



## Financial Statements

June 30, 2021 and 2020



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**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, 2021 and 2020, 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, 2021 and 2020, 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 11, 2021  
Glen Allen, Virginia

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

Statements of Financial Position  
June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 2,288,907	\$ 2,017,343
Marketable securities	-	12,491
Accounts receivable, net of allowances	142,494	13,225
Grants receivable	71,100	34,169
Pledges receivable	58,980	45,373
Prepaid expenses and other assets	62,566	59,023
Total current assets	<u>2,624,047</u>	<u>2,181,624</u>
Property and equipment:		
Furniture	23,347	25,646
Equipment	49,934	119,645
Leasehold improvements	42,272	42,272
Accumulated depreciation	(99,837)	(172,068)
Property and equipment, net	<u>15,716</u>	<u>15,495</u>
Beneficial interest in assets held by The Community Foundation	<u>100,038</u>	<u>-</u>
Total assets	<u>\$ 2,739,801</u>	<u>\$ 2,197,119</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Note payable, current portion	\$ -	\$ 79,667
Accounts payable	14,495	14,275
Accrued payroll liabilities	146,747	187,415
Deferred revenue	15,000	-
Deferred rent	12,742	9,259
Total current liabilities	<u>188,984</u>	<u>290,616</u>
Note payable, less current portion	<u>-</u>	<u>100,333</u>
Total liabilities	<u>188,984</u>	<u>390,949</u>
Net assets:		
Without donor restrictions	2,146,216	1,508,579
With donor restrictions	404,601	297,591
Total net assets	<u>2,550,817</u>	<u>1,806,170</u>
Total liabilities and net assets	<u>\$ 2,739,801</u>	<u>\$ 2,197,119</u>

See accompanying notes to financial statements.

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

Statements of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and revenue:			
Contributions	\$ 874,181	\$ 842,579	\$ 1,716,760
In-kind contributions	16,220	-	16,220
Grants	843,894	-	843,894
Program revenue	564,961	-	564,961
Special events (less direct expenses of \$43,686)	240,045	-	240,045
Interest income	3,087	-	3,087
Investment income	38	-	38
Other income	178,840	-	178,840
	<u>2,721,266</u>	<u>842,579</u>	<u>3,563,845</u>
 Net assets released from restrictions	 <u>735,569</u>	 <u>(735,569)</u>	 <u>-</u>
 Total support, revenue, and other changes	 <u>3,456,835</u>	 <u>107,010</u>	 <u>3,563,845</u>
 Expenses:			
Program services	2,502,729	-	2,502,729
Support services:			
Management and general	148,345	-	148,345
Fundraising	168,124	-	168,124
	<u>2,819,198</u>	<u>-</u>	<u>2,819,198</u>
 Changes in net assets	 637,637	 107,010	 744,647
 Net assets, beginning of year	 <u>1,508,579</u>	 <u>297,591</u>	 <u>1,806,170</u>
 Net assets, end of year	 <u>\$ 2,146,216</u>	 <u>\$ 404,601</u>	 <u>\$ 2,550,817</u>

See accompanying notes to financial statements.

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

Statements of Activities, Continued  
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	<u>16,863</u>	<u>-</u>	<u>16,863</u>
 Total support and revenue	 <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	<u>167,648</u>	<u>-</u>	<u>167,648</u>
 Total expenses	 <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 Functional Expenses  
Year Ended June 30, 2021

	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	\$ 523,886	\$ 207,420	\$ 544,904	\$ 202,426	\$ 339,316	\$ 1,817,952	\$ 58,387	\$ 133,009	\$ 191,396	\$ 2,009,348
Employee benefits	29,578	17,477	39,538	15,031	27,717	129,341	5,151	7,984	13,135	142,476
Payroll taxes	39,431	15,543	40,385	15,244	24,381	134,984	6,245	10,026	16,271	151,255
Occupancy expenses	117,417	29	8,640	21,511	26,209	173,806	13,064	20	13,084	186,890
Travel and meetings	3,350	1,416	256	1,327	423	6,772	2,060	1,926	3,986	10,758
Depreciation	2,469	1,234	411	1,646	1,234	6,994	411	823	1,234	8,228
Development and training	6,482	72	2,708	5,340	2,561	17,163	261	31	292	17,455
Postage and shipping	313	134	45	412	134	1,038	606	550	1,156	2,194
Telephone	13,160	918	1,548	2,425	824	18,875	1,212	693	1,905	20,780
Technology	3,895	3,246	622	2,489	1,866	12,118	1,101	1,244	2,345	14,463
Supplies	13,105	2,625	7,347	3,439	24,972	51,488	1,915	2,360	4,275	55,763
Printing and publications	222	161	2,259	148	141	2,931	337	772	1,109	4,040
Professional fees	15,262	-	50,438	-	3,300	69,000	44,325	2,000	46,325	115,325
Volunteer training	-	57	-	-	-	57	-	-	-	57
Volunteer recognition	-	363	-	-	-	363	-	-	-	363
Insurance	9,284	3,952	8,470	3,623	6,148	31,477	5,002	2,521	7,523	39,000
Equipment rental and maintenance	9,145	1,833	1,392	3,481	-	15,851	2,091	3,588	5,679	21,530
Program evaluation	-	-	5,000	208	87	5,295	-	-	-	5,295
Miscellaneous expenses	113	7	239	9	976	1,344	6,039	540	6,579	7,923
Recruitment and screening	231	475	84	204	471	1,465	19	37	56	1,521
Membership dues	4,000	375	-	40	-	4,415	119	-	119	4,534
<b>Total expenses</b>	<b>\$ 791,343</b>	<b>\$ 257,337</b>	<b>\$ 714,286</b>	<b>\$ 279,003</b>	<b>\$ 460,760</b>	<b>\$ 2,502,729</b>	<b>\$ 148,345</b>	<b>\$ 168,124</b>	<b>\$ 316,469</b>	<b>\$ 2,819,198</b>

See accompanying notes to financial statements.



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

Statements of Functional Expenses, Continued  
Year Ended June 30, 2020

	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	\$ 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 Cash Flows  
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 744,647	\$ 180,359
Adjustments to reconcile change in net assets to net cash from operating activities:		
Marketable securities	-	(7,404)
Depreciation	8,228	10,582
Forgiveness of Paycheck Protection Program loan	(180,000)	-
Investment income	(38)	-
Loss on disposal of asset	1,377	-
Changes in assets and liabilities:		
Accounts receivable, net of allowances	(129,269)	10,206
Grants receivable	(36,931)	15,158
Pledges receivable	(13,607)	3,834
Prepaid expenses and other assets	(3,543)	(23,839)
Accounts payable	220	1,006
Accrued payroll liabilities	(40,668)	46,056
Deferred revenue	15,000	-
Deferred rent	3,483	7,829
	<u>368,899</u>	<u>243,787</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of property and equipment	500	-
Proceeds from sale of marketable securities	12,491	-
Purchases of property and equipment	(10,326)	(2,299)
Investment of endowment funds with The Community Foundation	(100,000)	-
	<u>(97,335)</u>	<u>(2,299)</u>
Net cash used in investing activities		
Cash flows provided by financing activities:		
Proceeds from Paycheck Protection Program loan	-	180,000
	<u>271,564</u>	<u>421,488</u>
Change in cash		
Cash, beginning of year	<u>2,017,343</u>	<u>1,595,855</u>
Cash, end of year	<u>\$ 2,288,907</u>	<u>\$ 2,017,343</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. . In 2020, CPP moved into space within the YWCA Richmond’s Sprout School location on Bainbridge Street. 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:** 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. 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 to net assets without donor restrictions. As of June 30, 2021 and 2020, the Organization had no net assets restricted by donors in perpetuity.

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

### Notes to Financial Statements, Continued

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

**Contributions:** 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, 2021 and 2020, the Organization had received securities for a fair market value of \$0 and \$12,491, 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 \$16,220 for 2021 and \$17,409 for 2020 and have been recognized as in-kind donations in the financial statements.

**Revenue Recognition:** During 2014, the Financial Accounting Standards Board ("FASB") issued a new standard for revenue recognition, Accounting Standards Update ("ASU") 2014-09, which has been incorporated into FASB guidance as ASC 606. The standard defines a process for evaluating revenue recognition including 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the Organization satisfies a performance obligation. One of the key concepts in the standard is that revenue should be recognized when a customer has control over a good or service. The standard also requires an entity to enhance revenue recognition disclosures in the accounting policy note including both quantitative and qualitative information, significant judgments involved in the process, and the amount and timing of remaining performance obligations. The Organization has adopted the standard as of July 1, 2020 under the modified retrospective method. The adoption of this ASU did not have a significant impact on the Organization's financial statements and no changes were required to previously reported revenues as a result of this adoption.

The majority of the Organization's program revenue consists of clinical and mental health treatment, tuition revenue from Circle Preschool, training and education programs, and consulting fees.

Except for training and education program revenue, The Organization recognizes a majority of its program revenue over time upon the transfer of control of products or services to its clients. Training and education program revenue is recognized at a point in time when the related training or education program occurs. Economic factors may impact the nature, amount, and timing of revenue recognition.

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

### Notes to Financial Statements, Continued

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

**Revenue Recognition, Continued:** Clinical and mental health treatment, tuition revenue, and consulting fee program revenues are reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from clients on a weekly or monthly basis. Performance obligations are determined based on the nature of the services provided and revenue is recognized as the performance obligations are satisfied.

Clinical and mental health treatment, tuition revenue, and consulting fee program revenues are primarily derived from providing various services to clients at a stated weekly or monthly fee. The Organization determined the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, Clinical and mental health treatment, tuition revenue, and consulting fee program monthly fees are recognized on a month-to-month basis.

A contract asset is the Organization's right to consideration in exchange for goods or services the Organization has transferred to a client. Contract liabilities represent consideration received from a client before the Organization has transferred a good or service to the client. There were no contract assets as of June 30, 2021 and June 30, 2020. There were contract liabilities of \$15,000 as of June 30, 2021 and no contract liabilities as of June 30, 2020, presented as deferred revenue on the statements of financial position.

**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 2021 and 2020.

**Accounts Receivables, Net of Allowance:** SCAN uses the reserve method of accounting for bad debts. The allowance for doubtful accounts amounted to \$1,600 for 2021 and \$2,250 for 2020.

**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.

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

### Notes to Financial Statements, Continued

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

**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.

**Subsequent Events:** Management has evaluated subsequent events through November 11, 2021, 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, 2021 and 2020, SCAN had received unconditional promises to give amounting to \$58,980 and \$45,373, respectively. Unconditional promises to give are expected to be collected in the subsequent fiscal year.

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

### Notes to Financial Statements, Continued

#### **4. Beneficial Interest in Assets Held by The Community Foundation:**

During 2021, the Organization with the help of The Community Foundation established the Joan M. O'Donnell, Esq. Endowment Fund for Greater Richmond SCAN ("the Endowment") with funds designated without donor restrictions. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Endowment is administered by The Community Foundation and is subject to certain terms and conditions regarding access to principal. The Organization may not access the principal balance of the Endowment unless there is an affirmative vote of three-fourths of the Board of Directors, and not more than once in any four-year period, the Organization may request a second distribution from the Endowment up to 10% of the prior year-end balance so long as the following conditions are met: (i) the distribution is for the purpose of acquiring or renovating a capital asset; (ii) the Organization is faced with an unexpected financial need that is not likely to recur, and the distribution will enable the Organization to meet those needs; or (iii) the distribution is believed to be in the best interest of the community. The Community Foundation's Board of Governors has full authority and discretion as to the investment of the assets, as well as certain variance power as defined in the agreement. If all the above conditions are met, the Organization can request a distribution up to 10% of the prior year-end balance.

The funds for the Endowment were received in June 2021 and are included in beneficial interest in assets held by The Community Foundation on the accompanying statement of financial position. The Endowment had a balance of \$100,038 as of June 30, 2021.

#### **5. Line of Credit:**

The Organization has available a \$75,000 operating line of credit with a bank due in May 2022. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (10.00% at June 30, 2021 and 10.00% at June 30, 2020). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2021 and 2020, there were no balances outstanding on the line of credit.

#### **6. Defined Contributions Plan:**

SCAN has adopted a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. During 2021 and 2020, 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 \$17,897 for 2021 and \$13,218 for 2020.



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

### Notes to Financial Statements, Continued

#### 7. 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 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. During 2021, the organization elected not to renew the lease agreement (see note 8).

On February 1, 2016 SCAN entered into an operating lease for office space on Brems 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.

On February 2, 2021 SCAN entered into an operating lease for class room space on Bainbridge Road in Richmond. The facility is used to house SCAN's Circle Preschool Program. On June 30, 2021, SCAN amended the operating lease, which to extends the lease term indefinitely unless written notice of non-renewal is provided at least three months prior to the intended termination date.

The minimum lease payments for the office leases at June 30, 2021 were as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 197,674
2023	199,885
2024	<u>116,740</u>
	<u>\$ 514,299</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 \$12,742 for 2021 and \$9,259 for 2020. Rent expense was \$185,574 for 2021 and \$163,409 for 2020.

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

Notes to Financial Statements, Continued

**8. 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, 2021 were as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 32,000
2023	32,000
2024	<u>3,957</u>
	<u>\$ 67,957</u>

**9. Net Assets With Restrictions:**

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

	<u>2021</u>	<u>2020</u>
CASA	\$ -	\$ 1,436
Family Support Program	12,497	14,034
Covid supplies (all programs)	2,964	-
Community Program	161,860	223,324
Child Advocacy Center	49,379	41,170
Circle Preschool	142,055	7,627
Travel and supplies	1,864	-
Salaries for Mental Health Services	<u>33,982</u>	<u>10,000</u>
	<u>\$ 404,601</u>	<u>\$ 297,591</u>

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

Notes to Financial Statements, Continued

**9. Net Assets With Restrictions, Continued:**

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

	<u>2021</u>	<u>2020</u>
CASA	\$ 21,436	\$ 78,564
Family Support Program	66,537	57,656
Covid supplies (all programs)	36	-
Community Program	226,463	439,775
Child Advocacy Center	195,569	87,523
Circle Preschool	181,374	110,869
Travel and supplies	18,136	9,103
Salaries for Mental Health Services	<u>26,018</u>	<u>25,432</u>
	<u>\$ 735,569</u>	<u>\$ 808,922</u>

**10. 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 7).

**11. 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 the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,288,907	\$ 2,017,343
Marketable securities	-	12,491
Accounts receivable, net of allowances	142,494	13,225
Grants receivable	71,100	34,169
Pledges receivable	<u>58,980</u>	<u>45,373</u>
Total	2,561,481	2,122,601
Net assets with donor restrictions	<u>404,601</u>	<u>297,591</u>
Financial assets available in one year for general expenditure	<u>\$ 2,156,880</u>	<u>\$ 1,825,010</u>

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

### Notes to Financial Statements, Continued

#### 11. 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 (Note 5). The Organization also has investments held at The Community Foundation for a greater Richmond ("The Community Foundation") in the Endowment, which could be used if certain conditions are met as described in Note 4.

#### 12. Notes 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. The loan accrued interest at 1.0%, but payments were 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 the Flexibility Act applies to all PPP loans. During January 2021, the Organization received full forgiveness of the PPP loan and recorded the forgiveness in the amount of \$180,000 as other income in the statements of activities.

#### 13. New Accounting Pronouncements:

**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.

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

Notes to Financial Statements, Continued

### 13. New Accounting Pronouncements:

**Contributed Services:** In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.