

Financial Statements

SCAN, INC.

*Years ended September 30, 2022 and 2021
with Independent Auditor's Report*

SCAN, Inc.

Financial Statements

Years ended September 30, 2022 and 2021

Contents

Independent Auditor's Report.....	1
-----------------------------------	---

Financial Statements

Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements.....	8



Independent Auditor's Report

Board of Directors
SCAN, Inc.

Opinion

We have audited the accompanying financial statements of SCAN, Inc. (SCAN) which comprise the statements of financial position as of September 30, 2022 and 2021 and the related statements of activities and changes in net assets, 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 SCAN, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SCAN, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 SCAN, Inc.'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, intentional omissions, 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 SCAN, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCAN, Inc.'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.

Haines, Lemberger & Skiba, LLC

December 12, 2022

SCAN, Inc.

Statements of Financial Position

	September 30	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,572,728	\$ 2,394,118
Investments	821,996	1,047,474
Government grants receivable	1,662,688	2,053,655
Pledges receivable	95,400	30,059
Prepaid expenses and other current assets	135,243	108,154
Total current assets	4,288,055	5,633,460
Property and equipment:		
Land and land improvements	208,744	208,744
Building	1,752,345	1,752,345
Office equipment and furnishings	1,415,797	1,403,807
Software	29,003	28,776
	3,405,889	3,393,672
Less accumulated depreciation	2,627,017	2,454,938
Total property and equipment, net	778,872	938,734
Other assets:		
Beneficial interest in perpetual trust	199,253	268,467
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	213,403	237,527
Notes receivable	2,566,478	2,476,894
Notes receivable from employees	3,083	3,667
Total other assets	2,982,217	2,986,555
Total assets	<u>\$ 8,049,144</u>	<u>\$ 9,558,749</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 341,987	\$ 351,952
Accrued expenses	330,662	382,312
Deferred revenue	5,616	12,599
Current portion of capital lease obligations	20,064	20,064
Total current liabilities	698,329	766,927
Noncurrent liabilities:		
Capital lease obligations, less current portion	19,554	37,157
Deferred grant revenue	2,027,389	2,027,389
Total noncurrent liabilities	2,046,943	2,064,546
Net assets:		
Without donor restrictions:		
Undesignated	4,882,019	6,195,504
Designated by the Board for endowment	202,600	258,305
	5,084,619	6,453,809
With donor restriction	219,253	273,467
Total net assets	5,303,872	6,727,276
Total liabilities and net assets	<u>\$ 8,049,144</u>	<u>\$ 9,558,749</u>

See accompanying notes.

SCAN, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and other income						
Contributions	\$ 1,096,279	\$ 15,000	\$ 1,111,279	\$ 2,578,395	\$ 24,694	\$ 2,603,089
Government grants:						
Child Welfare Services, county and state	3,257,437	-	3,257,437	3,755,497	-	3,755,497
Healthy Families	2,532,651	-	2,532,651	3,065,715	-	3,065,715
Community Partners for Child Safety	5,291,044	-	5,291,044	4,801,964	-	4,801,964
WorkOne (Be Someone Now)	241,139	-	241,139	259,006	-	259,006
Program fees	87,395	-	87,395	150,360	-	150,360
United Way	-	-	-	35,000	-	35,000
In-kind contributions	114,545	-	114,545	60,037	-	60,037
Net investment return	(225,360)	-	(225,360)	231,826	-	231,826
Change in value of beneficial interests	(31,674)	(69,214)	(100,888)	54,807	33,168	87,975
Miscellaneous	16,022	-	16,022	17,519	-	17,519
Total revenue, support, and other income before net assets released from restrictions	12,379,478	(54,214)	12,325,264	15,010,126	57,862	15,067,988
Net assets released from restrictions		-	-	79,694	(79,694)	-
Total revenue, support, and other income	12,379,478	(54,214)	12,325,264	15,089,820	(21,832)	15,067,988
Expenses						
Program services:						
Family Preservation Services	2,985,305	-	2,985,305	3,903,212	-	3,903,212
Family Connections	295,696	-	295,696	183,414	-	183,414
Healthy Families	2,022,097	-	2,022,097	2,136,591	-	2,136,591
Community Partners for Child Safety	3,358,270	-	3,358,270	3,591,087	-	3,591,087
Community Partners for Child Safety Local Prevention	801,326	-	801,326	868,292	-	868,292
WorkOne (Be Someone Now)	192,199	-	192,199	235,709	-	235,709
Daybreak Crisis Homes	74,798	-	74,798	69,296	-	69,296
Other	196,422	-	196,422	220,163	-	220,163
Total program services	9,926,113	-	9,926,113	11,207,764	-	11,207,764
Support services:						
Management and general	3,323,423	-	3,323,423	1,308,700	-	1,308,700
Fundraising	499,132	-	499,132	459,759	-	459,759
Total support services	3,822,555	-	3,822,555	1,768,459	-	1,768,459
Total expenses	13,748,668	-	13,748,668	12,976,223	-	12,976,223
Increase (decrease) in net assets	(1,369,190)	(54,214)	(1,423,404)	2,113,597	(21,832)	2,091,765
Net assets at beginning of year	6,453,809	273,467	6,727,276	4,340,212	295,299	4,635,511
Net assets at end of year	\$ 5,084,619	\$ 219,253	\$ 5,303,872	\$ 6,453,809	\$ 273,467	\$ 6,727,276

See accompanying notes.

SCAN, Inc.

Statement of Functional Expenses

Year ended September 30, 2022

	Program Services									Support Services			
	Community												
	Family			Community	Partners	WorkOne			Total	Management		Total	Total
	Preservation	Family	Healthy	Partners	for Child	(Be	Daybreak		Program	and	Fundraising	Support	Total
	Services	Connections	Families	for Child	Safety Local	Someone	Crisis	Other	Services	General		Services	Expenses
				Safety	Prevention	Now)	Homes						
Salaries	\$ 2,069,659	\$ 232,998	\$ 1,488,652	\$ 977,222	\$ -	\$ 154,499	\$ 32,637	\$ 127,854	\$ 5,083,521	\$ 1,371,496	\$ 249,988	\$ 1,621,484	\$ 6,705,005
Payroll taxes	155,239	17,727	112,013	74,249	-	11,472	2,435	9,678	382,813	104,483	18,867	123,350	506,163
Employee benefits	360,485	19,183	275,480	138,942	-	8,660	16,195	19,184	838,129	250,785	28,516	279,301	1,117,430
Contract services	35,602	9,465	41,744	1,670,742	653,083	266	21,147	1,900	2,433,949	78,401	3,420	81,821	2,515,770
Program expenses	6,736	-	550	126,379	-	-	45	95	133,805	-	56,180	56,180	189,985
Professional fees	378	271	51	142	52,953	-	-	25	53,820	65,994	1,800	67,794	121,614
Supplies and materials	35,688	4,235	42,977	78,571	21,756	1,535	1,083	9,575	195,420	123,519	61,099	184,618	380,038
Printing and publications	1,449	835	1,704	34,936	309	463	370	86	40,152	117,173	25,540	142,713	182,865
Occupancy	67,596	504	-	77,074	250	-	-	10	145,434	85,363	10,124	95,487	240,921
Information technology	50,093	1,942	-	4,328	-	(30)	-	221	56,554	530,320	12,373	542,693	599,247
Conferences and training	21,044	3,401	16,141	72,045	72,090	7,782	45	-	192,548	81,137	16,383	97,520	290,068
Insurance	-	-	-	-	-	-	-	-	-	99,354	-	99,354	99,354
Support for CHILL, Inc.	-	-	-	-	-	-	-	25,000	25,000	-	-	-	25,000
Repairs and maintenance	1,260	-	-	5,845	-	-	-	-	7,105	36,915	-	36,915	44,020
Travel	176,792	1,148	37,939	58,788	-	7,452	796	2,288	285,203	15,600	3,708	19,308	304,511
Minor equipment purchases and rent expense	2,989	56	-	6,426	-	-	-	-	9,471	89,210	185	89,395	98,866
Other	295	3,729	4,846	32,581	885	100	45	506	42,987	86,899	10,769	97,668	140,655
Total expenses before depreciation and interest expense	2,985,305	295,494	2,022,097	3,358,270	801,326	192,199	74,798	196,422	9,925,911	3,136,649	498,952	3,635,601	13,561,512
Depreciation expense	-	-	-	-	-	-	-	-	-	172,079	-	172,079	172,079
Interest expense and bank fees	-	202	-	-	-	-	-	-	202	14,695	180	14,875	15,077
Total expenses	\$ 2,985,305	\$ 295,696	\$ 2,022,097	\$ 3,358,270	\$ 801,326	\$ 192,199	\$ 74,798	\$ 196,422	\$ 9,926,113	\$ 3,323,423	\$ 499,132	\$ 3,822,555	\$ 13,748,668

See accompanying notes.

SCAN, Inc.

Statement of Functional Expenses

Year ended September 30, 2021

	Program Services									Support Services			
	Family Preservation Services	Family Connections	Healthy Families	Community Partners for Child Safety	Community Partners for Child Safety Local Prevention	WorkOne (Be Someone Now)	Daybreak Crisis Homes	Other	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 2,571,847	\$ 135,925	\$ 1,505,010	\$ 1,013,079	\$ 64,904	\$ 163,107	\$ 31,977	\$ 106,537	\$ 5,592,386	\$ 852,441	\$ 252,925	\$ 1,105,366	\$ 6,697,752
Payroll taxes	211,141	10,358	112,493	75,310	-	11,508	2,300	8,030	431,140	103,267	18,418	121,685	552,825
Employee benefits	315,567	14,468	240,871	142,615	-	9,898	8,059	10,601	742,079	167,818	13,949	181,767	923,846
Contract services	39,106	3,484	16,238	1,765,210	803,222	910	20,115	167	2,648,452	27,168	1,187	28,355	2,676,807
Program expenses	7,055	-	550	125,643	-	-	-	-	133,248	-	-	-	133,248
Professional fees	19,336	955	10,233	20,004	-	1,098	215	6,476	58,317	2,108	1,365	3,473	61,790
Supplies and materials	173,016	3,103	70,870	82,310	166	7,581	1,396	12,213	350,655	74,303	142,612	216,915	567,570
Printing and publications	22,975	1,266	12,966	30,592	-	1,593	1,430	1,856	72,678	180	11,013	11,193	83,871
Occupancy	72,329	790	11,019	56,256	-	1,141	236	951	142,722	34,947	1,565	36,512	179,234
Information technology	78,520	2,947	31,985	62,297	-	6,237	682	629	183,297	12,467	4,305	16,772	200,069
Conferences and training	19,836	3,027	17,040	25,988	-	15,907	163	17,738	99,699	3,221	927	4,148	103,847
Insurance	32,065	1,568	16,963	33,665	-	1,712	352	313	86,638	3,225	2,277	5,502	92,140
Support for CHILL, Inc.	-	-	-	-	-	-	-	50,000	50,000	-	-	-	50,000
Repairs and maintenance	19,335	509	5,456	12,299	-	565	115	102	38,381	1,072	746	1,818	40,199
Travel	227,026	444	36,039	48,683	-	9,802	1,261	3,629	326,884	4,215	1,813	6,028	332,912
Minor equipment purchases and rent expense	29,604	1,446	15,507	30,513	-	1,567	322	291	79,250	15,670	2,193	17,863	97,113
Total expenses before depreciation and interest expense	3,838,758	180,290	2,103,240	3,524,464	868,292	232,626	68,623	219,533	11,035,826	1,302,102	455,295	1,757,397	12,793,223
Depreciation expense	60,565	2,942	31,467	62,687	-	3,083	635	594	161,973	6,025	4,241	10,266	172,239
Interest expense and bank fees	3,889	182	1,884	3,936	-	-	38	36	9,965	573	223	796	10,761
Total expenses	<u>\$ 3,903,212</u>	<u>\$ 183,414</u>	<u>\$ 2,136,591</u>	<u>\$ 3,591,087</u>	<u>\$ 868,292</u>	<u>\$ 235,709</u>	<u>\$ 69,296</u>	<u>\$ 220,163</u>	<u>\$ 11,207,764</u>	<u>\$ 1,308,700</u>	<u>\$ 459,759</u>	<u>\$ 1,768,459</u>	<u>\$ 12,976,223</u>

See accompanying notes.

SCAN, Inc.

Statements of Cash Flows

	Year ended September 30	
	2022	2021
Operating activities		
Increase (decrease) in net assets	\$ (1,423,404)	\$ 2,091,765
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	172,079	172,239
Realized and unrealized (gain) loss on investments, net	373,033	(178,059)
Changes in operating assets and liabilities:		
Government grants receivable	390,967	(83,280)
Pledges receivable	(65,341)	50,741
Prepaid expenses and other current assets	(27,089)	(16,687)
Beneficial interests	93,338	(87,975)
Accounts payable	(9,965)	82,912
Accrued expenses	(51,650)	(31,446)
Refundable advance	-	(1,403,500)
Deferred grant revenues	(6,983)	227,334
Net cash provided by (used in) operating activities	(555,015)	824,044
Investing activities		
Purchases of property and equipment	(12,217)	(23,278)
Purchase of investments	(1,053,949)	(129,169)
Proceeds from sale and maturities of investments	906,394	68,889
Payments received on notes receivable from employees	584	333
Issuance of notes receivable	(89,584)	(137,739)
Net cash used in investing activities	(248,772)	(220,964)
Financing activity—payments on capital lease obligations	(17,603)	(44,734)
Increase (decrease) in cash and cash equivalents	(821,390)	558,346
Cash and cash equivalents at beginning of year	2,394,118	1,835,772
Cash and cash equivalents at end of year	\$ 1,572,728	\$ 2,394,118

See accompanying notes.

SCAN, Inc.

Notes to Financial Statements

September 30, 2022

1. Organization

SCAN, Inc. (SCAN) was established in the state of Indiana. SCAN's mission is:

SCAN protects children, prepares parents, strengthens families and educates our community to Stop Child Abuse and Neglect

SCAN has two primary service areas: Prevention and Family Preservation. The Prevention programs include Healthy Families, Community Partners for Safe Families, Family Connections, Be SomeOne Now, and Daybreak Crisis Homes. The Preservation programs include Home-Based Family Centered Case Management, Homemaker Services, Visitation Facilitation, Fatherhood, Home-Based Family Centered Services, Family Preservation Services, Trauma Focused Cognitive Behavioral Therapy, and Family Centered Treatment.

Family Prevention Services (Bachelor's level staff)

Healthy Families—The Healthy Families program helps prevent abuse and neglect by working one-on-one with overwhelmed families that are struggling to balance raising children with life's demands. Targeted to help parents of newborn children, Healthy Families enrolls parents during pregnancy or immediately after the birth of their child or within 3 months of child's birth. Most parents are screened in the hospital, if the family meets the program criteria, they are enrolled in the program. One-on-one, in-home services begin weekly and can last one to three years. The Healthy Families program works with parents to teach child development and age-appropriate expectations of children, to assist parents in building a strong network of support from family, neighbors, and churches; to help parents develop budgeting, time-management, and stress-management skills to better balance parenting and home-management, and to link families to community resources for health care, financial aid, food, housing, school-readiness, child care, job training, substance-abuse treatment, and other mental health assistance.

Family Connections—Family Connections offers programs to help people address conflict and changing family situations due to a divorce, separation, or paternity issues. Programs include Co-parenting workshops/classes, Kids & Divorce workshops, Parenting Coordination, Supervised Parenting Time, and Conflict groups. Some of these programs require a judge's order and/or stipulation; others are completely voluntary. Within Family Connections, SCAN offers therapeutic counseling services along with therapeutic visitation facilitation for visiting parents and their children. In July, SCAN expanded the Family Connections program to include Domestic Violence Services for victims and children, as well as Batterer's Intervention Services.

SCAN, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

Community Partners for Child Safety—The Community Partners for Child Safety is a statewide initiative designed to help families before they cross the line into abuse or neglect. Through the Community Partners programs, SCAN works with other local social service agencies to offer caregivers help with situations that are interfering with their ability to manage their families. The goal of these programs is to provide families with in-home, one-on-one services that strengthen the family, and prevent child abuse or neglect. Community Partners services are offered by expert providers in every county it serves. Services include support, education, and advocacy in areas such as parenting and discipline, housing, employment, medical follow up, budgeting, and school issues. In addition, SCAN also contracts with and supervises various prevention programs in each county through Local Prevention Dollars to address specific needs in each community. The Network serves families living in Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells, and Whitley Counties. Community Partners offers help to families living in Cass, Elkhart, Fulton, Howard, Kosciusko, Marshall, Miami, St. Joseph, and Wabash Counties.

Be SomeOne Now (BSON)—Be SomeOne Now is a program of Northeast Indiana Works and SCAN serving young adults from 16 to 24 that have significant barriers to employment and are not enrolled in traditional schooling. SCAN provides services in 11 counties in Northeast Indiana including Adams, Allen, DeKalb, Grant, Huntington, LaGrange, Noble, Steuben, Wabash, Wells, and Whitley. Young adults are referred by GED programs and alternative schools, probation and parole, social service organizations, family members, high school guidance counselors, and by other programs at SCAN. Staff are young adult advocates and provide assistance with identifying educational and career goals, intensive case management to eliminate barriers to success, intensive 10 week soft skills training, leadership opportunities, tutoring, job placement, and tuition assistance.

Daybreak Crisis Homes—SCAN's Daybreak Crisis Homes offers emergency short-term care for Allen County children whose parents are in crisis and have no one else to care for their children. Primarily serving newborns and children to 10 years of age, Daybreak can also accept older siblings. Children of other ages are approved on a case-by-case basis.

Family Preservation (Paraprofessional & Bachelor's level staff)

Home-Based Casework & Homemaker Services

These are services for parents to deter any further incidents of child abuse and neglect. The referrals are made by the Indiana Department of Child Services (DCS). Paraprofessional (Homemaker) and Bachelor-level staff (Home-Based Casework) provide in-home, high quality, family centered casework services to parents to enhance family resilience, support

SCAN, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

Home-Based Casework & Homemaker Services (continued)

nurturing relationships, and create a safe physical environment for the family. Service includes crisis response that comprise assessment and goal planning to meet the complex needs of families. Ongoing services are provided to ensure safety in the home. Frequency of visits is determined by the needs of the family and DCS.

Visitation Facilitation

This is a service for children that have been removed from the family due to an incident of child abuse or neglect and their parents. The referrals are made by DCS. This service occurs at SCAN's offices, a client's home, or in a public venue. The goal of a visitation is to keep the child(ren) safe while improving resilience within the family. This program plays a crucial role in establishing or improving the bond between children and their families. Frequency of visits are determined by the needs of the family and DCS. Typically families have visits at least weekly for two hours per week.

Fatherhood

This is a service for fathers to assist with co-parenting and connecting with their children. The referrals are made by DCS. This service occurs in a SCAN facility, the client's home, or in a public venue. The goal of this program is to engage fathers with their children. Services are focused on parent education using 24/7 DAD's curriculum or nurturing parenting. Fathers are linked to services needed to address mental health, medical, probation/parole, housing, employment, education, financial, and relationship needs. Frequency of visits are determined by the needs of the family and DCS. Typically families have visits at least weekly for 1.5 to 2.0 hours per week.

Family Preservation (Master's level staff)

Home-Based Family Centered Therapy & Counseling

This is a service for children and parents to assist with dealing with the trauma of abuse or neglect. The referrals are made by DCS or Juvenile Probation. A home- or office-based service facilitated by a clinician that provides high-quality, individualized, structured, goal-focused interventions for families recovering from abuse and neglect. Frequency of visits is determined by the needs of the family and DCS.

Trauma-Focused Cognitive Behavioral Therapy

This is a service for children who have been physically, sexually, and/or emotionally abused or exposed to trauma and parents and caregivers who did not participate in the abuse. The referrals are made by DCS. This is an evidence-based highly collaborative therapeutic

SCAN, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

Trauma-Focused Cognitive Behavioral Therapy (continued)

intervention model designed to help children and their parents overcome the negative effects of traumatic life events by having them work together with a clinician and case manager to identify common goals and attain them.

Family Centered Treatment: Comprehensive Service

This is a comprehensive service for families impacted by child abuse and neglect. The referrals are made by DCS or Juvenile Probation. This is an evidence-based, family-centered treatment approach designed to preserve the family unit. Family Centered Treatment provides intensive home-based therapy, case management, and crisis intervention. This service requires a minimum of five hours of face to face time per family per week by a licensed Master's level Professional. The family is served for a minimum of six months.

Family Preservation Service: Comprehensive Service

Family Preservation Services is designed for families with a substantiated case of abuse or neglect that DCS believes could safely care for their children with appropriate assistance and support in the home. Family Preservation Services include assessment of the child/parent/family resulting in appropriate services that are based on the family's needs. The clear goal for these services is to preserve the family and avoid the trauma of removal for the child, provided it is safe for them to remain with their identified caregiver. Services are provided in the home, are comprehensive in nature, require a master's degree professional and a bachelor's degree professional to provide both therapeutic intervention and case management support. Services are intensive and nature, with required weekly safety checks.

**Comprehensive services are the fastest growing sector for SCAN, the service line is reimbursed on a per diem rate.

Fairfield Community Home GP, LLC

SCAN is the sole corporate member of Fairfield Community Home GP, LLC which is a general partner (.01 percent interest) in Fairfield Community Home, LP. Fairfield Community Home, LP is an Indiana limited partnership that was established for the purpose of constructing and operating a 36-unit affordable residential rental housing project in Fort Wayne, Indiana known as Fairfield Community Home (also known as The Courtyard of Fort Wayne) (Project).

SCAN, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

Fairfield Community Home GP, LLC (continued)

Funding for the approximately \$8.7 million Project was provided in part from proceeds received by SCAN from the Indiana Housing and Community Development Authority (IHCDA), City of Fort Wayne, and Affordable Housing Program (AHP) funds passed through the Federal Home Loan Bank of Indianapolis that were loaned to the Limited Partnership. These loans are secured by the real estate and the assignment of rents and security deposits. The funds received by SCAN were loaned to the Limited Partnership for a term of 30 years (see *Note 8*).

SCAN is a secondary guarantor on loans for the Project, which has a loan balance as of September 30, 2022 of \$739,846. As the general partner, Fairfield Community Home GP, LLC is responsible to contribute funds, as a contribution of capital, to cover operating deficits, if any, of the Project. As of September 30, 2022, no additional capital contributions have been required.

Due to SCAN's limited control in Fairfield Community Home, LP, and due to the substantive participating rights of the limited partner, management has determined that consolidation of its financial information is not required.

Neighborhood Homes & Apts GP, LLC

SCAN is the sole corporate member of Neighborhood Homes & Apts GP, LLC which is a general partner (.01 percent interest) in Neighborhood Homes & Apts, LP. Neighborhood Homes & Apts, LP is an Indiana limited partnership that was established for the purpose of constructing and operating affordable residential rental housing projects in Fort Wayne and Columbia City, Indiana (NH Project).

SCAN was gifted certain real estate by the city of Columbia City which it then sold to Neighborhood Homes & Apts, LP in exchange for a note receivable of \$539,100 (see *Note 8*). This note is to be repaid from cash flows from the NH Project and is first in line in the waterfall for repayment.

Due to SCAN's limited control in Neighborhood Homes & Apts, LP and due to the substantive participating rights of the limited partner, management has determined that consolidation of its financial information is not required.

SCAN, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

Income Taxes

SCAN is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code, and qualifies for the charitable contribution deduction. SCAN has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. SCAN is also exempt from state income taxes.

However, SCAN is subject to federal income tax on any unrelated business taxable income. SCAN provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions that should be recognized, measured, or disclosed in the financial statements. Management believes SCAN is no longer subject to examination by taxing authorities for the years before September 30, 2016.

2. Significant Accounting Policies

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents except those short-term investments managed as part of long-term investment strategies. SCAN maintains cash accounts at local financial institutions. From time to time during the year, SCAN's cash accounts exceeded federally insured limits.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, SCAN's investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investments expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 7* for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

SCAN, Inc.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Investments (continued)

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for building and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of September 30, 2022 and 2021. Property and equipment with a cost of \$5,000 or more and a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Land improvements	10 years
Building	25 years
Office equipment and furnishings	3 – 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor- (or certain grantor-) restrictions.

Net Assets With Donor Restrictions—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

SCAN, Inc.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Net Assets (continued)

SCAN reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions and Pledges Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. SCAN received a Paycheck Protection Program loan from the U.S. Small Business Administration during the year ended September 30, 2020. As expected, the loan was fully forgiven. Accordingly, SCAN recognized contribution revenue of \$1,403,500 for the year ended September 30, 2021.

Contributions of assets other than cash are recorded at their fair market value estimated on the date of donation. Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. SCAN received food donations which were used for fundraising and donations of items for individuals receiving services that were utilized in the programs.

SCAN provides an allowance for doubtful accounts, which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all receivables. As of September 30, 2022 and 2021, no allowance for doubtful accounts was deemed necessary.

Government Grants and Concentration of Revenue and Government Grants Receivable

A portion of SCAN's revenue is derived from cost-reimbursable federal and state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SCAN has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the

SCAN, Inc.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Government Grants and Concentration of Revenue and Government Grants Receivable (continued)

statement of financial position. Grant payments and expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Approximately 90 percent and 77 percent of revenue was received from the Indiana DCS for the years ended September 30, 2022 and 2021, respectively. Program fees and grant revenue are recognized as earned as the services are performed or eligible expenditures are incurred, respectively. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. The government grants were received from the Indiana DCS pursuant to programs awarded by the United States Department of Health and Human Services. Other government grants were received pursuant to programs awarded by the United States Department of Labor and Department of Housing and Urban Development.

Approximately 94 percent and 97 percent of government grants receivable as of September 30, 2022 and 2021, respectively were from the Indiana DCS.

Functional Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts for the year ended September 30, 2021 have been reclassified to conform with the presentation for the year ended September 30, 2022.

SCAN, Inc.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for SCAN's September 30, 2023 financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. SCAN is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

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*. ASU 2020-07 clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. This standard is intended to enhance the presentation and disclosures of these items; however, the recognition and measurement requirements for these nonfinancial assets remain unchanged in Accounting Standards Codification (ASC) 958-605. ASU 2020-07 is effective for SCAN's periods beginning after June 15, 2021 and should be applied on a retrospective basis. SCAN adopted the standard in these financial statements with no impact to net assets.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Year ended September 30	
	2022	2021
Cash and cash equivalents	\$ 1,572,728	\$ 2,394,118
Investments, excluding endowment	619,396	789,170
Government grants receivable	1,662,688	2,053,655
Current portion of pledges receivable	95,400	30,059
Financial assets available for general expenditures within one year	<u>\$ 3,950,212</u>	<u>\$ 5,267,002</u>

SCAN, Inc.

Notes to Financial Statements (continued)

3. Liquidity and Availability (continued)

SCAN manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged. As part of SCAN's liquidity management plan, it has the policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. SCAN invests cash in excess of daily requirements in short-term investments, including savings accounts.

SCAN does not intend to spend from its board-designated endowment; however, these amounts could be made available if necessary.

Additionally, SCAN maintains a \$250,000 line of credit, as discussed in more detail in *Note 10*. As of September 30, 2022 and 2021, \$250,000 remained available on the line of credit, respectively.

4. Pledges Receivable

Unconditional promises to give to SCAN are recorded as pledges receivable at the present value of future cash flows. SCAN's pledges receivable were \$95,400 and \$30,059 at September 30, 2022 and 2021, respectively. All pledges were due within one year.

5. Beneficial Interest in Perpetual Trust

SCAN has a beneficial interest in a perpetual trust administered by an outside party. Pursuant to the terms of the trust, SCAN has the irrevocable right to receive income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The estimated value of SCAN's beneficial interest in perpetual trust was \$199,253 and \$268,467 at September 30 2022 and 2021, respectively, which represents the fair market value of SCAN's proportional interest in the trust assets.

SCAN, Inc.

Notes to Financial Statements (continued)

6. Beneficial Interest in Funds Held by the Community Foundation of Greater Fort Wayne Inc.

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. (Community Foundation) of \$213,403 and \$237,527 at September 30, 2022 and 2021, respectively, is the result of an agreement whereby SCAN has transferred assets to the Community Foundation and has specified itself as the beneficiary of the assets. SCAN may draw up to a certain percent of the value of the assets each year, subject to certain conditions and limitations, but may only obtain a return of the full value of the assets upon consent of the Community Foundation. The beneficial interest in funds held by the Community Foundation is valued at the fair market value of the underlying investments as reported by the Community Foundation at year-end.

7. Fair Value Measurements

FASB ASC Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SCAN has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Notes to Financial Statements (continued)

7. Fair Value Measurements (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

Corporate bonds and notes: Certain corporate bonds and notes are valued at the closing price reported in the active market in which the obligation or bond is traded. Other corporate bonds and notes are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar obligations or bonds, the obligation or bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Certificates of deposit: Recorded at cost plus accrued interest (carrying value), which approximates fair value.

Mutual and exchange traded funds: Valued at the net asset value (NAV) of shares held by SCAN at year-end.

Beneficial interest in perpetual trust: SCAN's proportional interest in the trust assets is valued at the fair market value of the underlying investments as reported by the investment manager at year-end.

Beneficial interest in funds held by the Community Foundation: Valued at the fair market value of the underlying investments as reported by the Community Foundation at year-end.

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, while SCAN 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 a different fair value measurement at the reporting date.

SCAN, Inc.

Notes to Financial Statements (continued)

7. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, SCAN's assets at fair value as of September 30, 2022 and 2021:

Assets at Fair Value as of September 30, 2022				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,429	\$ -	\$ -	\$ 3,429
Mutual funds:				
Equity funds	338,415	-	-	338,415
Fixed income funds	90,414	-	-	90,414
Exchange traded funds				
Equity funds	138,551	-	-	138,551
Fixed income funds	251,187	-	-	251,187
Total investments	821,996	-	-	821,996
Beneficial interest in perpetual trust	-	199,253	-	199,253
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	-	213,403	-	213,403
Total other assets at fair value	-	412,656	-	412,656
Assets at fair value	\$ 821,996	\$ 412,656	\$ -	\$ 1,234,652

Assets at Fair Value as of September 30, 2021				
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 24,568	\$ -	\$ 24,568
Mutual funds:				
Equity funds	870,223	-	-	870,223
Fixed income funds	152,683	-	-	152,683
	1,022,906	-	-	1,022,906
Total investments	1,022,906	24,568	-	1,047,474
Beneficial interest in perpetual trust	-	268,467	-	268,467
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	-	237,527	-	237,527
Total other assets at fair value	-	505,994	-	505,994
Assets at fair value	\$ 1,022,906	\$ 530,562	\$ -	\$ 1,553,468

SCAN, Inc.

Notes to Financial Statements (continued)

8. Notes Receivable and Deferred Grant Revenue

Notes receivable consist of the following:

	September 30	
	2022	2021
Note receivable from Fairfield Community Home, LP, payable in full plus accrued interest at a rate of 3 percent due on December 31, 2043.	\$ 427,105	\$ 427,105
Note receivable from Fairfield Community Home, LP, payable in full plus accrued interest at a rate of 3 percent due on December 31, 2043.	372,950	372,950
Note receivable from Fairfield Community Home, LP, non-interest bearing note due on July 1, 2044.	691,602	691,602
Note receivable from Fairfield Community Home, LP, non-interest bearing note due on July 1, 2044.	308,398	308,398
Note receivable from Neighborhood Homes & Apts, LP, principal and interest at 3 percent due from cash flows.	766,423	676,839
	<u>\$ 2,566,478</u>	<u>\$ 2,476,894</u>

SCAN received grants which were for construction of a two rental housing projects (see *Note 1*). SCAN loaned these funds to a related party limited partnership to help fund these projects, which are the primary purpose of these notes receivable. If SCAN terminates the Fairfield project before the investment tax credit period is over, SCAN will be required to pay back all or a portion of the grant amounts. Therefore, SCAN has deferred grant revenue in the amount of \$1,800,055 at September 30, 2022 and 2021. The initial portion of Neighborhood Homes & Apts project was not subject to compliance and was recognized in the year ended September 30, 2019. An additional amount of \$227,334 was received from the City of Fort Wayne during the year ended September 30, 2021, respectively. This amount is subject to certain compliance requirements but is forgivable in the future; therefore, this amount is included in deferred grant revenue at September 30, 2022 and 2021.

9. Endowment

SCAN's endowment (Endowment) consists of certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

SCAN's Board of Directors has interpreted the Indiana Uniform Prudent Management of Institutional Fund Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2022 and 2021, there were no such donor stipulations.

SCAN, Inc.

Notes to Financial Statements (continued)

9. Endowment (continued)

Endowment net asset composition for the year ended September 30, 2022 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	<u>\$ 202,600</u>	<u>\$ -</u>	<u>\$ 202,600</u>

Endowment net asset composition for the year ended September 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	<u>\$ 258,305</u>	<u>\$ -</u>	<u>\$ 258,305</u>

Changes in endowment net assets are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Year ended September 30, 2022:			
Endowment net assets at beginning of year	\$ 258,305	\$ -	\$ 258,305
Net investment return	(55,705)	-	(55,705)
Endowment net assets at end of year	<u>\$ 202,600</u>	<u>\$ -</u>	<u>\$ 202,600</u>

	Without Donor Restriction	With Donor Restriction	Total
Year ended September 30, 2021:			
Endowment net assets at beginning of year	\$ 203,322	\$ -	\$ 203,322
Contributions	5,000	-	5,000
Net investment return	49,983	-	49,983
Endowment net assets at end of year	<u>\$ 258,305</u>	<u>\$ -</u>	<u>\$ 258,305</u>

SCAN, Inc.

Notes to Financial Statements (continued)

9. Endowment (continued)

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). SCAN has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2022 and 2021, there were no deficiencies in donor-restricted endowment funds.

Investment and Spending Policies

SCAN has adopted an investment policy for the Endowment that attempts to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. SCAN has not adopted a spending policy. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets and to cover the costs of managing the Endowment investments. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

10. Debt Arrangements

Pursuant to a revolving line of credit arrangement with a bank, SCAN may borrow up to \$250,000 subject to certain terms and conditions. This line of credit arrangement is secured by SCAN's equipment, accounts receivable, and certain other assets and expires on April 26, 2023. The line of credit arrangement bears interest at the prime rate (6.25 percent at September 30, 2022), which is due and payable monthly. There were no borrowings pursuant to this line of credit arrangement at September 30, 2022 and 2021.

11. Leases

SCAN leases copiers and other equipment pursuant to noncancelable capital lease arrangements that expire through 2024. Assets recorded pursuant to this agreement included in property and equipment consists of the following:

	September 30	
	2022	2021
Office equipment and furnishings	\$ 303,807	\$ 303,807
Less allowance for amortization	252,528	200,675
	<u>\$ 51,279</u>	<u>\$ 103,132</u>

SCAN, Inc.

Notes to Financial Statements (continued)

11. Leases (continued)

SCAN recorded amortization expense of \$51,853 and \$51,854 for the years ended September 30, 2022 and 2021, respectively. Such amortization is included in depreciation expense for financial reporting purposes.

Future minimum lease payments as of September 30, 2022 pursuant to capital leases that have initial or remaining noncancelable terms in excess of one year are as follows:

2023	\$ 20,064
2024	20,064
2025	1,673
Total minimum lease payments	<u>41,801</u>
Less amounts representing interest	<u>2,183</u>
Capital lease obligations	<u>39,618</u>
Less current portion	<u>20,064</u>
	<u>\$ 19,554</u>

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	September 30	
	2022	2021
Sensory room	\$ 15,000	\$ -
Not subject to spending policy or appropriation:		
Other	5,000	5,000
Beneficial interests in perpetual trust	<u>199,253</u>	<u>268,467</u>
	<u>204,253</u>	<u>273,467</u>
	<u>\$ 219,253</u>	<u>\$ 273,467</u>

Net assets released from donor restrictions by occurrence of the passage of time or specified event were \$79,694 for the year ended September 30, 2021. There were no assets released from restrictions for the year ended September 30, 2022.

SCAN, Inc.

Notes to Financial Statements (continued)

13. Employee Benefits

SCAN maintains a 403(b) employer contributory tax-deferred annuity plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. SCAN's contribution consists of a matching contribution of 100 percent of employee contributions, up to 3 percent of eligible employee compensation. SCAN's contribution to the plan was \$45,913 and \$68,588 for the years ended September 30, 2022 and 2021, respectively.

14. Related Party Transactions

Certain members of the Board of Directors are employed by companies providing financial, construction and other services to SCAN. The fees paid to these companies were based on customary and reasonable rates for such services.

15. Subsequent Events

Management has evaluated subsequent events through December 12, 2022, the date on which the financial statements were available to be issued.