



Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 stylized flourish at the end.

November 2, 2015
Glen Allen, Virginia

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

Statements of Financial Position
June 30, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash	\$ 599,002	\$ 673,992
Accounts receivable	30,879	13,005
Grants receivable	24,255	28,726
Pledges receivable	48,183	80,351
Prepaid expenses and other assets	40,923	33,866
	743,242	829,940
Total current assets	743,242	829,940
Property and equipment:		
Furniture	19,956	19,955
Equipment	102,100	100,867
Leasehold improvements	42,272	42,272
Accumulated depreciation	(114,456)	(97,285)
	49,872	65,809
Property and equipment, net	49,872	65,809
Total assets	\$ 793,114	\$ 895,749
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 13,257	\$ 12,053
Accrued payroll liabilities	121,040	99,186
Deferred rent	21,395	21,278
	155,692	132,517
Total current liabilities	155,692	132,517
Net assets:		
Unrestricted	547,863	478,975
Temporarily restricted	89,559	284,257
	637,422	763,232
Total net assets	637,422	763,232
Total liabilities and net assets	\$ 793,114	\$ 895,749

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 446,434	\$ 253,550	\$ 699,984
In-kind contributions	27,708	-	27,708
Grants	267,081	-	267,081
Program revenue	97,836	-	97,836
Special events (less direct expenses of \$56,504)	268,256	-	268,256
Interest income	52	-	52
Other income	716	-	716
	<u>1,108,083</u>	<u>253,550</u>	<u>1,361,633</u>
Net assets released from restrictions	<u>448,248</u>	<u>(448,248)</u>	<u>-</u>
Total support, revenue, and other changes	<u>1,556,331</u>	<u>(194,698)</u>	<u>1,361,633</u>
Expenses:			
Program services	1,214,753	-	1,214,753
Support services:			
Management and general	95,651	-	95,651
Fundraising	177,039	-	177,039
	<u>1,487,443</u>	<u>-</u>	<u>1,487,443</u>
Changes in net assets	68,888	(194,698)	(125,810)
Net assets, beginning of year	<u>478,975</u>	<u>284,257</u>	<u>763,232</u>
Net assets, end of year	<u>\$ 547,863</u>	<u>\$ 89,559</u>	<u>\$ 637,422</u>

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 345,957	\$ 428,800	\$ 774,757
In-kind contributions	19,667	-	19,667
Grants	258,945	-	258,945
Program revenue	46,891	-	46,891
Special events (less direct expenses of \$83,298)	268,148	-	268,148
Interest income	68	-	68
Other income	1,239	-	1,239
	<u>940,915</u>	<u>428,800</u>	<u>1,369,715</u>
 Net assets released from restrictions	 <u>407,780</u>	 <u>(407,780)</u>	 <u>-</u>
 Total support, revenue, and other changes	 <u>1,348,695</u>	 <u>21,020</u>	 <u>1,369,715</u>
 Expenses:			
Program services	1,087,214	-	1,087,214
Support services:			
Management and general	90,495	-	90,495
Fundraising	150,402	-	150,402
	<u>1,328,111</u>	<u>-</u>	<u>1,328,111</u>
 Changes in net assets	 20,584	 21,020	 41,604
 Net assets, beginning of year	 <u>458,391</u>	 <u>263,237</u>	 <u>721,628</u>
 Net assets, end of year	 <u>\$ 478,975</u>	 <u>\$ 284,257</u>	 <u>\$ 763,232</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2015

	Program Services					Support Services				Total
	CAC	CASA	FAM	Family Support	TCC	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 257,484	\$ 201,570	\$ 62,252	\$ 154,974	\$ 164,356	\$ 840,636	\$ 48,607	\$ 133,310	\$ 181,917	\$ 1,022,553
Employee benefits	15,519	24,280	2,125	8,784	21,574	72,282	4,873	14,351	19,224	91,506
Payroll taxes	19,360	14,873	4,718	11,688	12,074	62,713	3,610	9,874	13,484	76,197
Occupancy expenses	43,440	353	7,251	18,306	5,353	74,703	10,820	236	11,056	85,759
Travel and meetings	8,788	1,107	2,697	3,380	2,191	18,163	616	4,738	5,354	23,517
Depreciation	5,150	2,576	859	3,434	2,576	14,595	859	1,717	2,576	17,171
Development and training	5,257	240	75	310	263	6,145	40	175	215	6,360
Postage and shipping	598	304	85	340	305	1,632	112	1,226	1,338	2,970
Telephone	6,165	586	833	2,374	586	10,544	1,151	391	1,542	12,086
Technology	3,324	1,662	554	2,216	1,662	9,418	554	1,108	1,662	11,080
Supplies	8,045	3,159	4,339	3,024	8,720	27,287	738	1,767	2,505	29,792
Printing and publications	573	287	6,527	382	287	8,056	96	1,065	1,161	9,217
Professional fees	8,312	4,156	1,385	5,542	9,106	28,501	10,346	2,771	13,117	41,618
Volunteer training	-	2,835	-	-	-	2,835	-	-	-	2,835
Insurance	5,318	4,281	1,049	3,348	3,863	17,859	3,360	2,820	6,180	24,039
Equipment rental and maintenance	4,302	1,882	1,450	2,977	96	10,707	1,700	859	2,559	13,266
Program evaluation	-	-	-	1,000	165	1,165	-	-	-	1,165
Miscellaneous expenses	133	39	13	127	63	375	8,101	276	8,377	8,752
Recruitment and screening	210	806	23	210	75	1,324	23	140	163	1,487
Outside development/training	1,723	-	-	-	-	1,723	-	-	-	1,723
Membership dues	3,395	335	45	180	135	4,090	45	215	260	4,350
Total expenses	\$ 397,096	\$ 265,331	\$ 96,280	\$ 222,596	\$ 233,450	\$ 1,214,753	\$ 95,651	\$ 177,039	\$ 272,690	\$ 1,487,443

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2014

	Program Services					Support Services				Total
	CAC	CASA	FAM	Family Support	TCC	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 231,938	\$ 189,350	\$ 45,947	\$ 141,182	\$ 148,193	\$ 756,610	\$ 39,240	\$ 115,806	\$ 155,046	\$ 911,656
Employee benefits	11,350	29,126	668	6,309	16,116	63,569	2,784	4,943	7,727	71,296
Payroll taxes	17,295	13,806	3,485	10,656	10,877	56,119	2,937	8,685	11,622	67,741
Occupancy expenses	37,333	4,176	1,392	21,452	9,523	73,876	1,392	2,784	4,176	78,052
Travel and meetings	9,559	1,410	1,856	3,904	2,723	19,452	453	4,812	5,265	24,717
Depreciation	4,479	3,545	645	1,090	758	10,517	376	830	1,206	11,723
Development and training	3,075	3,040	-	-	-	6,115	-	-	-	6,115
Postage and shipping	698	409	105	419	340	1,971	105	806	911	2,882
Telephone	6,066	1,386	697	2,124	1,386	11,659	462	924	1,386	13,045
Technology	2,259	1,130	377	1,506	1,130	6,402	377	753	1,130	7,532
Supplies	9,096	3,667	6,271	2,961	13,732	35,727	498	1,509	2,007	37,734
Printing and publications	-	-	2,238	-	-	2,238	240	670	910	3,148
Professional fees	-	-	-	-	4,800	4,800	14,131	-	14,131	18,931
In-kind services	-	-	-	-	-	-	19,667	-	19,667	19,667
Insurance	4,917	3,730	867	3,207	3,443	16,164	2,408	2,869	5,277	21,441
Equipment rental and maintenance	8,861	3,112	582	1,797	1,286	15,638	429	1,652	2,081	17,719
Program evaluation	2,189	-	-	1,000	157	3,346	-	-	-	3,346
Miscellaneous expenses	43	64	6	52	33	198	4,927	3,027	7,954	8,152
Recruitment and screening	215	1,062	24	214	85	1,600	24	107	131	1,731
Membership dues	568	285	45	180	135	1,213	45	225	270	1,483
Total expenses	\$ 349,941	\$ 259,298	\$ 65,205	\$ 198,053	\$ 214,717	\$ 1,087,214	\$ 90,495	\$ 150,402	\$ 240,897	\$ 1,328,111

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (125,810)	\$ 41,604
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	17,171	11,723
Loss on disposal of asset	-	235
Changes in assets and liabilities:		
Accounts receivable	(17,874)	12,926
Grants receivable	4,471	(13,965)
Pledges receivable	32,168	23,300
Prepaid expenses and other assets	(7,057)	(16,905)
Accounts payable	1,204	(4,546)
Accrued payroll liabilities	21,854	18,361
Deferred rent	<u>117</u>	<u>21,278</u>
Net cash (used in) provided by operating activities	<u>(73,756)</u>	<u>94,011</u>
Cash flows used in investing activities:		
Purchases of property and equipment	<u>(1,234)</u>	<u>(42,272)</u>
Change in cash	(74,990)	51,739
Cash, beginning of year	<u>673,992</u>	<u>622,253</u>
Cash, end of year	<u>\$ 599,002</u>	<u>\$ 673,992</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.

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.

Families Are Magic ("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") – The Circle Preschool Program is a licensed Child Day Center through the Virginia Department of Social Services and serves children who demonstrate significant social and emotional difficulties and their families. The dual focus of the program provides services to children and their caregivers. The program aims to improve social and emotional functioning with the goal of enhancing school readiness and significantly improving family functioning.

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, 2015 and 2014.

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. 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 \$27,708 for 2015 and \$19,667 for 2014 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, 2015 and 2014 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 and leasehold improvements have a useful life of three 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 various government organization. SCAN believes its credit risk related to these receivables 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 2012 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 2, 2015, 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, 2015 and 2014, SCAN had received unconditional promises to give amounting to \$48,183 and \$80,351, 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 2016. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (10% at June 30, 2015). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2015 and 2014, 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 2015 and 2014, 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 \$3,269 for 2015 and \$3,379 for 2014.

6. Operating Leases:

On August 30, 2004, SCAN entered into an operating lease for office space in downtown Richmond. The facility was used to house SCAN's Child Advocacy Center. The lease was cancelled on March 31, 2014.

On December 31, 2009, SCAN entered into an operating lease for office space on Grace Street in downtown Richmond. The facility was used to house SCAN's program and administrative offices. The lease was cancelled on March 31, 2014.

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. The lease is set to expire on March 31, 2019.

The minimum lease payments for the office leases at June 30, 2015 were as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2016	\$ 82,815
2017	85,299
2018	87,858
2019	67,365
	<u>\$ 323,337</u>

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

Notes to Financial Statements, Continued

6. Operating Leases, Continued:

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 \$21,395 for 2015 and \$21,278 for 2014.

Rent expense was \$85,518 for 2015 and \$75,323 for 2014.

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>2015</u>	<u>2014</u>
CASA	\$ -	\$ 88,962
Family Support Program	27,307	46,691
Administration	-	332
Public Education Program (FAM)	391	910
Child Advocacy Center	20,601	69,873
Therapeutic Child Care	<u>41,260</u>	<u>77,489</u>
	<u>\$ 89,559</u>	<u>\$ 284,257</u>

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

	<u>2015</u>	<u>2014</u>
CASA	\$ 93,963	\$ 125,178
Family Support Program	123,503	49,937
Administration	332	1,613
Public Education Program (FAM)	519	850
Child Advocacy Center	113,213	150,830
Therapeutic Child Care	<u>116,718</u>	<u>79,372</u>
	<u>\$ 448,248</u>	<u>\$ 407,780</u>

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

Notes to Financial Statements, Continued

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).