



## Financial Statements

June 30, 2019 and 2018



4401 Dominion Boulevard  
Glen Allen, Virginia 23060  
Tel: 804.747.0000  
[www.keitercpa.com](http://www.keitercpa.com)

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors  
Greater Richmond SCAN (Stop Child Abuse Now), Inc.  
Richmond, Virginia

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Greater Richmond SCAN (Stop Child Abuse Now), Inc., (the "Organization") as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Richmond SCAN (Stop Child Abuse Now), Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

October 16, 2019  
Glen Allen, Virginia

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Financial Position  
June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 1,595,855	\$ 1,239,535
Marketable securities	5,087	21,998
Accounts receivable, net of allowances	23,431	11,676
Grants receivable	49,327	59,464
Pledges receivable	49,207	40,503
Prepaid expenses and other assets	35,184	44,281
	<hr/>	<hr/>
Total current assets	1,758,091	1,417,457
	<hr/>	<hr/>
Property and equipment:		
Furniture	23,347	23,347
Equipment	119,645	117,208
Leasehold improvements	42,272	42,272
Accumulated depreciation	(161,486)	(145,098)
	<hr/>	<hr/>
Property and equipment, net	23,778	37,729
	<hr/>	<hr/>
Total assets	\$ 1,781,869	\$ 1,455,186
	<hr/>	<hr/>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 13,269	\$ 9,522
Accrued payroll liabilities	141,359	102,539
Deferred rent	1,430	6,976
	<hr/>	<hr/>
Total current liabilities	156,058	119,037
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	1,154,298	1,033,197
With donor restrictions	471,513	302,952
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Total net assets	1,625,811	1,336,149
	<hr/>	<hr/>
Total liabilities and net assets	\$ 1,781,869	\$ 1,455,186
	<hr/>	<hr/>

See accompanying notes to financial statements.

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Activities  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and revenue:			
Contributions	\$ 547,072	\$ 883,610	\$ 1,430,682
In-kind contributions	10,187	-	10,187
Grants	419,963	-	419,963
Program revenue	122,974	-	122,974
Special events (less direct expenses of \$66,467)	327,956	-	327,956
Interest income	451	-	451
	<u>1,428,603</u>	<u>883,610</u>	<u>2,312,213</u>
 Total support and revenue			
	<u>1,428,603</u>	<u>883,610</u>	<u>2,312,213</u>
 Net assets released from restrictions	<u>715,049</u>	<u>(715,049)</u>	<u>-</u>
 Total support, revenue, and other changes	<u>2,143,652</u>	<u>168,561</u>	<u>2,312,213</u>
 Expenses:			
Program services	1,725,291	-	1,725,291
Support services:			
Management and general	130,959	-	130,959
Fundraising	166,301	-	166,301
	<u>2,022,551</u>	<u>-</u>	<u>2,022,551</u>
 Total expenses			
	<u>2,022,551</u>	<u>-</u>	<u>2,022,551</u>
 Changes in net assets	121,101	168,561	289,662
 Net assets, beginning of year	<u>1,033,197</u>	<u>302,952</u>	<u>1,336,149</u>
 Net assets, end of year	<u>\$ 1,154,298</u>	<u>\$ 471,513</u>	<u>\$ 1,625,811</u>

See accompanying notes to financial statements.

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Activities, Continued  
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and revenue:			
Contributions	\$ 507,546	\$ 663,680	\$ 1,171,226
In-kind contributions	20,967	-	20,967
Grants	456,774	-	456,774
Program revenue	99,284	-	99,284
Special events (less direct expenses of \$82,185)	323,571	-	323,571
Interest income	<u>113</u>	<u>-</u>	<u>113</u>
 Total support and revenue	 <u>1,408,255</u>	 <u>663,680</u>	 <u>2,071,935</u>
 Net assets released from restrictions	 <u>579,662</u>	 <u>(579,662)</u>	 <u>-</u>
 Total support, revenue, and other changes	 <u>1,987,917</u>	 <u>84,018</u>	 <u>2,071,935</u>
 Expenses:			
Program services	1,440,315	-	1,440,315
Support services:			
Management and general	129,010	-	129,010
Fundraising	<u>169,584</u>	<u>-</u>	<u>169,584</u>
 Total expenses	 <u>1,738,909</u>	 <u>-</u>	 <u>1,738,909</u>
 Changes in net assets	 249,008	 84,018	 333,026
 Net assets, beginning of year	 <u>784,189</u>	 <u>218,934</u>	 <u>1,003,123</u>
 Net assets, end of year	 <u>\$ 1,033,197</u>	 <u>\$ 302,952</u>	 <u>\$ 1,336,149</u>

See accompanying notes to financial statements.

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Functional Expenses  
Year Ended June 30, 2019

	Program Services					Support Services				Total
	CAC	CASA	Community Programs	Family Support	Circle Preschool	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 346,543	\$ 206,806	\$ 215,198	\$ 265,333	\$ 179,446	\$ 1,213,326	\$ 48,539	\$ 133,172	\$ 181,711	\$ 1,395,037
Employee benefits	20,155	17,791	13,145	21,351	10,033	82,475	2,552	7,040	9,592	92,067
Payroll taxes	25,754	15,493	15,341	19,843	13,524	89,955	3,674	10,056	13,730	103,685
Occupancy expenses	97,705	20	5,020	7,671	19,210	129,626	11,556	14	11,570	141,196
Travel and meetings	8,943	6,579	1,405	3,998	6,299	27,224	5,367	1,587	6,954	34,178
Depreciation	4,916	2,458	2,458	819	3,278	13,929	820	1,639	2,459	16,388
Development and training	7,079	216	1,336	3,962	267	12,860	1,936	246	2,182	15,042
Postage and shipping	290	193	133	31	135	782	546	1,292	1,838	2,620
Telephone	10,585	798	798	745	2,261	15,187	1,031	532	1,563	16,750
Technology	3,020	2,460	1,510	503	2,014	9,507	503	1,007	1,510	11,017
Supplies	13,105	3,047	11,211	3,616	3,158	34,137	1,004	2,226	3,230	37,367
Printing and publications	108	54	54	2,075	72	2,363	30	658	688	3,051
Professional fees	11,320	-	3,668	1,875	23,929	40,792	35,878	-	35,878	76,670
Volunteer training	-	1,529	-	-	-	1,529	-	-	-	1,529
Volunteer recognition	-	251	-	-	-	251	145	-	145	396
Insurance	6,324	3,852	4,547	3,178	3,351	21,252	3,626	2,730	6,356	27,608
Equipment rental and maintenance	9,036	1,893	83	1,655	4,154	16,821	2,477	3,610	6,087	22,908
Program evaluation	98	-	-	-	500	598	-	-	-	598
Miscellaneous expenses	134	64	79	142	3,949	4,368	10,458	367	10,825	15,193
Bad debts	910	-	1,060	-	-	1,970	-	-	-	1,970
Recruitment and screening	160	1,061	255	27	217	1,720	211	113	324	2,044
Membership dues	4,178	393	18	6	24	4,619	606	12	618	5,237
<b>Total expenses</b>	<b>\$ 570,363</b>	<b>\$ 264,958</b>	<b>\$ 277,319</b>	<b>\$ 336,830</b>	<b>\$ 275,821</b>	<b>\$ 1,725,291</b>	<b>\$ 130,959</b>	<b>\$ 166,301</b>	<b>\$ 297,260</b>	<b>\$ 2,022,551</b>

See accompanying notes to financial statements.



**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Functional Expenses, Continued  
Year Ended June 30, 2018

	Program Services					Support Services				Total
	CAC	CASA	Community Programs	Family Support	Circle Preschool	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 291,782	\$ 182,442	\$ 145,973	\$ 161,936	\$ 190,432	\$ 972,565	\$ 57,316	\$ 130,401	\$ 187,717	\$ 1,160,282
Employee benefits	15,421	10,695	11,379	7,580	8,908	53,983	2,835	7,660	10,495	64,478
Payroll taxes	26,214	13,720	10,920	12,240	13,924	77,018	4,268	9,824	14,092	91,110
Occupancy expenses	92,438	27	7,537	18,457	4,226	122,685	11,436	18	11,454	134,139
Travel and meetings	11,025	5,040	4,598	3,840	1,694	26,197	974	6,430	7,404	33,601
Depreciation	5,945	2,972	991	3,963	2,973	16,844	991	1,982	2,973	19,817
Development and training	3,633	37	7,836	455	1,859	13,820	346	-	346	14,166
Postage and shipping	111	32	10	42	34	229	772	1,281	2,053	2,282
Telephone	10,897	807	748	2,273	807	15,532	987	538	1,525	17,057
Technology	3,215	2,557	536	2,143	1,607	10,058	4,036	1,072	5,108	15,166
Supplies	10,500	2,839	3,182	2,394	8,108	27,023	1,418	2,368	3,786	30,809
Printing and publications	250	-	1,872	-	-	2,122	-	2,547	2,547	4,669
Professional fees	16,414	840	280	27,468	4,865	49,867	32,434	560	32,994	82,861
Volunteer training	-	1,157	-	-	-	1,157	-	-	-	1,157
Volunteer recognition	31	67	5	21	15	139	5	10	15	154
Insurance	6,694	4,104	1,698	3,556	4,679	20,731	5,008	2,748	7,756	28,487
Equipment rental and maintenance	9,913	1,763	1,652	4,129	-	17,457	2,477	1,200	3,677	21,134
Program evaluation	-	-	-	500	67	567	-	-	-	567
Miscellaneous expenses	3,066	12	10	41	664	3,793	3,658	333	3,991	7,784
Bad debts	1,000	-	-	-	-	1,000	-	-	-	1,000
Recruitment and screening	327	1,091	73	224	216	1,931	44	87	131	2,062
Outside development/training	500	-	-	-	-	500	-	-	-	500
Membership dues	3,967	290	805	20	15	5,097	5	525	530	5,627
<b>Total expenses</b>	<b>\$ 513,343</b>	<b>\$ 230,492</b>	<b>\$ 200,105</b>	<b>\$ 251,282</b>	<b>\$ 245,093</b>	<b>\$ 1,440,315</b>	<b>\$ 129,010</b>	<b>\$ 169,584</b>	<b>\$ 298,594</b>	<b>\$ 1,738,909</b>

See accompanying notes to financial statements.

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 289,662	\$ 333,026
Adjustments to reconcile change in net assets to net cash from operating activities:		
Marketable securities	16,911	(21,998)
Depreciation	16,388	19,817
Loss on disposal of asset	-	772
Changes in assets and liabilities:		
Accounts receivable, net of allowances	(11,755)	1,909
Grants receivable	10,137	(37,768)
Pledges receivable	(8,704)	(9,756)
Prepaid expenses and other assets	9,097	(1,952)
Accounts payable	3,747	(5,959)
Accrued payroll liabilities	38,820	(13,539)
Deferred rent	<u>(5,546)</u>	<u>(7,341)</u>
Net cash provided by operating activities	<u>358,757</u>	<u>257,211</u>
Cash flows used in investing activities:		
Purchases of property and equipment	<u>(2,437)</u>	<u>(25,122)</u>
Change in cash	356,320	232,089
Cash, beginning of year	<u>1,239,535</u>	<u>1,007,446</u>
Cash, end of year	<u>\$ 1,595,855</u>	<u>\$ 1,239,535</u>

See accompanying notes to financial statements.

## **GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

### Notes to Financial Statements

#### **1. Organization and Business:**

Greater Richmond SCAN (Stop Child Abuse Now), Inc. ("SCAN" or the "Organization") is a not-for-profit, charitable organization operated under Internal Revenue Code Section 501(c)(3).

SCAN, founded in 1991, is dedicated to the prevention and treatment of child abuse and neglect in the Greater Richmond, Virginia area. SCAN protects children from abuse and neglect by providing the awareness, support, education, and advocacy needed to enhance the lives of maltreated children. SCAN's services promote positive parenting, strengthen families, and help create a community that values and cares for its children. SCAN's programs include:

Child Advocacy Center ("CAC") – SCAN opened a child advocacy center in the City of Richmond in November 2004. Henrico Satellite CAC center was opened in March 2016. The Child Advocacy Center is a place for abused children and their non-offending family to receive child forensic interviews, mental health treatment, medical services, victim advocacy, multidisciplinary case review and case tracking in one physical location.

Court Appointed Special Advocates ("CASA") – The program provides trained volunteers who advocate for the best interests of children involved in the Juvenile and Domestic Relations District Court process. CASA also seeks to assure safe and permanent homes for all children.

Community Programs, encompassing all of SCAN's programs and initiatives at the organizational, community and state level, focuses on the prevention of child maltreatment through the advancement of protective factors and trauma-informed approaches. Community Programs includes: Trauma-Informed Community Network ("TICN"), a diverse group convened by SCAN of over 320 members from over 100 different organizations representing a wide range of systems, all with a shared commitment toward creating a more trauma-informed and resilient community; and Families are Magic ("FAM"), which offers parenting education and resources to parents, caregivers and professionals who work with children. Through its Public Education Program, SCAN also coordinates Greater Richmond's National Child Abuse Prevention Month public awareness campaign.

Family Support Program ("FSP") – SCAN's Family Support Program seeks to strengthen families and give caregivers the tools they need to provide healthy homes for their children. FSP provides services along a continuum, ranging from primary prevention activities, such as parent education workshops for grandparents and intimate partner violence survivors, to tertiary intervention, such as intensive, psycho-educational and treatment groups for families directly affected by abuse.

## GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.

### Notes to Financial Statements, Continued

#### 1. Organization and Business, Continued:

Circle Preschool – In February 2011 SCAN began partnering with St. James’s Children’s Center to implement a pilot therapeutic preschool program for children who have experienced trauma called The Circle Preschool Program. The preschool is based on best practices grounded in national and local research and is the first of its kind in the Richmond area. Through the Circle Preschool Program, SCAN prepares children who have social and emotional challenges for long-term educational success before they enter kindergarten. The healing and growth at the Circle Preschool goes beyond the classroom to reach students, teachers and professionals throughout the Greater Richmond area and across the state through professional development, ongoing consultation, and speaking engagements to share staff expertise.

SCAN’s services are primarily funded through contributions, grants and revenues from special events.

#### 2. Summary of Significant Accounting Policies:

**Basis of Accounting:** The accompanying financial statements of SCAN have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Basis of Presentation:** GAAP requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires SCAN to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization is required to report amounts separately by class of net assets as follows:

*Net Assets Without Donor Restrictions:* Net assets currently available at the discretion of the Board of Directors for use in the Organization’s operations.

*Net Assets With Donor Restrictions:* Net assets which are stipulated by donors for specific operating purposes, or are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the financial statement of activities as net assets released from restrictions

## GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Basis of Presentation, Continued:** Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional pledges, are recognized as revenues in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Gifts of securities are recorded at their fair market value when received. At June 30, 2019 and 2018, the Organization had received securities for a fair market value of \$5,087 and \$21,998, respectively. These securities were sold after year end. Special events are presented as net amounts as they are considered peripheral to the organization's central activities.

The value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if not contributed, amounted to \$10,187 for 2019 and \$20,967 for 2018 and have been recognized in the financial statements.

**Receivables:** SCAN uses the reserve method of accounting for bad debts. The allowance for doubtful accounts amounted to \$2,970 for 2019 and \$1,000 for 2018.

**Property and Equipment:** Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Equipment and leasehold improvements have a useful life of three to seven years, while furniture has a useful life of five to seven years. Repairs and maintenance are expensed as incurred.

**Estimates:** The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

**Credit Risk:** Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, accounts receivable, grants receivable, and pledges receivable. SCAN places its cash with financial institutions located in Richmond, Virginia. At times, these balances are in excess of the FDIC insurance limit. Accounts receivable are from various third party reimbursements. Pledges receivable are from individuals, corporations and foundations located primarily in the United States of America. Grants receivable are from various government organizations. SCAN believes its credit risk related to these receivables is limited due to the number and diversity of its donors.

## GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Income Tax Uncertainties:** The Organization follows guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements. In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization has completed its assessment and determined that there were no tax positions which would require recognition. The Organization is not currently under audit by any tax jurisdiction.

**Adoption of New Accounting Principles:** In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the year ended June 30, 2019. In addition, the Organization changed its presentation of its net asset classes and expanded the note disclosures as required by the ASU for the year ended June 30, 2018.

**Functional Allocation of Expenses:** The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on a time and cost study of where efforts are made.

## GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

##### **New Accounting Guidance:**

**Leases:** In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The standard was originally expected to be effective for privately held companies and nonprofit organizations for annual financial reporting periods beginning after December 15, 2019. On July 17, 2019, the FASB voted unanimously to propose delaying the effective date for ASC 842 for privately held companies and nonprofit organizations. The FASB has issued a formal proposal for public comment before finalizing the new effective date. The Organization is currently evaluating the reporting and economic implications of the new standard.

**Subsequent Events:** Management has evaluated subsequent events through October 16, 2019, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

#### 3. Pledges Receivable:

At June 30, 2019 and 2018, SCAN had received unconditional promises to give amounting to \$49,207 and \$40,503, respectively. Unconditional promises to give are expected to be collected in the subsequent fiscal year.

#### 4. Line of Credit:

The Organization has available a \$75,000 operating line of credit with a bank due in May 2020. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (12.25% at June 30, 2019 and 11.75% at June 30, 2018). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2019 and 2018, there were no balances outstanding on the line of credit.

## GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.

### Notes to Financial Statements, Continued

#### 5. Defined Contributions Plan:

SCAN has adopted a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. During 2019 and 2018, the Plan provided for a non-discretionary match of 25% of employee contributions up to a maximum employee deferral of 8%. Expenses associated with this Plan were \$10,738 for 2019 and \$7,556 for 2018.

#### 6. Operating Leases:

On April 1, 2014, SCAN entered into an operating lease for office space on Grace Street in downtown Richmond. The facility is used to house SCAN's Child Advocacy Center and administrative offices. This new lease is a combination of an existing lease of the previous space leased on 103 E. Grace Street and an addition of 101 E Grace Street under one lease. Greater Richmond SCAN signed a renewal agreement during the fiscal year to extend the expiration of the lease to March 31, 2024.

On January 1, 2015, SCAN entered into an operating lease for classroom space on West Franklin Street in Richmond at St. James's Children's Center. This space is used for SCAN's Circle Preschool. This lease is automatically extended for additional one-year periods unless written notice of non-renewal is provided at least 60 days prior to the renewal date. Effective, July 1, 2019, SCAN renewed for an additional one-year term with a 3% rent increase.

On February 1, 2016 SCAN entered into an operating lease for office space on Bremono Road in Richmond. The facility is used to house SCAN's Child Advocacy Center. On June 25, 2019, SCAN amended the operating lease, which added an additional 400 square feet of space. This lease is set to expire on January 31, 2024.

The minimum lease payments for the office leases at June 30, 2019 were as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2020	\$ 150,003
2021	149,198
2022	153,674
2023	158,285
2024	<u>111,583</u>
	<u>\$ 722,743</u>

The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited to deferred rent in the accompanying Statements of Financial Position. Deferred rent was \$1,430 for 2019 and \$6,976 for 2018. Rent expense was \$140,243 for 2019 and \$132,094 for 2018.



**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Notes to Financial Statements, Continued

**7. Net Assets With Restriction:**

Net assets with restrictions based on donor imposed restrictions to be used towards the following specified programs or services as of June 30:

	<u>2019</u>	<u>2018</u>
Family Support Program	\$ 21,690	\$ 99,773
Administration	-	2,812
Community Program	368,099	165,596
Child Advocacy Center	33,693	26,033
Circle Preschool	13,496	2,059
Travel and supplies	9,103	6,679
Salaries for Mental Health Services	<u>25,432</u>	<u>-</u>
	<u>\$ 471,513</u>	<u>\$ 302,952</u>

Net assets released from restrictions were as follows for the year ended June 30:

	<u>2019</u>	<u>2018</u>
CASA	\$ 10,000	\$ 10,000
Family Support Program	158,083	152,531
Administration	2,812	33,909
Community Program	266,107	79,592
Child Advocacy Center	92,340	133,478
Circle Preschool	153,563	156,831
Travel and supplies	7,576	13,321
Salaries for Mental Health Services	<u>24,568</u>	<u>-</u>
	<u>\$ 715,049</u>	<u>\$ 579,662</u>

**8. Related Party Transactions:**

A member of the Board of Directors owns one third of the 101/103 Grace Street property leased by the Organization. The Organization makes monthly lease payments on this property to a third party management company (see Note 6).

**GREATER RICHMOND SCAN (STOP CHILD ABUSE NOW), INC.**

Notes to Financial Statements, Continued

**9. Liquidity and Availability of Financial Assets:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Financial Statement date, comprise of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,595,855	\$ 1,239,535
Marketable securities	5,087	21,998
Accounts receivable, net of allowances	23,431	11,676
Grants receivable	49,327	59,464
Pledges receivable	<u>49,207</u>	<u>40,503</u>
Total	1,722,907	1,373,176
Net assets with donor restrictions	<u>471,513</u>	<u>302,952</u>
Financial assets available in one year for general expenditure	<u>\$ 1,251,394</u>	<u>\$ 1,070,224</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$75,000, which it could draw upon.