Investment income for the years ended June 30, 2016 and 2015, is comprised of the following:

	2016	2015
Interest and Dividends from Investments	\$ 1,044	\$ 2,124
Interest from Note Receivable	1,413	1,947
	\$ 2,457	\$ 4,071

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 and 2015:

		June 30, 2016			
		Total	Level 1	Level 2	Level 3
Investments:					
Money Market		\$ 210,360	\$ 210,360	\$ -	\$ -
		\$ 210,360	\$ 210,360	\$ -	\$ -
		June 30, 2015			
		Total	Level 1	Level 2	Level 3
Investments:					
Money Market		\$ 210,339	\$ 210,339	\$ -	\$ -
		\$ 210,339	\$ 210,339	\$ -	\$ -

NOTE 8 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2016 and 2015, is as follows:

		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
		June 30, 2015			
		Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>					
Equipment and Furniture		\$ 640,550	\$ 439,669	\$ 200,881	\$ 29,976
<u>Human Service Ministries</u>					
Vehicles		41,907	27,740	14,167	5,000
		\$ 682,457	\$ 467,409	\$ 215,048	\$ 34,976

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 UNRESTRICTED BOARD-DESIGNATED NET ASSETS

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.

Unrestricted Board-Designated net assets at June 30, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year	\$ 404,703	\$ 414,703
Support Approved	(10,000)	(10,000)
Balance, End of Year	<u>\$ 394,703</u>	<u>\$ 404,703</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015, consisted of funds for the following purposes:

	<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>

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2015</u>
Scholarship - Ruffing	\$ 18,254	\$ 14,925	\$ (16,000)	\$ 17,179
Preschool Technology Initiative - CDC	16,000	-	-	16,000
Nutrition and Hygiene	8,782	178,118	(168,409)	18,491
Furniture - Crib Fund	9,430	-	-	9,430
	<u>\$ 52,466</u>	<u>\$ 193,043</u>	<u>\$ (184,409)</u>	<u>\$ 61,100</u>

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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, 2016 and 2015, is as follows:

	2016	2015
Rent and Utilities	\$ 424,914	\$ 459,410
Donated Food	109,996	135,430
Donated Furniture	18,106	19,614
Donated Other	28,722	6,312
	\$ 581,738	\$ 620,766

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. Under this plan, amounts contributed to the plan for the benefit of eligible employees were treated as deferred salary. As the plan qualified under Section 403(b) of the Internal Revenue Code, such deferred salary payments were not treated as taxable income for the employees. Retirement plan expense for the years ended June 30, 2016 and 2015, is \$8,955 and \$4,925, 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. The facility is accepted "as is" with the understanding that ACCA is solely responsible for all necessary repairs and improvements. ACCA's total rent and custodial expense was \$54,626 and \$50,803 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, less the actual amount of rent and custodial expenses paid by ACCA.

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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:

2017	\$ 8,340
2018	7,020
2019	<u>5,225</u>
	<u><u>\$ 20,585</u></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. The CDC received 49% and 46% of total revenue directly from Fairfax County for parental tuition subsidies for the years ending June 30, 2016 and 2015, respectively. The CDC also received 13% and 12% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ending June 30, 2016 and 2015, respectively.