



## Financial Statements

June 30, 2020 and 2019



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 financial statements of Greater Richmond SCAN (Stop Child Abuse Now), Inc., (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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.

November 4, 2020  
Glen Allen, Virginia

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

Statements of Financial Position  
June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 2,017,343	\$ 1,595,855
Marketable securities	12,491	5,087
Accounts receivable, net of allowances	13,225	23,431
Grants receivable	34,169	49,327
Pledges receivable	45,373	49,207
Prepaid expenses and other assets	59,023	35,184
Total current assets	2,181,624	1,758,091
Property and equipment:		
Furniture	25,646	23,347
Equipment	119,645	119,645
Leasehold improvements	42,272	42,272
Accumulated depreciation	(172,068)	(161,486)
Property and equipment, net	15,495	23,778
Total assets	\$ 2,197,119	\$ 1,781,869
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Note payable, current portion	\$ 79,667	\$ -
Accounts payable	14,275	13,269
Accrued payroll liabilities	187,415	141,359
Deferred rent	9,259	1,430
Total current liabilities	290,616	156,058
Note payable, less current portion	100,333	-
Total liabilities	390,949	156,058
Net assets:		
Without donor restrictions	1,508,579	1,154,298
With donor restrictions	297,591	471,513
Total net assets	1,806,170	1,625,811
Total liabilities and net assets	\$ 2,197,119	\$ 1,781,869

See accompanying notes to financial statements.

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

Statements of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and revenue:			
Contributions	\$ 717,383	\$ 635,000	\$ 1,352,383
In-kind contributions	17,409	-	17,409
Grants	783,016	-	783,016
Program revenue	167,626	-	167,626
Special events (less direct expenses of \$47,519)	238,192	-	238,192
Interest income	16,863	-	16,863
	<u>1,940,489</u>	<u>635,000</u>	<u>2,575,489</u>
 Net assets released from restrictions	 <u>808,922</u>	 <u>(808,922)</u>	 <u>-</u>
 Total support, revenue, and other changes	 <u>2,749,411</u>	 <u>(173,922)</u>	 <u>2,575,489</u>
 Expenses:			
Program services	2,089,527	-	2,089,527
Support services:			
Management and general	137,955	-	137,955
Fundraising	167,648	-	167,648
	<u>2,395,130</u>	<u>-</u>	<u>2,395,130</u>
 Changes in net assets	 354,281	 (173,922)	 180,359
 Net assets, beginning of year	 <u>1,154,298</u>	 <u>471,513</u>	 <u>1,625,811</u>
 Net assets, end of year	 <u>\$ 1,508,579</u>	 <u>\$ 297,591</u>	 <u>\$ 1,806,170</u>

See accompanying notes to financial statements.

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

Statements of Activities, Continued  
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	<u>451</u>	<u>-</u>	<u>451</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	<u>166,301</u>	<u>-</u>	<u>166,301</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 Functional Expenses  
Year Ended June 30, 2020

	Program Services					Support Services				
	CAC	CASA	Community Programs	Family Support	Circle Preschool	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 476,159	\$ 197,030	\$ 416,739	\$ 178,047	\$ 279,935	\$ 1,547,910	\$ 52,402	\$ 129,225	\$ 181,627	\$ 1,729,537
Employee benefits	22,586	16,206	34,808	12,593	17,978	104,171	2,864	7,154	10,018	114,189
Payroll taxes	35,935	14,761	30,856	13,423	20,240	115,215	3,952	9,751	13,703	128,918
Occupancy expenses	115,238	30	8,732	21,420	5,180	150,600	13,522	20	13,542	164,142
Travel and meetings	7,057	2,704	4,944	3,145	2,312	20,162	1,793	7,468	9,261	29,423
Depreciation	3,174	1,587	529	2,116	1,588	8,994	530	1,058	1,588	10,582
Development and training	2,316	45	3,105	909	1,385	7,760	3,030	70	3,100	10,860
Outside development/training	-	-	1,008	-	-	1,008	-	-	-	1,008
Postage and shipping	109	151	18	123	57	458	1,024	786	1,810	2,268
Telephone	11,708	791	743	2,252	791	16,285	1,170	527	1,697	17,982
Technology	3,228	2,994	538	2,152	1,614	10,526	538	1,076	1,614	12,140
Supplies	14,322	2,188	3,505	2,754	11,761	34,530	2,330	2,004	4,334	38,864
Printing and publications	77	38	1,914	51	38	2,118	283	1,916	2,199	4,317
Professional fees	17,422	1,272	-	-	2,970	21,664	39,657	-	39,657	61,321
Volunteer training	-	1,093	-	-	-	1,093	-	-	-	1,093
Volunteer recognition	-	26	-	-	-	26	-	-	-	26
Insurance	6,067	3,485	4,588	3,101	4,278	21,519	3,519	2,330	5,849	27,368
Equipment rental and maintenance	9,727	1,681	1,562	3,905	-	16,875	2,407	3,588	5,995	22,870
Program evaluation	-	-	-	500	251	751	-	-	-	751
Miscellaneous expenses	602	191	68	189	363	1,413	8,589	653	9,242	10,655
Recruitment and screening	215	981	76	425	54	1,751	226	22	248	1,999
Membership dues	4,048	375	-	145	130	4,698	119	-	119	4,817
<b>Total expenses</b>	<b>\$ 729,990</b>	<b>\$ 247,629</b>	<b>\$ 513,733</b>	<b>\$ 247,250</b>	<b>\$ 350,925</b>	<b>\$ 2,089,527</b>	<b>\$ 137,955</b>	<b>\$ 167,648</b>	<b>\$ 305,603</b>	<b>\$ 2,395,130</b>

See accompanying notes to financial statements.



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

Statements of Functional Expenses, Continued  
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 Cash Flows  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 180,359	\$ 289,662
Adjustments to reconcile change in net assets to net cash from operating activities:		
Marketable securities	(7,404)	16,911
Depreciation	10,582	16,388
Changes in assets and liabilities:		
Accounts receivable, net of allowances	10,206	(11,755)
Grants receivable	15,158	10,137
Pledges receivable	3,834	(8,704)
Prepaid expenses and other assets	(23,839)	9,097
Accounts payable	1,006	3,747
Accrued payroll liabilities	46,056	38,820
Deferred rent	<u>7,829</u>	<u>(5,546)</u>
Net cash provided by operating activities	<u>243,787</u>	<u>358,757</u>
Cash flows used in investing activities:		
Purchases of property and equipment	<u>(2,299)</u>	<u>(2,437)</u>
Cash flows provided by financing activities:		
Proceeds from note payable	<u>180,000</u>	<u>-</u>
Change in cash	421,488	356,320
Cash, beginning of year	<u>1,595,855</u>	<u>1,239,535</u>
Cash, end of year	<u>\$ 2,017,343</u>	<u>\$ 1,595,855</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 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 500 members from over 150 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.

During March 2020, a novel strain of coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization. The situation is evolving with various cities and countries around the world responding in different ways to address the outbreak. There are direct and indirect economic effects developing for various industries and individual companies throughout the world. Management will continue to monitor the impact COVID-19 has on the Organization and reflect the effects as appropriate in the Organization’s accounting and financial reporting.

#### 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 statements 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. The Organization has a policy in which contributions with donor restrictions where the purpose is met within the same fiscal year is reported as increases without donor restrictions.

**Contributions:** Effective July 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) 2018-08, “Not-for-Profit Entities (*Topic 958*): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made”, which presents a new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. The Organization adopted this ASU using the modified retrospective method. Prior periods were not restated. The Organization’s revenues for the year ended June 30, 2020 and its receivables, assets, and liabilities as of June 30, 2020 were not materially different from what would have been recognized under the previous guidance.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met. At June 30, 2020 and 2019, the Organization had received securities for a fair market value of \$12,491 and \$5,087, respectively. These securities are included in the statements of financial position and 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 \$17,409 for 2020 and \$10,187 for 2019 and have been recognized in the financial statements.

**Pledges and Grants Receivable:** The Organization uses the allowance method for estimates of uncollectible receivables. The allowance is based on historical collection rates and an analysis of individual receivables. Based on this analysis, there is no provision for uncollectible amounts for 2020 and 2019.

**Accounts Receivables, Net of Allowance:** SCAN uses the reserve method of accounting for bad debts. The allowance for doubtful accounts amounted to \$2,250 for 2020 and \$2,970 for 2019.

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

### Notes to Financial Statements, Continued

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

**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.

**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.

**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:

**Revenue Recognition:** In 2014, the FASB issued ASU 2014-09 which defines a five-step process to ensure revenue is recognized when a customer has control over a good or service. The standard also requires enhanced disclosures in the financial statements including both qualitative and quantitative information, significant judgments involved in the process, and the amount and timing of performance obligations. The standard was effective for private companies for fiscal years beginning after December 15, 2018, with early adoption permitted. Due to the COVID-19 pandemic, the FASB further issued ASU 2020-05 which defers the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2019 for certain entities that had not yet issued their financial statements as of June 3, 2020. The Organization has elected to defer adoption of ASU 2014-09 in accordance with ASU 2020-05 and is currently evaluating the reporting and economic implications of the new standard.

**Leases:** In February 2016, the FASB issued a new accounting standard for leases that will impact both lessees and lessors. The new lease standard will require leases with terms more than 12 months to be recognized on the statements of financial position of lessees by recording a right of use asset with a corresponding obligation to pay rent liability which will be calculated based on the net present value of rental payments. This change is expected to be effective starting with years beginning after December 15, 2021. The Organization is calculating the impact that this pronouncement will have on its financial statements and evaluating the reporting and economic implications.

**Subsequent Events:** Management has evaluated subsequent events through November 4, 2020, 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, 2020 and 2019, SCAN had received unconditional promises to give amounting to \$45,373 and \$49,207, 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 2021. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (10.00% at June 30, 2020 and 12.25% at June 30, 2019). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2020 and 2019, 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 2020 and 2019, 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 \$13,218 for 2020 and \$10,738 for 2019.

#### 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, which expires 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. The organization has elected not to renew the lease agreement (see note 7).

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, 2020 were as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2021	\$ 149,198
2022	153,674
2023	158,285
2024	<u>111,583</u>
	<u>\$ 572,740</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 \$9,259 for 2020 and \$1,430 for 2019. Rent expense was \$163,409 for 2020 and \$140,243 for 2019.



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

Notes to Financial Statements, Continued

**7. Commitments:**

On September 16, 2020, SCAN entered into an agreement with the YWCA Richmond (“YWCA”) to share the costs of a lease agreement entered into between YWCA and an unaffiliated third party. As part of the agreement, SCAN will fund its share of the costs which is expected to be \$32,000 per year. The agreement is for a three-year term expiring August 16, 2023. This space will be used for SCAN’s Circle Preschool. This agreement will be automatically extended for additional one-year periods unless written notice of non-renewal is provided at least 60 days prior to the renewal date.

Future expected payments for the agreement at June 30, 2020 were as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2021	\$ 25,231
2022	32,000
2023	32,000
2024	<u>3,957</u>
	<u>\$ 93,188</u>

**8. 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>2020</u>	<u>2019</u>
CASA	\$ 1,436	\$ -
Family Support Program	14,034	21,690
Community Program	223,324	368,099
Child Advocacy Center	41,170	33,693
Circle Preschool	7,627	13,496
Travel and supplies	-	9,103
Salaries for Mental Health Services	<u>10,000</u>	<u>25,432</u>
	<u>\$ 297,591</u>	<u>\$ 471,513</u>

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

Notes to Financial Statements, Continued

**8. Net Assets With Restriction, Continued:**

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

	<u>2020</u>	<u>2019</u>
CASA	\$ 78,564	\$ 10,000
Family Support Program	57,656	158,083
Administration	-	2,812
Community Program	439,775	266,107
Child Advocacy Center	87,523	92,340
Circle Preschool	110,869	153,563
Travel and supplies	9,103	7,576
Salaries for Mental Health Services	<u>25,432</u>	<u>24,568</u>
	<u>\$ 808,922</u>	<u>\$ 715,049</u>

**9. 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).

**10. 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>2020</u>	<u>2019</u>
Cash	\$ 2,017,343	\$ 1,595,855
Marketable securities	12,491	5,087
Accounts receivable, net of allowances	13,225	23,431
Grants receivable	34,169	49,327
Pledges receivable	<u>45,373</u>	<u>49,207</u>
Total	2,122,601	1,722,907
Net assets with donor restrictions	<u>297,591</u>	<u>471,513</u>
Financial assets available in one year for general expenditure	<u>\$ 1,825,010</u>	<u>\$ 1,251,394</u>

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

### Notes to Financial Statements, Continued

#### 10. Liquidity and Availability of Financial Assets, Continued:

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.

#### 11. Note Payable:

In response to the economic instability caused by COVID-19, the "CARES Act" was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Organization applied for and was approved for a PPP Loan in the amount of \$180,000 dated April 24, 2020 and a maturity date of April 24, 2022. The loan accrues interest at 1.0%, but payments are not required to begin for six months after the funding of the PPP Loan. Effective June 5, 2020, the Paycheck Protection Program Flexibility Act ("Flexibility Act") was passed extending the deferral period to the date the Small Business Authority remits the Organization's loan forgiveness amount to the lender, or, if the Organization does not apply for loan forgiveness, 10 months after the end of the Organization's loan forgiveness covered period. The extension of the deferral period under Flexibility Act applies to all PPP loans. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the federal government.

While the Organization believes the loan will be fully forgiven, under the original terms of the PPP Loan, future principal payments are as follows as of June 30, 2020:

<u>Year Ended June 30:</u>	<u>Amount</u>
2021	\$ 79,667
2022	<u>100,333</u>
	<u>\$ 180,000</u>