



Financial Statements

June 30, 2013 and 2012

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, 2013 and 2012, 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.



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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, 2013 and 2012, 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 horizontal flourish extending to the right.

November 6, 2013
Glen Allen, Virginia

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

Statements of Financial Position
June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash	\$ 622,253	\$ 672,692
Accounts receivable	25,931	28,931
Grants receivable	14,761	23,525
Pledges receivable	103,651	89,546
Prepaid expenses and other assets	16,961	13,900
Total current assets	783,557	828,594
Property and equipment:		
Furniture	28,040	28,040
Equipment	116,429	85,986
Accumulated depreciation	(108,974)	(103,287)
Property and equipment, net	35,495	10,739
Total assets	\$ 819,052	\$ 839,333
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 16,599	\$ 10,094
Accrued payroll liabilities	80,825	68,499
Total current liabilities	97,424	78,593
Net assets:		
Unrestricted	458,391	581,526
Temporarily restricted	263,237	179,214
Total net assets	721,628	760,740
Total liabilities and net assets	\$ 819,052	\$ 839,333

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 256,000	\$ 437,264	\$ 693,264
In-kind contributions	44,013	-	44,013
Grants	272,959	-	272,959
Program revenue	48,945	-	48,945
Special events (less direct expenses of \$168,929)	251,385	-	251,385
Interest income	53	-	53
Other income	2,619	-	2,619
	<u>875,974</u>	<u>437,264</u>	<u>1,313,238</u>
 Total support and revenue			
	<u>875,974</u>	<u>437,264</u>	<u>1,313,238</u>
 Net assets released from restrictions	<u>353,241</u>	<u>(353,241)</u>	<u>-</u>
 Expenses:			
Program services	1,118,141	-	1,118,141
Support services:			
Management and general	65,650	-	65,650
Fundraising	168,559	-	168,559
	<u>1,352,350</u>	<u>-</u>	<u>1,352,350</u>
 Total expenses			
	<u>1,352,350</u>	<u>-</u>	<u>1,352,350</u>
 Changes in net assets	(123,135)	84,023	(39,112)
 Net assets, beginning of year	<u>581,526</u>	<u>179,214</u>	<u>760,740</u>
 Net assets, end of year	<u>\$ 458,391</u>	<u>\$ 263,237</u>	<u>\$ 721,628</u>

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 319,388	\$ 371,000	\$ 690,388
In-kind contributions	31,019	-	31,019
Grants	223,785	-	223,785
Program revenue	64,115	-	64,115
Special events (less direct expenses of \$179,050)	236,611	-	236,611
Interest income	164	-	164
Other income	4,072	-	4,072
	<u>879,154</u>	<u>371,000</u>	<u>1,250,154</u>
Net assets released from restrictions	<u>461,328</u>	<u>(461,328)</u>	<u>-</u>
Expenses:			
Program services	1,062,860	-	1,062,860
Support services:			
Management and general	56,025	-	56,025
Fundraising	156,301	-	156,301
	<u>1,275,186</u>	<u>-</u>	<u>1,275,186</u>
Changes in net assets	65,296	(90,328)	(25,032)
Net assets, beginning of year	<u>516,230</u>	<u>269,542</u>	<u>785,772</u>
Net assets, end of year	<u>\$ 581,526</u>	<u>\$ 179,214</u>	<u>\$ 760,740</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2013

	Program Services						Support Services			Total
	CAC	CASA	FAM	Family Support	TCC	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 237,662	\$ 167,418	\$ 40,725	\$ 151,943	\$ 141,509	\$ 739,257	\$ 32,192	\$ 137,007	\$ 169,199	\$ 908,456
Employee benefits	13,064	27,579	771	2,131	16,136	59,681	2,583	9,068	11,651	71,332
Payroll taxes	17,688	12,086	3,093	11,542	10,388	54,797	2,382	10,285	12,667	67,464
Occupancy expenses	45,439	2,516	839	20,131	7,516	76,441	838	1,678	2,516	78,957
Travel and meetings	12,031	1,440	808	4,443	2,457	21,179	353	1,365	1,718	22,897
Depreciation	1,706	853	284	1,138	853	4,834	284	569	853	5,687
Development and training	5,507	1,929	-	-	-	7,436	-	-	-	7,436
Postage and shipping	923	428	138	554	407	2,450	134	538	672	3,122
Telephone	6,099	3,466	204	817	613	11,199	203	408	611	11,810
Supplies	9,274	2,575	7,823	3,346	8,628	31,646	357	865	1,222	32,868
Printing and publications	1,924	1,099	321	1,283	1,125	5,752	321	1,297	1,618	7,370
Professional fees	-	14,418	-	-	4,400	18,818	16,254	-	16,254	35,072
In-kind services	7,028	2,339	-	-	34,646	44,013	-	-	-	44,013
Insurance	6,126	5,148	1,022	4,080	3,233	19,609	2,871	3,385	6,256	25,865
Equipment rental and maintenance	7,231	3,420	451	1,803	1,353	14,258	491	1,697	2,188	16,446
Program evaluation	2,161	-	-	1,000	372	3,533	-	-	-	3,533
Miscellaneous expenses	188	94	31	125	94	532	6,301	74	6,375	6,907
Recruitment and screening	209	435	35	200	105	984	35	70	105	1,089
Membership dues	1,058	254	51	205	154	1,722	51	253	304	2,026
Total expenses	\$ 375,318	\$ 247,497	\$ 56,596	\$ 204,741	\$ 233,989	\$ 1,118,141	\$ 65,650	\$ 168,559	\$ 234,209	\$ 1,352,350

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2012

	Program Services						Support Services			Total
	CAC	CASA	FAM	Family Support	TCC	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 223,395	\$ 197,353	\$ 39,368	\$ 140,656	\$ 125,527	\$ 726,300	\$ 28,296	\$ 130,245	\$ 158,541	\$ 884,841
Employee benefits	11,276	25,602	702	2,279	15,931	55,790	2,425	7,539	9,964	65,754
Payroll taxes	16,659	14,289	2,982	10,679	9,071	53,680	2,108	9,786	11,895	65,575
Occupancy expenses	44,571	3,724	810	18,631	6,180	73,916	810	1,620	2,430	76,346
Travel and meetings	13,501	1,724	610	4,904	843	21,563	254	640	893	22,476
Depreciation	2,445	1,629	407	1,222	1,222	6,924	407	814	1,221	8,145
Development and training	2,539	959	-	-	-	3,498	-	-	-	3,498
Postage and shipping	829	557	97	328	290	2,099	97	341	437	2,536
Telephone	6,011	2,182	198	595	595	9,582	198	397	595	10,177
Supplies	12,633	4,057	4,955	2,852	10,138	34,636	698	741	1,440	36,076
Printing and publications	99	938	2,427	50	238	3,752	17	422	439	4,191
Professional fees	330	-	-	-	2,100	2,430	13,290	-	13,290	15,720
In-kind services	-	31,019	-	-	-	31,019	-	-	-	31,019
Insurance	4,208	4,356	779	3,096	847	13,287	2,497	2,555	5,052	18,339
Equipment rental and maintenance	7,493	3,875	360	1,054	1,167	13,948	351	853	1,204	15,152
Program evaluation	2,000	-	-	875	118	2,993	-	-	-	2,993
Miscellaneous expenses	-	-	-	-	20	20	4,497	-	4,497	4,517
Recruitment and screening	190	1,127	28	142	125	1,612	14	27	41	1,653
Membership dues	4,891	362	66	277	197	5,791	66	321	387	6,178
Total expenses	\$ 353,070	\$ 293,753	\$ 53,789	\$ 187,640	\$ 174,609	\$ 1,062,860	\$ 56,025	\$ 156,301	\$ 212,326	\$ 1,275,186

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (39,112)	\$ (25,032)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,687	8,145
Changes in assets and liabilities:		
Accounts receivable	3,000	24,178
Grants receivable	8,764	(13,130)
Pledges receivable	(14,105)	30,969
Prepaid expenses and other assets	(3,061)	6,217
Accounts payable	6,505	(42,424)
Accrued payroll liabilities	<u>12,326</u>	<u>(2,599)</u>
Net cash used in operating activities	<u>(19,996)</u>	<u>(13,676)</u>
Cash flows used in investing activities:		
Purchases of property and equipment	<u>(30,443)</u>	<u>-</u>
Change in cash	(50,439)	(13,676)
Cash, beginning of year	<u>672,692</u>	<u>686,368</u>
Cash, end of year	<u>\$ 622,253</u>	<u>\$ 672,692</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, and education 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. 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.

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.

FAM Program ("FAM") – SCAN distributes educational materials that promote positive parenting and child safety. SCAN trains child care providers and educators on issues related to child abuse and neglect. Through its Public Education Program, SCAN also coordinates Greater Richmond's National Child Abuse Prevention Month public awareness campaign.

Family Support Program – SCAN's Family Support Program seeks to strengthen families and give caregivers the tools they need to provide healthy homes for their children. The Program provides intensive, family-focused services to families that have experienced, or are at a high risk of experiencing, child abuse and neglect.

Therapeutic Child Care ("TCC") – SCAN's Therapeutic Child Care strives to address the behavioral issues present in preschoolers and young children. Based on several models in place throughout the country, this specific program seeks to implement extended child care hours, transportation to care facilities, in-home services, and parent-child therapy.

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

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

Notes to Financial Statements, Continued

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.

GAAP also establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined in similar categories as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

Temporarily restricted net assets – Net assets whose use by SCAN is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of SCAN pursuant to those stipulations.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by SCAN. SCAN did not have any permanently restricted net assets as of June 30, 2013 and 2012.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. 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.

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 \$44,013 for 2013 and \$31,019 for 2012 and have been recognized in the financial statements.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Receivables: SCAN uses the reserve method of accounting for bad debts. The amount of doubtful accounts at June 30, 2013 and 2012 was determined by management not to be significant, and therefore no reserve was considered necessary.

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 has a useful life of five to seven years, while furniture has a useful life of seven to ten 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 a financial institution 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 a single government organization. SCAN believes its credit risk related to these pledges receivable is limited due to the number and diversity of its donors.

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's income tax returns for years since 2010 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Subsequent Events: Management has evaluated subsequent events through November 6, 2013, 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.

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

Notes to Financial Statements, Continued

3. Pledges Receivable:

At June 30, 2013 and 2012, SCAN had received unconditional promises to give amounting to \$103,651 and \$89,546, 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 on June 14, 2014. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (10% at June 30, 2013). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2013 and 2012, there were no balances outstanding on the line of credit.

5. Defined Contribution Plan:

SCAN has adopted a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. During 2013 and 2012, 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 \$3,030 for 2013 and \$652 for 2012.

6. Operating Leases:

On August 30, 2004, SCAN entered into an operating lease for office space in downtown Richmond. The facility is used to house SCAN's Child Advocacy Center. During 2012, the lease was renewed to extend through December 31, 2014.

On December 31, 2009, SCAN entered into an operating lease for office space on Grace Street in downtown Richmond. The facility is used to house SCAN's program and administrative offices. During 2012, the lease was renewed to extend through December 31, 2013.

The minimum lease payments for the office leases at June 30, 2013 were as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2014	\$ 58,086
2015	20,451
	<u>\$ 78,537</u>

Rent expense was \$78,957 for 2013 and \$76,346 for 2012.

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

Notes to Financial Statements, Continued

7. Temporarily Restricted Net Assets:

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

	<u>2013</u>	<u>2012</u>
CASA	\$ 38,652	\$ 55,507
Family Support Program	-	3,558
Administration	12,870	-
Public Education Program	480	-
Child Advocacy Center	161,009	69,757
Therapeutic Child Care	<u>50,226</u>	<u>50,392</u>
	<u>\$ 263,237</u>	<u>\$ 179,214</u>

Temporarily restricted net assets released from restrictions were as follows for the year ended June 30:

	<u>2013</u>	<u>2012</u>
CASA	\$ 112,355	\$ 150,198
Family Support Program	63,558	61,570
Administration	31,044	-
Fundraising	-	36,652
Public Education Program	20	1,500
Child Advocacy Center	64,098	91,581
Therapeutic Child Care	<u>82,166</u>	<u>119,827</u>
	<u>\$ 353,241</u>	<u>\$ 461,328</u>

