

**SAFE HARBOR AND SUBSIDIARY**

**Consolidated Financial Statements  
with Supplemental Information**

**June 30, 2021**

**(With Independent Auditors' Report Thereon)**

# SAFE HARBOR AND SUBSIDIARY

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	<b>1 - 2</b>
<b>Consolidated Financial Statements:</b>	
<b>Consolidated Statement of Financial Position</b>	<b>3</b>
<b>Consolidated Statement of Activities</b>	<b>4</b>
<b>Consolidated Statement of Cash Flows</b>	<b>5</b>
<b>Consolidated Statement of Functional Expenses</b>	<b>6</b>
<b>Notes to Consolidated Financial Statements</b>	<b>7 - 14</b>
<b>Supplemental Information:</b>	
<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	<b>15</b>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>16 - 17</b>
<b>Schedule of Findings</b>	<b>18</b>
<b>Status of Prior Year Findings</b>	<b>19</b>



Stephen M. Griffin, CPA  
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Jessica S. Benjamin, Director  
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### **Independent Auditors' Report**

**To the Board of Directors  
Safe Harbor and Subsidiary  
Mandeville, Louisiana**

**We have audited the accompanying consolidated financial statements of the Safe Harbor and subsidiary (both nonprofit organizations) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.**

#### ***Management's Responsibility for the Financial Statements***

**Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.**

#### ***Auditor's Responsibility***

**Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.**

**An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Safe Harbor and subsidiary as of June 30, 2021, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Griffin & Furman, LLC*

November 30, 2021

**SAFE HARBOR AND SUBSIDIARY**

**Consolidated Statement of Financial Position**

**June 30, 2021**

**Assets**

**Current assets:**

<b>Cash and cash equivalents</b>	<b>\$</b>	<b>195,394</b>
<b>Grants receivable</b>		<b>75,496</b>
<b>Prepaid expenses</b>		<b>1,408</b>

**Total current assets** 272,298

**Property and equipment, net** 365,325

**Other assets** 3,825

**Total assets** \$ **641,448**

**Liabilities & Net Assets**

**Current liabilities:**

<b>Accounts payable</b>	<b>\$</b>	<b>1,473</b>
<b>Line of credit</b>		<b>80,138</b>
<b>Accrued interest</b>		<b>11,125</b>
<b>Payroll liabilities</b>		<b>24,245</b>
<b>Current portion of loan payable</b>		<b>161,550</b>

**Total current liabilities** 278,531

**Net assets:**

**Without donor restrictions** 362,917

**Total net assets** 362,917

**Total liabilities & net assets** \$ **641,448**

See accompanying notes to consolidated financial statements.

**SAFE HARBOR AND SUBSIDIARY****Consolidated Statement of Activities****For the Year Ended June 30, 2021**

	<b>Without Donor <u>Restrictions</u></b>	<b>With Donor <u>Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue, gains and other support:</b>			
Grants	\$ 570,793	-	570,793
United Way designations	22,566	-	22,566
Donated services and supplies	45,220	-	45,220
Contributions	133,576	-	133,576
Interest income	154	-	154
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenue, gains and other support</b>	<b>772,309</b>	<b>-</b>	<b>772,309</b>
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program services	710,142	-	710,142
Supporting services:			
Management and general	94,838	-	94,838
	<hr/>	<hr/>	<hr/>
<b>Total expenses</b>	<b>804,980</b>	<b>-</b>	<b>804,980</b>
	<hr/>	<hr/>	<hr/>
<b>Change in net assets:</b>	<b>(32,671)</b>	<b>-</b>	<b>(32,671)</b>
Net assets - beginning of year	395,588	-	395,588
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$ 362,917	-	362,917
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to consolidated financial statements.

**SAFE HARBOR AND SUBSIDIARY**

**Consolidated Statement of Cash Flows**

**For the Year Ended June 30, 2021**

<b>Cash flows from operating activities:</b>		
Change in net assets	\$	(32,671)
<b>Adjustments to reconcile decrease in net assets to net cash used by operating activities:</b>		
Depreciation		21,975
<b>(Increases) decreases in assets:</b>		
Grants receivable		(1,742)
Prepaid expenses		(1,408)
<b>Increases (decreases) in liabilities:</b>		
Accounts payable		536
Accrued interest		4,648
Payroll liabilities		6,278
<b>Net cash used by operating activities</b>		<u>(2,384)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment		<u>(8,528)</u>
<b>Net cash used by investing activities</b>		<u>(8,528)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from loan payable		<u>81,450</u>
<b>Net cash provided by financing activities</b>		<u>81,450</u>
<b>Net increase in cash and cash equivalents</b>		<u>70,538</u>
<b>Cash and cash equivalents, beginning of year</b>		<u>124,856</u>
<b>Cash and cash equivalents, end of year</b>	\$	<u><u>195,394</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$	<u><u>-</u></u>

See accompanying notes to consolidated financial statements.

**SAFE HARBOR AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses**

**For the Year Ended June 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 359,247	48,000	407,247
Payroll taxes	<u>28,826</u>	<u>3,852</u>	<u>32,678</u>
<b>Total salaries and related expense:</b>	<b>388,073</b>	<b>51,852</b>	<b>439,925</b>
Accounting and consulting	-	13,227	13,227
Community awareness & events	-	38	38
Client services	156,004	-	156,004
Depreciation	19,821	2,154	21,975
Dues and subscriptions	-	1,863	1,863
Food supplies	6,026	-	6,026
Insurance	23,657	5,663	29,320
Interest	-	4,648	4,648
Miscellaneous	15,793	-	15,793
Office supplies	6,066	6,068	12,134
Rent expense	43,820	3,858	47,678
Repairs and maintenance	19,397	2,009	21,406
Telephone	7,588	1,897	9,485
Utilities	<u>23,896</u>	<u>1,562</u>	<u>25,458</u>
<b>Total functional expenses</b>	<b>\$ <u>710,142</u></b>	<b><u>94,838</u></b>	<b><u>804,980</u></b>

See accompanying notes to consolidated financial statements.



# SAFE HARBOR AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2021

### **(1) Summary of Significant Accounting Policies**

#### **(a) Nature of Activities**

Safe Harbor, (the Organization) was incorporated in January 1991 as a Louisiana not-for profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization provides services to adults and their dependent children who are victims of domestic violence. The Safe Harbor Domestic Violence Shelter Program (the Shelter) provides temporary housing for its clients. Clients also receive food and clothing, as well as information on housing, legal, and welfare aid and assistance in educational and employment matters. There is also a full-time children's coordinator at the Shelter to oversee a fully-developed children's program. The Organization incorporates counseling, case management, court advocacy, and referrals to community-based programs. All services are free and confidential, and a crisis line is answered 24 hours a day by staff or volunteers.

Phoenix Partners, Inc. is a Louisiana not-for-profit corporation formed in January 2008 under authority and at the discretion of the Board of Directors of Safe Harbor. On April 29, 2009, Phoenix Partners, Inc. acquired by purchase, a building and land in Slidell, Louisiana to use as an outreach office in that community. Commencing with the fiscal year ending June 30, 2010, the financials of Phoenix Partners, Inc. are consolidated into the financials of the Organization.

The Organization has their main facility in western St. Tammany Parish located in Mandeville, Louisiana. The Organization also has an outreach office in Slidell to serve only as a meeting place for court appearances and as a location for individual or group counseling and legal advocacy.

In an endeavor to keep the location of the battered women's shelter secret from the general public, the Organization has a policy of allowing donors to call the Safe Harbor telephone number listed in the telephone book and arrangements can be made to pick up the donation at a prearranged time and location agreed upon by the Organization representative and donor.

#### **(b) Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### **(c) Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, The Institute is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets with donor restrictions** - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

# SAFE HARBOR AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2021

**Net assets without donor restrictions** - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

(d) **Public Support and Revenue**

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported 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.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(e) **Consolidation**

The consolidated financial statements presented include the accounts of the Organization and Phoenix Partners, Inc. However, the accounts of Phoenix Partners, Inc. contain no transactions and are all zero balance accounts, as the Organization has caused the entity to be dormant until a future use is decided.

(f) **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(g) **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(h) **Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2021, the Organization did not have any unrelated business income. Management has evaluated its

# SAFE HARBOR AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2021

tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2018 through 2020 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(i) Operations

The Organization has entered into grant agreements and reimbursement contracts with various local, state, and federal governmental entities. Noncompliance with the terms of these agreements and contracts could have a significant adverse effect on the operations of the Organization.

(j) Donated Assets and Services

The Organization records noncash donations as contributions at their estimated fair value at the date of donation. The value of noncash donations recognized was \$45,220 for the year ended June 30, 2021 and is recorded as program services expense in the accompanying consolidated statements of activities and functional expenses. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The value of donated accounting services recognized was \$3,000 for the year ended June 30, 2021 and is recorded as management and general expenses in the accompanying consolidated statements of activities and functional expenses.

The Organization also receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. However, no amounts have been reflected in the financial statements as these services do not meet the criteria for revenue recognition under GAAP.

(k) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

(l) Property and Equipment

The Organization capitalizes property and equipment over \$500. Land, major renovations or major repairs, and equipment are stated at cost at the date of acquisition or renovation, or, if donated, at fair value at the date of donation. Minor renovations or repairs are charged to operations as repairs and maintenance as incurred. Depreciation is provided on the straight-line basis over the estimated useful life of the asset, which is 3 to 5 years for furniture and fixtures and vehicles, 40 years for buildings, and 4 to 40 years for leasehold improvements depending on the nature of the leasehold improvement.

(m) Recent Accounting Pronouncements Issued Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of

# SAFE HARBOR AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2021

the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the Organization's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization's consolidated financial statements.

### (2) Liquidity and Availability of Financial Assets

The following reflects the Safe Harbor's financial assets (cash & cash equivalents and grants receivable) as of June 30, 2021 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, and year end	\$ 270,890
Less those unavailable for general expenditure within one year due to:	
Funds set aside for donor restricted purposes	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 270,890</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

### (3) Grant Receivable

Grants receivable from various grantor agencies for services provided through June 30, 2021 was \$75,496. All receivables are expected to be received in a timely manner. Management believes the amounts are fully collectible; therefore, they have elected not to record an allowance at June 30, 2021.

SAFE HARBOR AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021

(4) Property and Equipment

As of June 30, 2021, property and equipment consisted of the following:

Land and buildings' leasehold improvements	\$ 425,763
Furniture and fixtures	69,860
Vehicle	14,120
Leasehold improvements	<u>88,973</u>
	598,716
Less: Accumulated depreciation	<u>(233,391)</u>
Property and equipment, net	<u>\$ 365,325</u>

Depreciation expense for the year ended June 30, 2021 was \$21,975.

(5) Cooperative Endeavor Agreement and Leases

The Organization is a charitable beneficiary of Margie's House, a tax-exempt charitable entity owned by a third party who serves as an advisor to the Organization. The Organization and Margie's House have entered into a Cooperative Endeavor Agreement (CEA) whereby Margie's House furnishes the facilities occupied by the Organization. Occupancy is granted and regulated under a lease and the lease is pursuant to the CEA. The lease is an absolute "triple net lease" whereby the Organization is responsible for all costs of ownership, maintenance, repairs, and insurance. The rental paid by the Organization is \$3,500 per month. The lease has a termination date of June 30, 2035. Margie's House has designated the facilities as part of its "Safe Harbor Support Fund" which consists of the facilities and all fund balances of Margie's House attributable thereto. This fund is dedicated to the exclusive benefit of the Organization, as long as the Organization maintains operation as a domestic violence program in St. Tammany Parish, maintains its designation as the official domestic violence program by the State of Louisiana Department of Children and Family Services, and remains as a member in good standing with the Louisiana Coalition Against Domestic Violence. These fund conditions have been maintained and satisfied by Safe Harbor for the period reported herein and there are no facts known which indicate Safe Harbor will not continue to satisfy these conditions in the subsequent and following periods.

The Organization has recorded this lease as an operating lease and recognized lease expense of \$42,000 for the year ended June 30, 2021. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 42,000
2023	42,000
2024	42,000
2025	42,000
2026	42,000
Thereafter	<u>378,000</u>
	<u>\$ 588,000</u>

## SAFE HARBOR AND SUBSIDIARY

### Notes to Consolidated Financial Statements

June 30, 2021

Effective July 2020, the Organization entered into an operating lease agreement for office space in Slidell with monthly payments of \$400. The lease expired June 30, 2021 but was extended for an additional year with monthly payments of \$400 with an option to extend upon expiration. For the year ended June 30, 2021, lease expense for this operating lease was \$4,800.

#### (6) Economic Dependency

The Organization receives a significant amount of funding from the State of Louisiana, Department of Children and Family Services (DCFS). Should the DCFS cut its funding or disallow items, this would have a negative impact on the Organization's operations. For the year ended June 30, 2021, the Organization received 47% of its support and revenues from the DCFS. Grants receivable included \$52,756 from the DCFS for the year ended June 30, 2021.

#### (7) Grants from Governmental Agencies

Grants from governmental agencies include the following for the year ended June 30, 2021:

Total funds in the amount of \$322,022 was awarded under a contract with the State of Louisiana, DCFS for the year ended June 30, 2021. The contract is federal pass-through funds from the United States Department of Health and Human Services, Administration for Children and Families, Family Violence Prevention Services-Grants for Battered Women's Shelters, CFDA #93.671.

Federal pass-through funds in the amount of \$50,367 was received under a contract with the Louisiana Commission of Law Enforcement and Administration of Criminal Justice for the "Domestic Violence Program 7" (VOCA) and Domestic Violence Program project (VAWA) STOP Violence Against Women Program for the year ended June 30, 2020. The federal funds were received from the United States Department of Justice, Office for Victims of Crime CFDA #16.575 and the Office on Violence Against Women CFDA #16.588.

Federal funds in the amount of \$107,559 was received under a contract with the United States Department of Housing and Urban Development (HUD). The contract is under HUD's Continuum of Care Program, CFDA #14.267, that provides leasing, rental, and support services to homeless individuals.

Funds in the amount of \$25,000 was received under a contract with United Way of Southeast Louisiana. The grant was used to provide services to domestic violence survivors.

Funds in the amount of \$31,985 was received under two contracts with the Louisiana Coalition Against Domestic Violence. These grants were used to provide savings matches and rental and utility assistance.

Funds in the amount of \$18,00 was received in the fiscal year ended June 30, 2021, under a contract with the IOLTA Louisiana Bar Association. This grant was used to supplement the salaries of the legal advocates providing legal assistance to the poor.

In accordance with Louisiana Revised Statute 46:2126, a \$12.50 fee is collected on every marriage license issued in the State of Louisiana. This fee is collected by the clerks of court and is remitted to

# SAFE HARBOR AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2021

DCFS for distribution to each parish's designated domestic violence shelter. Funds in the amount of \$15,880 were received during the year under this program.

### (8) Accrued Unpaid Leave

The Organization's full-time employees accrue annual leave as follows:

Year 1-3	7 days/year
Year 4-7	9 days/year
Year 8-10	12 days/year
Year 10-15	14 days/year
Year 15+	21 days/year

Annual leave is not cumulative and normally must be taken in the year earned. Exceptions for carrying over annual leave are limited to five (5) days and require the approval of the Executive Director. Days accumulated beyond five days without prior approval will not be paid or carried over. Sick leave is earned by regular full-time employees at the rate of twelve (12) days per year. Up to five (5) days of accrued sick leave may be carried over to the next year. In the event of resignation or termination, there is no payment for unused sick leave.

The Organization has accrued \$8,995 of accrued unpaid leave as of June 30, 2021, which is included on the consolidated statement of financial position in payroll liabilities.

### (9) Line of Credit

The line of credit balance is due to Margie's House (an entity owned by a third party who serves as an advisor to the Organization as mentioned in Note 5). On July 3, 2018, an unsecured line of credit, due on demand, was set up with Margie's House with amounts not to exceed \$100,000 with an interest rate of 5.8% per annum. As of June 30, 2021, the Organization had withdrawn \$80,138 on this line of credit leaving an unused amount of \$19,862.

### (10) Loan Payable

On May 7, 2020, the Organization received loan proceeds in the amount of \$81,450 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In the event of default, all amounts due under the note become due.

On March 17, 2021, the Organization received loan proceeds in the amount of \$80,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of



## SAFE HARBOR AND SUBSIDIARY

### Notes to Consolidated Financial Statements

June 30, 2021

loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In the event of default, all amounts due under the note become due.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments to either (1) the date that Small Business Administration remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

#### (11) Related Party Transactions

During the year ended June 30, 2021, Board members contributed approximately \$346 to the Organization.

#### (12) Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 30, 2021, the date which the consolidated financial statements were available to be issued.



**SAFE HARBOR AND SUBSIDIARY**

**Schedule of Compensation, Benenfits, and Other Payments to Agency Head**

**For the Year Ended June 30, 2021**

**Agency Head: Kim Kirby**

<b>Salary</b>	<b>\$</b>	<b>67,995</b>
<b>Benefits - insurance (health and dental)</b>		<b>1,800</b>
<b>Benefits - cell phone</b>		<b>1,200</b>
<b>Travel</b>		<b>243</b>
		<hr/>
<b>Total compensation, benefits, and other payments</b>	<b>\$</b>	<b><u>71,238</u></b>



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Racheal D. Alvey, Director

—  
Members

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

To the Board of Directors  
Safe Harbor and Subsidiary  
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Safe Harbor and Subsidiary (non-profit corporations), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 30, 2021.

*Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered Safe Harbor and subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Safe Harbor and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

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

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

### *Compliance and Other Matters*

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

### *Purpose of this Report*

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

*Griffin & Furman, LLC*

November 30, 2021

**SAFE HARBOR AND SUBSIDIARY**

**Schedule of Findings**

**Year Ended June 30, 2021**

**Section I – Summary of Auditors’ Results**

***Financial Statements:***

- a. Type of auditors’ report issued - unqualified**
- b. Internal Control Over Financial Reporting**
  - Material weaknesses identified – None**
  - Significant deficiencies identified that are not considered material weaknesses – None**
- c. Non-Compliance Material to Financial Statements - None**

***Federal Awards***

**Not applicable.**

**Section II – Financial Statement Findings**

**No matters reported.**

**Section III – Federal Award Findings and Questioned Costs**

**Not applicable.**

**SAFE HARBOR AND SUBSIDIARY**

**Status of Prior Year Findings**

**For the Year Ended June 30, 2021**

**Not applicable.**



Stephen M. Griffin, CPA  
Robert J. Furman, CPA

Jessica S. Benjamin, Director  
Racheal D. Alvey, Director

—  
Members

American Institute of  
Certified Public Accountants  
Society of LA CPA's

To the Board of Directors  
Safe Harbor and Subsidiary  
Mandeville, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Act 774 procedures for the fiscal period July 1, 2020 through June 30, 2021. Safe Harbor and Subsidiary's management is responsible for those C/C areas identified in the Act 774 procedures.

Safe Harbor and Subsidiary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in Act 774 procedures for the fiscal July 1, 2020 through June 30, 2021. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Debit Cards (follow-up)***

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1. Obtain from management a listing of all active debit cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not Applicable.

2. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly bank statement, obtain supporting documentation.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not Applicable.

3. Using the monthly statements or combined statements selected under #2 above, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased. For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address the missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; and (3) the preparation and approval process of purchase requisitions and purchase orders.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- c) *Disbursements*, including processing, reviewing, and approving.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties).

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**Finding:** The Organization's contracting policy did not include items (1), (2), (3), and (5).

**Corrective Action:** The Organization will revise their policy to include these items.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not Applicable.

- i) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Finding:** The Organization's information technology disaster recovery / business continuity policy did not include items (3), (4), and (5).

**Corrective Action:** The Organization will revise their policy to include these items.



***Information Technology Disaster Recovery/Business Continuity***

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1. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

***Finding:*** We performed the procedure and discussed the results with management.

***Corrective Action:*** Not Applicable.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

***Finding:*** We performed the procedure and discussed the results with management.

***Corrective Action:*** The entity will test/verify backup restoration monthly.

- c) Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

***Finding:*** We performed the procedure and discussed the results with management.

***Corrective Action:*** Not Applicable.

We were engaged by Safe Harbor and Subsidiary to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the Act 774 procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Safe Harbor and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the Act 774 procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Griffin & Furman, LLC*

June 16, 2022