

ACT for Alexandria

Financial Report
December 31, 2019

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Independent Auditor's Report

RSM US LLP

Board of Directors
ACT for Alexandria

We have audited the accompanying financial statements of ACT for Alexandria (ACT), which comprise the statement of financial position as of December 31, 2019, 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.

Auditor's 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 auditor's 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 ACT'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 ACT'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACT for Alexandria as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements as of and for the year ended December 31, 2018, were audited by other auditors whose report thereon, dated September 6, 2019, expressed an unmodified opinion on those statements.

RSM US LLP

Washington, D.C.
October 30, 2020

ACT for Alexandria

**Statements of Financial Position
December 31, 2019 and 2018**

	2019	2018
Assets		
Cash and cash equivalents	\$ 3,132,191	\$ 3,313,997
Investments	15,437,262	13,044,566
Prepaid expenses	9,371	23,841
Property and equipment, at cost, net	5,555	6,469
	<hr/>	<hr/>
Total assets	\$ 18,584,379	\$ 16,388,873
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 63,565	\$ 33,077
Grants payable	22,750	305,600
Total liabilities	<hr/> 86,315	<hr/> 338,677
Commitments and contingencies (Notes 2, 9 and 12)		
Net assets:		
Without donor restrictions:		
Operating funds	219,901	194,382
Community funds	1,724,639	1,715,691
Donor-advised funds	16,469,203	14,134,845
	<hr/> 18,413,743	<hr/> 16,044,918
With donor restrictions	84,321	5,278
Total net assets	<hr/> 18,498,064	<hr/> 16,050,196
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and net assets	\$ 18,584,379	\$ 16,388,873
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See notes to financial statements.

ACT for Alexandria

**Statements of Activities
Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contribution revenue	\$ 3,200,208	\$ 66,900	\$ 3,267,108	\$ 3,130,669	\$ -	\$ 3,130,669
Investment income (loss)	2,474,492	39,261	2,513,753	(651,982)	125	(651,857)
Special event revenue	77,736	-	77,736	65,729	-	65,729
Other income	3,679	-	3,679	225,737	-	225,737
Net assets released from restriction	27,118	(27,118)	-	5,853	(5,853)	-
Total support and revenue	5,783,233	79,043	5,862,276	2,776,006	(5,728)	2,770,278
Expense:						
Program services	2,513,537	-	2,513,537	1,907,899	-	1,907,899
Supporting services:						
Management and general	401,846	-	401,846	412,738	-	412,738
Fundraising	499,025	-	499,025	318,730	-	318,730
Total expense	3,414,408	-	3,414,408	2,639,367	-	2,639,367
Change in net assets	2,368,825	79,043	2,447,868	136,639	(5,728)	130,911
Net assets:						
Beginning	16,044,918	5,278	16,050,196	15,908,279	11,006	15,919,285
Ending	\$ 18,413,743	\$ 84,321	\$ 18,498,064	\$ 16,044,918	\$ 5,278	\$ 16,050,196

See notes to financial statements.

ACT for Alexandria

**Statements of Functional Expenses
Year Ended December 31, 2019**

	2019			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 223,517	\$ 178,587	\$ 131,862	\$ 533,966
Legal	-	125	-	125
Professional services	34,099	47,495	20,116	101,710
Consultants	146,793	117,285	86,599	350,677
Printing, postage and delivery	1,235	987	728	2,950
Miscellaneous	4,958	4,233	3,120	12,311
Telephone	3,568	2,851	2,105	8,524
Equipment and maintenance	1,058	845	624	2,527
Staff development and training	2,129	1,701	1,256	5,086
Rent	15,953	12,746	9,411	38,110
Insurance	-	3,646	-	3,646
Travel	5,500	4,394	3,244	13,138
Conferences and meetings	11,372	9,086	6,709	27,167
Educational programs	288,957	-	217,985	506,942
Marketing	125,416	7,869	7,885	141,170
Subscriptions	8,926	7,132	5,266	21,324
Grants	1,636,140	-	-	1,636,140
Depreciation	1,676	1,075	794	3,545
Project expenditures	2,240	1,789	1,321	5,350
Total expenses	\$ 2,513,537	\$ 401,846	\$ 499,025	\$ 3,414,408

See notes to financial statements.

ACT for Alexandria

**Statements of Functional Expenses
Year Ended December 31, 2018**

	2018			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 186,863	\$ 207,298	\$ 136,024	\$ 530,185
Legal	-	125	-	125
Professional services	19,762	50,053	14,385	84,200
Consultants	69,751	77,379	50,774	197,904
Printing, postage and delivery	4,419	4,902	3,216	12,537
Telephone	2,422	2,687	1,763	6,872
Miscellaneous	4,641	5,149	3,377	13,167
Equipment and maintenance	1,568	1,740	1,142	4,450
Staff development and training	11,526	12,787	8,390	32,703
Rent	12,488	13,854	9,091	35,433
Insurance	-	4,125	-	4,125
Travel	7,304	8,103	5,317	20,724
Conferences and meetings	8,910	9,884	6,486	25,280
Educational programs	91,604	-	69,105	160,709
Marketing	9,956	3,646	2,438	16,040
Subscriptions	4,787	5,310	3,484	13,581
Grants	1,466,763	-	-	1,466,763
Depreciation	1,036	1,149	754	2,939
Project expenditures	4,099	4,547	2,984	11,630
Total expenses	\$ 1,907,899	\$ 412,738	\$ 318,730	\$ 2,639,367

See notes to financial statements.

ACT for Alexandria

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 2,447,868	\$ 130,911
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Depreciation	3,214	2,939
Realized and unrealized (gain) loss on investments	(2,247,217)	940,141
Changes in assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	14,470	(14,709)
Increase (decrease) in:		
Accounts payable	30,488	11,751
Salaries payable	-	(6,150)
Grants payable	(282,850)	219,900
Net cash flows (used in) provided by operating activities	(34,027)	1,284,783
Cash flows from investing activities:		
Purchase of investments	(4,515,353)	(4,852,237)
Proceeds from sales of investments	4,369,874	3,476,937
Purchases of property and equipment	(2,300)	(5,505)
Net cash flows used in investing activities	(147,779)	(1,380,805)
Net decrease in cash and cash equivalents	(181,806)	(96,022)
Cash and cash equivalents:		
Beginning	3,313,997	3,410,019
Ending	\$ 3,132,191	\$ 3,313,997
Supplemental schedule of noncash investing and financing activities:		
Donated investments	\$ 1,303,382	\$ 1,162,972

See notes to financial statements.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: ACT for Alexandria (ACT) is a nonprofit organization that began operations in 2004, and was incorporated in Virginia in January 2009. ACT seeks to raise the level and effectiveness of giving and engagement for the benefit of all in Alexandria. Any person, corporation or foundation may establish a donor-advised fund with ACT to engage in activities consistent with ACT's charitable purposes. Donors can make recommendations regarding grants from their donor-advised funds; however, ACT's Board of Directors is legally responsible for the donor-advised funds and for the grants made from these funds.

In addition to managing the donor-advised fund program, ACT also supports local nonprofits through its capacity-building grant program. An annual grant process allows local nonprofits to apply for funds from ACT to assist them in improving their capacity to better deliver their services. As such, ACT does not directly fund the programs of local nonprofits, but instead seeks to strengthen the nonprofits so they may provide more and better services in their areas of expertise. ACT distributed \$85,447 and \$86,775 in grants through its community investment fund in 2019 and 2018, respectively.

A summary of ACT's significant accounting policies follows:

Basis of accounting: ACT prepares its financial statements on the accrual basis of accounting. Accordingly, revenue, other than contributions, is recognized when earned and expensed when the obligation is incurred.

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, ACT is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: represent resources that are not subject to donor-imposed stipulations. Net assets without donor restrictions consist of the following types of internally designated funds:

Operating funds: Funds available for the general operations of ACT. As of December 31, 2019 and 2018, there is \$219,901 and \$194,382, respectively, in funds available for operations.

ACT community fund: Funds to support and strengthen existing programs, as well as create new collaborative solutions to the City of Alexandria's pressing needs. As of December 31, 2019 and 2018, there is \$1,724,639 (consisting of \$374,432 in designated funds, \$1,303,978 in field of interest funds and \$46,229 in scholarship funds) and \$1,715,691 (consisting of \$414,467 in designated funds, \$1,235,543 in field of interest funds and \$65,681 in scholarship funds), respectively, in funds designated by the donor for the community or other such programs.

Donor-advised funds: Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by ACT in making grants from these resources. As of December 31, 2019 and 2018, there is \$16,469,203 and \$14,134,845, respectively, of donor-advised funds.

Generally accepted accounting principles provide that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contribution must be classified as a net asset without donor restriction. ACT's Board of Directors has this ability (variance power). However, it would only exercise this authority if circumstances render the donor's restrictions inconsistent with the charitable needs of the community or incapable of fulfillment.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions: represent resources restricted by donors as to purpose or by the passage of time or whose use by ACT is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of ACT. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. ACT had net assets with donor restrictions of \$84,321 and \$5,278 at December 31, 2019 and 2018, respectively.

Cash and cash equivalents: Cash consists of checking accounts and funds held within a pooled money market account. ACT considers highly liquid investments with an original maturity of three months or less as cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that have been accounted for as investments.

Investments: Investments are reported at fair value. Realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by the donor or by law.

Financial risk: ACT maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to ACT.

ACT invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements. By policy, these investments are kept within limits intended to prevent risks caused by concentration.

Investment in partnerships: ACT owns a minor interest in a number of investment partnerships which are accounted for at the lower of cost or fair value and are not subject to fair value measurement.

Property and equipment: Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is reported at fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Computer equipment	3-5
Furniture and fixtures	5

ACT's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: Contributions are recognized as support when promised unconditionally and are recorded net of any current year allowance or discount activity. ACT reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to ACT's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restriction. Contributions that are restricted by the donor are reported as net assets without donor restriction if the restriction expires in the same reporting period in which the contribution is recognized.

Donated goods and services: Donated goods and services are recorded at their estimated fair value on the date of receipt.

Special events revenue: Revenue relating to special events held by ACT are recognized in the period the event takes place.

Recently adopted accounting pronouncements: ACT adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended December 31, 2019. The FASB issued this new standard to clarify and improve the scope and the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and clarified and revised the definition of conditional contributions. As permitted by ASU 2018-08, ACT applied the requirements where ACT is the resource recipient on a modified prospective basis to agreements that either are not completed as of January 1, 2019, or entered into after January 1, 2019. There was no effect on ACT's change in net assets as a result of the adoption of this standard. ASU 2018-08 has different effective dates for resource recipients and resource providers. Where ACT is a resource provider, the ASU is effective for ACT's fiscal year beginning after January 1, 2020. The adoption of ASU 2018-08, where ACT is a resource provider, is not expected to have a material impact on ACT's financial statements.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits, consultants, printing, postage and delivery, telephone, miscellaneous expense, equipment and maintenance, staff development and training, rent, insurance, travel, conferences and meetings, events, subscriptions, depreciation and project expenditures have been allocated among programs and supporting services benefited based on level of effort.

Use of 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 and disclosures. Accordingly, actual results could differ from estimates.

Income taxes: ACT is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) on any net income derived from activities related to exempt purpose. This code section enables ACT to accept donations that qualify as charitable contributions to the donor. ACT has been classified under Section 509(a)(1) of the IRC as not a private foundation. ACT is subject to tax on net income from unrelated business activities. For the years ended December 31, 2019 and 2018, ACT did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

ACT for Alexandria

Notes to Financial Statements

Note 2. Concentrations

Support concentration: For the year ended December 31, 2019, ACT received \$1,709,776 from seven donors, which is approximately 55% of its total support and revenue. For the year ended December 31, 2018, ACT received \$1,398,835 from seven donors, which is approximately 50% of its total support and revenue. Any significant reduction in support from these donors may adversely impact ACT's financial position and ability to carry out its existing program activities.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of December 31:

	2019	2018
Pooled money market account	\$ 2,562,999	\$ 2,674,225
Business checking accounts	569,192	639,772
	<u>\$ 3,132,191</u>	<u>\$ 3,313,997</u>

ACT has checking and money market funds in the amount of \$2,570,683 and \$2,785,673 as of December 31, 2019 and 2018, respectively, held in Greater Horizons bank accounts. Of the \$3,132,191 in cash and cash equivalents, \$244,629 is available to support ACT's operations at December 31, 2019. Of the \$3,313,997 in cash and cash equivalents, \$244,366 is available to support ACT's operations at December 31, 2018. The remainder of the cash balance is available for charitable purposes as established by fundholder agreements.

Note 4. Investments

In accordance with generally accepted accounting principles, ACT uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk:

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

In determining the appropriate levels, ACT performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Investments are reported at fair value on a recurring basis. Such investments consist of a diversified portfolio of individual and pooled securities in common stock, exchange-traded funds, corporate bonds and mutual funds.

ACT for Alexandria

Notes to Financial Statements

Note 4. Investments (Continued)

The multi-asset fund consists of the TIFF Multi-Asset Fund (MAF) and is managed by The Investment Fund for Foundations (TIFF) Investment Program Inc. The MAF is presented in the accompanying financial statements at fair value. The net asset value per share of TIFF's MAF is calculated on a daily basis by dividing the assets of the fund, less its liabilities, by the number of outstanding shares of the fund. MAF funds are redeemable on a daily basis, and there are no prior notice requirements. TIFF MAF seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index (CPI) plus 5% per annum. The fund seeks to achieve its objective through two principal means: (1) diversification across multiple asset classes and (2) active security selection.

The following table presents ACT's fair value hierarchy for those assets measured at fair value at December 31, consists of the following:

2019	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Mutual funds-domestic equity	\$ 5,932,160	\$ 5,932,160	\$ -	\$ -
Mutual funds-international equity	510,871	510,871	-	-
Mutual funds-emerging market equity	292,573	292,573	-	-
Mutual funds-domestic fixed income	2,960,523	2,960,523	-	-
Mutual funds-international fixed income	29,916	29,916	-	-
Mutual funds-emerging market fixed income	147,195	147,195	-	-
Domestic equities	1,735,014	1,735,014	-	-
Multi-asset fund	1,618,189	-	1,618,189	-
International equities	57,638	57,638	-	-
Domestic ETF	269,360	269,360	-	-
International ETF	141,036	141,036	-	-
Commodity funds and other	172,548	172,548	-	-
	<u>13,867,023</u>	<u>\$ 12,248,834</u>	<u>\$ 1,618,189</u>	<u>\$ -</u>
Limited partnership interests – at LCM	819,737			
Money market funds – at cost	750,502			
	<u>\$ 15,437,262</u>			
2018	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Mutual funds-domestic equity	\$ 3,344,749	\$ 3,344,749	\$ -	\$ -
Mutual funds-international equity	591,351	591,351	-	-
Mutual funds-emerging market equity	462,025	462,025	-	-
Mutual funds-domestic fixed income	2,660,180	2,660,180	-	-
Mutual funds-international fixed income	52,661	52,661	-	-
Mutual funds-emerging market fixed income	113,004	113,004	-	-
Domestic equities	1,532,757	1,532,757	-	-
Multi-asset fund	1,373,961	-	1,373,961	-
International equities	23,441	23,441	-	-
Domestic ETF	926,686	926,686	-	-
International ETF	144,497	144,497	-	-
International corporate bonds and other	35,342	-	35,342	-
Commodity funds and other	199,670	199,670	-	-
	<u>11,460,324</u>	<u>\$ 10,051,021</u>	<u>\$ 1,409,303</u>	<u>\$ -</u>
Limited partnership interests – at LCM	819,737			
Money market funds – at cost	764,505			
	<u>\$ 13,044,566</u>			

ACT for Alexandria

Notes to Financial Statements

Note 4. Investments (Continued)

As of December 31, 2019, ACT was invested in minor interests of four (five at December 31, 2018) investment partnerships which are valued at lower of cost or market as permitted under the ASC. Each partnership operates in accordance with the terms of a limited partnership agreement. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long-term horizon by employing a strategy under which the partnerships invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, private equity and venture capital investments).

Redemption of ACT's interests in the investment partnerships is generally permissible on a monthly or quarterly basis, with a 30 to 90 day notice. ACT had no unfunded commitments as of December 31, 2019 and 2018.

Investment income is comprised of the following for the years ended December 31:

	2019	2018
Interest and dividends	\$ 308,986	\$ 329,271
Realized and unrealized gains (losses) on investments	2,247,217	(940,141)
Investment management fees	(42,450)	(40,987)
	<u>\$ 2,513,753</u>	<u>\$ (651,857)</u>

Note 5. Liquidity

ACT maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments. ACT reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of ACT's monthly financial reporting process. ACT's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 and 2019, are as follows:

	2019	2018
Financial assets:		
Cash	\$ 3,132,191	\$ 3,313,997
Investments	15,437,262	13,044,566
Total financial assets	18,569,453	16,358,563
Less amounts not available within one year:		
Community funds	(1,724,639)	(1,715,691)
Donor advised funds	(16,469,203)	(14,134,845)
Purpose restricted net assets	(84,321)	(5,278)
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 291,290</u>	<u>\$ 502,749</u>

ACT for Alexandria

Notes to Financial Statements

Note 6. Property and Equipment

Property, equipment and depreciation for years ended December 31, consisted of the following:

	2019		
	Cost	Depreciation Expense	Accumulated Depreciation
Computer and equipment	\$ 28,165	\$ 3,084	\$ 22,870
Furniture and fixtures	1,170	130	910
	<u>\$ 29,335</u>	<u>\$ 3,214</u>	<u>\$ 23,780</u>

	2018		
	Cost	Depreciation Expense	Accumulated Depreciation
Computer and equipment	\$ 25,865	\$ 2,809	\$ 19,786
Furniture and fixtures	1,170	130	780
	<u>\$ 27,035</u>	<u>\$ 2,939</u>	<u>\$ 20,566</u>

Note 7. Net Assets Without Donor Restrictions

Changes in net assets without donor restrictions for years ended December 31, were as follows:

	Balance December 31, 2018	Contributions to/ Investment Income	Grants/Other Expenses and Transfers	Balance December 31, 2019
Operating funds	\$ 194,382	\$ 1,053,069	\$ 1,027,547	\$ 219,901
Community funds	1,715,691	785,788	776,840	1,724,639
Donor-advised funds	14,134,845	3,944,379	1,610,021	16,469,203
	<u>\$ 16,044,918</u>	<u>\$ 5,783,236</u>	<u>\$ 3,414,408</u>	<u>\$ 18,413,743</u>

	Balance December 31, 2017	Contributions to/ Investment Loss	Grants/Other Expenses and Transfers	Balance December 31, 2018
Operating funds	\$ 298,248	\$ 733,838	\$ 837,704	\$ 194,382
Community funds	1,630,798	394,018	309,125	1,715,691
Donor-advised funds	13,979,233	1,642,297	1,486,685	14,134,845
	<u>\$ 15,908,279</u>	<u>\$ 2,770,153</u>	<u>\$ 2,633,514</u>	<u>\$ 16,044,918</u>

ACT for Alexandria

Notes to Financial Statements

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions for years ended December 31, were available for the following research projects:

	Balance				Balance	
	December 31, 2018	Additions	Releases/transfers	December 31, 2019		
ACT ABLE Fund	\$ 5,266	\$ -	\$ -	\$ 5,266		
ASF Scholarship Fund	-	37,297	(30,226)	67,523		
ACT Now Fund	12	68,864	57,344	11,532		
	<u>\$ 5,278</u>	<u>\$ 106,161</u>	<u>\$ 27,118</u>	<u>\$ 84,321</u>		

	Balance				Balance	
	December 31, 2017	Additions	Releases	December 31, 2018		
ACT ABLE Fund	\$ 5,207	\$ 59	\$ -	\$ 5,266		
ACT Now Fund	5,799	66	5,853	12		
	<u>\$ 11,006</u>	<u>\$ 125</u>	<u>\$ 5,853</u>	<u>\$ 5,278</u>		

Note 9. Commitments

Office lease: In January 2017, ACT entered into a sub-lease agreement for office space which expired December 2019. The base monthly rent was \$2,800, and increased annually by 3%. Rental expense for the years ended December 31, 2019 and 2018, was \$34,187 and \$35,433, respectively.

Effective January 2020, ACT leased office space at 201 Union St, Alexandria, Virginia. This lease expires on December 2022. The lease contains abatements on February 2020, March 2020 and January 2022 rent.

Future minimum lease payments relating to the office leases are as follows:

Years ending December 31,	
2020	\$ 38,780
2021	47,932
2022	45,695
	<u>\$ 132,407</u>

Defined contribution plan: ACT sponsors a retirement plan covering all eligible full-time employees. The plan provides for an automatic 3% employer contribution and up to an additional 2% employer matching contribution of annual salary. For years ended December 31, 2019 and 2018, retirement expense totaled \$19,285 and \$22,556, respectively.

Note 10. Donated Goods and Services

ACT receives donated professional services for marketing and promotional designs, parking services and various goods for events. These donated goods and services have been recorded in the financial statements at their estimated fair value in the statements of activities. For the years ended December 31, 2019 and 2018, donated goods and services totaled \$139,260 and \$77,825, respectively.

ACT for Alexandria

Notes to Financial Statements

Note 11. Conditional Grants

ACT has conditional promises (primarily conditional federal and state grants) to give from its grantors totaling \$232,063 as of December 31, 2019. Future payments are contingent upon ACT carrying out certain activities (meeting donor imposed barriers), as stipulated by the grants.

Note 12. Subsequent Event

In preparing these financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through October 30, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which ACT operates. It is unknown how long these conditions will last and what the complete financial effect will be to ACT, to date, and it is reasonably possible that ACT is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on investments.