greater richmond SCAN stop child abuse now

Financial Statements

June 30, 2022 and 2021

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keiter

November 17, 2022
Glen Allen, Virginia

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

Statements of Financial Position
June 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash	$ 2,831,582	$ 2,288,907
Accounts receivable, net of allowances	71,937	142,494
Grants receivable	78,403	71,100
Pledges receivable, net of allowances	263,507	58,980
Prepaid expenses and other assets	62,008	62,566
Total current assets	3,307,437	2,624,047
Property and equipment:		
Furniture	23,347	23,347
Equipment	71,445	49,934
Leasehold improvements	42,272	42,272
Accumulated depreciation	(112,941)	(99,837)
Property and equipment, net	24,123	15,716
Beneficial interest in assets held by The Community Foundation	85,895	100,038
Total assets	$ 3,417,455	$ 2,739,801
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 20,120	$ 14,495
Accrued payroll liabilities	188,261	146,747
Deferred revenue	-	15,000
Deferred rent	11,749	12,742
Total current liabilities	220,130	188,984
Net assets:		
Without donor restrictions	2,542,292	2,146,216
With donor restrictions	655,033	404,601
Total net assets	3,197,325	2,550,817
Total liabilities and net assets	$ 3,417,455	$ 2,739,801

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 683,239	$ 895,180	$ 1,578,419
In-kind contributions	7,079	-	7,079
Grants	1,093,826	-	1,093,826
Program revenue	736,075	-	736,075
Special events (less direct expenses of $70,927)	336,537	-	336,537
Interest income	2,340	-	2,340
Other income	1,533	-	1,533
Total support and revenue	2,860,629	895,180	3,755,809
Net assets released from restrictions	644,748	(644,748)	-
Total support, revenue, and other changes	3,505,377	250,432	3,755,809
Expenses:			
Program services	2,770,849	-	2,770,849
Support services:			
Management and general	153,703	-	153,703
Fundraising	171,404	-	171,404
Total expenses	3,095,956	-	3,095,956
Investment loss, net	13,345	-	13,345
Total expenses and loss	3,109,301	-	3,109,301
Changes in net assets	396,076	250,432	646,508
Net assets, beginning of year	2,146,216	404,601	2,550,817
Net assets, end of year	$ 2,542,292	$ 655,033	$ 3,197,325

See accompanying notes to financial statements.

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

Statements of Activities, Continued
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
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, net	38	-	38
Other income, net	178,840	-	178,840
Total support and revenue	2,721,266	842,579	3,563,845
Net assets released from restrictions	735,569	(735,569)	-
Total support, revenue, and other changes	3,456,835	107,010	3,563,845
Expenses:			
Program services	2,502,729	-	2,502,729
Support services:			
Management and general	148,345	-	148,345
Fundraising	168,124	-	168,124
Total expenses	2,819,198	-	2,819,198
Changes in net assets	637,637	107,010	744,647
Net assets, beginning of year	1,508,579	297,591	1,806,170
Net assets, end of year	$ 2,146,216	$ 404,601	$ 2,550,817

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2022

	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	$ 603,227	$ 244,650	$ 545,799	$ 205,033	$ 409,369	$ 2,008,078	$ 56,666	$ 136,329	$ 192,995	$ 2,201,073
Employee benefits	36,503	18,036	40,913	15,616	39,171	150,239	2,368	8,524	10,892	161,131
Payroll taxes	45,407	18,342	40,461	15,425	29,317	148,952	4,223	10,272	14,495	163,447
Occupancy expenses	119,053	31	13,695	21,975	35,573	190,327	13,172	20	13,192	203,519
Travel and meetings	7,029	2,070	6,073	1,883	1,766	18,821	2,635	2,748	5,383	24,204
Depreciation	2,664	1,332	444	1,776	1,332	7,548	444	888	1,332	8,880
Development and training	4,787	234	1,384	217	2,503	9,125	215	20	235	9,360
Postage and shipping	317	278	76	479	102	1,252	564	516	1,080	2,332
Telephone	16,739	923	1,690	2,397	829	22,578	1,258	647	1,905	24,483
Technology	4,844	3,802	807	3,230	2,422	15,105	807	1,615	2,422	17,527
Supplies	13,811	4,156	8,597	2,287	27,700	56,551	2,131	2,470	4,601	61,152
Printing and publications	337	169	3,817	225	169	4,717	82	1,165	1,247	5,964
Professional fees	7,991	-	61,635	-	5,135	74,761	45,793	-	45,793	120,554
Volunteer training	-	1,416	-	-	-	1,416	-	-	0	1,416
Volunteer recognition	-	345	-	-	-	345	-	-	0	345
Insurance	7,760	3,054	8,066	2,909	5,421	27,210	5,436	1,926	7,362	34,572
Equipment rental and maintenance	11,849	1,833	913	2,932	-	17,527	1,491	3,588	5,079	22,606
Program evaluation	5	-	5,132	500	203	5,840	-	-	0	5,840
Miscellaneous expenses	455	160	1,469	364	2,549	4,997	12,773	644	13,417	18,414
Recruitment and screening	234	1,118	219	174	176	1,921	19	17	36	1,957
Membership dues	2,139	397	807	174	22	3,539	126	15	141	3,680
Bad Debt	-	-	-	-	-	-	3,500	-	3,500	3,500
Total expenses	$ 885,151	$ 302,346	$ 741,997	$ 277,596	$ 563,759	$ 2,770,849	$ 153,703	$ 171,404	$ 325,107	$ 3,095,956

See accompanying notes to financial statements.

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

Statements of Functional Expenses, Continued
Year Ended June 30, 2021

	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	$ 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
Total expenses	$ 791,343	$ 257,337	$ 714,286	$ 279,003	$ 460,760	$ 2,502,729	$ 148,345	$ 168,124	$ 316,469	$ 2,819,198

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 646,508	$ 744,647
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,880	8,228
Forgiveness of Paycheck Protection Program loan	-	(180,000)
Investment loss (income), net of investment fees	14,143	(38)
Loss on disposal of asset	-	1,377
Changes in assets and liabilities:		
Accounts receivable, net of allowances	70,557	(129,269)
Grants receivable	(7,303)	(36,931)
Pledges receivable, net of allowances	(204,527)	(13,607)
Prepaid expenses and other assets	558	(3,543)
Accounts payable	5,625	220
Accrued payroll liabilities	41,514	(40,668)
Deferred revenue	(15,000)	15,000
Deferred rent	(993)	3,483
Net cash provided by operating activities	559,962	368,899
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	(17,287)	(10,326)
Investment of endowment funds with The Community Foundation	-	(100,000)
Net cash used in investing activities	(17,287)	(97,335)
Change in cash	542,675	271,564
Cash, beginning of year	2,288,907	2,017,343
Cash, end of year	$ 2,831,582	$ 2,288,907

See accompanying 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.

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 ("CPP"). 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, 2022 and 2021, the Organization had no net assets restricted by donors in perpetuity.

2. Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents: For purposes of the statement of cash flows, SCAN considers all highly liquid financial instruments or with original maturities of three months or less to be cash equivalents.

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.

Donated Services: In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. The ASU requires contributions of nonfinancial assets, including both goods and services, to be presented as a separate line item on the statement of activities. The disclosure requirements also include a disaggregation of contributed nonfinancial assets by category and, for each category, information regarding the valuation methodology and whether the contributed nonfinancial assets were either monetized or used during the reporting period. The Organization has adopted this ASU using the retrospective approach as of July 1, 2020. In-kind contributions are separately stated on the statements of activities for the years ended June 30, 2022 and 2021.

The Organization receives in-kind contributions of legal services, and such contributions are recorded at the estimated fair market value of the services using invoices provided by the attorney. In-kind contributions of legal services with a value of $7,079 and $16,220 were received in the years ended June 30, 2022 and 2021, respectively.

Revenue Recognition: The Organization recognizes revenue from exchange transactions in accordance with FASB guidance contained in Revenue from Contracts with Customers (Topic 606).

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.

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, 2022 and June 30, 2021. There were no contract liabilities as of June 30, 2022 and contract liabilities of $15,000 as of June 30, 2021, presented as deferred revenue on the statements of financial position. There were no contract assets or contract liabilities at June 30, 2020.

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, the allowance for uncollectible receivables amounted to $3,462 for 2022 and no allowance for 2021.

Accounts Receivables, Net of Allowance: SCAN uses the allowance method of accounting for bad debts. The allowance for doubtful accounts amounted to $1,638 for 2022 and $1,600 for 2021. Accounts receivable was $13,225 as of June 30, 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.

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, organizations and foundations located primarily in the United States. 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 17, 2022, 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, 2022 and 2021, SCAN had received unconditional promises to give amounting to $263,507 and $58,980, respectively. Unconditional promises to give are expected to be collected in the subsequent fiscal year.

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 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 $85,895 and $100,038 as of June 30, 2022 and 2021, respectively.

5. Line of Credit:

The Organization has available a $75,000 operating line of credit with a bank due in May 2023. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (11.50% at June 30, 2022 and 10.00% at June 30, 2021). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2022 and 2021, 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 2022 and 2021, 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 $22,295 for 2022 and $17,897 for 2021.

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 February 1, 2016, SCAN entered into an operating lease for office space on Bremo 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 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, 2022 were as follows:

Year Ending June 30:	Amount
2023	$ 205,570
2024	115,991
	$ 321,561

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 $11,749 for 2022 and $12,742 for 2021. Rent expense was $202,528 for 2022 and $185,574 for 2021.

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. On March 16, 2022, SCAN entered into a second agreement with the YWCA for additional shared space. As part of the agreement, SCAN will pay the YWCA monthly rent of $1,384. Both agreements 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.

8. Commitments, Continued:

Future expected payments under the agreements at June 30, 2022 were as follows:

Year Ending June 30:	Amount
2023	$ 37,686
2024	3,208
	$ 40,894

9. Net Assets With Restrictions:

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

	2022	2021
CASA	$ 11,061	$ -
Family Support Program	12,238	12,497
Covid supplies (all programs)	-	2,964
Community Program	239,703	161,860
Child Advocacy Center	121,034	49,379
Circle Preschool	166,010	142,055
Travel and supplies	-	1,864
Salaries for Mental Health Services	104,987	33,982
	$ 655,033	$ 404,601

9. Net Assets With Restrictions, Continued:

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

	2022	2021
CASA	$ 23,939	$ 21,436
Family Support Program	91,509	66,537
Covid supplies (all programs)	2,964	36
Community Program	127,157	226,463
Child Advocacy Center	164,775	195,569
Circle Preschool	153,545	181,374
Travel and supplies	1,864	18,136
Salaries for Mental Health Services	78,995	26,018
	$ 644,748	$ 735,569

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 the following:

	2022	2021
Cash	$ 2,831,582	$ 2,288,907
Accounts receivable, net of allowances	71,937	142,494
Grants receivable	78,403	71,100
Pledges receivable	263,507	58,980
Total	3,245,429	2,561,481
Net assets with donor restrictions	655,033	404,601
Financial assets available in one year for general expenditure	$ 2,590,396	$ 2,156,880

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 as described in 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.

11. 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 2021 statement of activities.

12. 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 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.

Current Expected Credit Losses: In June 2016, the FASB issued ASU 2016-13 – Current Expected Credit Losses ("CECL"), which replaces the current incurred loss model used to measure impairment loss with the expected loss model for financial assets measured at amortized cost. The standard will be effective for private companies with years beginning after January 1, 2023. The Organization is currently evaluating the impact that CECL will have on its financial reporting.

SUPPLEMENTAL INFORMATION

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

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity	Federal Expenditures
U.S. Department of Justice:			
Victims of Child Abuse	16.575	VA Department of Criminal Justice Services	$ 166,190
National Court Appointed Special Advocate	16.575	VA Department of Criminal Justice Services	75,386
Total expenditures under CFDA No. 16.575			241,576
The Coronavirus Emergency Supplemental Funding	16.034	VA Department of Criminal Justice Services	1,670
National CASA/GAL	16.726	National Court Appointed Special Advocate/Guardians Associations	24,000
Child Advocacy Centers	16.758	National Children's Alliance	35,410
Total U.S. Department of Justice			302,656
Department of Treasury:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	VA Department of Criminal Justice Services	100,000
Child Care Stabilization	93.575	VA Department of Education	36,400
Total U.S. Department of Treasury			136,400
Center for Disease Control and Prevention:			
Injury Prevention and Control Research	93.136	VA Department of Health	138,541
Total Center for Disease Control and Prevention			138,541
Department of Health and Human Services:			
Child Abuse and Neglect Prevention	93.558	VA Department of Social Services	8,545
Child Advocacy Centers	93.558	VA Department of Social Services	382,326
Total Department of Health and Human Services			390,871
Department of Agriculture:			
The Child and Adult Care Food Program	10.558	N/A	5,160
Total Department of Agriculture			5,160
Total			$ 973,628

See independent auditor’s report.

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Greater Richmond SCAN (Stop Child Abuse Now), Inc. under the programs of the federal government for the year ended June 30, 2022. This information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of Greater Richmond SCAN (Stop Child Abuse Now), Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Greater Richmond SCAN (Stop Child Abuse Now), Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Greater Richmond SCAN (Stop Child Abuse Now), Inc. has elected not to use the 10% de minimis indirect cost rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Richmond SCAN (Stop Child Abuse Now), Inc. (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keiter

November 17, 2022
Glen Allen, Virginia

Keiter
Your Opportunity Advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greater Richmond SCAN (Stop Child Abuse Now), Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keiter

November 17, 2022
Glen Allen, Virginia

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. SUMMARY OF AUDIT RESULTS:

(1) The auditor's report expresses an unmodified opinion on the basic financial statements.

(2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.

(3) No noncompliance which is material to the financial statements was disclosed by the audit of the financial statements.

(4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.

(5) The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on compliance for major programs.

(6) No audit findings were disclosed by the audit.

(7) Major Programs:

93.558 – Child Advocacy Centers
93.558 – Child Abuse and Neglect Prevention

(8) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(9) The auditee did not qualify as a low risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS:

None

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

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

Corrective Action Plan
Year Ended June 30, 2022

Not Applicable