

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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, 2014, 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.

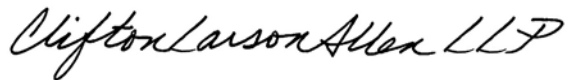
Board of Directors
A C C A, Inc. (Annandale Christian Community for Action)

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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Arlington, Virginia
October 29, 2014

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2013)

	2014			2013 (Summarized)
	Child Development Center	Human Service Ministries	Total	Total All Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 600,418	\$ 311,637	\$ 912,055	\$ 894,015
Accounts Receivable				
Government	220,046	-	220,046	148,774
Non-Government	3,808	-	3,808	26,627
Inventory	-	21,694	21,694	24,694
Prepaid Expenses	28,179	-	28,179	18,564
Total Current Assets	<u>852,451</u>	<u>333,331</u>	<u>1,185,782</u>	<u>1,112,674</u>
INVESTMENTS	100,000	200,218	300,218	200,768
NOTE RECEIVABLE	-	25,881	25,881	29,383
PROPERTY AND EQUIPMENT, NET	<u>91,445</u>	<u>19,167</u>	<u>110,612</u>	<u>122,693</u>
Total Assets	<u>\$ 1,043,896</u>	<u>\$ 578,597</u>	<u>\$ 1,622,493</u>	<u>\$ 1,465,518</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 22,539	\$ 7,613	\$ 30,152	\$ 29,991
Accrued Expenses	89,688	-	89,688	93,324
Deferred Revenue	15,067	-	15,067	-
Escrow Payable	-	1,133	1,133	2,891
Total Current Liabilities	<u>127,294</u>	<u>8,746</u>	<u>136,040</u>	<u>126,206</u>
NET ASSETS				
Unrestricted - Operating	900,602	118,682	1,019,284	798,758
Unrestricted - Board Designated	-	414,703	414,703	494,703
	<u>900,602</u>	<u>533,385</u>	<u>1,433,987</u>	<u>1,293,461</u>
Temporarily Restricted	16,000	36,466	52,466	45,851
Total Net Assets	<u>916,602</u>	<u>569,851</u>	<u>1,486,453</u>	<u>1,339,312</u>
Total Liabilities and Net Assets	<u>\$ 1,043,896</u>	<u>\$ 578,597</u>	<u>\$ 1,622,493</u>	<u>\$ 1,465,518</u>

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	2014				2013 (Summarized)
	Unrestricted			Total	Total
	Child Development Center	Human Service Ministries	Temporarily Restricted		
REVENUE AND OTHER SUPPORT					
Tuition:					
Parent Fees	\$ 554,849	\$ -	\$ -	\$ 554,849	\$ 545,247
Parental Subsidy - Government	1,600,558	-	-	1,600,558	1,360,966
Contributions:					
Churches	300	153,515	2,305	156,120	125,519
Individual	5,800	152,420	4,245	162,465	198,930
Organizations	1,300	32,087	3,693	37,080	32,870
Grants:					
Fairfax County QAP	12,775	-	-	12,775	8,050
Virginia PreSchool Initiative	54,000	-	-	54,000	45,467
Fairfax County	-	72,000	29,000	101,000	95,700
United Way	-	10,000	-	10,000	5,000
Emergency Food and Shelter Program	-	3,500	-	3,500	73,758
United States Department of Agriculture	129,720	-	-	129,720	136,558
Community Foundation	500	-	-	500	7,750
Other Organizations and Businesses	-	24,840	29,000	53,840	78,300
In-kind Support	511,769	21,930	117,689	651,388	614,205
Investment Income	1,062	3,826	-	4,888	7,589
Other Revenue	4,094	-	-	4,094	13,268
Net Assets Released from Restrictions	2,905	176,412	(179,317)	-	-
Total Revenue and Other Support	<u>2,879,632</u>	<u>650,530</u>	<u>6,615</u>	<u>3,536,777</u>	<u>3,349,177</u>
EXPENSES					
Program Services	2,364,014	523,509	-	2,887,523	2,734,560
Management and General	485,790	16,323	-	502,113	558,485
Total Expenses	<u>2,849,804</u>	<u>539,832</u>	<u>-</u>	<u>3,389,636</u>	<u>3,293,045</u>
CHANGE IN NET ASSETS	29,828	110,698	6,615	147,141	56,132
Net Assets - Beginning of Year	708,774	584,687	45,851	1,339,312	1,283,180
Transfers, Net	<u>162,000</u>	<u>(162,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 900,602</u>	<u>\$ 533,385</u>	<u>\$ 52,466</u>	<u>\$ 1,486,453</u>	<u>\$ 1,339,312</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, 2014
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	2014						2013 (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	\$ 1,269,095	\$ -	\$ 1,269,095	\$ 278,582	\$ -	\$ 278,582	\$ 1,547,677	\$ 1,472,837
Payroll and Other Taxes	94,365	-	94,365	20,714	-	20,714	115,079	108,175
Employee Benefits	120,413	-	120,413	26,432	-	26,432	146,845	133,982
Food	218,289	-	218,289	9,863	-	9,863	228,152	221,862
Bank and Services Charges	-	-	-	4,895	405	5,300	5,300	4,236
Materials, Equipment and Supplies	55,368	-	55,368	6,000	512	6,512	61,880	70,544
Repairs and Maintenance	14,052	-	14,052	3,085	550	3,635	17,687	23,237
Rent and Custodial	35,342	-	35,342	7,758	-	7,758	43,100	42,348
Insurance	3,571	-	3,571	784	1,807	2,591	6,162	9,909
Contracted Services	23,918	-	23,918	-	-	-	23,918	32,052
Professional Development	9,794	-	9,794	2,150	-	2,150	11,944	10,963
Laundry	2,270	-	2,270	-	-	-	2,270	3,185
Temporary Help	-	-	-	-	168	168	168	4,968
Dues and Registration	3,482	-	3,482	764	50	814	4,296	6,917
Telephone and Postage	4,650	-	4,650	1,020	791	1,811	6,461	8,486
Printing and Equipment Rental	13,434	-	13,434	2,949	1,183	4,132	17,566	15,444
Legal and Accounting	-	-	-	24,575	9,008	33,583	33,583	31,454
Miscellaneous	3,760	-	3,760	27	1,849	1,876	5,636	16,625
In-kind Support	419,650	-	419,650	92,118	-	92,118	511,768	487,323
Depreciation	18,561	5,000	23,561	4,074	-	4,074	27,635	22,833
VPI Expense	54,000	-	54,000	-	-	-	54,000	45,467
Assistance to Individuals								
Family Emergency	-	275,611	275,611	-	-	-	275,611	314,329
Housing	-	7,000	7,000	-	-	-	7,000	7,000
Furniture	-	58,905	58,905	-	-	-	58,905	42,203
Food and Nutrition	-	160,412	160,412	-	-	-	160,412	135,240
Scholarship	-	16,581	16,581	-	-	-	16,581	21,426
Total Expenses	\$ 2,364,014	\$ 523,509	\$ 2,887,523	\$ 485,790	\$ 16,323	\$ 502,113	\$ 3,389,636	\$ 3,293,045

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

CASH FLOWS FROM OPERATING ACTIVITIES	2014	2013
Receipts:		
Tuition Fees and Subsidies	\$ 2,185,991	\$ 1,931,631
Contributions	355,665	357,319
Grants	301,365	381,165
Interest	4,888	7,589
Other Revenue	4,094	13,268
Total Receipts	2,852,003	2,690,972
Disbursements	2,720,703	2,672,820
Net Cash Provided by Operating Activities	131,300	18,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,554)	(58,924)
Purchases of Investments	(99,450)	(200,768)
Maturities of Investments	-	194,671
Net Cash Used by Investing Activities	(115,004)	(65,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments Received on Note	3,502	1,695
Escrow Payable	(1,758)	622
Net Cash Provided by Financing Activities	1,744	2,317
NET INCREASE (DECREASE) IN CASH	18,040	(44,552)
Cash and Cash Equivalents - Beginning of Year	894,015	938,567
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 912,055	\$ 894,015
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 147,141	\$ 56,132
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Expenses:		
Depreciation	27,635	22,833
Donated Property and Equipment	-	(25,000)
Changes in Assets and Liabilities:		
Accounts Receivable	(48,453)	(19,000)
Inventory	3,000	(6,034)
Prepaid Expenses	(9,615)	(3,004)
Accounts Payable	161	15,501
Accrued Expenses	(3,636)	(23,276)
Deferred Revenue	15,067	-
Net Cash Provided by Operating Activities	\$ 131,300	\$ 18,152
SUPPLEMENTAL INFORMATION		
Donated Property and Equipment	\$ -	\$ 25,000

See accompanying Notes to Financial Statements.

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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. Should that status be challenged in the future, the Organization’s 2011, 2012 and 2013 tax years are open for examination by the IRS.

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, 2013, 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, 2014

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. For the years ended June 30, 2014 and 2013, no allowance has been recorded.

Government receivables are primarily due from Fairfax County for the tuition subsidy and recorded when earned and therefore, no allowance for bad debts is deemed necessary at June 30, 2014 and 2013.

Inventory

Inventory consists mainly of donated food and is recorded using estimated fair value at retail cost.

Investments

Certificates of deposit are reported at fair value.

Property and Equipment

Property is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the property which ranges from 5 to 10 years. The Organization capitalizes items with an original purchase price, or fair market value at the time of donation, of at least \$250 and a useful life of at least 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, 2014

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, 2014

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 \$162,000 and \$177,000 for the years ended June 30, 2014 and 2013, 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.

Reclassification

Certain 2013 amounts have been reclassified to conform to 2014 presentation. The reclassification had no effect on net asset balances.

Subsequent Events

In preparing these financial statements, ACCA has evaluated events and transactions for potential recognition or disclosure through October 29, 2014, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF FINANCIAL AND 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, 2014

NOTE 3 CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents at June 30, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
<u>Child Development Center</u>		
Business Checking	\$ 344,286	\$ 186,538
Business Saving	198,960	298,183
Money Market	57,172	56,887
Petty Cash	-	200
	<u>600,418</u>	<u>541,808</u>
<u>Human Service Ministries</u>		
Business Checking	13,380	9,724
Family Emergency Checking	29,145	3,292
Nutrition Checking	1,675	933
Money Market Savings	267,437	338,258
	<u>311,637</u>	<u>352,207</u>
	<u>\$ 912,055</u>	<u>\$ 894,015</u>

Cash and cash equivalents are classified for the following purposes:

	<u>2014</u>	<u>2013</u>
Operating	\$ 444,886	\$ 353,461
Board Designated	414,703	494,703
Temporarily Restricted	52,466	45,851
	<u>\$ 912,055</u>	<u>\$ 894,015</u>

NOTE 4 ACCOUNTS RECEIVABLE

Tuition receivable (non-government) is reported net of the allowance for uncollectible accounts. There was no allowance for uncollectible accounts as of June 30, 2014 and 2013.

ACCA submits monthly estimated billings to government agencies. A summary of amounts included in total government receivables, net of allowance of \$9,979 and \$0 at June 30, 2014 and 2013, respectively, is as follows:

	<u>2014</u>	<u>2013</u>
<u>Child Development Center</u>		
Parental Subsidy - Fairfax County	\$ 196,496	\$ 111,400
United States Department of Agriculture	22,500	12,000
Virginia Preschool Initiative	1,050	25,374
Total Government Receivables	<u>220,046</u>	<u>148,774</u>

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 INVENTORY

Inventory consists of the following donated food and furniture at June 30, 2014 and 2013. The donated food and furniture are estimated at their fair market value.

	2014	2013
Food	\$ 16,317	\$ 20,698
Furniture	5,377	3,996
	\$ 21,694	\$ 24,694

NOTE 6 NOTE RECEIVABLE

On March 15, 1989, land and buildings in Leesburg, Virginia were sold for a \$55,000 note receivable with payments of \$303 due on a monthly basis for a term of 40 years at 6% per annum. Prevailing rate at that time was 12% and therefore the note is recorded at a discount.

NOTE 7 INVESTMENTS

Investments consist of the following at June 30, 2014 and 2013:

	2014	2013
<u>Child Development Center</u> Certificates of Deposit	\$ 100,000	\$ -
<u>Human Service Ministries</u> Certificates of Deposit	200,218	200,768
Total investments	\$ 300,218	\$ 200,768

Investment income for the years ended June 30, 2014 and 2013 is comprised of the following:

	2014	2013
Interest from Investments	\$ 2,758	\$ 4,743
Interest from Note Receivable	2,130	2,846
	\$ 4,888	\$ 7,589

A C C A, INC.
(ANNANDALE CHRISTIAN COMMUNITY FOR ACTION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 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, 2014 and 2013:

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Investments:				
Certificates of Deposit	\$ 300,218	\$ -	\$ 300,218	\$ -
Note Receivable	25,881	-	-	25,881
	\$ 326,099	\$ -	\$ 300,673	\$ 25,881
	June 30, 2013			
	Total	Level 1	Level 2	Level 3
Investments:				
Certificate of Deposit	\$ 200,768	\$ -	\$ 200,768	\$ -
Note Receivable	29,383	-	-	29,383
	\$ 230,151	\$ -	\$ 200,768	\$ 29,383

Change in fair value of assets measured on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2014 and 2013, is as follows:

	2014	2013
Beginning Balance	\$ 29,383	\$ 31,078
Principal Payments Received	(3,502)	(1,695)
Ending Balance	\$ 25,881	\$ 29,383

NOTE 9 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2014 and 2013, is as follows:

	June 30, 2014			
	Cost	Accumulated Depreciation	Net Cost	Depreciation
<u>Child Development Center</u>				
Equipment and Furniture	\$ 501,138	\$ 409,693	\$ 91,445	\$ 27,635
<u>Human Service Ministries</u>				
Vehicles	47,543	28,376	19,167	5,000
	\$ 548,681	\$ 438,069	\$ 110,612	\$ 32,635
	June 30, 2013			
	Cost	Accumulated Depreciation	Net Cost	Depreciation Expense
<u>Child Development Center</u>				
Equipment and Furniture	\$ 485,584	\$ 387,058	\$ 98,526	\$ 22,000
<u>Human Service Ministries</u>				
Vehicles	47,543	23,376	24,167	833
	\$ 533,127	\$ 410,434	\$ 122,693	\$ 22,833

A C C A, INC.
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NOTE 10 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, 2014 and 2013, consisted of the following:

	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	\$ 494,703	\$ 450,203
Support Designated	-	59,500
Support Approved	(80,000)	(15,000)
Balance, End of Year	<u>\$ 414,703</u>	<u>\$ 494,703</u>

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2014 and 2013, consisted of funds for the following purposes:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2014</u>
Scholarship - Ruffing	\$ 19,729	\$ 14,525	\$ (16,000)	\$ 18,254
Safety Net - CDC	2,905	-	(2,905)	-
Preschool Technology Initiative - CDC	-	16,000	-	16,000
Nutrition and Hygiene	14,497	154,697	(160,412)	8,782
Furniture - Crib Fund	8,720	710	-	9,430
	<u>\$ 45,851</u>	<u>\$ 185,932</u>	<u>\$ (179,317)</u>	<u>\$ 52,466</u>

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2013</u>
Scholarship - Ruffing	\$ 20,429	\$ 15,300	\$ (16,000)	\$ 19,729
Safety Net - CDC	-	7,750	(4,845)	2,905
Nutrition and Hygiene	6,549	33,546	(25,598)	14,497
Furniture	-	8,720	-	8,720
Housing	1,070	5,530	(6,600)	-
	<u>\$ 28,048</u>	<u>\$ 70,846</u>	<u>\$ (53,043)</u>	<u>\$ 45,851</u>

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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, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Rent and Utilities	\$ 467,682	\$ 467,682
Donated Food	117,689	109,918
Donated Furniture	21,930	9,764
Donated Professional Service	3,600	23,700
Donated Software	29,711	-
Donated Other	10,776	3,141
	<u>\$ 651,388</u>	<u>\$ 614,205</u>

NOTE 13 TAX DEFERRED ANNUITY PLAN

ACCA has established an employer discretionary 403(b) pension plan for permanent employees who work one-half time or more. Under this plan, amounts contributed to the plan for the benefit of eligible employees are treated as deferred salary. As the plan qualifies under Section 403(b) of the Internal Revenue Code, such deferred salary payments are not treated as taxable income for the employees. The employer contribution has been suspended since the year ended June 30, 2010. Therefore, there were no employer contributions for the years ended June 30, 2014 and 2013.

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 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 \$43,100 and \$42,348 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, less the actual amount of rent and custodial expenses paid by ACCA.

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NOTE 15 LEASED EQUIPMENT

ACCA has two operating lease agreements for two copiers. Future minimum lease payments under the above two leases are as follows for June 30:

2015	\$ 6,415
2016	4,873
	<u>\$ 11,288</u>

NOTE 16 ECONOMIC DEPENDENCY AND CONCENTRATION OF REVENUE

The operation of ACCA is dependent to a significant extent on continuing contributions from area churches and by future funding from Fairfax County and the United States Department of Agriculture. The CDC received 45% and 41% of total revenue directly from Fairfax County for parental tuition subsidies for the years ending June 30, 2014 and 2013, respectively.