

Greater Richmond SCAN (Stop Child Abuse Now), Inc.

Financial Statements

June 30, 2009 and 2008

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying statements of financial position of Greater Richmond SCAN (Stop Child Abuse Now), Inc. (the "Organization") as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Richmond SCAN (Stop Child Abuse Now), Inc. as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Keiter, Stephens, Hunter, Gary & Shreaves, P.C.

Glen Allen, VA
December 8, 2009

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

Statements of Financial Position
June 30, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash	\$ 378,343	\$ 486,365
Accounts receivable	15,072	2,350
Grant receivable	31,063	-
Pledges receivable, net	56,133	52,370
Employee receivables	2,023	700
Prepaid insurance	<u>9,747</u>	<u>12,174</u>
Total current assets	<u>492,381</u>	<u>553,959</u>
Property and equipment:		
Equipment	75,153	74,659
Accumulated depreciation	<u>(49,847)</u>	<u>(37,562)</u>
Total property and equipment, net	<u>25,306</u>	<u>37,097</u>
Other noncurrent assets:		
Rent deposit	<u>926</u>	<u>926</u>
Total assets	<u>\$ 518,613</u>	<u>\$ 591,982</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 3,461	\$ 7,575
Accrued payroll liabilities	<u>50,502</u>	<u>43,864</u>
Total current liabilities	<u>53,963</u>	<u>51,439</u>
Net assets:		
Unrestricted	375,660	402,256
Temporarily restricted	<u>88,990</u>	<u>138,287</u>
Total net assets	<u>464,650</u>	<u>540,543</u>
Total liabilities and net assets	<u>\$ 518,613</u>	<u>\$ 591,982</u>

See accompanying notes to financial statements.

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

Statement of Activities
Year Ended June 30, 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 194,090	\$ 175,250	\$ 369,340
In-kind contributions	10,117	-	10,117
Grants	78,029	-	78,029
Program revenue	45,616	-	45,616
Special events (less direct expenses)	162,446	-	162,446
Interest income	1,308	-	1,308
Other income	10,416	-	10,416
	<u>502,022</u>	<u>175,250</u>	<u>677,272</u>
Net assets released from restrictions	<u>224,547</u>	<u>(224,547)</u>	<u>-</u>
Total support and revenue	<u>726,569</u>	<u>(49,297)</u>	<u>677,272</u>
Expenses:			
Program services	570,666	-	570,666
Support services:			
Management and general	73,124	-	73,124
Fundraising	109,375	-	109,375
Total expenses	<u>753,165</u>	<u>-</u>	<u>753,165</u>
Changes in net assets	(26,596)	(49,297)	(75,893)
Net assets, beginning of year	<u>402,256</u>	<u>138,287</u>	<u>540,543</u>
Net assets, end of year	<u>\$ 375,660</u>	<u>\$ 88,990</u>	<u>\$ 464,650</u>

See accompanying notes to financial statements.

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

Statement of Activities
Year Ended June 30, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 187,342	\$ 298,300	\$ 485,642
In-kind contributions	7,739	-	7,739
Special events (less direct expenses)	226,369	-	226,369
Interest income	10,374	-	10,374
Other income	4,106	-	4,106
	<u>435,930</u>	<u>298,300</u>	<u>734,230</u>
 Net assets released from restrictions	<u>304,118</u>	<u>(304,118)</u>	<u>-</u>
 Total support and revenue	<u>740,048</u>	<u>(5,818)</u>	<u>734,230</u>
 Expenses:			
Program services	556,395	-	556,395
Support services:			
Management and general	54,277	-	54,277
Fundraising	99,012	-	99,012
	<u>709,684</u>	<u>-</u>	<u>709,684</u>
 Changes in net assets	30,364	(5,818)	24,546
 Net assets, beginning of year	<u>371,892</u>	<u>144,105</u>	<u>515,997</u>
 Net assets, end of year	<u>\$ 402,256</u>	<u>\$ 138,287</u>	<u>\$ 540,543</u>

See accompanying notes to financial statements.

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

Statement of Functional Expenses
Year Ended June 30, 2009

	Program Services			Total Program Services	Support Services		Total Support Services	Total
	Advocacy	Education	Family		Management & General	Fundraising		
Salaries and wages	\$ 136,004	\$ 33,410	\$ 151,254	\$ 320,668	\$ 41,594	\$ 83,823	\$ 125,417	\$ 446,085
Employee benefits	8,258	1,664	14,236	24,158	1,957	7,792	9,749	33,907
Payroll taxes	10,404	2,556	12,449	25,409	3,182	6,413	9,595	35,004
Occupancy expenses	39,616	6,613	27,126	73,355	1,465	1,465	2,930	76,285
Travel and meetings	10,486	565	9,876	20,927	216	231	447	21,374
Depreciation	8,421	-	886	9,307	1,596	1,383	2,979	12,286
Development and training	10,846	177	3,392	14,415	7	37	44	14,459
Postage and shipping	598	268	1,521	2,387	268	403	671	3,058
Telephone	5,348	253	2,010	7,611	253	1,362	1,615	9,226
Supplies	7,238	1,631	5,750	14,619	1,025	561	1,586	16,205
Printing and publications	777	799	3,357	4,933	300	1,418	1,718	6,651
Professional fees	1,039	1,039	2,191	4,269	12,164	1,039	13,203	17,472
In-kind services	7,112	-	3,005	10,117	-	-	-	10,117
Insurance	12,389	1,295	12,882	26,566	2,993	2,122	5,115	31,681
Equipment rental and maintenance	4,188	501	2,952	7,641	501	951	1,452	9,093
Program evaluation	-	-	905	905	-	-	-	905
Miscellaneous expenses	108	54	269	431	5,295	241	5,536	5,967
Recruitment and screening	-	-	110	110	-	-	-	110
Membership dues	2,474	34	330	2,838	308	134	442	3,280
Total expenses	<u>\$ 265,306</u>	<u>\$ 50,859</u>	<u>\$ 254,501</u>	<u>\$ 570,666</u>	<u>\$ 73,124</u>	<u>\$ 109,375</u>	<u>\$ 182,499</u>	<u>\$ 753,165</u>

See accompanying notes to financial statements.

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

Statement of Functional Expenses
Year Ended June 30, 2008

	Program Services			Total Program Services	Support Services		Total Support Services	Total
	Advocacy	Education	Family		Management & General	Fundraising		
Salaries and wages	\$ 122,960	\$ 25,935	\$ 171,496	\$ 320,391	\$ 28,605	\$ 75,463	\$ 104,068	\$ 424,459
Employee benefits	8,187	968	13,936	23,091	1,837	4,607	6,444	29,535
Payroll taxes	9,406	1,984	13,119	24,509	2,188	5,773	7,961	32,470
Occupancy expenses	33,790	6,475	26,880	67,145	1,441	1,441	2,882	70,027
Travel and meetings	12,709	1,256	11,146	25,111	368	2,372	2,740	27,851
Depreciation	8,356	-	938	9,294	1,907	1,383	3,290	12,584
Development and training	4,416	85	687	5,188	40	40	80	5,268
Postage and shipping	459	822	1,291	2,572	215	364	579	3,151
Telephone	4,743	324	2,216	7,283	324	1,499	1,823	9,106
Supplies	7,575	2,307	7,285	17,167	993	1,012	2,005	19,172
Printing and publications	676	5,989	1,691	8,356	338	2,453	2,791	11,147
Professional fees	1,298	-	63	1,361	8,757	-	8,757	10,118
In-kind services	7,352	-	387	7,739	-	-	-	7,739
Insurance	9,244	1,225	13,364	23,833	2,878	1,882	4,760	28,593
Equipment rental and maintenance	3,721	504	2,522	6,747	504	654	1,158	7,905
Program evaluation	1,900	-	1,505	3,405	-	-	-	3,405
Miscellaneous expenses	33	17	83	133	3,535	17	3,552	3,685
Recruitment and screening	1,335	40	590	1,965	40	40	80	2,045
Membership dues	568	12	525	1,105	307	12	319	1,424
Total expenses	\$ 238,728	\$ 47,943	\$ 269,724	\$ 556,395	\$ 54,277	\$ 99,012	\$ 153,289	\$ 709,684

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (75,893)	\$ 24,546
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,286	12,584
Changes in assets and liabilities:		
Accounts receivable	(12,722)	404
Grant receivable	(31,063)	1,176
Pledges receivable, net	(3,763)	19,121
Employee receivables	(1,323)	(300)
Prepaid insurance	2,427	5,718
Current liabilities	<u>2,524</u>	<u>(338)</u>
Net cash (used in) provided by operating activities	<u>(107,527)</u>	<u>62,911</u>
 Cash flows from investing activities:		
Purchase of equipment	<u>(495)</u>	<u>(1,990)</u>
 Net change in cash	(108,022)	60,921
 Cash, beginning of year	<u>486,365</u>	<u>425,444</u>
 Cash, end of the year	<u>\$ 378,343</u>	<u>\$ 486,365</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

1. Organization and Business:

Greater Richmond SCAN (Stop Child Abuse Now), Inc. ("SCAN" or the "Organization") is a not-for-profit charitable organization operated under Internal Revenue Code Section 501(c)(3).

SCAN, founded in 1991, is dedicated to the prevention and treatment of child abuse and neglect in the Greater Richmond, Virginia area. SCAN protects children from abuse and neglect by providing the awareness, support, and education needed to enhance the lives of maltreated children. SCAN's services promote positive parenting, strengthen families, and help create a community that values and cares for its children. SCAN's programs include:

FAM Program – SCAN distributes educational materials that promote positive parenting and child safety. SCAN trains child care providers and educators on issues related to child abuse and neglect. Through its Public Education Program, SCAN also coordinates Greater Richmond's National Child Abuse Prevention Month public awareness campaign.

Child Advocacy Center – SCAN opened a child advocacy center in the City of Richmond in November 2004. The Child Advocacy Center is a place for abused children and their non-offending family to receive child forensic interviews, mental health treatment, medical services, victim advocacy, multidisciplinary case review and case tracking in one physical location.

Family Support Program – SCAN's Family Support Program seeks to strengthen families and give caregivers the tools they need to provide healthy homes for their children. The Program provides intensive, family-focused services to families that have experienced, or are at a high risk of experiencing, child abuse and neglect.

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.

Basis of Presentation: Statement of Financial Accounting Standards ("SFAS") No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires SCAN to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined in similar categories as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

Temporarily restricted net assets – Net assets whose use by SCAN is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of SCAN pursuant to those stipulations.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by SCAN. SCAN did not have any permanently restricted net assets as of June 30, 2009 and 2008.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional pledges, are recognized as revenues in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Gifts of securities are recorded at their fair market value when received.

The value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if not contributed, amounted to \$10,117 for 2009 and \$7,739 for 2008 and have been recognized in the financial statements.

Cash and Cash Equivalents: For purposes of reporting cash flows, SCAN considers cash equivalents to include certificates of deposit and other highly-liquid debt instruments purchased with an original maturity of three months or less.

Receivables: SCAN uses the reserve method of accounting for bad debts. The amount of doubtful accounts at June 30, 2009 and 2008 was not significant, and no reserve was considered necessary.

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

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Equipment has a useful life of five years, while furniture has a useful life of seven years. Repairs and maintenance are expensed as incurred.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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, grant receivable, and pledges receivable. SCAN places its cash with a financial institution located in Richmond, Virginia. At times, these balances are in excess of the FDIC insurance limit. Pledges receivable are from individuals, corporations and foundations located primarily in the United States of America. Grant receivable is from a single government organization. SCAN believes its credit risk related to these pledges receivable is limited due to the nature of its donors.

3. Pledges Receivable:

As of June 30, 2009 and 2008, SCAN had received unconditional promises to give amounting to \$56,133 and \$52,370, respectively, that it expects to collect in the following fiscal year.

4. Line of Credit:

The Organization has available a \$75,000 operating line of credit with a bank due on demand. Interest on funds advanced is payable monthly at the bank's prime rate plus .75% (4% at June 30, 2009), and the line expires July 14, 2010. In conjunction with the line renewal in July 2009, the bank increased interest on funds advanced to the bank's prime rate plus 4.45%. The line of credit is secured by substantially all the assets of the Organization. At June 30, 2009 and 2008, there were no balances outstanding on the line of credit.

5. Defined Contribution Plan:

SCAN has adopted a defined contribution plan under Section 403(b) of the Internal Revenue Code. The plan provides for a non-discretionary match of 50% of employee contributions up to a maximum employee deferral of 8%. Expenses associated with this plan were \$4,673 for 2009 and \$5,060 for 2008.

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

Notes to Financial Statements, Continued

6. Operating Lease:

On August 30, 2004, SCAN entered into an operating lease for office space in downtown Richmond. The facility is used to house SCAN's Child Advocacy Center. During 2008, the lease was renewed to extend through December 31, 2010.

On January 1, 2007, SCAN entered into an operating lease for its office space on Staples Mill Road. During 2009, the lease was renewed to extend through January 1, 2011.

The minimum lease payments for the office leases are as follows:

<u>Year</u>	<u>Amount</u>
2010	78,363
2011	39,656

Rent expense was \$76,285 for 2009 and \$70,027 for 2008.

7. Temporarily Restricted Net Assets:

Net assets were temporarily restricted based on donor imposed restrictions to be used towards the following specified programs or services as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Child Advocacy Center	\$ 49,707	\$ 44,066
Family Support Program	<u>39,283</u>	<u>94,221</u>
	<u>\$ 88,990</u>	<u>\$ 138,287</u>

During 2009, temporarily restricted net assets released for the Child Advocacy Center amounted to \$95,495 and for the Family Support Program amounted to \$129,052. During 2008, temporarily restricted net assets released for The Child Advocacy Center amounted to \$163,831 and for The Family Support Program amounted to \$140,287.

8. Subsequent Events:

Management has evaluated subsequent events through December 8, 2009. On June 29, 2009, SCAN entered into a memorandum of understanding to merge with Richmond Court Appointed Special Advocates. The merger became effective on November 9, 2009.