

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**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, 2018, 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  
ACCA, 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 ACCA, Inc. (Annandale Christian Community for Action) as of June 30, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 19, 2018

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2017)**

	2018			2017 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 441,921	\$ 97,525	\$ 539,446	\$ 934,733
Accounts Receivable	229,639	-	229,639	259,402
Inventory	-	23,679	23,679	27,495
Prepaid Expenses	13,767	-	13,767	5,996
Escrow Receivable	-	-	-	171
Total Current Assets	<u>685,327</u>	<u>121,204</u>	<u>806,531</u>	<u>1,227,797</u>
<b>INVESTMENTS</b>	-	615,386	615,386	311,332
<b>NOTE RECEIVABLE</b>	-	26,691	26,691	28,498
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>285,418</u>	<u>-</u>	<u>285,418</u>	<u>244,579</u>
Total Assets	<u><u>\$ 970,745</u></u>	<u><u>\$ 763,281</u></u>	<u><u>\$ 1,734,026</u></u>	<u><u>\$ 1,812,206</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 49,646	\$ 1,419	\$ 51,065	\$ 38,162
Accrued Expenses	169,819	-	169,819	156,415
Deferred Revenue	12,526	-	12,526	8,480
Escrow Payable	-	2,188	2,188	-
Total Current Liabilities	<u>231,991</u>	<u>3,607</u>	<u>235,598</u>	<u>203,057</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	738,754	124,474	863,228	899,605
Designated by Board	-	579,590	579,590	649,924
	<u>738,754</u>	<u>704,064</u>	<u>1,442,818</u>	<u>1,549,529</u>
With Donor Restrictions	-	55,610	55,610	59,620
Total Net Assets	<u>738,754</u>	<u>759,674</u>	<u>1,498,428</u>	<u>1,609,149</u>
Total Liabilities and Net Assets	<u><u>\$ 970,745</u></u>	<u><u>\$ 763,281</u></u>	<u><u>\$ 1,734,026</u></u>	<u><u>\$ 1,812,206</u></u>

See accompanying Notes to Financial Statements.

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018				2017
	Without Donor Restrictions		With Donor Restrictions		(Summarized)
	Child Development Center	Human Service Ministries	Human Service Ministries	Total	Total
<b>REVENUE AND OTHER SUPPORT</b>					
Tuition:					
Parent Fees	\$ 756,188	\$ -	\$ -	\$ 756,188	\$ 621,555
Parental Subsidy - Government	1,935,336	-	-	1,935,336	1,890,302
Contributions:					
Churches	500	137,748	9,302	147,550	149,714
Individual	37,146	135,969	6,551	179,666	518,139
Organizations	3,400	55,016	3,100	61,516	34,522
Grants:					
Fairfax County QAP	13,475	-	-	13,475	13,650
Virginia PreSchool Initiative	46,800	-	-	46,800	69,600
Fairfax County CCFP	-	81,176	34,500	115,676	98,616
United Way	-	14,000	-	14,000	14,000
United States Department of Agriculture	160,346	-	-	160,346	151,840
Kaiser Foundation Grant	18,750	-	-	18,750	-
Other Organizations and Businesses	-	6,000	13,000	19,000	19,200
In-kind Support	499,804	13,340	127,867	641,011	601,279
Investment Income	641	6,548	-	7,189	3,036
Other Revenue	17,582	-	-	17,582	10,510
Net Assets Released from Restrictions	-	198,330	(198,330)	-	-
<b>Total Revenue and Other Support</b>	<b>3,489,968</b>	<b>648,127</b>	<b>(4,010)</b>	<b>4,134,085</b>	<b>4,195,963</b>
<b>EXPENSES</b>					
Program Services	3,101,282	483,112	-	3,584,394	3,373,681
Management and General	623,061	37,351	-	660,412	608,567
<b>Total Expenses</b>	<b>3,724,343</b>	<b>520,463</b>	<b>-</b>	<b>4,244,806</b>	<b>3,982,248</b>
<b>CHANGE IN NET ASSETS</b>	<b>(234,375)</b>	<b>127,664</b>	<b>(4,010)</b>	<b>(110,721)</b>	<b>213,715</b>
Net Assets - Beginning of Year	775,129	774,400	59,620	1,609,149	1,395,434
Transfers, Net	198,000	(198,000)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 738,754</b>	<b>\$ 704,064</b>	<b>\$ 55,610</b>	<b>\$ 1,498,428</b>	<b>\$ 1,609,149</b>

See accompanying Notes to Financial Statements.

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018						2017 (Summarized)	
	Program			Management and General			Total	Total All Funds
	Child Development Center	Human Service Ministries	Total Program	Child Development Center	Human Service Ministries	Total Management and General		
Salaries	\$ 1,641,974	\$ -	\$ 1,641,974	\$ 360,433	\$ -	\$ 360,433	\$ 2,002,407	\$ 1,892,816
Payroll and Other Taxes	121,273	-	121,273	26,621	-	26,621	147,894	139,306
Employee Benefits	249,706	-	249,706	54,814	-	54,814	304,520	292,594
Food	228,962	-	228,962	22,275	-	22,275	251,237	252,836
Bank and Services Charges	-	-	-	6,861	598	7,459	7,459	5,541
Materials, Equipment and Supplies	109,723	-	109,723	5,135	499	5,634	115,357	86,850
Repairs and Maintenance	28,152	-	28,152	6,180	481	6,661	34,813	27,183
Rent and Custodial	43,868	-	43,868	9,629	-	9,629	53,497	50,752
Insurance	8,423	-	8,423	1,849	2,269	4,118	12,541	11,534
Contracted Services	60,455	-	60,455	-	-	-	60,455	51,031
Professional Development	31,073	-	31,073	6,821	-	6,821	37,894	10,815
Kaiser Foundation Grant	18,750	-	18,750	-	-	-	18,750	-
Temporary Help	-	-	-	-	1,418	1,418	1,418	881
Dues and Registration	6,277	-	6,277	1,378	56	1,434	7,711	7,938
Telephone and Postage	6,439	-	6,439	1,413	1,520	2,933	9,372	8,696
Printing and Equipment Rental	21,972	-	21,972	4,823	1,921	6,744	28,716	17,294
Legal and Accounting	-	-	-	12,820	24,941	37,761	37,761	36,876
Miscellaneous	11,217	-	11,217	3,809	3,648	7,457	18,674	21,882
In-kind Support	409,839	-	409,839	89,965	-	89,965	499,804	451,754
Depreciation	37,513	4,167	41,680	8,235	-	8,235	49,915	44,995
VPI Expense	46,800	-	46,800	-	-	-	46,800	69,600
Assistance to Individuals								
Family Emergency	-	235,694	235,694	-	-	-	235,694	252,657
Housing	-	9,000	9,000	-	-	-	9,000	7,000
Furniture	-	46,311	46,311	-	-	-	46,311	50,399
Food and Nutrition	-	167,359	167,359	-	-	-	167,359	154,411
Scholarship	18,866	20,581	39,447	-	-	-	39,447	36,607
Total Expenses	<u>\$ 3,101,282</u>	<u>\$ 483,112</u>	<u>\$ 3,584,394</u>	<u>\$ 623,061</u>	<u>\$ 37,351</u>	<u>\$ 660,412</u>	<u>\$ 4,244,806</u>	<u>\$ 3,982,248</u>

See accompanying Notes to Financial Statements.

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u> (Summarized)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts:		
Tuition Fees and Subsidies	\$ 2,799,526	\$ 2,536,038
Contributions	374,814	685,984
Grants	327,772	292,728
Investment Income	7,189	3,036
Other Revenue	17,582	10,510
Total Receipts	<u>3,526,883</u>	<u>3,528,296</u>
Disbursements	<u>3,531,528</u>	<u>3,298,303</u>
Net Cash (Used) Provided by Operating Activities	(4,645)	229,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(90,754)	(62,968)
Purchases of Investments	(405,975)	(233)
Sales/Maturities of Investments	101,921	-
Net Cash Used by Investing Activities	<u>(394,808)</u>	<u>(63,201)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments Received on Note	1,807	1,834
Escrow Payable/Receivable	2,359	189
Net Cash Provided by Financing Activities	<u>4,166</u>	<u>2,023</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(395,287)	168,815
Cash and Cash Equivalents - Beginning of Year	<u>934,733</u>	<u>765,918</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 539,446</u>	<u>\$ 934,733</u>

See accompanying Notes to Financial Statements.



**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

**Basis of Presentation**

ACCA prepares its financial statements on the accrual basis of accounting. 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, 2017, 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, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of interest bearing checking accounts, saving accounts and money market accounts. 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. The Organization currently does not charge any interest or finance charges on the past due invoices. The provision for doubtful accounts is based on management's evaluation of the collectability of existing receivables. Government receivables are primarily due from Fairfax County for the tuition subsidy and recorded when earned.

**Inventory**

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

**Investments**

All investments are recorded at fair value, other than certificates of deposit held at financial institutions that are reported at cost plus accrued interest, which approximates 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. 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, 2018 and 2017, 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, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**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 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.

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

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

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

**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 \$198,000 and \$155,000 for the years ended June 30, 2018 and 2017, 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.

**Subsequent Events**

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through September 19, 2018, 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, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 3 ACCOUNTS RECEIVABLE**

A summary of amounts included in accounts receivable at June 30, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Parental Subsidy - Fairfax County	\$ 171,180	\$ 163,658
United States Department of Agriculture	25,000	24,154
Virginia Preschool Initiative	-	54,324
Other	33,459	17,266
Total Accounts Receivable	<u>\$ 229,639</u>	<u>\$ 259,402</u>

There was no allowance for uncollectible accounts receivable as of June 30, 2018 and 2017.

**NOTE 4 INVENTORY**

Inventory consists of the following at June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Food	\$ 18,383	\$ 23,371
Furniture	5,296	4,124
Total	<u>\$ 23,679</u>	<u>\$ 27,495</u>

**NOTE 5 INVESTMENTS**

Investments consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Child Development Center</u>		
Certificates of Deposit	\$ -	\$ 100,890
<u>Human Service Ministries</u>		
Cash	6,926	-
Certificates of Deposit	149,865	-
Money Market	111,613	210,442
Mutual Funds	13,040	-
EFTs	326,520	-
Mutual Funds - Alternatives	7,422	-
Total Investments	<u>\$ 615,386</u>	<u>\$ 311,332</u>

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 5 INVESTMENTS (CONTINUED)**

Investment income for the years ended June 30, 2018 and 2017, is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and Dividends from Investments	\$ 5,666	\$ 1,104
Interest from Note Receivable	1,523	1,932
Total	<u>\$ 7,189</u>	<u>\$ 3,036</u>

**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, 2018 and 2017:

	<u>June 30, 2018</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash	\$ 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	-	-
	<u>\$ 615,386</u>	<u>\$ 458,595</u>	<u>\$ 149,865</u>	<u>\$ -</u>
	<u>June 30, 2017</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money Market	\$ 210,442	\$ 210,442	\$ -	\$ -
	<u>\$ 210,442</u>	<u>\$ 210,442</u>	<u>\$ -</u>	<u>\$ -</u>

**A C C A, INC.**  
**(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

**NOTE 7 PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2018 and 2017, is as follows:

	June 30, 2018			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>				
Equipment and Furniture	\$ 429,101	\$ 143,683	\$ 285,418	\$ 45,748
<u>Human Service Ministries</u>				
Vehicles	36,272	36,272	-	4,167
Total	\$ 465,373	\$ 179,955	\$ 285,418	\$ 49,915
	June 30, 2017			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>				
Equipment and Furniture	\$ 348,207	\$ 107,795	\$ 240,412	\$ 39,995
<u>Human Service Ministries</u>				
Vehicles	36,272	32,105	4,167	5,000
Total	\$ 384,479	\$ 139,900	\$ 244,579	\$ 44,995

**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, 2018 and 2017, consisted of the following:

	2018	2017
Balance, Beginning of Year	\$ 649,924	\$ 394,703
Support Designated	-	314,861
Support Approved	(70,334)	(59,640)
Balance, End of Year	\$ 579,590	\$ 649,924

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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2018 and 2017, consisted of funds for the following purposes:

	July 1, 2017	Additions	Releases	June 30, 2018
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>

  

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

**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, 2018 and 2017, is as follows:

	2018	2017
Rent and Utilities	\$ 482,642	\$ 424,914
Donated Food	121,867	120,864
Donated Furniture	13,340	16,944
Donated Other	23,162	38,557
Total	<u>\$ 641,011</u>	<u>\$ 601,279</u>

**NOTE 11 PENSION PLAN**

The organization has a 403(b) plan agreement is available for employees who are 18 or older, and have worked greater than 1,000 hours or one year of service. The plan allows for a discretionary employer match. Retirement plan expense for the years ended June 30, 2018 and 2017, is \$6,932 and \$8,406, respectively.



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**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 \$536,139 and \$475,667 for the years ended June 30, 2018 and 2017, 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 \$27.85 and \$24.57 square foot per year, respectively, for the years ended June 30, 2018 and 2017, less the actual amount of rent and custodial expenses paid by ACCA.

As of June 30, 2018, Fairfax County is in the process of renovating additional space in the current building in order to meet building codes and add classrooms for the Child Development Center to meet the Child Development Center's need for additional space of approximately 3,000 square feet. The new classrooms are expected to open in December 2018.

**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, 2019 and 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 45% of total revenue directly from Fairfax County for parental tuition subsidies for the years ending June 30, 2018 and 2017. ACCA also received 12% and 10% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ending June 30, 2018 and 2017, respectively.

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**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.

Cash and Cash Equivalents	\$ 539,446
Accounts Receivable	229,639
Investments	<u>615,386</u>
	1,384,471
Less Board Designated Legacy Fund Assets	<u>(579,590)</u>
Total	<u><u>\$ 804,881</u></u>