

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2019)



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A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
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YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2019)

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, ACCA has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.



CliftonLarsonAllen LLP

Arlington, Virginia
February 4, 2021

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2019)

	2020			2019 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,101,568	\$ 2,897,633	\$ 3,999,201	\$ 754,897
Accounts Receivable	382,439	-	382,439	294,304
Inventory	-	32,920	32,920	26,025
Prepaid Expenses	9,101	1,454	10,555	9,270
Total Current Assets	<u>1,493,108</u>	<u>2,932,007</u>	<u>4,425,115</u>	<u>1,084,496</u>
INVESTMENTS	-	174,931	174,931	583,628
NOTE RECEIVABLE	-	22,579	22,579	24,783
PROPERTY AND EQUIPMENT, NET	<u>363,649</u>	<u>-</u>	<u>363,649</u>	<u>350,025</u>
Total Assets	<u>\$ 1,856,757</u>	<u>\$ 3,129,517</u>	<u>\$ 4,986,274</u>	<u>\$ 2,042,932</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 115,168	\$ 22,913	\$ 138,081	\$ 98,236
Accrued Expenses	200,034	-	200,034	184,748
Payroll Protection Program Loan	538,700	-	538,700	-
Deferred Revenue	18,458	-	18,458	44,059
CARES Act Relief Fund Advances	-	2,377,111	2,377,111	-
Other Advances	-	12,503	12,503	-
Escrow Payable	-	1,830	1,830	2,527
Total Current Liabilities	<u>872,360</u>	<u>2,414,357</u>	<u>3,286,717</u>	<u>329,570</u>
NET ASSETS				
Without Donor Restrictions:				
Undesignated	984,397	124,475	1,108,872	1,079,375
Designated by Board	-	523,830	523,830	578,792
Total Without Donor Restrictions	<u>984,397</u>	<u>648,305</u>	<u>1,632,702</u>	<u>1,658,167</u>
With Donor Restrictions	-	66,855	66,855	55,195
Total Net Assets	<u>984,397</u>	<u>715,160</u>	<u>1,699,557</u>	<u>1,713,362</u>
Total Liabilities and Net Assets	<u>\$ 1,856,757</u>	<u>\$ 3,129,517</u>	<u>\$ 4,986,274</u>	<u>\$ 2,042,932</u>

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020			2019 (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	\$ 744,361	\$ -	\$ -	\$ 744,361	\$ 915,611
Parental Subsidy - Government	2,667,579	-	-	2,667,579	2,591,378
Contributions:					
Churches	-	149,961	-	149,961	122,681
Individual	33,345	330,850	7,200	371,395	147,346
Organizations	31,300	36,857	4,250	72,407	39,767
Grants:					
Fairfax County QAP	15,198	-	-	15,198	16,275
Virginia PreSchool Initiative	52,800	-	-	52,800	58,800
Fairfax County CCFP	-	104,852	-	104,852	97,614
United Way	-	9,100	-	9,100	14,000
CARES Act Funding	-	742,890	-	742,890	-
Emergency Food & Shelter Program	-	6,258	-	6,258	-
United States Department of Agriculture	118,479	-	-	118,479	169,378
Kaiser Foundation Grant	-	-	-	-	18,750
Other Organizations and Businesses	43,500	14,390	610	58,500	15,000
In-Kind Support	596,567	148,456	-	745,023	851,058
Investment Income (Loss)	436	(10,647)	-	(10,211)	20,176
Other Revenue	31,494	-	-	31,494	1,554
Net Assets Released from Restrictions	-	400	(400)	-	-
Total Revenue and Other Support	<u>4,335,059</u>	<u>1,533,367</u>	<u>11,660</u>	<u>5,880,086</u>	<u>5,079,388</u>
EXPENSES					
Program Services	3,835,068	1,383,577	-	5,218,645	4,210,124
Management and General	630,493	44,753	-	675,246	654,330
Total Expenses	<u>4,465,561</u>	<u>1,428,330</u>	<u>-</u>	<u>5,893,891</u>	<u>4,864,454</u>
CHANGE IN NET ASSETS	(130,502)	105,037	11,660	(13,805)	214,934
Net Assets - Beginning of Year	954,899	703,268	55,195	1,713,362	1,498,428
Transfers, Net	<u>160,000</u>	<u>(160,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 984,397</u>	<u>\$ 648,305</u>	<u>\$ 66,855</u>	<u>\$ 1,699,557</u>	<u>\$ 1,713,362</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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020						2019	
	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	\$ 1,983,537	\$ -	\$ 1,983,537	\$ 350,036	\$ -	\$ 350,036	\$ 2,333,573	\$ 2,179,724
Payroll and Other Taxes	125,783	-	125,783	22,197	-	22,197	147,980	160,082
Employee Benefits	331,860	-	331,860	58,564	-	58,564	390,424	311,096
Food	280,754	-	280,754	24,886	-	24,886	305,640	313,808
Bank and Services Charges	-	-	-	9,266	291	9,557	9,557	9,581
Materials, Equipment, and Supplies	106,064	-	106,064	8,144	552	8,696	114,760	127,050
Repairs and Maintenance	48,341	-	48,341	8,531	1,293	9,824	58,165	37,339
Rent and Custodial	50,832	-	50,832	8,970	-	8,970	59,802	56,466
Insurance	9,494	-	9,494	1,675	2,671	4,346	13,840	16,069
Contracted Services	104,754	-	104,754	-	-	-	104,754	100,086
Professional Development	22,934	-	22,934	4,047	-	4,047	26,981	51,239
Kaiser Foundation Grant	-	-	-	-	-	-	-	18,750
Temporary Help	-	-	-	-	3,078	3,078	3,078	294
Dues and Registration	10,973	-	10,973	1,936	157	2,093	13,066	8,429
Telephone and Postage	6,446	-	6,446	1,662	2,391	4,053	10,499	10,567
Printing and Equipment Rental	23,767	-	23,767	4,194	1,398	5,592	29,359	20,859
Legal and Accounting	-	-	-	12,475	25,820	38,295	38,295	39,924
Miscellaneous	48,152	29,000	77,152	13,618	7,102	20,720	97,872	18,851
Scholarships	81,557	-	81,557	-	-	-	81,557	105,388
In-Kind Support	507,082	-	507,082	89,485	-	89,485	596,567	724,484
Depreciation	61,242	-	61,242	10,807	-	10,807	72,049	61,606
VPI Expense	31,496	-	31,496	-	-	-	31,496	58,800
Assistance to Individuals:								
Family Emergency	-	1,081,034	1,081,034	-	-	-	1,081,034	220,229
Housing	-	-	-	-	-	-	-	7,000
Furniture	-	39,246	39,246	-	-	-	39,246	42,050
Food and Nutrition	-	217,097	217,097	-	-	-	217,097	140,707
Scholarship	-	16,000	16,000	-	-	-	16,000	22,581
Homework Club	-	1,200	1,200	-	-	-	1,200	1,395
Total Expenses	\$ 3,835,068	\$ 1,383,577	\$ 5,218,645	\$ 630,493	\$ 44,753	\$ 675,246	\$ 5,893,891	\$ 4,864,454

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019 (Summarized)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Tuition Fees and Subsidies	\$ 5,769,803	\$ 3,557,256
Contributions	579,776	301,470
Grants	1,040,079	314,742
Investment (Loss) Income	(10,211)	20,176
Other Revenue	31,494	1,554
Total Receipts	7,410,941	4,195,198
Disbursements	5,029,868	3,887,539
Net Cash Provided by Operating Activities	2,381,073	307,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(85,672)	(126,213)
Purchases of Investments	(12,098)	(68,225)
Sales/Maturities of Investments	420,794	99,983
Net Cash Provided (Used) by Investing Activities	323,024	(94,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments Received on Note	2,204	1,908
Proceeds Received from Payroll Protection Program Loan	538,700	-
Escrow Payable/Receivable	(697)	339
Net Cash Provided by Financing Activities	540,207	2,247
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,244,304	215,451
Cash and Cash Equivalents - Beginning of Year	754,897	539,446
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,999,201	\$ 754,897

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

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, 2019, 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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

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.

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.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment which ranges from 5 to 15 years. ACCA capitalizes items with an original purchase price, or fair market value at the time of donation, of at least \$500 for the years ended June 30, 2020 and 2019, 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.

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 (point over time). Parent fees are billed weekly for childcare based on a sliding scale of family income (point over time). Parental tuition subsidies from Fairfax County are recorded based on children attendance for eligible parents (point over time). Any 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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

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.

Allocation of Expenses

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

Interfund Transfers

The Human Services Ministries shares donations with the Child Development Center through the annual budget process. These amounts are treated as interfund transfers and are eliminated in the financial statements. Total support from the Human Service Ministries to the Child Development Center was \$160,000 and \$91,665 for the years ended June 30, 2020 and 2019, respectively.

Change in Accounting Principles

ACCA has adopted the accounting guidance in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB). The ASU is based on the principle that revenue is recognized 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 and services. ACCA has adopted ASU 2014-09 during the year ended June 30, 2020, using the modified retrospective method, which did not result in an adjustment to net assets because the adoption of ASU 2014-09 did not have a material impact on ACCA's reported historical revenue.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated.

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through February 4, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. This could impact transactions relating to customers and vendors. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. As of February 4, 2021, the amount and likelihood of loss relating to these events is not determined.

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, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 3,999,201	\$ 754,897
Accounts Receivable	382,439	294,304
Investments	<u>174,931</u>	<u>583,628</u>
Total	4,556,571	1,632,829
Less: Net Assets With Donor Restrictions	(66,855)	(55,195)
Less: Board Designated Legacy Fund Assets	<u>(523,830)</u>	<u>(578,792)</u>
Total	<u>\$ 3,965,886</u>	<u>\$ 998,842</u>

NOTE 4 ACCOUNTS RECEIVABLE

A summary of amounts included in accounts receivable at June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Parental Subsidy - Fairfax County	\$ 270,369	\$ 239,046
CARES Funds	43,500	-
United States Department of Agriculture	14,402	27,103
Other	<u>54,168</u>	<u>28,155</u>
Total Accounts Receivable	<u>\$ 382,439</u>	<u>\$ 294,304</u>

There was no allowance for uncollectible accounts receivable as of June 30, 2020 and 2019.

NOTE 5 INVENTORY

Inventory consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Food	\$ 27,925	\$ 22,698
Furniture	4,995	3,327
Total	<u>\$ 32,920</u>	<u>\$ 26,025</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

NOTE 6 INVESTMENTS

Investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 325	\$ 7,594
Certificates of Deposit	57,442	105,831
Money Market	117,164	114,518
Mutual Funds	-	12,997
ETFs	-	334,518
Mutual Funds - Alternatives	-	8,170
Total Investments	<u>\$ 174,931</u>	<u>\$ 583,628</u>

Investment (loss) income for the years ended June 30, 2020 and 2019, is comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest and Dividends from Investments	\$ (11,638)	\$ 18,755
Interest from Note Receivable	1,427	1,421
Total	<u>\$ (10,211)</u>	<u>\$ 20,176</u>

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, 2020 and 2019:

	<u>June 30, 2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash	\$ 325	\$ 325	\$ -	\$ -
Certificates of Deposit	57,442	-	57,442	-
Money Market	117,164	117,164	-	-
Total	<u>\$ 174,931</u>	<u>\$ 117,489</u>	<u>\$ 57,442</u>	<u>\$ -</u>
	<u>June 30, 2019</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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	-	-
ETFs	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>

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NOTE 8 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2020 and 2019, is as follows:

	June 30, 2020			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
Child Development Center: Equipment and Furniture	\$ 631,155	\$ 267,506	\$ 363,649	\$ 72,049
Human Service Ministries: Vehicles	36,271	36,271	-	-
Total	\$ 667,426	\$ 303,777	\$ 363,649	\$ 72,049
	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	\$ 586,245	\$ 236,220	\$ 350,025	\$ 61,606

NOTE 9 CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

In May 2020, ACCA received \$3,120,000 from the CARES Act Direct Assistance Supplementary Fund Program.

On May 6, 2020, ACCA received a loan from United Bank, a financial institution, in the amount of \$538,700 to fund payroll and benefits. Currently, ACCA is in the process of applying for forgiveness.

NOTE 10 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, 2020 and 2019, consisted of the following:

	2020	2019
Balance - Beginning of Year	\$ 578,792	\$ 579,590
Support Approved	(54,962)	(798)
Balance - End of Year	\$ 523,830	\$ 578,792

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NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019, consisted of funds for the following purposes:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2020</u>
Scholarship - Ruffing	\$ 10,456	\$ -	\$ (400)	\$ 10,056
Rebuilding Together	346	4,250	-	4,596
Nutrition and Hygiene	32,406	7,200	-	39,606
Furniture - Crib Fund	9,298	-	-	9,298
Furniture - Fuel	1,089	610	-	1,699
Infrastructure	1,600	-	-	1,600
Total	<u>\$ 55,195</u>	<u>\$ 12,060</u>	<u>\$ (400)</u>	<u>\$ 66,855</u>

	<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
Infrastructure	1,600	-	-	1,600
Total	<u>\$ 55,610</u>	<u>\$ 3,355</u>	<u>\$ (3,770)</u>	<u>\$ 55,195</u>

NOTE 12 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, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Rent and Utilities	\$ 596,567	\$ 724,484
Donated Food	133,233	109,123
Donated Furniture	9,223	11,451
Donated Other	6,000	6,000
Total	<u>\$ 745,023</u>	<u>\$ 851,058</u>

NOTE 13 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, 2020 and 2019, is \$6,654 and \$7,642, respectively.

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NOTE 14 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 \$638,920 and \$765,949 for the years ended June 30, 2020 and 2019, 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 \$21 and \$26 square foot per year for the years ended June 30, 2020 and 2019, respectively, less the actual amount of rent and custodial expenses paid by ACCA.

NOTE 15 ECONOMIC DEPENDENCY AND CONCENTRATION OF REVENUE

The operation of ACCA is dependent to a significant extent on continuing contributions from area churches and by future funding from Fairfax County and the United States Department of Agriculture. ACCA received 45% and 52% of total revenue directly from Fairfax County for parental tuition subsidies for the years ended June 30, 2020 and 2019, respectively. ACCA also received 10% and 14% of total revenue directly from Fairfax County for in-kind rent and utilities for the years ended June 30, 2020 and 2019, respectively.