



Financial Statements

June 30, 2025 and 2024



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

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INDEPENDENT AUDITOR'S REPORT

To the Board 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, 2025 and 2024, 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, 2025 and 2024, 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. 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 opinion.

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.

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 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, misrepresentations, or the override of internal control. Misstatements, 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, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



November 13, 2025
Glen Allen, Virginia

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

Statements of Financial Position
June 30, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash	\$ 3,770,772	\$ 3,301,177
Marketable securities	2,553	-
Accounts receivable, net of allowances	15,555	112,300
Grants receivable	85,400	361,023
Pledges receivable, net of allowances	281,314	174,589
Prepaid expenses and other assets	61,984	63,766
Total current assets	<u>4,217,578</u>	<u>4,012,855</u>
Property and equipment, net	34,886	29,031
Beneficial interest in assets held by The Community Foundation	128,431	110,281
Operating lease right-of-use assets, net	<u>735,543</u>	<u>486,712</u>
Total assets	<u>\$ 5,116,438</u>	<u>\$ 4,638,879</u>

See accompanying notes to financial statements.

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

Statements of Financial Position, Continued
June 30, 2025 and 2024

<u>Liabilities and Net Assets</u>	<u>2025</u>	<u>2024</u>
Current liabilities:		
Accounts payable	\$ 7,222	\$ 12,152
Accrued payroll liabilities	191,347	182,502
Deferred revenue	-	3,400
Current maturities of operating lease liabilities	134,291	88,595
Total current liabilities	<u>332,860</u>	<u>286,649</u>
Non-current liabilities:		
Operating lease liabilities, net of current portion	<u>617,587</u>	<u>399,775</u>
Total liabilities	<u>950,447</u>	<u>686,424</u>
Net assets:		
Without donor restrictions	3,952,334	3,743,649
With donor restrictions	<u>213,657</u>	<u>208,806</u>
Total net assets	<u>4,165,991</u>	<u>3,952,455</u>
Total liabilities and net assets	<u>\$ 5,116,438</u>	<u>\$ 4,638,879</u>

See accompanying notes to financial statements.

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

Statements of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 831,907	\$ 881,350	\$ 1,713,257
In-kind contributions	97,395	-	97,395
Grants	1,048,309	-	1,048,309
Program revenue	286,374	-	286,374
Special events (less direct expenses of \$64,947)	439,948	-	439,948
Interest income	103,312	-	103,312
Investment income, net	14,338	-	14,338
Other income	5,003	-	5,003
 Total support and revenue	 2,826,586	 881,350	 3,707,936
 Net assets released from restrictions	 876,499	 (876,499)	 -
 Total support, revenue, and other changes	 3,703,085	 4,851	 3,707,936
Expenses:			
Program services	3,053,114	-	3,053,114
Support services:			
Management and general	256,960	-	256,960
Fundraising	184,326	-	184,326
 Total expenses	 3,494,400	 -	 3,494,400
 Changes in net assets	 208,685	 4,851	 213,536
 Net assets, beginning of year	 3,743,649	 208,806	 3,952,455
 Net assets, end of year	 <u>\$ 3,952,334</u>	 <u>\$ 213,657</u>	 <u>\$ 4,165,991</u>

See accompanying notes to financial statements.

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

Statements of Activities, Continued
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 895,482	\$ 707,080	\$ 1,602,562
In-kind contributions	96,210	-	96,210
Grants	1,357,766	-	1,357,766
Program revenue	634,908	-	634,908
Special events (less direct expenses of \$84,019)	400,421	-	400,421
Interest income	85,960	-	85,960
Investment income, net	12,449	-	12,449
Other income, net	3,656	-	3,656
Total support and revenue	<u>3,486,852</u>	<u>707,080</u>	<u>4,193,932</u>
Net assets released from restrictions	<u>898,911</u>	<u>(898,911)</u>	<u>-</u>
Total support, revenue, and other changes	<u>4,385,763</u>	<u>(191,831)</u>	<u>4,193,932</u>
Expenses:			
Program services	3,290,673	-	3,290,673
Support services:			
Management and general	240,194	-	240,194
Fundraising	214,066	-	214,066
Total expenses	<u>3,744,933</u>	<u>-</u>	<u>3,744,933</u>
Changes in net assets	640,830	(191,831)	448,999
Net assets, beginning of year	<u>3,102,819</u>	<u>400,637</u>	<u>3,503,456</u>
Net assets, end of year	<u>\$ 3,743,649</u>	<u>\$ 208,806</u>	<u>\$ 3,952,455</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Year Ended June 30, 2025

	Program Services					Total Program	Support Services		Total Support	Total
	Community			Family	Circle		Management			
	CAC	CASA	Programs	Support	Preschool		Services	and General		
Salaries and wages	\$ 762,128	\$ 303,953	\$ 398,277	\$ 208,801	\$ 476,656	\$ 2,149,815	\$ 101,805	\$ 136,024	\$ 237,829	\$ 2,387,644
Employee benefits	32,983	19,802	41,532	16,354	40,146	150,817	7,647	9,507	17,154	167,971
Payroll taxes	57,243	22,835	29,498	15,572	34,572	159,720	7,552	10,182	17,734	177,454
Occupancy expenses	122,587	73	22,119	13,364	42,793	200,936	15,164	49	15,213	216,149
Travel and meetings	16,568	9,147	10,918	2,636	2,919	42,188	7,021	10,374	17,395	59,583
Depreciation	4,192	2,096	699	2,795	2,096	11,878	699	1,397	2,096	13,974
Development and training	11,986	862	4,072	834	4,773	22,527	1,005	110	1,115	23,642
Postage and shipping	328	87	29	607	87	1,138	263	841	1,104	2,242
Telephone	12,885	1,072	1,813	1,303	2,132	19,205	1,947	1,130	3,077	22,282
Technology	8,376	4,058	813	3,251	2,438	18,936	823	1,625	2,448	21,384
Supplies	13,938	4,029	7,807	4,072	33,711	63,557	3,444	2,203	5,647	69,204
Printing and publications	1,476	267	512	356	267	2,878	1,600	3,415	5,015	7,893
Professional fees	99,640	765	880	-	7,031	108,316	77,120	-	77,120	185,436
Volunteer training	-	2,722	-	-	-	2,722	-	-	0	2,722
Insurance	9,990	4,375	8,748	2,967	8,066	34,146	6,438	2,265	8,703	42,849
Equipment rental and maintenance	10,692	2,029	1,160	5,411	195	19,487	1,708	4,575	6,283	25,770
Program evaluation	150	75	25	100	678	1,028	25	50	75	1,103
Miscellaneous expenses	705	306	12,805	291	483	14,590	22,332	515	22,847	37,437
Recruitment and screening	69	617	30	241	60	1,017	210	20	230	1,247
Membership dues	1,500	275	1,375	-	-	3,150	129	-	129	3,279
Life insurance	225	135	197	46	241	844	28	44	72	916
Bad debt expense	21,524	-	-	-	2,695	24,219	-	-	-	24,219
Total expenses	\$ 1,189,185	\$ 379,580	\$ 543,309	\$ 279,001	\$ 662,039	\$ 3,053,114	\$ 256,960	\$ 184,326	\$ 441,286	\$ 3,494,400

See accompanying notes to financial statements.

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

Statements of Functional Expenses, Continued
Year Ended June 30, 2024

	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	\$ 704,558	\$ 296,118	\$ 570,558	\$ 207,996	\$ 433,179	\$ 2,212,409	\$ 66,679	\$ 162,995	\$ 229,674	\$ 2,442,083
Employee benefits	33,263	21,207	36,809	15,498	47,773	154,550	6,170	11,347	17,517	172,067
Payroll taxes	52,618	22,216	42,789	15,540	30,214	163,377	4,930	12,190	17,120	180,497
Occupancy expenses	121,852	71	22,890	15,934	41,595	202,342	13,628	47	13,675	216,017
Travel and meetings	15,275	9,467	11,326	1,838	1,495	39,401	3,358	10,002	13,360	52,761
Depreciation	3,283	1,641	547	2,189	1,641	9,301	547	1,094	1,641	10,942
Development and training	6,313	445	2,826	1,042	2,104	12,730	684	593	1,277	14,007
Postage and shipping	245	25	67	652	25	1,014	292	577	869	1,883
Telephone	13,281	1,051	2,205	1,701	1,126	19,364	1,721	993	2,714	22,078
Technology	5,465	4,352	911	3,643	2,732	17,103	911	1,822	2,733	19,836
Supplies	11,539	5,004	25,560	3,360	35,691	81,154	2,951	2,806	5,757	86,911
Printing and publications	730	263	573	350	293	2,209	1,756	1,853	3,609	5,818
Professional fees	46,549	-	216,036	-	11,178	273,763	110,512	-	110,512	384,275
Volunteer training	-	2,100	-	-	-	2,100	-	-	-	2,100
Insurance	13,514	5,471	10,463	4,926	8,717	43,091	6,295	3,121	9,416	52,507
Equipment rental and maintenance	9,376	1,898	1,117	4,574	64	17,029	2,642	4,151	6,793	23,822
Program evaluation	-	-	-	500	373	873	-	-	-	873
Miscellaneous expenses	1,565	140	17,130	190	608	19,633	16,845	401	17,246	36,879
Recruitment and screening	1,223	393	163	242	207	2,228	98	6	104	2,332
Membership dues	4,544	397	3,932	79	22	8,974	146	15	161	9,135
Life insurance	242	161	224	51	236	914	29	53	82	996
Awards and grants	-	-	7,114	-	-	7,114	-	-	-	7,114
Total expenses	\$ 1,045,435	\$ 372,420	\$ 973,240	\$ 280,305	\$ 619,273	\$ 3,290,673	\$ 240,194	\$ 214,066	\$ 454,260	\$ 3,744,933

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 213,536	\$ 448,999
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	13,974	10,942
Investment income, net of investment fees	(14,338)	(12,449)
Donations of marketable securities	(2,553)	-
Sale of donated marketable securities	-	17,781
Changes in operating assets and liabilities:		
Accounts receivable, net of allowances	96,745	(35,079)
Grants receivable	275,623	(174,081)
Pledges receivable, net of allowances	(106,725)	85,346
Prepaid expenses and other assets	1,782	(22,762)
Accounts payable	(4,930)	(12,861)
Accrued payroll liabilities	8,845	(8,528)
Deferred revenue	(3,400)	3,400
Operating lease assets and liabilities, net	<u>14,677</u>	<u>(5,077)</u>
Net cash provided by operating activities	<u>493,236</u>	<u>295,631</u>
Cash flows from investing activities:		
Purchases of property and equipment	(19,829)	(2,528)
Investment of endowment funds with The Community Foundation	<u>(3,812)</u>	<u>-</u>
Net cash used in investing activities	<u>(23,641)</u>	<u>(2,528)</u>
Change in cash	469,595	293,103
Cash, beginning of year	<u>3,301,177</u>	<u>3,008,074</u>
Cash, end of year	<u><u>\$ 3,770,772</u></u>	<u><u>\$ 3,301,177</u></u>
Non-cash transactions:		
Operating right-of-use assets obtained through lease liabilities	<u><u>\$ 381,979</u></u>	<u><u>\$ 511,572</u></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 400 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 primary prevention, SCAN offers parenting education and resources to parents, caregivers and professionals who work with children. Through its primary prevention activities, 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 (“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 and training.

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, 2025 and 2024, 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:

Cash and Cash Equivalents: For purposes of the statement of cash flows, SCAN considers all highly liquid financial instruments 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. At June 30, 2025, the Organization received securities at a fair market value of \$2,553. These securities are included in the statement of financial position and were sold after year end. During the year ended June 30, 2024, the Organization did not receive any donations of securities at fair market value.

Donated Services: 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 \$97,395 and \$96,210 were received in the years ended June 30, 2025 and 2024, respectively.

Revenue Recognition: The Organization recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (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, and training and education programs.

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.

Clinical and mental health treatment and tuition revenue 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 and tuition revenue program revenues are primarily derived from providing various services to clients at a stated weekly or monthly fee.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued: 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, and tuition revenue 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, 2025, June 30, 2024, and July 1, 2023. There were no contract liabilities as of June 30, 2025. Contract liabilities amounted to \$3,400 as of June 30, 2024. There were no contract liabilities as of July 1, 2023.

Deferred Revenue: Deferred revenue consists of preschool tuition received in the current fiscal year for program classes that have not yet occurred. Income is recognized in the following fiscal year when the program class is complete.

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, management determined that no allowance was necessary as of June 30, 2025, and an allowance of \$3,500 was required at June 30, 2024.

Accounts Receivables, Net of Allowance: The Organization monitors outstanding accounts receivable and provides an allowance for any balances that are determined to be uncollectible. These allowances are calculated using historical data and management estimates of future performance. When accounts are considered uncollectible they are written off against the allowance. The allowance for credit losses amounted to \$16,740 at June 30, 2025, and \$1,512 at June 30, 2024. Accounts receivable, net, was \$15,555 as of June 30, 2025, \$112,300 as of June 30, 2024, and \$77,221 as of June 30, 2023.

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.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, accounts receivable, grants receivable, and pledges receivable. SCAN places its cash with financial institutions located in Richmond, Virginia. At times, these balances are in excess of the FDIC insurance limit. Accounts receivable are from various third party reimbursements. Pledges receivable are from individuals, organizations and foundations located 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. Four donors accounted for 70% of the net pledges and grants receivable at June 30, 2025. One donor accounted for 39% of the net pledges and grants receivable at June 30, 2024.

Income Taxes: The Internal Revenue Service (the "IRS") has determined that the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "IRC" or "the code"). Contributions to the Organization are tax deductible as defined by Section 170 of the Code. In addition, the IRS has determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

Income Tax Uncertainties: The Organization follows guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements. In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization has completed its assessment and determined that there were no tax positions which would require recognition. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on a time and cost study of where efforts are made.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Leases: The Organization follows the guidance contained in FASB ASC 842, *Leases*. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization does not record a right-of-use asset and lease liability for leases with a term of less than 12 months, and the payments are recognized into profit or loss on a straight-line basis over the lease term.

The right-of-use assets and lease liabilities are initially measured at the present value of future lease payments, discounted using a risk-free rate as of the lease commencement date. The right-of-use assets and lease liabilities are calculated to include options to extend or terminate the lease when the Organization determines that it is reasonably certain it will exercise those options. In making those determinations, the Organization considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the lease agreements.

Certain leases may include variable payments for operating expenses associated with the leased assets. These variable payments are excluded from the measurement of the Organization's right-of-use asset and lease liabilities, and are recognized in the period in which the obligation for those payments are incurred. The Organization has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Subsequent Events: Management has evaluated subsequent events through November 13, 2025, 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, 2025 and 2024, SCAN had received unconditional promises to give amounting to \$281,314 and \$174,589, respectively. The amount at June 30, 2024 was collected during 2025. All unconditional promises to give are expected to be collected within one year of the fiscal year-end. Based on this, no discount on unconditional promises to give was necessary as of June 30, 2025 or 2024.

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 ("TCF") 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 are included in beneficial interest in assets held by The Community Foundation on the accompanying statements of financial position. The Endowment had a balance of \$128,431 and \$110,281 as of June 30, 2025 and 2024, respectively.

5. Fair Value Measurements:

The Organization follows FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels.

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

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology are quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3 – Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and previous years.

Pledges and Grants Receivable: Level 1 assets are valued at face value of amounts receivable from donors within one year. Level 2 assets are valued at the present value of cash flows receivable from donors in a time period greater than one year. Management determined that no discount was necessary at June 30, 2025 as all pledges and grants receivable were collectible within a year.

Beneficial Interest in Assets Held at TCF: Valued based on the Organization's proportionate share of TCF's pooled investment portfolio. The underlying assets of the portfolio are two index ETFs which are publicly quoted.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

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

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and 2024:

Assets at Fair Value as of June 30, 2025:				
	Level 1	Level 2	Level 3	Total
Pledges receivable, net	\$ 281,314	\$ -	\$ -	\$ 281,314
Grants receivable	85,400	-	-	85,400
Beneficial interest in assets held at TCF	128,431	-	-	128,431
	<u>\$ 495,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,145</u>
Assets at Fair Value as of June 30, 2024:				
	Level 1	Level 2	Level 3	Total
Pledges receivable, net	\$ 174,589	\$ -	\$ -	\$ 174,589
Grants receivable	361,023	-	-	361,023
Beneficial interest in assets held at TCF	110,281	-	-	110,281
	<u>\$ 645,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,893</u>

6. Line of Credit:

The Organization has available a \$75,000 operating line of credit with a bank due in May 2026. Interest on funds advanced is payable monthly at the bank's prime rate plus 6.75% (14.25% at June 30, 2025 and 15.25% at June 30, 2024). The line of credit is secured by substantially all the assets of the Organization. At June 30, 2025 and 2024, there was no balance outstanding on the line of credit.

7. Defined Contributions Plan:

SCAN has a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. During 2025 and 2024, 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 \$25,528 for 2025 and \$26,874 for 2024.

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

Notes to Financial Statements, Continued

8. Lease Commitments:

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 expired on March 31, 2024. On April 1, 2024, SCAN entered into a new lease agreement to extend the term of the lease. The lease is now set to expire on March 31, 2029.

On December 1, 2023, SCAN entered into an operating lease for office space on N. Parham Road in Richmond. The facility is used to house SCAN's Child Advocacy Center. The commencement date was dependent on the completion of the landlord's construction. Construction was completed and the lease commenced on August 1, 2024. The lease is for 10 years and requires monthly rent of \$4,213 escalating at 3% annually. The lease is set to expire on July 31, 2034.

The minimum lease payments for the office leases at June 30, 2025 are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2026	\$ 163,117
2027	168,012
2028	173,052
2029	147,161
2030	58,326
Thereafter	<u>132,317</u>
Less amount representing interest	<u>(90,107)</u>
Total operating lease liabilities	<u>\$ 751,878</u>

Weighted average remaining lease terms and discount rates at June 30, 2025 are as follows:

Weighted-average remaining lease terms (years):	5.4
Weighted-average discount rates:	4.2%

Operating lease cost totaled \$212,717 during 2025 and \$214,620 for 2024.

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

Notes to Financial Statements, Continued

8. Lease Commitments, Continued:

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. Management determined that because this lease can be terminated at any time with a three-month notice, it meets the criteria for a short-term lease and is not included in operating right-of-use assets and liabilities. Short term lease cost totaled \$9,600 both 2025 and 2024.

9. 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. This space is used for SCAN's Circle Preschool. The agreement 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.

Future expected payments under the agreement at June 30, 2025 were as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2026	<u>\$ 34,114</u>

10. 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:

	<u>2025</u>	<u>2024</u>
CASA	\$ 15,000	\$ -
Family Support Program	8,900	8,880
Community programs	84,657	15,894
Child Advocacy Center	57,072	46,302
Circle Preschool	25,125	73,118
Staff recognition event	987	2,296
Salaries for mental health services	<u>21,916</u>	<u>62,316</u>
	<u>\$ 213,657</u>	<u>\$ 208,806</u>

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

Notes to Financial Statements, Continued

10. Net Assets With Restrictions, Continued:

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

	<u>2025</u>	<u>2024</u>
CASA	\$ 45,000	\$ 5,000
Family Support Program	72,780	18,663
Community programs	171,987	169,142
Child Advocacy Center	139,230	220,039
Circle Preschool	135,793	162,408
Staff recognition event	6,309	504
Salaries for mental health services	<u>305,400</u>	<u>323,155</u>
	<u>\$ 876,499</u>	<u>\$ 898,911</u>

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>2025</u>	<u>2024</u>
Cash	\$ 3,770,772	\$ 3,301,177
Marketable securities	2,553	-
Accounts receivable, net of allowances	15,555	112,300
Grants receivable	85,400	361,023
Pledges receivable, net of allowances	<u>281,314</u>	<u>174,589</u>
Total	4,155,594	3,949,089
Net assets with donor restrictions	<u>213,657</u>	<u>208,806</u>
Financial assets available in one year for general expenditure	<u>\$ 3,941,937</u>	<u>\$ 3,740,283</u>

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 6. The Organization also has investments held at TCF in the Endowment, which could be used if certain conditions are met as described in Note 4.

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

Notes to Financial Statements, Continued

12. Property and Equipment:

Property and equipment consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Furniture, fixtures, and equipment	123,531	121,984
Leasehold improvements	<u>42,272</u>	<u>42,272</u>
	165,803	164,256
Accumulated depreciation	<u>(130,917)</u>	<u>(135,225)</u>
	<u>\$ 34,886</u>	<u>\$ 29,031</u>

The depreciation expense was \$13,974 for 2025 and \$10,942 for 2024.